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Investment in Human Resources (EN)

CEDEFOP Theme 10

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CEDEFOP Theme 10:

*Investment in
Human Resources
(EN)*

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Acronyms

AHS.....	Allgemeinbildende Höhere Schule (Secondary Academic School)
ALVG.....	Arbeitslosenversicherungsgesetz (Unemployment Insurance Act)
AMFG.....	Arbeitsmarktförderungsgesetz (Job Market Funding Act)
AMPFG.....	Arbeitsmarktpolitik-Finanzierungsgesetz (Job Market Policy Financing Act)
AMS.....	Arbeitsmarktservice (Job Market Service)
AMSG.....	Arbeitsmarktservicegesetz (Job Market Service Act)
ASVG.....	Allgemeines Sozialversicherungsgesetz (General Social Insurance Act)
AuslBG.....	Ausländerbeschäftigungsgesetz (Employment of Foreigners Act)
AVRAG.....	Arbeitsvertragsrechts-Anpassungsgesetz (law regulating the adaptation of rights defined by an employment contract)
BAG.....	Berufsausbildungsgesetz (Vocational Training Act)
BFI.....	Berufsförderungsinstitut (Austrian Vocational Training Institute)
BGBI.....	Bundesgesetzblatt (Federal Law Paper)
BHS.....	Berufsbildende Höhere Schulen (Secondary Technical or Vocational College)
BM/BWK.....	Bundesministerium für Bildung, Wissenschaft und Kultur (Federal Ministry for Education, Science and Culture)
BMHS.....	Berufsbildende mittlere und Höhere Schulen (Secondary Technical and Vocational Schools and Colleges)
BMS.....	Berufsbildende mittlere Schulen (Secondary Technical or Vocational Schools)
BMWA.....	Bundesministerium für Wirtschaft und Arbeit (Federal Ministry for Economy and Employment)
B-VG.....	Bundes-Verfassungsgesetz (Federal Constitutional Act)
CVTS 2.....	Zweite Europäische Erhebung über betriebliche Weiterbildung (Second European Continuing Vocational Training Survey)
ESF.....	Europäischer Sozialfonds (European Social Fund)

EU Europäische Union (European Union)

EUROSTAT..Statistisches Amt der Europäischen Gemeinschaften (Statistical Office of the European Communities)

EWK..... Europäischer Wirtschaftsraum (European Economic Community)

FLAF.....Familienlastenausgleichsfonds (fund to compensate families for the economic burdens associated with having a family)

GBP.....Gemeinnützige Beschäftigungsprojekte (non-profit employment projects)

HTL Höhere Technische Lehranstalt (Technical College)

ibw.....Österreichisches Institut für Bildungsforschung der Wirtschaft (Institute for Research on Qualification and Training of the Austrian Economy)

IWI..... Industriewissenschaftliches Institut (Industry Research Institute)

JASG.....Jugendausbildungssicherungsgesetz (law to assure training for young people)

KEBÖ.....Konferenz der Erwachsenenbildung Österreichs (Conference for Adult Education in Austria)

KJBG.....Kinder- und Jugendlichen-Beschäftigungsgesetz (law governing the employment of children and young people)

NAP.....Nationaler Aktionsplan für Beschäftigung (National Action Plan for Employment)

OECD.....Organisation für Wirtschaftliche Zusammenarbeit und Entwicklung (Organisation for Economic Cooperation and Development)

OÖ..... Oberösterreich (Upper Austria)

PrivSchG Privatschulgesetz (Private School Act)

SÖB.....Sozialökonomische Beschäftigungsbetriebe (social economic employment enterprises)

WIFI..... Wirtschaftsförderungsinstitut (Institute for Economic Promotion)

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1. Background of the financing of vocational training

1.1. Economic background and demographic trends

Austria is a relatively rich country related to the EU average. The Gross Domestic Product per capita in relation to buying potential parities is above the European average. Additionally, Austria is considered to have a small, open national economy. Currently, the export of goods and services accounts for about half of the GDP. For a significant period, inflation has been lower than the EU average.

	1991	1996	1997	1998	1999	2000	2001	2002
GDP per capita (in € 1,000)	20.6	21.8	22.1	23.0	23.6	24.3	24.4	-
Real GDP growth in % related to the previous year	3.3	2.0	1.6	3.9	2.7	3.5	0.7	0.9
Unemployment* in %	3.5	4.3	4.4	4.5	3.9	3.7	3.6	4.0
Inflation (CPI) in %	3.3	1.9	1.3	0.9	.06	2.3	2.7	1.8
Deficit level (in % of GDP)	-3.0	-3.8	-1.9	-2.4	-2.3	-1.5	+0.3	-0.6
Debt level (in % of GDP)	57.5	69.1	64.7	64.9	67.5	66.8	67.3	67.9

* According to ILO-Definition in % of the labour force

Source: Statistik Austria 2003

The 2001 national census puts the Austrian population at 8,032,926 inhabitants.

As in most other EU member states, the age pyramid shows a demographic imbalance towards older citizens. Birth rates have been in decline since the mid-1970s. Population forecasts predict a minor increase (of 0.4%) in the Austrian population by 2025. However, the age structure will change significantly in the near future. The number of 15 year-old young people and the proportion of the total population they represent will decline dramatically, while the number and proportion of the population of over-60 year olds will rise. The work force potential (population between 15 and 60 years of age) will decline

continuously in the future. The consequences for the education system are explained in Chapter 1.2.4.

The labour market in Austria is highly regulated and segmented labour market. The mobility between the occupational related working fields is not very high. A lot of occupations are restricted by law and/or needs a specific training. For example: There exists a specific labour market for people with academic degrees – specially in the public sector. On the other hand, the relevancy of knowledge based and Service related occupations are rising and the need for high qualified people is increasing.

The problems of the Austrian job market do not seem dramatic in international comparison, particularly when the high proportion of seasonal unemployment is considered. However, from an Austrian point of view the structural component of unemployment is cause for concern. Currently (average of 2002), unemployment is at approximately 4.0%, significantly lower than internationally comparative levels.

The unemployment structure in Austria contains a number of features which are comparable to the situation within the job markets of other countries. There is a reduction in qualification-specific unemployment as the level of qualification increases, while the duration of unemployment lengthens according to increasing age. In the areas of long-term and youth unemployment, however, the situation in Austria is significantly different. Austria has achieved very positive values in these areas in international comparison.

Budget consolidation (zero deficit), the redefinition of the responsibilities of the welfare state and its continuing financing (pensions, health insurance), deregulation and privatisation are of central importance in the current economic policies, as is the impact of the EU expansion towards the east of Europe. The high employee and employee-related costs in Austria in international

comparison have constituted a central element of economic policy debates for a number of years.

The entrance of Austria into the European Union and the preparations for the common currency were not the only reasons which necessitated the consolidation of the budget. Further tax raises¹ would be politically difficult to implement, a redistribution of funds within the various policy areas is also not to be expected at any significant level. As a result, the budgets for the various policy areas, including education, will remain the same or rise only marginally.

All governments since the 1990s have underlined the importance and increasing relevance of vocational training in Austria. Within the social partners there is a wide consensus about the need for increased efforts within the vocational training sector. An education initiative for young people was started in 1997. "A Chance for Youth" provides for the implementation of a series of tools: individual subsidies for businesses which train apprentices, training measures of the *Arbeitsmarktservice* AMS (Job Market Service), additional places at secondary technical and vocational schools and colleges – specially Berufsbildende mittlere und Höhere Schulen BMS/BHS - the creation of additional apprenticeship places in training establishments and an increase of available apprenticeship places within public service. These measures have been continuously implemented up to the current date.

The expenditures for education by the public sector² in 2000 amounted to € 11.9 billion for all levels of education. The largest portion of this expenditure comes from the federal government (48.3 %), followed by 30.0 % from the

¹ In 2001 the proportion of the GDP represented by state income was 52.4%.

² Federal, provincial and local governments and school community associations. School community associations are legal bodies created by the merging of various school communities. They are responsible for implementing certain tasks of the association under their own name on an independent basis.

provinces (not including Vienna³). The portion provided by local governments (not including Vienna) amounts to 12.5 %, Vienna contributes 8.2 %. The remaining amount is provided by school associations⁴. According to ISCED⁵ levels, approximately a quarter of the funding is provided for the primary sector (including the elementary sector), a quarter to lower secondary level and a quarter to upper secondary level (including specialised secondary course programmes and the non-university tertiary sector).

Table 2: Distribution of educational expenditure by the public sector according to ISCED levels, 2000

ISCED-Level		Million Euro	Percentage
ISCED 0	Elementary sector	906,2	7.6%
ISCED 1	Primary sector	2.341,0	19.7%
ISCED 2	Lower secondary sector	3.039,4	25.6%
ISCED 3	Upper secondary sector	2.357,8	19.8%
ISCED 4	Post-secondary non-tertiary sector	96,4	0.8%
ISCED 5B	Non-university tertiary sector	504,8	4.2%
ISCED 5A/6	University tertiary sector	2.467,5	20.8%
ISCED 9	Not classifiable	171,4	1.4%
Total		11.884,5	100.0%

Source: Statistik Austria

³ Vienna has a special legal status as a province and a community. In expenditure statistics Vienna is normally associated with the communities.

⁴ Statistik Austria

⁵ International Standard Classification of Education

Public expenditure for education (including subsidies) remains relatively level at slightly above 6% of GDP.

Public expenditure (including subsidies) for education in a percentage of the GDP:

	1991*	1995	1999	2002
Public expenditure for education in % of GDP	5.4%	6.5%	6.3%	6.3%

Source: OECD Education at a Glance 1992 und 2002

* 1991 not including private expenditure

Austria possesses a qualification-oriented educational system, characterised by a large proportion of specific vocational training. The combination of a developed apprenticeship system with a comprehensive scholastic vocational training system (at the level of upper secondary education) ensures the dissemination of relevant vocational skills and qualifications through the educational system. If all forms of vocational training are considered together, approximately 80% of young people in upper secondary education are in post-compulsory vocational education. Slightly more than half of those in vocational education (55%) choose a school-based option, while 45% take part in dual-system vocational training.

In Austria, significant political and economic attention is paid to the transition from school education to vocational training (first step). This is evidenced by the wide variety of support measures for the dual system *Lehrlingsoffensive* (Apprentice campaign), *Lehrlingsstiftungen* (Apprentice foundations)). There are no explicit policies pertaining to the transition from vocational training to professional life, although assuring a smooth transition has been an implicit element in the development of the training systems. This has occurred through the development and implementation of curricula oriented towards the job market and the imparting of qualifications according to demand. The transition itself has been seen as a mobility problem of individual young people.

The emphasis of the Austrian educational system lies with initial training⁶. Historically, adult education and continuing vocational training have been centred on initiatives of trade associations, churches, political parties, trade unions and private persons (associations). Over time, a pluralistically mixed economic (with private and corporate elements) system of further training has developed. The state and special interest groups act as sponsors, while private individuals and companies constitute the (often paying) participants.⁷

1.2. Political background

In Austria (a member of the European Union since 1995) two political parties have shaped the political system since the Second World War: the *Sozialdemokratische Partei Österreichs* (SPÖ – Social Democrats) and the conservative *Österreichische Volkspartei* (ÖVP – Austrian People's Party)⁸. In the early 1990s the *Freiheitliche Partei Österreichs* (FPÖ – Austrian Freedom Party) and the *Grünen* (the Greens) were able to significantly increase their political representation for the first time. So that the Austrian Party system will transform from a Two Party System to a Three and a half Party System.

The Austrian Parties are representing in the most cases also cultural dispositions and this has an influence to the specific understanding of Education in Austria. So exist a Christian-conservative, a liberal and an equality and non-elitisting understanding side by side. Typically for Austrian education policy is, that this three poles are changing. Now the liberalism part is important.

⁶ cf. Lassnigg (2/2000)

⁷ see also Chapter 3 in this report

⁸ At least one of these parties has always been part of the government.

The vocational training system was continually evolved without significant reform measures. The requirement for a two-thirds majority in parliament for the ratification or alteration of school laws and the cooperation of the social partners in developing the education system has contributed significantly to the inherent stability within the Austrian vocational training system. However, the evolved structures have led to a side by side existing and sometimes highly unclear forms of financing. To understand the financing of vocational training, four elements specific to the Austrian system should be explained:

1. Austria's long tradition as a welfare state,
2. the high level of centralisation despite a federal structure,
3. the influence of the *economic and social partnership*,
4. the current priorities set by educational policy.

1.2.1. The welfare state structure

The comprehensive and well established social net has a long history with roots in the 19. Century and is based on a broad social consensus. Many social tasks provided by private organisations in other countries are the responsibility of the public sector in Austria⁹. In the school year 2000/2001, approximately 8% of pupils attended a private school. Approximately three quarters attended a catholic private school. The majority of private and religious schools are compulsory or general education schools.

As a result of this welfare state tradition the public and semi-public sectors play a significant role in the areas of education and training. Vocational training is predominantly seen as a public responsibility or as a political right of the individual citizen. Few market economy traits are to be found within the training sector. There are only a small number of private schools⁴⁰; most of these receive financing in the form of staffing subsidies from the public sector. Within

⁹ The role of the state in several areas has increasingly been the subject of debate for a number of years.

the dual system, which at first glance appears to be predominantly privately financed, there are a series of legal regulations and public subsidies. Public and political organisations play a substantial role in the implementation and financing of training initiatives for the unemployed. These initiatives are predominantly implemented by the *Arbeitsmarktservice AMS* (Job Market Service) in training facilities provided by the social partners. Private opportunities and non-public sources of finance (businesses and private households) are more important than public offers only in the sector of continuing vocational training. However, even in this sector, the private status of major providers of training is a legal formality, in practice they are organisationally and financially closely connected to special interest groups.

The services provided to citizens by the welfare state are dependant on two political areas: social security and family policies. Eligibility for social security benefits is conditional upon integration into the job market¹¹. This means that only people in employment situations have a right to social security¹². Family members who are not in employment are included in this structure. There is a wide range of subsidies for families available in Austria. To be eligible for such subsidies, the applicant must naturally prove family status. Often, this is dependant on a child for which the applicant is responsible as well as the child's age. The chosen vocation of the young person is insignificant in this context. Subsidies from administrative bodies other than the federal government may be applied for under certain conditions. For people who fall outside the boundaries of both of these systems certain subsidies are available; however, these are only subsidiary and are not understood to be an automatic right.

¹¹ The cornerstone of a social security system tied to participation in employment was laid with the *Kranken- und Unfallversicherung* (health and accident insurance) of 1888/89.

¹² Insurance is compulsory for people in employment in Austria.

1.2.2. High level of centralisation

Most political areas – including the education sector – are the responsibility of the federal government. Legislation and implementation for the vocational schools at upper secondary and tertiary level are federal responsibilities. Provincial and local governments are responsible for the organisation and financing of compulsory schools¹³; however, a large proportion of personnel costs for the teaching staff are covered by the federal government. The adult education sector is predominantly the responsibility of the provincial governments, with a few exceptions. The field of vocational training is dominated by two large institutions¹⁴, significantly aligned with the social partners. Businesses often use the services of these institutions, even for in-company training. The federal government is responsible for measures related to job market policy, within which financing is provided for various training schemes¹⁵. Responsibility for social security, workers' rights and family welfare also falls to the federal governance¹⁶, while provincial and local governments are responsible for welfare and social assistance policies.

1.2.3. Economic and social partnership

The *Sozialpartnerschaft* (social partnership) was created after World War Two and is one of most developed and incisive forms of economic and political cooperation internationally. The social partnership is based on a system of chambers and associations like: Employer's special interest groups (Federal Economic Chamber and the conference of presidents from provincial economic chambers) and employee's special interest groups (*Arbeiterkammer AK-Federal*

¹³ The part-time vocational schools within the dual system are similarly the responsibility of provincial governments.

¹⁴ *Wirtschaftsförderungsinstitut* (WIFI – Institute for Economic Promotion) und *Berufsförderungsinstitut* (bfi – Vocational Training Institute)

¹⁵ These measures are financed by the *Arbeitsmarktservice* AMS (Job Market Service), which has its expenditures primarily refunded through the Federal Ministry for Economy and Employment.

¹⁶ Art. 10 § 17 *Bundesverfassungsgesetz* (B-VG – Federal Constitutional Act)

Employment Chamber and the *Österreichischer Gewerkschaftsbund ÖGB* - Austrian Association of Trade Unions). The system functions on the foundation of informal structures, and does not exist as a legal entity. The collaboration of the social partners is not defined by law but is based on a form of constitutional consent.

The social partners are able to exert influence through representatives who are members of law-making bodies. The social partners exert their influence in the early stages of the law-making process, by making use of the rights of legal assessment to be incorporated into the legislative process before the law reaches parliament for ratification. This also applies to all laws pertaining to education and Vocational and Educational Training because they are members in a lot of committees.

The involvement of the social partners is particularly pronounced within the vocational training sector and especially within the framework of apprentice training through the dual system.

1.2.4. Priorities set by (educational) policy:

- **A differentiated education system that guarantees permeability**
The primary goal of the Austrian educational policies is to maintain and expand a wide and varied selection of vocational education options. As a result of the wide variety of offers an explicit additional aim of Austrian education policy is to guarantee complete permeability between the various educational paths. A system of bridges and transitions should enable movement between the various branches of the education system. For every completed course of training – including an apprenticeship – there is a continuing path of education (formally, at least) available which may eventually lead to higher education.
- **Continuous development of educational opportunities with future-oriented content**
Regular revisions to the apprenticeships offered within the framework of the

dual vocational training and to curricula, as well as initiatives in schooling led by the education ministry, should ensure that the educational system recognises and incorporates developments and changes within the economy. Particularly relevant are the goals of increasing entrepreneurship and IT skills.

- **Lifelong learning as a central emphasis of education policies**

The objective of establishing lifelong learning as a central focus point was explicitly highlighted in the last government programme. In specific areas clear and promising concepts exist. Examples of this are strategies to increase permeability through opportunities in second chance education or tax deductions to promote in-company vocational training. Due to the division of responsibility between individual ministries and provincial governments, a comprehensive and uniform strategy for lifelong learning has not been established yet.

There is increasing public discussion that the demand for qualification and renewal presented by the economy cannot simply be met by the new additions coming through initial vocational training. The renewal of the qualification structures took place in the past as a result of the entrance of young workers into the job market; as a result of the education expansion, these young people had a higher level of education. For as long as the number of people entering the job market is at least equal to the number of people leaving it, the implicit (static) updating of qualification structures can be continued. However, as a result of the decline in new additions to the job market (specifically, the decline of the baby boom generation), new qualification demands can only be met by an improvement in continuing training measures. Additionally, the rapid technical and organisational changes and the ensuing demand for continuing training for people in employment make the necessity for more aggressive continuing training policies apparent¹⁷.

¹⁷ cf. Lechner (1997)

1.3. Legal background

The Austrian constitution (*Bundesverfassung*) establishes the federal structure of the country. The *Bundesverfassung* distinguish between three levels of administration:

- Federal level (Bund), responsible for the whole federal territory
- Provincial level (*Bundesländer*), responsible, for the specific provinces
- Communal level (*Gemeinden*): contains the administration of the municipals

Legislation occurs at federal and provincial level¹⁸. The state administration may only occur according to the laws; every administrative body can publish regulations for its area of responsibility. Federal administration takes place through the federal ministries. Executive power in the provinces rests with the provincial governments. The legal inclusion of representative groups (chambers) within the political process ensures the representation of the relevant special interests of these groups, normally prior to political decisions being made.

Legislative powers for the schooling and education sectors rest with the *Bundesregierung*, the federal government (Article 14 of the *Bunderverfassungsgesetz B-VG*). Although provincial governments – the *Landesregierungen* - have legislative powers in several political areas, they are largely insignificant in the area of scholastic vocational training.

School laws are relevant for the **initial vocational training in schools**. A particular feature of Austrian school laws is that the ratification of a school law requires a two-thirds majority in parliament. This is normally only the case for constitutional laws and regulations. The Austrian school system is systematically regulated and comprehensively established by the *Schulorganisationsgesetz* SchOG (School Organisational Act) of 25th July

1962. The 16th Amendment to the School Organisational Act formally integrated the part-time vocational schools into the secondary level of education. Further legislative sources are the *Land- und Forstwirtschaftliche Bundesschulgesetz* (agricultural and forestry school act), the *Schulunterrichtsgesetz* (the school tuition act), the *Schulunterrichtsgesetz für Berufstätige* (the school tuition act for people in employment), the *Krankenpflegegesetz* (health care act) and the *Schülerbeihilfengesetz* (pupil benefit law) in the relevant edition and with the relevant decrees. The *Privatschulgesetz* (PrivSchG – private school act) regulates the recognition of certificates of completion of private schools and the financing of the teaching personnel. These laws are very important for Vocational and Educational Training, because this is defining the framework, in which people are learning.

The uniformity and consistency of curricula throughout Austria is guaranteed by a federal curricular framework for each vocation. Apprentices are educated within designated vocations, recognised and regulated by federal law. All legally recognised vocations based on apprenticeships are defined by the list of recognised apprenticeships (a decree based on the Vocational Training Act). The Federal Minister of the Economy issues (*Bundesministerium für Wirtschaft und Arbeit – BMWA*) educational regulations for every apprenticeship, pertaining to the required elements of the vocational training to be provided by the business. This defines the vocational profile of the apprenticeship.

Other relevant laws include the *Kinder- und Jugendlichenbeschäftigungsgesetz* (law governing child and youth labour), the *Ausländerbeschäftigungsgesetz* (law governing the employment of foreigners), the *Gewerbeordnung* (which governs self-employment), the *Familienlastenausgleichsgesetz* (which regulates the family benefit system) and the *Finanzausgleichsgesetz* (which defines the

¹⁸ All matters not clearly specified as the responsibility of the federal government are the responsibility of the provincial governments (Article 15 B-VG).

division of costs between the federal and provincial governments, among other things).

The costs of equipping part-time vocational schools are carried by the provinces, teaching staff costs are divided equally between the provincial and the federal government. The part-time vocational schools are subject-specific schools designed to meet the requirements of the apprenticeship. The apprentice is required to attend part-time vocational schools in the same province where the company or business is located.

The apprenticeship contract between the training body and the apprentice provides the basis of the vocational training within the dual system and must comply with the Vocational Training Act. The financial compensation for the apprentice must meet the level designated by the Vocational Training Act, the customary payment in the area or the amount for comparable vocations. As a rule, the apprentice compensation is negotiated and decided by the collective contract parties.

The federal law pertaining to the funding of adult education and the national library system is particularly relevant in the context of continuing vocational training.

The administration of the job market (which is responsible for offering and financing training opportunities for the unemployed, among other things) was removed from direct federal administration on the 1st July 1994 and placed under the control of the *Arbeitsmarktservice neu* (AMS – Job Market Service), a public service provider¹⁹. The AMS is responsible for the administration and the co-financing of the European Social Fund (ESF). This consists largely of subsidies for businesses for the training of employees. The legal framework for job market policy is provided by the *Arbeitsmarktservicegesetz* (Job Market Service Act) and the *Arbeitsmarktfördergesetz* (Job Market Promotion Act), as well as the job market promotion acts at provincial level, in the relevant editions and including the relevant regulations.

¹⁹ http://www.parlinkom.gv.at/pd/pm/XX/AB/texte/005/AB00521_.html

1.4. Administrative background

The financial, supervisory and administrative side of the organisation of vocational training in Austria (staff costs, construction and maintenance of school buildings) is a complicated system of cooperation between a number of parties.

In Austria, the most important taxes²⁰ and duties are collected by federal authorities. The provinces receive a portion of the income through the financial compensation system. The provincial government therefore pays the salaries of teachers at compulsory schools, but is then reimbursed by the federal government according to the financial compensation system (§ 3 *Finanzausgleichsgesetz* – financial compensation law).

Public financing of educational institutions occurs according to budgetary law. This cameralism results in the individual institutions being dependant upon the material and temporal availability of financial means. Efforts to provide schools and educational institutions with more independent responsibilities and to lead them towards increased autonomy have recently led to several changes in legal status. Examples of this are the school autonomy, the partial right to financial control and the regulations allowing schools to provide their facilities to outside bodies.

²⁰ Income tax in Austria is calculated according to the individual income per person. This makes provision of subsidies according to family income difficult, as the sum of the family income is not statistically recorded.

1.4.1. Administrative distribution of responsibilities:

Provincial and local governments and community associations function as providers of compulsory schools (primary schools, secondary schools, special needs schools, prevocational schools and part-time vocational schools). For general education compulsory schools, responsibility generally lies with local governments or community associations - for example the construction of a school, the maintenance of the buildings, the payment of the running costs, the procurement of equipment and teaching aids, the provision of a school doctor and the employment of the necessary additional staff (janitors etc.). The provincial governments are generally responsible for the vocational schools.

The provision of teachers for compulsory schools is solely the responsibility of provincial governments. The provincial governments are therefore the employers of all teachers at compulsory schools, and are responsible for the payment of their wages. However, these costs are refunded completely by the federal government in accordance with the financial compensation system. The sole exception is the vocational schools, for which the federal government only refunds one half of the costs.

The federal government is responsible for all costs related to upper secondary level schools and colleges, including the costs for teaching staff. The teachers are not employed by the school; they are employees of the federal government.

Schools in Austria have relatively low budgetary means at their disposal. However, models to increase financial autonomy for schools are currently in a trial phase.

The administration of the job market (which is responsible for offering and financing training opportunities for the unemployed, among other things) was removed from direct federal administration on the 1st July 1994 and placed under the control of the *Arbeitsmarktservice neu* (AMS – Job Market Service –

new), a public service provider. The AMS is responsible for the administration and the co-financing of the European Social Fund (ESF).

Adult education is financed publicly through the provincial and local governments, as well as by the providers of the adult education institutions. The level of financial contribution is set by the individual bodies. As there is no nationally unified adult education the public sector is predominantly responsible for the financing within the context of school provision.

The European Social Fund (ESF) provides the framework for the majority of financial means for the area of job market-related policies. These financial means are administered and co-financed by the AMS.

The direct role of the social partnership is predominantly located on two levels: The initial vocational training within the framework of the dual system, and the various adult education establishments. Indirectly, the social partners play an important role in the school legislation process.

1.4.2. Provider structure

There is a varied and differentiated provider structure in the area of initial vocational training (at upper secondary level) in Austria. Essentially, two training paths must be mentioned. The first is the vocational school and college system; the second, the apprentice training system.

In the vocational school sector there are full-time technical and vocational schools and colleges. The educational objective of the technical and vocational schools (*Berufsbildende mittlere Schulen - BMS*) is primarily to impart fundamental specific knowledge at skilled-worker level. Additionally, the schools should increase the level of general knowledge.

The educational objective of the technical and vocational colleges (*Berufsbildende höhere Schulen - BHS*) is to impart a higher level of general and specific knowledge which will enable the student to perform a more

sophisticated profession. They educate to the level of engineer or middle management and conclude with the *Matura* (school leaver's certificate), as do the secondary academic schools.

Upon completion of compulsory education, an apprenticeship within the dual system can be entered into. Training takes place in a business within the framework of a training relationship according to an apprenticeship contract, as well as in a part-time vocational school (compulsory). Currently, there are approximately 270 apprenticeship vocations. The formal training within the business forms the central element of the education, and must therefore work towards a defined vocational profile. The part-time vocational school should compliment the business training with specific knowledge and practical training, as well as increasing general knowledge.

There is additionally the opportunity to achieve a complete vocational training course at a tertiary, non-university technical or vocational college (at the level of a Secondary Technical and Vocational School or College).

The dominant role of the two further education institutions of the social partners – *Wirtschaftsförderungsinstitut - WIFI* (Institute for Economic Promotion) and *Berufsförderungsinstitut - BFI* (Vocational Training Institute) – in the field of **continuing vocational training** (business-externally) should be mentioned. Additionally, there are an estimated more than 1,500 private providers on the continuing vocational training market, consisting predominantly of freelance trainers and one-person companies²¹.

In small enterprises continuing vocational training is predominantly provided in the workplace, through trips to specialist trade fairs and through the appropriation of knowledge from documents and literature on an individual basis, as well as specialist courses provided by the WIFI or other businesses. In

²¹ cf. Kailer (1995), Gruber (1996). The self-employed training entrepreneur has become the most common form of continuing training provider. The events are heterogeneous in event structure, objectives and qualities. The lack of comparable certifications and titles, however, represent a problem.

large enterprises, continuing training is available predominantly through courses provided within the business²².

Continuing training is the most important personnel development activity for the overwhelming majority of businesses (87%)²³.

Training measures for the unemployed take place within the framework of the active job market policies implemented by the *Arbeitsmarktservice AMS* (Job Market Service). Particularly important are the qualification and re-training measures which take place alongside counselling, placement in employment and funding.

1.4.3. Diagram of the financing structure

Due to the extremely varied selection of providers, the complexity and interlocked nature of the administrative structures, a representational diagram of the financing structure would be largely unclear and incomprehensible. Please see the illustrations by subject in the main body of this publication.

1.4.4. Administrative trends

Significant changes are not to be expected to structures within the context of the administrative responsibilities of financing. Discussions and first steps are taking place towards certain administrative changes regarding school autonomy, promoting businesses offering apprenticeships²⁴ and, above all, promoting private involvement (tax deductions for training investments, training vouchers).

²² cf. Kailer (1995)

²³ cf. Kailer (1995)

²⁴ The discussion concerning the establishment of a training fund for apprenticeship training has continued over the past decades. However, there appears to be no imminent agreement between the social partners due to their divergent positions.

2. Funding for initial vocational training

Initial vocational training is the vocational training of young people following the completion of compulsory schooling²⁵. In Austria there are two systems in place for this: the technical and vocational schools and colleges at upper secondary level which are completed in full-time schools, and the apprentice training system, which takes place primarily in businesses and partially in part-time vocational schools.

Initial vocational training in Austria begins relatively early in international comparison. In the case of full-time vocational courses, it may start as early as the ninth grade (lower secondary level), the last year of compulsory schooling. The earliest theoretical entrance into vocational training can therefore be at the age of 14. Apprenticeship training may only begin upon completion of nine years of compulsory schooling, i.e. at the age of 15.

Eight out of ten school children in tenth-grade (first post-compulsory year) education in the 2000/2001 school year were participating in initial vocational training, a fifth attended secondary academic schools. The largest proportion of participants in initial vocational training were in apprenticeships (approximately 41%), followed by slightly over 24% in secondary technical and vocational colleges and slightly less than 14% in secondary technical and vocational schools. Within full-time vocational training, technical and commercial schools and retail schools receive the highest numbers of participants.

²⁵ For a comprehensive representation of the vocational system in Austria, please see the CEDEFOP-monograph.

The following table shows the distribution of pupils in the tenth grade by school type following completion of compulsory schooling for the school year 2000/01

TABLE 2-1:

Distribution of pupils in the 10th grade following completion of compulsory education by school type

(in percentages)

School type	School year 2000/01
Apprentice training/ P-T vocational schools	41.1
Commercial, technical and artistic secondary schools*	3.2
Retail schools	3.9
Economic schools	2.6
Schools for social vocations	1.2
Agriculture and forestry schools	2.8

Vocational schools	Σ 13.7
Commercial, technical and artistic secondary colleges*	10.4
Retail colleges	8.6
Economic colleges	4.7
Agriculture and forestry colleges	0,7
Vocational colleges	Σ 24,4
Training institutes for social and kindergarten teaching	1,6
Secondary academic schools**	19,2
Total	100,0
Absolute numbers	101.153

* including tourism schools

** including all academic school forms

Source: Statistik Österreich, Das Schulwesen in Österreich, verschiedene Jahrgänge;
eigene Berechnungen

Estimates vary as to the proportion of pupils who leave the education system after completing compulsory schooling and do not participate in further schooling or an apprenticeship²⁶. A recent EUROSTAT survey estimated the level in 2001 to be 10.7%. This is the fourth-lowest level compared to other European countries²⁷.

2.1. School-based IVT

Austria possesses an extremely diverse range of full-time scholastic initial vocational training opportunities. A clear distinction must be drawn between

²⁶ For example, one survey estimates a proportion of between 9 and 10%. See: Lassnigg, Lorenz: Jugendliche, die ihre (Aus-)Bildungslaufbahn in der 10. Stufe nicht fortsetzen; in: Bildung – ein Wert, Österreich im internationalen Vergleich, Forum Politische Bildung (Hg.), Informationen zur Politischen Bildung, Nr. 12, 1997, Seite 45.

²⁷ Bundesministerium für Wirtschaft und Arbeit: Umsetzungsbericht 2002 zum Nationalen Aktionsplan für Beschäftigung, 1. Mai 2002, Seite 33.

secondary technical and vocational *schools* and secondary technical and vocational *colleges*. Both school types offer a general education alongside vocational training²⁸.

The secondary technical and vocational schools normally last three to four years, although there are several which are shorter. The educational objective of the Secondary Technical or Vocational Schools is to impart fundamental vocation-specific knowledge and improve and increase general knowledge. Technical and vocational schools with a duration of one to two years impart partial vocational training; those with a duration of three to four years impart complete vocational training. A central component of the training is practical tuition in school-owned workshops, laboratories, kitchens and practice companies. Formally, the completion is considered equivalent to a completed apprenticeship, which means that these schools educate their pupils to the level of a skilled worker or an employee with medium qualifications.

The following specialist fields are offered at secondary technical and vocational schools (BMS):

- ✓ Specialist schools for commercial, technical and artistic vocations (Areas: technology, clothing, tourism, artistic areas)
- ✓ Commercial and retail schools (trade schools, office and administration schools)
- ✓ Schools for economic vocations (a combination of commercial, economics and tourism training)
- ✓ Schools for social vocations
- ✓ Agriculture and forestry schools
- ✓ Training for the medical-technical service
- ✓ Schools for health care services
- ✓ Schools for other vocations (e.g. animal care, physical care)

²⁸ In most secondary technical and vocational schools and colleges students are expected to participate in a work experience scheme over a number of weeks. This normally occurs during school holidays.

As a rule, secondary technical and vocational colleges last five years. The educational objective is to impart a higher level of vocation-specific and general knowledge which enables the pupil to enter a higher vocation. The BHS educate to the level of an engineer or middle management and conclude with the *Matura* (school leaver's certificate), as do the secondary academic schools. General education, vocation-specific theory and vocation-specific practical exercises each constitute about a third of the curricula. Graduates of secondary technical and vocational colleges additionally receive certain commercial rights: after three years of related experience in professional life the graduate may become self-employed within the relevant vocation. Graduates of *Höhere Technische Lehranstalten* (HTL – technical college) may apply for the title of engineer following three years of work experience.

The educational fields of secondary technical and vocational colleges are largely similar to those of secondary technical and vocational schools.

The following school forms are available:

- ✓ Technical and commercial colleges (specialist areas: mechanical engineering, electrical engineering, electronics, IT and administration, construction engineering – structural and civil engineering, chemistry, textiles, industrial engineering, information and communication technologies)
- ✓ Tourism college
- ✓ College for fashion and clothing technology
- ✓ *Handelsakademien* (trade and commerce colleges Colleges for social vocations)
- ✓ Agriculture and forestry colleges (Specialist areas: agriculture, horticulture, wine and fruit growing, forestry, dairy services etc.)

Approximately 49,400 young people attended a secondary technical or vocational school in the 2001/02 school year, while approx. 126,500 attended a secondary technical or vocational college. Approximately 72,200 young Austrians attended upper-level secondary academic schools; part-time vocational schools (including agriculture and forestry schools) catered to approx. 132,600 young people. These values show the significant role initial vocational training plays in Austria.

In the 2000/01 school year, the majority of pupils (12,770 pupils) within the BMS system attended *Handelsschulen* (trade and commercial schools, followed by technical trade schools (11,700) and the agriculture and forestry schools (approx. 10,300). The specialist schools for scientific vocations had an attendance of approximately 7,400 pupils, still a significant portion of overall attendees. The remaining areas had significantly lower attendance rates (between 580 in the clothing and textile area and 2,140 in tourism training programmes).

In the secondary technical and vocational college system (BHS), the *Höhere Technische und Gewerbliche Lehranstalten* (HTL – technical colleges) had the highest attendance rates (45,770), followed by the *Handelsakademien* (trade and commerce colleges) with 42,460 attendees and the higher institutions for economic vocations (23,500). In fourth place was the tourism sector (approximately 7,400 pupils). Significantly fewer pupils attended schools in other sectors (between 1,800 in artistic training and 3,350 in the agriculture and forestry sector).

2.1.1. Administrative and regulatory framework

While the fundamental legislation for state compulsory schools is the responsibility of the federal government and provincial governments are responsible for the executive legislation and implementation, in the secondary technical and vocational school and college sector and the training institutes for social and kindergarten teaching all duties fall to the federal government. The is the main supervisory body for the entire full-time school system. As well as the BMBWK, the federal government relies on the provincial school councils for the implementation of laws.

The legal framework for the entire current school system is provided by the school laws of 1962. A special status for school legislation was established, in

that the alteration of certain school laws can only occur with a two-thirds majority in parliament. The Federal Minister for Education, Culture and Science is responsible for establishing relevant curricula, as defined by the School Organisation Act. All curricula include areas of autonomy for schools (optional clause). The 14th amendment to the School Organisation Act in 1994/95 provided all schools with the ability to determine a limited portion of their curricula autonomously, thereby enabling schools to establish individual school profiles.

School legislation in Austria is comprised of the following laws and decrees:

- ✓ *Schulunterrichtsgesetz* (School Tuition Act)
- ✓ *Schulorganisationsgesetz* (School Organisation Act)
- ✓ *Schulzeitgesetz* (School Duration Act)
- ✓ *Leistungsbeurteilungsverordnung* (Performance Evaluation Decree)
- ✓ *Schulpflichtgesetz* (School Responsibility Act)

In Austria, the support for pupils in full-time vocational training generally occurs within the framework of family funding. As a result, the individual funding of pupils is the responsibility of the Social Ministry²⁹. The most important source of finance in this context is the *Familienlastenausgleichfonds* (FLAF – a fund to compensate families for the economic burdens associated with having a family), which serves as a compensation fund between families with children and people without children. The Education Ministry is responsible for the provision of grants for pupils and accommodation on an individual basis.

2.1.2. Sources of funding

A differentiation can be made in the financing of initial vocational training between direct financing (from public funds, private investors in schools and private households) and indirect financing (benefits, free travel, schoolbook

²⁹ Family aid is given to families in Austria irrespective of their household income, as the most important component of family funding.

initiatives, subsidies etc.). Training for general healthcare vocations takes place at specialist schools.

The Federal Ministry for Education, Science and Culture acts as the provider for most of the vocational training schools and colleges. Exceptions to this are the agriculture and forestry vocational schooling and the healthcare schools. The agriculture and forestry *colleges* are supported by the Ministry for Agriculture; provincial governments are responsible for the agriculture and forestry vocational *schools*. However, the Ministry for Agriculture refunds 50% of the personnel costs (as it does for the agricultural part-time vocational schools). Training for general healthcare vocations takes place at specialist schools within hospitals, which are the responsibility of the Federal Ministry for Social Security, Generations and Consumer Protection. The Federal Ministry for Economy and Employment covers all costs for construction and maintenance of upper secondary school facilities.

Total federal expenditure for education and tuition for the year 2002 was € 5.62 billion. This constitutes an increase of 7.5% from expenditure in 1998 (€ 5.23 billion). Federal expenditure for education has risen continuously since the 1990s; the highest level of expenditure was reached in 2001 (€ 5.65 billion). Expenditure for education and tuition stagnated from 2001 to 2002 (€ -30 million, -0.5%). The level of expenditure for vocational schools³⁰ as a proportion of total education expenditure has remained relatively constant since 1998, at slightly over 19%. For expenditures for full-time vocational training, please see below.

The nominal expenditure per pupil at secondary technical and vocational schools and colleges in the 2001/02 school year was € 5,391 for pupils in the commercial vocational schools and colleges, and € 5,973 for pupils in

³⁰ Not including part-time vocational schools (apprentice training) and institutions for teacher training.

economic, textile and tourism schools and colleges, including social vocational schools and social academies. The highest expenditure (€ 6,886) per pupil takes place at technical and art schools and colleges.

The school and accommodation benefits, awarded to students at secondary level from grade 10 onwards (if certain legal conditions are met), must be recognised as direct financing³¹. € 35.8 million were awarded to 32,197 benefit recipients in the course of the school year 2000/01. For eligible pupils at vocational schools, and their families, € 30.3 Million were spent.

As well as state schools³², there are a range of private schools in Austria. These are generally run by legally recognised churches and religious groups, and educated 7.3% of all school pupils in the 2000/01 school year. Generally, these schools fall within the compulsory school or general education sectors. Private schools provided by the church have a legally defined right to subsidisation of personnel costs for teachers and headmasters, according to §18 of the *Privatschulgesetz* (PrivSchG – Private School Act). Private schools not run by the church may also receive subsidies if certain conditions are met (§21 PrivSchG). Additionally, there are public grants for the procurement of teaching aids and modernisation of facilities. Providers of private schools must make up the remaining costs through school fees and third-party funds³³. Catholic school providers spent an estimated € 17 million on secondary technical and vocational schools and colleges alone, not including the staff costs covered by the federal government.

³¹ The basic amount of benefits for pupils is € 982 for 2002, the amount for accommodation benefit is € 1,200 per year. The grants for pupils at medical-technical specialist schools and midwife schools are financed by the Ministry of Health.

³² State schools are defined as those schools constructed and maintained by the public institutions according to Art. 14 § 6 of the *Bundes-Verfassungsgesetz* (B-VG – Federal Constitution Act), and that are available to all.

³³ School fees cover about 82% of catholic school costs (not including personnel costs). Steinbiller, Regina: Die katholische Schule als Wirtschaftsfaktor, in: Ordensnachrichten, 36. Jhg. 1997, Heft 3, S. 32

Attendance at a state school in Austria is free of charge. Private households pay only for living costs and a portion of the teaching aids. There are four main categories of costs households must cover for scholastic vocational training:

1. Private contribution for schoolbooks and free travel for pupils,
2. School fees for private schools,
3. Costs for private lessons,
4. Living costs, as well as loss of wages and missed pension insurance periods.

Schoolbooks are provided by the state. Since 1996, 10% of the costs must be covered privately. For vocational schools, this amounted to an estimated € 3 million in 2002. Additionally, a portion of the costs for free travel (about € 20 per year and pupil) must be covered privately since 1996. For the secondary technical and vocational school and college sector, this amounted to an estimated € 1.8 million in 2002.

There is no available data concerning expenditure of private households for other teaching aids (such as exercise books, school excursions etc.).

Most non-state schools charge school fees which can be very expensive. However, there is no data available as to private household expenditure for these costs.

2.1.3. Levels of funding

Total federal expenditure for the full-time vocational training system³⁴ amounted to € 1.084 billion in 2002, up by 8.5% (€ 999 million) from the 1998 level. Federal expenditure for full-time vocational training therefore increased by 1% more than total expenditure for the entire educational system in the same timeframe (see above). The federal expenditure for the secondary technical and

³⁴ Not including part-time vocational schools (apprentice training) and institutions for teacher training.

vocational schools and colleges reached its highest level in 2001 (€ 1.086 million), then stagnated in the following year (2002: € 1.084 Million).

The following table summarises the direct expenditure for in-school initial vocational training in Austria:

TABLE 2-2:

Direct expenditure for secondary technical and vocational schools and colleges in millions of € from 1998 to 2002

Financial source / Year	1998 € millions	1999 € millions	2000 € millions	2001 € millions	2002 € millions
<i>Total federal expenditure*</i>	999	1.052	1.068	1.086	1.084
Comprising:					
Technical schools and colleges	392	410	414	416	421
Commerce schools and colleges	273	288	290	292	298

Schools and colleges for tourism, social, and economic vocations	263	281	289	297	292
Schools, colleges and boarding schools for agriculture and forestry vocations**	71	73	75	81	73

Private school providers***	15,6	16,4	16,7	16,9	16,9
Private households****	4,3	4,6	4,5	4,7	4,8

<i>Total private costs</i>	<i>19,9</i>	<i>21,0</i>	<i>21,2</i>	<i>21,6</i>	<i>21,7</i>
<hr/>					
<i>Total</i>	<i>1.019</i>	<i>1.073</i>	<i>1.089</i>	<i>1.108</i>	<i>1.106</i>

* Not including part-time vocational schools (apprentice training) and institutions for teacher training.

** including agriculture and forestry part-time vocational schools

*** Estimate according to the expenditure of private school providers in relation to expenditure by the Education ministry in 1996

**** Estimated values: private contribution to schoolbooks and free travel for pupils; school fees, expenditure for teaching aids other than schoolbooks and expenditure for private tuition are not included

Source: BMF, ibw-Berechnungen

The proportion of total federal expenditure for education designated for full-time vocational training remained consistent at 98% within this timeframe. The distribution of means among the relevant school types also remained relatively consistent. In 2002, the federal expenditure for vocational schooling was distributed as follows: technical schools and colleges 39%, commerce schools and colleges 28%, schools and colleges for tourism, social and economic vocations 27% and schools, colleges and boarding schools for agriculture and forestry vocations 7%.

2.1.4. Distribution of funding: recipients and criteria

Support of participants in the vocational training system is largely a result of the legal regulations governing parent's responsibility for their children. Pupils are understood to be part of their parent's household and this defines their rights to

public benefits. As a result, the indirect costs of initial vocational training fall into the category of family-related policies³⁵, and are therefore the responsibility of the Federal Ministry for Social Security and Generations. A large part of the expenditure within this framework is covered by the *Familienlastenausgleichsfonds* (FLAF). The following indirect expenditures for initial vocational training are covered by the FLAF:

- ✓ Family benefits for pupils: Parents who live in Austria have a right to family benefits for children in the household or children reliant on their financial support irrespective of their jobs or income. From the 1st January 2003, family benefits are approximately € 131 on a monthly basis for children between 10 and 19 years of age, from the age of 19 onwards the monthly sum is approximately € 153. If family benefits are received for two children, the total level of benefits increases by € 12.80 a month. For three or more children, the monthly benefit payment increases by € 25.50 per child. For children in vocational training or in continuing vocational training in a specialist school, family benefits can be received until the age of 26 (in the case of university education, this is also dependant on the expected duration of the studies).
- ✓ Free public transport for pupils: Students under the age of 26 who receive family benefits are also eligible for free public transport, if they meet the conditions. An annual lump sum of € 20 must be paid privately. The private contribution is a lump sum which must be paid in full, even in the event that free travel is not required for the full year. If there is no suitable means of public transport available, local communities and school providers may apply for special transport measures.

³⁵ The most important forms of family support in Austria are: family benefits, children are insured with their parents free of charge, tax deductions for families with children. In the case of sole earners, there is an additional sole earners tax deduction amount.

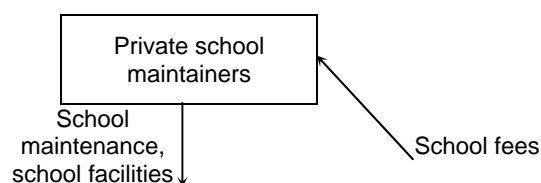
- ✓ School travel benefits: If at least two kilometres of the route to or from school cannot be travelled by means of free transport or within the framework of the free travel for pupils, school travel benefits can be applied for. There is no minimum distance specified for disabled pupils. Depending on the distance to school and the number of days of school attendance, benefits may amount to between € 4 and € 40 a month.
- ✓ Schoolbook initiatives: According to § 31 paragraph 1 of the *Familienlastenausgleichsgesetz* (law governing the compensation of families for financial burdens) schoolbooks necessary for tuition must be provided free up to a certain amount, in order to ease the burdens placed on parents for the upbringing and education of their children. A private contribution of 10% of the total cost of the books provided through the compensation fund must be paid. The amount is determined by the level of the value of the books provided free of charge for the relevant school type. As an example, the total amount designated for schoolbooks per pupil at technical colleges was € 134 (not including Religion) in the 2002/03 school year. The pupil must therefore contribute €13.40. At commerce colleges, books (not including Religion) to the value of € 145 may be procured, the pupil must therefore contribute € 14.50.

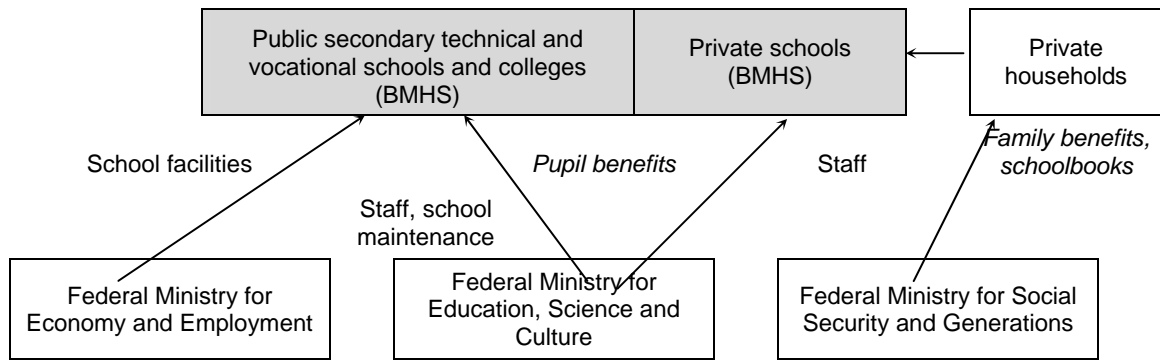
2.1.4.1. Diagram of funding flows

The following illustration provides a rough overview of the financial flow within the full-time scholastic vocational training system.

ILLUSTRATION 2-1:

Financial flow within the vocational school system *





* Not including agriculture and forestry schools; indirect flows of money are represented in italics

Source: ibw-Grafik

2.1.5. Conclusions and trends

The vocational schools profited substantially from the Austrian education expansion; as an example, the number of people attending technical or vocational colleges has risen by approximately 28% since the beginning of the 1990s, while the upper secondary level academic schools have seen attendance rise by 16% within the same time frame. The secondary technical and vocational schools also enjoy very good public standing. According to an education monitoring survey performed for the BMBWK, the secondary technical and vocational colleges received the most positive results, followed by the secondary technical and vocational schools ahead of secondary academic schools.

As a result of this popularity, criticism is regularly directed at the high class sizes at secondary technical and vocational colleges. This applies primarily to the first grades of the colleges, which include pupils who do not wish to spend the last year of compulsory education at a prevocational school (vocational preparation year for an apprenticeship). Certain specific training courses may also be responsible. As an example, the introduction of information technology programmes at secondary technical and vocational colleges resulted in a run on the new courses, which led to bottlenecks. However, the statistical average shows average class sizes in the secondary technical and vocational colleges in the 2001/02 school year to be at 24.8, while the secondary technical and

vocational schools had an average 22.7 people per class. These values are substantially less than the legally specified maximum class size of 36.

Another cause of criticism is the fact that several pupils are turned away from the secondary technical and vocational schools and colleges as a result of the huge demand. This applies particularly to the *Höhere Technische Lehranstalten* (HTL – technical colleges) with an emphasis on information technologies, schools for social vocations and teaching institutions for tourism, culture and congress management. As a result, the continuing expansion of these facilities and access to the resources and facilities of the Job Market Service (AMS) are being demanded by the union of secondary technical and vocational school and college teachers.

The integration of young women into technical training areas has also become an important issue. In 1998 a promotional programme was set up to encourage girls and women to enter these areas. As part of this programme, all secondary technical and vocational schools and colleges were encouraged to target women during the recruitment process.

Due to the heterogeneous nature of the different areas of responsibility in the Austrian education system, the discussions about administrative reforms have included suggestions to move responsibility for the secondary technical and vocational schools and colleges from federal administration to the provincial governments. The idea of provincial administration was dismissed, however, as one of the tasks of the secondary technical and vocational school system is to establish a nationwide structure of training opportunities. Suggestions were also made to dissolve provincial school councils, an idea which was similarly dismissed by the Education Ministry due to the perceived importance of regional school authorities. The relocation of responsibilities from the Education Ministry to the provincial school councils (which are a federal authority) did however suggest possible financial savings by enabling the reduction of personnel levels.

There is a general consensus that there is a need for simplification and reform within administrative structures of the Austrian education sector.

One of the most important questions in recent years concerns the recognition within the post-secondary and tertiary sectors of qualifications achieved through the vocational college system. As an example, graduates of technical colleges (HTL) require at least three years at a *Fachhochschule* (specialised tertiary college) to achieve the title of engineer (according to current regulations), while in German institutions the duration is only two years. This discrepancy occurs because the German *Fachhochschulen* recognise the Austrian HTL training system as equivalent to the initial level of study (which lasts between three and four semesters). The main course of study then only lasts between four and five semesters, according to German regulations. In Austria, graduation from an HTL can replace a maximum of one year of a *Fachhochschule*. The minimum duration is then three years. As a result of this, the Austrian *Fachhochschulrat* (tertiary specialised school council) has accused several technical schools of using agreements with other countries to circumvent the minimum duration of studies in Austria.

There are various suggestions and demands for modularisation of the education system, to enable recognition of qualifications between various school forms and ease recognition processes for higher education. Qualifications acquired at a secondary technical or vocational college (BHS) could then be recognised more comprehensively at universities, particularly in the context of the new baccalaureate courses.

A further possibility which is repeatedly discussed in Austria is to reduce the duration of secondary technical and vocational colleges by one year to four years. Advocates of this change suggest that graduates of the BHS who intend to visit a specialised tertiary college would not "lose" a year and that this measure would adjust the Austrian vocational training system to international standards.

2.2. Apprenticeship training

Apprenticeship training in Austria takes place at two training locations³⁶. Primarily, training takes place within a business, according to a contractually regulated training relationship between the authorised trainer and the apprentice. Additional training is provided by the part-time vocational schools, which supplement the business training with additional specialised theory, practical knowledge and general education. Attendance at a part-time vocational school is mandatory for all apprentices. Part-time vocational schools differ in terms of organisation. They exist

- ✓ as vocational schools lasting a full year, providing at least one full day or two half-days of schooling,
- ✓ as vocational schools with a course structure which provide a continuing education over a period of at least eight weeks a year
- ✓ and as seasonal vocational schools with tuition taking place at a particular time of year.

Participation in an apprenticeship scheme is conditional upon the completion of nine years of compulsory schooling. There are currently over 270 available apprenticeship vocations. The duration of an apprenticeship, depending on the vocation, is between two and four years. Most apprenticeships, however, last three or three and a half years.

Apprenticeships are regulated according to employment and social laws, as well as special employee protection regulations for young people. An apprentice has a right to payment, the so-called "apprentice compensation". The minimum level of the compensation is regulated by collective contract guidelines and differs from vocation to vocation. Upon completion of the apprenticeship, an apprentice

³⁶ As a result, reference is often made to the "dual system" of apprenticeship training in Austria, which can lead to misunderstandings. The time spent in the two training establishments differs greatly, with apprentices normally spending between 20 and 25% of their apprenticeship in a part-time vocational school, depending on the relevant vocation.

may take the Apprenticeship Completion Examination which comprises a theoretical and a practical section.

By international comparison the Austrian dual system is unusual, particularly due to its impact on the national education system³⁷. In the age group of the sixteen year olds (approximately the end of compulsory education), about 40% enter an apprenticeship³⁸. Traditionally, the apprenticeship system is anchored within the areas of manual skills and commerce, which are responsible for approximately half of apprenticeships. In the areas of trade (16%), industry (13%) and tourism and recreation (11%) there is also a comprehensive education. Almost exactly one third of all apprentices are women. The choice of apprenticeship shows clear divisions between men and women, with women concentrating on the service sectors (particularly retail). Men are concentrated in the technical and trade sectors.

Currently, about 124,000 people a year take part in apprenticeship training within approximately 40,000 training businesses. On average, this level means there are 3.1 apprentices per business. Although industry only provides 4% of businesses offering apprenticeships, the high number of apprentices per business (9.3) means that almost 12% of all apprentices are placed within the industrial sector. As a comparison, the largest training sector "trade and manual work", which provides 61% of businesses offering apprenticeships and 53% of the total apprentices, achieves an average of 2.7 apprentices per business.

2.2.1. Administrative and regulatory framework

As a result of the division of responsibility for apprenticeship training (between the business and the part-time vocational school), different legal regulations

³⁷ The dual system is of similar relevance only in Germany, Switzerland and Denmark.

³⁸ For a description of the quantitative significance of apprenticeships as compared to the full-time vocational training courses, please also see the beginning of this chapter.

apply. The in-business training is regulated by federal law. The *Berufsausbildungsgesetz* (BAG – Vocational Training Act) and regulations pertaining to employee and social law and special employee protection regulations (such as the *Kinder- und Jugendlichen-Beschäftigungsgesetz* (KJBG – law governing the employment of children and young people) and regulations pertaining to illegal child labour) are particularly important in this context³⁹. Apprentices have a right to financial compensation, which must be paid by the businesses. As a general rule, the level of apprentice compensation is negotiated and defined by the collective contract parties. In sectors where this is not the case the level is defined according to the regional average or the amounts paid in related vocations, as specified in the *Berufsausbildungsgesetz*. The approval of the collective contracts takes place according to vocational sectors. The contracts are generally applied to the country as a whole, rarely for individual regions. In exceptional cases, collective contracts are set up for individual companies. A higher rate of apprentice compensation than is defined in the collective contract can be negotiated in the apprenticeship contract. The apprentice compensation is increased year by year for the duration of the apprenticeship. In the final year, apprentices receive an average of 80 percent of the salary of a skilled worker. In the case of the part-time vocational schools, only the framework (e.g. curricula for the individual apprenticeship vocations) is federal responsibility. Most other responsibilities fall to the provinces. This situation also applies to the costs of providing these schools. The construction and maintenance of these schools are the responsibility of the provincial governments; costs for teaching personnel are divided between the relevant provincial government and the federal government. The federal government refunds 50% of personnel costs to the provincial governments.

³⁹ Additionally, the *Gewerbeordnung* (trade regulation governing the independent performance of vocations), the *Familienlastenausgleichsgesetz* (law which regulates the family benefit system) and the *Ausländerbeschäftigungsgesetz* (Foreign Worker Act) are relevant in this context.

2.2.2. Sources of funding

The apprenticeship training system is predominantly financed privately by the businesses providing apprenticeships, as well as publicly by the federal government and the provincial governments.

2.2.2.1. Public costs of the federal government

The financial means for the scholastic segment of apprentice training is provided by the provincial government, which is responsible for the investments and maintenance of the part-time vocational schools. The federal government refunds 50% of the teaching personnel costs. As apprentices only take advantage of part-time vocational schools once a week (or 8-12 weeks a year at boarding schools), the per-capita costs to the public for part-time vocational schools are significantly lower than those for the full-time secondary vocational schools. The costs to the federal government for an apprentice were an average of € 775 for the school year 2001/02 (1998/99: € 690)⁴⁰. The comparative costs for a pupil at secondary technical school or college were €6,886. Total expenditure by the federal government for all apprentices in part-time vocational schools (refunding of 50% of the teaching personnel costs) was €102.7 million for the 2001/02 school year (see also chapter 2.2.3).

Direct public costs of apprentice training also include the individual apprenticeship funding by the *Arbeitsmarktservice* (AMS – Job Market Service) which takes place within a framework of active job market policy and consists of lump sums directed towards the costs of apprentice training. The AMS provides businesses who accept apprentices (according to §2 of the Vocational Training Act) and who meet certain other conditions with financial support. Currently, the most important schemes are for "women in apprenticeship with low female participation levels", "young people who are disadvantaged on the job market",

⁴⁰ Bundesministerium für Bildung, Wissenschaft und Kultur: Kenndaten des Österreichischen Schulwesens, Ausgabe 2002; Seite 26.

"adults (over 19 years of age) whose employment problem, due to lack of qualifications, could be solved by an apprenticeship", "apprentices who gain qualifications beyond those demanded by the vocational profile" and "pre-apprentices". In 2002, apprentice training within businesses, including current and older programmes, received a total of approximately €8.5 million in funding (see also chapters 2.2.3. and 2.2.4.)

2.2.2.2. Private costs

Unlike the part-time vocational schooling, the in-business training is financed by the businesses themselves (partially with public subsidisation). The costs which fall to businesses who offer apprenticeships predominantly consist of the following elements:

- ✓ Apprentice compensation
- ✓ Training costs
- ✓ Payments for apprentices: taxes, social insurance and optional social services⁴¹
- ✓ Material costs, costs for components and tools, costs for training workshops and administration costs

Apprentice compensation is approximately € 9,195 a year and constitutes payment for the productive performance of the apprentice. Apprentices spend an average of 45% of their training duration providing productive service⁴². Every business offering apprenticeships must provide the requisite number (which depends on the vocation and the number of apprentices) of relevantly

⁴¹ The social security contributions for apprentices to be collected from the business based on the gross apprentice compensation consisted of the following in 2002: health insurance 3.65% (from the beginning of the 4th year of apprenticeship), accident insurance 1.4% (does not apply to 1st year), pension insurance 12.55% and unemployment insurance of 3.7% for the last full year of the apprenticeship. Additionally, the business providing the apprenticeship contributes 4.5 % in social dues to the *Familienlastenausgleichsfonds* (family burden compensation fund) and 3% communal tax.

⁴² Lorenz Lassnig / Peter Steiner: Die betrieblichen Kosten der Lehrlingsausbildung, Wien, Juni 1997, Seite 15.

skilled people who will undertake the tasks of the in-business training. The weekly duration a member of staff will spend training each apprentice is between 3.5 and 7.7 hours a week. On average, this results in a reduction of 14% in the productive contribution the trainer makes to the business⁴³.

The aggregate costs of apprenticeships to businesses are not statistically recorded. However, in Austria two model calculations⁴⁴ have taken place, based on sample surveys. One report was commissioned by the Worker's Chamber in Vienna as an employee's organisation; the other was commissioned by the Economic Chamber as an employer's organisation.

The annual gross expenditure per apprenticeship, as an average across all apprenticeship vocations, is € 13,234 according to the "employee report", or € 12,645 according to the "employer report". This number fluctuates from vocation to vocation. The major costs are the apprentice compensation, at approximately 75% of the total expenditure, and the costs of part-time trainers at about 22%.

An aggregated calculation of gross expenditure on an absorbed-cost basis gives approximate information about the level of financial means provided by the private economy or, respectively, how much financing would have to be found by alternate means if the training did not take place in businesses but in full-time schooling, for example. International comparisons of training costs or of public and private expenditure on an absorbed-cost basis (from a national economy point of view) are also conducted.

According to the two model calculations mentioned above, total expenditure by businesses for the training of their apprentices in 2001 was between € 1.565

⁴³ Lassnig / Steiner, a.a.O., Seite 14.

⁴⁴ Lorenz Lassnig / Peter Steiner: Die betrieblichen Kosten der Lehrlingsausbildung, Wien, Juni 1997 sowie Adolf Stepan / Gerhard Ortner / Markus Oswald: Die betrieblichen Kosten der Berufsausbildung, Wien, Jänner 1994.

billion and € 1.638 billion. If the businesses would no longer provide training, public funding would have to produce this amount by alternative means.

From an economic point of view, the proceeds from the productive work of the apprentices can be subtracted from the expenditure of the businesses. These show strong variations as a result of differing calculation methods and demand for the business' services. The "employee report" suggests a level of between € 8,321 and € 10,312 annually. The "employer report" calculates average proceeds of approximately €9,593.

The average net expenditure of businesses per apprentice across all vocations (gross expenditure minus profit) was between € 2,900 and € 4,900 in Austria in 1995, according to the "employee report". The "employer report" sets the amount at €3,050.

The aggregate net total expenditure of businesses achieves a level of between € 218 and 436 million, depending on the model calculation.

As is the case with full-time vocational training, private households only contribute a portion of the necessary financing. The full-year tuition in provincial areas with low population density often takes place in block form. This may result in the apprentice having to board for the duration of the schooling. The costs for boarding must be carried by the apprentice to the level of the apprentice compensation; the difference between the apprentice compensation and the boarding costs is the responsibility of the business providing the apprenticeship (according to § 9 Abs. 5 of the Vocational Training Act). In a few sectors, the business will pay all the ensuing boarding costs; in other vocations, the business pays half of the costs. These costs can not be presented in aggregate form. The same is true of the teaching aids purchased privately and for living costs.

2.2.2.3 Indirect costs of apprentice training

For apprentices, the following grants provide the most important means of support and are provided by the Federal Ministry for Social Security and Generations:

- ✓ Family benefits for apprentices
- ✓ Free public transport for apprentices
- ✓ Travel benefits
- ✓ Schoolbook initiatives (for school books in part-time vocational schools)

Certain funding schemes are also in place for the businesses in Austria which offer apprenticeships, including:

- ✓ Apprentice premium of € 1.000 per year and apprentice or, alternatively
- ✓ Apprentice tax exemption (three partial tax exemption amounts of € 1,460; runs out in steps at the end of 2002)
- ✓ Exemption from the employer's contribution to health insurance for the first two apprenticeship years, and from accident insurance contributions for all apprenticeship years
- ✓ Exemption from the surcharge on employer's contribution to unemployment insurance

2.2.3. Levels of funding

Aggregated cost reports concerning the financing of apprenticeships are not available. The following table provides a summary of the ordinary and extraordinary budget expenditures of the individual provinces for the period 1998-2001. Expenditures for institutions of teacher training are included, the overwhelming proportion of the expenditures may be assumed to be for apprentice training (part-time vocational schools).

Provincial expenditure for vocational training increased from € 508.766 million to € 547.368 million between 1998 and 2001, an increase of 7.6%. Federal expenditure for vocational training pupils (50% refunds for the teaching personnel costs) increased by 12% within the same timeframe (from € 91.20 million to € 102.73 million).

The "lion's share" of apprenticeship costs is covered by the businesses which offer apprenticeships, with an estimated annual expenditure of between € 1.565 billion and € 1.683 billion. Total expenditure for apprentice training can therefore be roughly estimated to be approximately € 2.1 billion annually.

TABELLE 2-3:

Provincial expenditure for vocational tuition⁴⁵
 (ordinary and extraordinary budget),
federal expenditure for apprentices and expenditure of businesses
offering apprenticeships

	1998	1999	2000	2001
	€ millions			
Provincial total	508.766	552.308	545.291	547.368
comprising:				
Burgenland	14.751	16.064	16.651	19.686
Carinthia	39.633	41.288	42.942	43.325
Lower Austria	92.679	98.488	97.335	104.576
Upper Austria	94.933	99.960	105.165	104.923
Salzburg	40.826	40.673	40.245	39.055
Styria	80.679	97.546	83.596	80.100
The Tyrol	41.790	46.117	49.063	55.352
Vorarlberg	31.846	41.768	41.081	33.403
Vienna	71.629	70.404	69.213	66.948
Federal Government	91.20	99.25	100.29	102.73
Businesses*	Between 1.565 and 1.638 annually			

* aggregated business gross expenditure according on an absorbed-cost basis of the national economy (model calculations)

Source: Statistik Austria, bm:bwk, IHS, ibw

The distribution and development of direct public funding costs within the framework of the individual apprenticeship funding of the Job Market Service (AMS) is represented in the following table. The funding provided to businesses permitted to train apprentices in accordance with § 2 of the Vocational Training Act consists of lump sums paid towards the costs of apprentice training.

The funding expenditures have decreased from € 37.17 million in 1998 to € 8.54 million in 2002, a reduction of 77%. Old partial funding programmes are

continuously expiring, and accounted for about € 22.000 in 2002. Pre-apprenticeships are being funded as a new partial programme since 1999. Beginning at a relative low level in 1999 (€ 74,000), the funding increased sharply the following year to € 227,000 and remained relatively level in 2002 (€ 203,000).

TABELLE 2-4:

Individual apprenticeship funding in businesses by the AMS by partial programmes from 1998 to 2002
(€ million)

Partial programme	1998	1999	2000	2001	2002
Women in apprenticeships with low female participation	3.23	3.49	2.43	1.19	1.17
Disadvantaged young people	18.00	15.21	11.73	5.83	5.88
People over 19 years of age	4.54	3.25	1.62	1.17	1.23
Additional training in other businesses	0.21	0.03	0.01	0.02	0.02
Old programmes (group apprenticeships, multiple apprenticeships etc.)	11.20	13.13	7.56	1.07	0.02
Pre-apprenticeships	0	0.07	0.23	0.22	0.20
Total	37.17	35.19	23.59	9.49	8.54

Source: AMS

The partial programme for "disadvantaged apprenticeship-seekers" received the largest portion (69%) of funding in 2002, followed by "over 19 year olds whose employment difficulty due to lack of qualifications can be solved by an apprenticeship" with over 14% and "women in apprenticeships with low female

⁴⁵ Including institutions for teacher training

participation" with slightly less than 14%. The "pre-apprenticeship" received over 2% of the total funding.

If one includes the funding measures according to the *Jugendausbildungs-Sicherungsgesetz* (JASG – law to assure training for young people), i.e. the funding expenditure of the AMS for courses and apprentice foundations (see chapter 2.3.3.), for which € 26.6 million were spent in 2001, the total amount of funding in the same year was € 36.1 million. In 1998, total funding expenditure was approximately € 42.4 million, the following year it was € 66.8 million and in 2000 the amount was € 58.1 million.

2.2.4. Distribution of funding: recipients and criteria

The apprentice is entitled to apprentice compensation for the productive work performed. The authorised trainer within the business is responsible for paying this, according to § 17 Abs. 1 of the Vocational Training Act. As a rule, the apprentice compensation is negotiated and decided by the collective contract parties. In sectors where this is not the case the level is defined according to the regional average or the amounts paid in related vocations, as specified in the *Berufsausbildungsgesetz* (Vocational Training Act). However, a higher level of compensation than is defined in the collective contracts may be negotiated.

Apprentice compensation is to be paid for the duration of training in the part-time vocational school (not including the lunch break) as well as for the duration of the Apprenticeship Completion Examination and potential partial examinations defined by the training regulations. Compensation increases with every year of apprenticeship. In the final year, compensation is, on average, about 80% of the salary of a skilled worker. For example, the level of apprentice compensation in the final year of an apprenticeship was approximately €1,021 in the steel and electrical industries (€ 417 in the first year of apprenticeship), approximately € 696 in the retail and wholesale sectors (€ 367 in the first year), approximately € 522 for hairdressers (€ 275 in the first year) and approximately € 1,442 in the building and construction industry (€ 641 in the first year).

Support of apprentices is largely a result of the legal regulations governing parent's responsibility for their children. Apprentices, like pupils, are understood to be part of their parent's household and this defines their rights to public benefits. To an extent, the indirect costs of apprentice training therefore fall into the category of family-related policies⁴⁶ and are the responsibility of the Federal Ministry for Social Security and Generations. A large part of the expenditure within this framework is covered by the *Familienlastenausgleichsfonds* (FLAF – family burden compensation fund). The following indirect expenditures for apprentice training are covered by the FLAF:

- ✓ Family benefits for apprentices: Parents who live in Austria have a right to family benefits for children in the household or children reliant on their financial support irrespective of their jobs or income. From the 1st January 2003, family benefits are approximately € 131 on a monthly basis for children between 10 and 19 years of age, from the age of 19 onwards the monthly sum is approximately € 153. If family benefits are received for two children, the total level of benefits increases by € 12.80 a month. For three or more children, the monthly benefit payment increases by € 25.50 per child. For children in vocational training or in continuing vocational training in a specialist school, family benefits can be received until the age of 26 (in the case of university education, this is also dependant on the expected duration of the studies).
- ✓ Free public transport for apprentices: Apprentices under the age of 26 who receive family benefits are also eligible for free travel on public transport from home to work and back again, if they meet the conditions. An annual lump sum of € 20 must be paid privately, as is the case with

⁴⁶ The most important forms of family support in Austria are: family benefits, children are insured with their parents free of charge, tax deductions for families with children. In the case of sole earners, there is an additional sole earners tax deduction amount.

school pupils. The private contribution is a lump sum which must be paid in full, even in the event that free travel is not required for the full year.

- ✓ Apprentice travel benefits: If the route to or from work cannot be travelled by means of free transport or within the framework of the free public transport for apprentices and is longer than two kilometres, travel benefits can be applied for. There is no minimum distance specified for disabled pupils, as long as they are dependant on a means of transport. Travel benefits are conditional upon the apprentice travelling the route to work and back at least three times a week. The benefits amount to approximately € 5 a month if the distance is less than ten kilometres or takes place within the town or city boundaries, or € 7 a month if the distance to work is over 10 kilometres.

Since September 1992, apprentices who need to board during the in-business training or while visiting a part-time vocational school are entitled to travel benefits for the route home at weekends. This is conditional upon the right to family benefits, a recognised (pre-) apprenticeship or training according to the JASG, the distance home being further than two kilometres and there being no free means of travel available. Depending on the distance between the boarding establishment and the home, travel benefits amount to between € 19 and € 58 a month.

- ✓ Schoolbook initiatives: According to § 31 paragraph 1 of the *Familienlastenausgleichsgesetz* (law governing the compensation of families for financial burdens) schoolbooks necessary for tuition must be provided free up to a certain amount, in order to ease the burdens placed on parents for the upbringing and education of their children. A private contribution of 10% of the total cost of the books provided through the compensation fund must be paid. The amount is determined by the level of the value of the books provided free of charge for the relevant school type. For part-time vocational schools the maximum cost for books is approximately € 42 for the specialised electrical engineering, trade,

transport and steel courses. This means € 4.20 must be contributed privately. For all other sectors, the costs for school books are € 37.40, hence the private contribution amounts to € 3.7. In future, these regulations will also apply to people who are participating in an apprenticeship in a foreign country, but choose to attend a part-time vocational school related to their vocation in Austria.

For more details as to the amount provided by the federal government for family benefits, free public transport, travel benefits and schoolbook initiatives, please see the information pertaining to full-time vocation training above.

For businesses offering apprenticeships, there are various sources of funding:

- ✓ Apprentice premium: For all definite apprenticeships which have existed since the 1st January 2002, businesses may apply for a premium of € 1,000 per year and apprentice within the framework of the tax declaration. Alternatively, they may apply for the apprentice tax exemption. For apprenticeships begun after January 1st 2003 only the apprentice premium is available.
- ✓ Apprentice tax exemption: For apprenticeships begun before the 1st January 2003, three tax deductible amounts of € 1,460 may be applied for. This measure expires gradually from the end of 2002.
- ✓ Exemption from the employer's contribution to health insurance for the first two apprenticeship years, and from accident insurance contributions for all apprenticeship years following the 1st September 2002.
- ✓ Exemption from the surcharge on employer's contribution to unemployment insurance for apprentices from the 1st January 2003. The contribution to unemployment insurance need only be paid for the last full year of the apprenticeship.

Additionally, there are further types of funding measures within the framework of apprentice training available in Austria, of which the most important must be mentioned here: the individual funding of apprenticeships within the framework

of active job market policy by the Job Market Service (AMS), which takes the form of lump sums paid towards the costs of the apprentice training. The AMS offers financial benefits to businesses permitted to offer apprenticeships in accordance with § 2 of the Vocational Training Act. However, certain conditions must be fulfilled. (Please see above for information on the costs involved.)

People currently eligible for funding include:

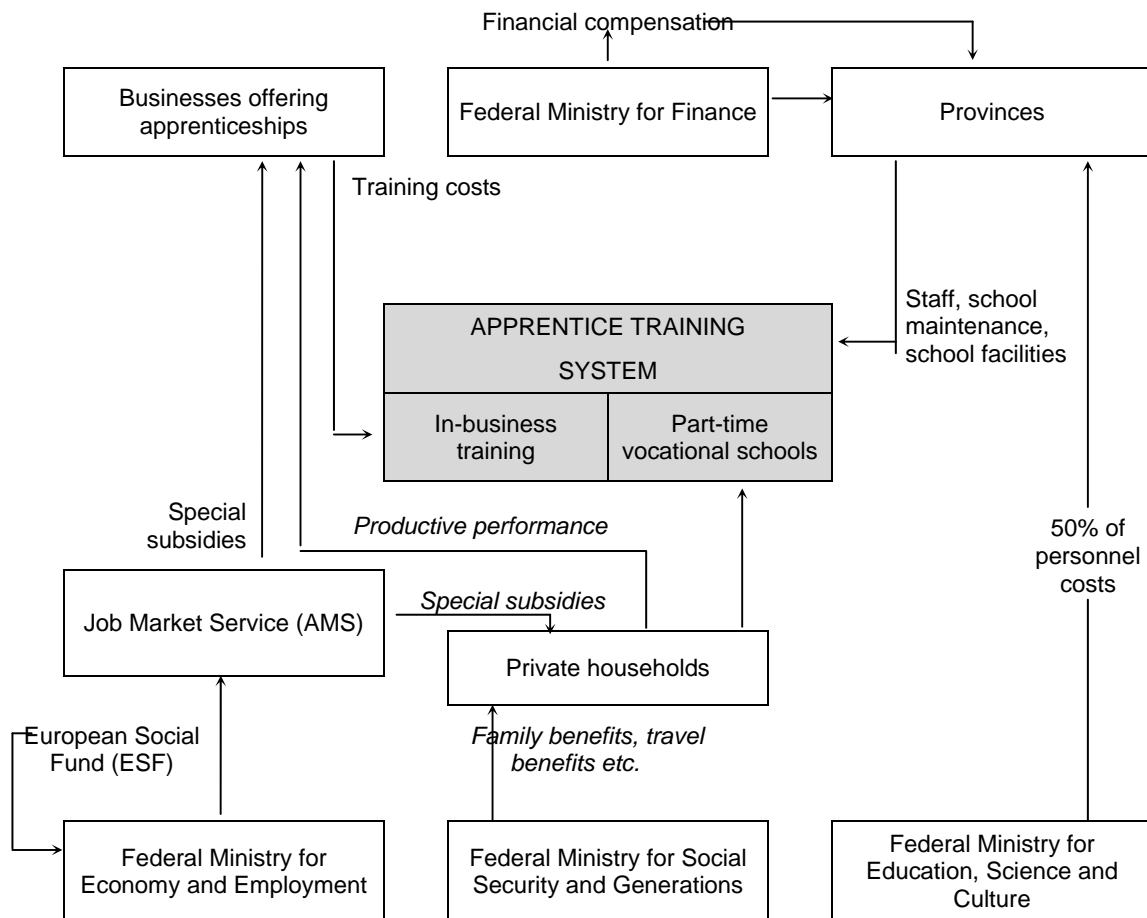
- Women in apprenticeships which have a low level of female participation (up to € 302 a month);
- Young people who are disadvantaged on the job market (up to € 302 a month);
- Adults (over the age of 19) whose employment difficulties due to a lack of qualifications could be solved by an apprenticeship (up to € 755 a month);
- Apprentices who gain additional qualifications beyond the vocational profile (up to 50% of the costs, maximum € 604);
- Pre-apprentices (up to € 302 a month).

2.2.4.1. Diagram of funding flows

The following illustration provides a simplified overview of financial flow within the apprenticeship system.

ILLUSTRATION 2-2:

Financial flow within the apprenticeship system*



* Not including agriculture and forestry schools; indirect financial flows are in italics.

Source: ibw-Grafik

2.2.5. Conclusions and trends

The long-term changes in vocational training (the increasing role of in-school vocational training) also affected the apprenticeship market: the decreasing number of apprentices left a gap in the available apprenticeships from the middle of the 1990s. To counteract the tendency of sinking apprentice numbers

and vacant apprenticeships, the funding measures mentioned above were introduced. Additionally, measures were implemented to improve the legal framework for apprentice training. These included measures to remove barriers between forms of training and education and to offer businesses providing apprenticeships more long-term value from their training role. These measures include:

- a) Introduction of the *Ausbildungsverbund* (a joint system of apprenticeship training)
- b) Simplification of the system for providing trainers by the introduction of the trainer course as an alternative to the trainer examination,
- c) Creation of the legal basis for the pre-apprenticeship to improve the incorporation of disadvantaged young people with communication problems into professional life,
- d) The establishment of a unified fixed age of protection of 18 years, instead of the 19 years it was before,
- e) Enabling work hours to be calculated over a number of weeks and the inclusion of time in work in connection with national holidays,
- f) Allowing young people to work in retail jobs beyond two p.m. on Saturdays,
- g) A new decree (BGBl. II Nr. 436/1998) adapted existing regulations limiting or prohibiting young people from performing certain tasks in accordance with new health and safety technologies, thereby increasing the possibility of apprentices working with machinery.

Additionally, the trial period at the outset of an apprenticeship was increased to three months from 1st September 2000. During this trial period, either the apprentice or the trainer may dissolve the apprenticeship. There is therefore an increased test phase for the business as well as for the young person to decide whether the training/staffing solution was the correct one. The period for which the business has to employ the apprentice upon completion of the apprenticeship was reduced to three months. However, certain deviations in the collective contract regulations do exist.

Young people over the age of 16 may now be employed until 11 p.m. However, young people who regularly work between 10 and 11 p.m. must have a full health check-up before entering employment and then on an annual basis.⁴⁷

2.3. Other, alternative youth programmes

The publication of the federal law "*concerning a programme of funding to ensure sufficient vocational training opportunities*" (*Jugendausbildungs-Sicherungsgesetz* (JASG)) in July 1998 provided school leavers with two new training measures for the years 1998 and 1999 for the first time in Austria, *Lehrgänge* (training courses) and *Lehrlingsstiftungen* (apprentice foundations). In 1999 the decision was made to extend these training measures to school leavers from 1997 and earlier without complicating the participation of the current school leavers. Currently, all recent school leaving years have the possibility of participating in these measures. According to the current (March 2003) legal framework, the JASG will expire at the end of 1995. Payments due to funding agreements may however still be made in 2006.

2.3.1. Administrative and regulatory framework

The *Jugendausbildungs-Sicherungsgesetz* (JASG, BGBl. I Nr. 91/1998 – law to assure training for young people) created a safety net for young people unable to find an apprenticeship by mid-November, consisting of approximately 2,500 places in *training courses* and approximately 1,500 places in *apprentice foundations*. Amendments to the JASG in 2000 (BGBl. I Nr. 83) changed the measures to ensure that "beginning with the 2000/01 training year, projects to *acquire apprenticeship places* and to *provide training in training courses* and *prevalent measures* must be provided and implemented in *accordance with demand*"⁴⁸. Apprentice associations have been expiring gradually since the

⁴⁷ See: „Pakt für Jugend, Beschäftigung und Ausbildung“ der Bundesregierung.

⁴⁸ Italics not present in the original.

alterations took effect. In the following years, it was decided to emphasise *the new technologies*⁴⁹ in relation to the measures. Additionally, projects *for preparation for beginning vocational training*⁵⁰ were implemented.

Training courses consist of ten-month events to facilitate the acquisition of skills and qualifications necessary for apprenticeship vocations. They begin in October of every year and are made available by providers who are not authorised trainers in the context of § 2 of the Vocational Training Act⁵¹. The organisation of the training courses must ensure the skills and knowledge necessary for the first year of an apprenticeship vocation are imparted and that practical training constitutes at least 60% of the tuition, with a view to subsequent in-business training.

Training course participants are equivalent to apprentices in terms of the compulsory part-time vocational schooling. Within the context of the laws regulating general social insurance (§ 4 Abs. 1 Z 2 *Allgemeinen Sozialversicherungsgesetzes* - ASVG) and the *Familienlastenausgleichsgesetzes* (BGBl. Nr. 376/1967), which regulates the family benefit system, the participants are considered apprentices. The duration of participation in a training course counts fully towards the first year of a relevant apprenticeship; in other cases, it may substitute for part of the first year.

Additional support measures may be provided and financed to assure the success of the training course. For young people in training courses who are unable to find an apprenticeship despite intensive attempts to do so, a subsequent course complimentary to the last completed training course must be provided⁵².

⁴⁹ Amendment to the JASG with BGBl. Nr I, Nr. 127, on the 27.11.2001.

⁵⁰ Amendment to the JASG with BGBl. Nr I, Nr. 158, on the 08.10.2002.

⁵¹ *Jugendausbildungs-Sicherungsgesetz* (JASG, BGBl. I Nr. 91/1998) § 3 Abs. 1.

⁵² See: Amendment to the JASG with BGBl. Nr I, Nr. 158, on the 08.10.2002.

Lehrlingsstiftungen (apprentice foundations) are training courses in promising apprenticeship vocations which take place within the framework of § 30 Abs. 1 of the *Berufsausbildungsgesetz* (BAG – Vocational Training Act). Apprentice foundations begin in mid-November and must consist of at least 60% practical tuition. The duration of training in an apprentice foundation is considered equivalent to the same time spent in the relevant apprenticeship. Foundation participants are considered apprentices within the context of the laws regulating general social insurance (§ 4 Abs. 1 Z 2 *Allgemeinen Sozialversicherungsgesetzes* - ASVG) and the *Familienlastenausgleichsgesetzes* (BGBl. Nr. 376/1967), which regulates the family benefit system.

2.3.2. Sources of funding

The federal expenditures for the funding of the additional training courses (alongside apprenticeships) was restricted to € 131 million (ATS 1.8 billion) cumulatively for 1998 and 1999, with € 29 million (ATS 400 million) going to the *Lehrgänge* (training courses) and € 36 million (ATS 500 million) awarded to the *Lehrlingsstiftungen* (apprentice foundations) over the course of the two years⁵³. If the provincial governments contribute additional means, the number of places can be increased. The amendment of the JASG in 2001 explicitly highlights the need for appropriate financial involvement of the provinces.

The Job Market Service (AMS) is responsible for the administration and distribution of the finances provided by the Federal Ministry for Economy and Employment for the training courses and apprentice foundations, within the framework of active job market policy. Since Austria's entry into the European Union, additional means for training initiatives for the job market are available through the European Social Fund (ESF), of which a portion is used for funding the *Lehrgänge* and the *Lehrlingsstiftungen*.

⁵³ JASG, § 6 Abs. 2 und 3.

2.3.3. Levels of funding

Young people who participate in a *Lehrgang* may receive special benefits of approximately € 145 (ATS 2,000) a month (net value), those who participate in the *Lehrlingsstiftungen* have access to benefits to cover living costs⁵⁴ to a maximum value of € 217 (ATS 2,985) a month.

The following table provides a summary of funding expenditures by the AMS to assure training for young people within the framework of the JASG (*Lehrgänge* and *Lehrlingsstiftungen*) from 1998 to 2001.

The expenditures of the AMS for the funding of training courses and apprentice foundations increased from approximately € 5 million in 1998 over € 32 million in 1999 to € 35 million in 2000. In 2001, funding expenditures decreased to approximately € 27 million, partially as a result of the gradual expiry of the training foundations. Following an increase of about 9% from 1999 to 2000, JASG-funding expenditures decreased by around 23% from 2000 to 2001

The portion of total funding expenditures represented by the funding expenditures to assure training for young people within the framework of the JASG was 1% in 1998, 5.3% in 1999 and reached its highest level in 2000 with 5.9%. In 2001, the portion was 4.4%.

⁵⁴ See: Arbeitsmarktservice Gesetz (AMSG), § 35.

TABLE 2-5:

**Total funding expenditures by the AMS for *Lehrgänge* and
Lehrlingsstiftungen and total funding expenditure from 1998 to 2001**
(€ millions)

	1998	1999	2000	2001
Total funding expenditure (AMS+ESF)	514.54	594.21	586.88	598.95

Including:				
<i>Lehrgänge</i>	2.3	17.3	15.9	15.8
<i>Lehrlingsstiftungen</i>	2.8	14.3	18.5	10.7
Total for <i>Lehrgänge</i> and <i>Lehrlingsstiftungen</i>	5.2	31.6	34.5	26.6
Portion of total funding expenditure represented by <i>Lehrgänge</i> and <i>Lehrlingsstiftungen</i>	1.0%	5.3%	5.9%	4.4%

Source: AMS-Geschäftsberichte; BMWA: Umsetzungsbericht 2002 zum NAP

Of the approximately 2,500 young people in training courses and slightly less than 1,600 in apprentice foundations in the 1998/99 training year, 644 remained in the "safety net" measures in December 2000. Of the 644, 470 (300 women, 170 men) were in apprentice foundations and 174 (114 women, 60 men) were participating in training courses.

Within the framework of the safety net, approximately 2,500 places in training courses and 1,500 places in apprentice foundations were made available for approximately 4,000 apprenticeship seekers who had not found an apprenticeship by the 15th November 1999 for the 1999/2000 training year. However, the apprenticeship contract situation had improved for young people suited to enter into apprenticeship contracts; the measures were therefore directed primarily at slow learners and young people who had not yet reached the required maturity to enter into an apprenticeship. Of this training class, 1,253 young people remained in the safety net in December 2000. 454 (289

women, 165 men) of these were attending training courses, the remaining 799 (419 women, 380 men) were in apprentice foundations.

The positive trend on the apprenticeship market continued for the 2000/01 training year. Training places were provided for about 2000 young people within the context of the safety net. However, the *Lehrlingsstiftungen* (apprentice foundations) were only continued to the previous extent, new measures were only implemented as *Lehrgänge* (training courses). 1,593 participants in training courses (December 2000) were able to receive a specific form of training, of which 859 were women and 734 were men. 80% of the available training course places were therefore occupied in December 2000.

In the 2001/02 training year there were available training places for approximately 2,000 young people. In December 2001 there were 484 participants in training courses, in which a reinforced emphasis is placed on new technologies⁵⁵.

2.3.4. Distribution of funding: recipients and criteria

The participation in a training course is conditional upon the positive completion of the eighth or ninth grade; for apprentice foundations, compulsory schooling must be completed. In both cases, participation is further dependant on the young applicant either being registered with the AMS as an apprenticeship-seeker and the AMS failing to find a reasonable apprenticeship position, or the young person providing proof of at least five independent and unsuccessful applications.

The AMS is responsible for allocating applicants places within the measures, as well as simultaneously and continuously attempting to provide a transition into in-business training. The refusal of a reasonable apprenticeship position results in the loss of participation rights.

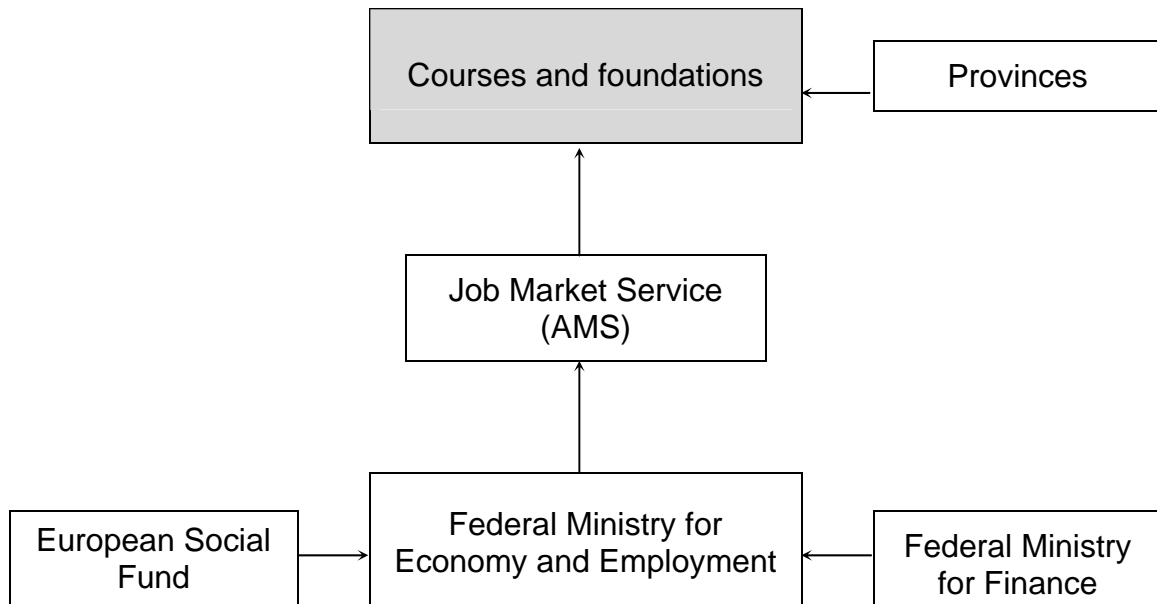
⁵⁵ Bundesministerium für Wirtschaft und Arbeit: Umsetzungsbericht 2002 zum Nationalen Aktionsplan für Beschäftigung, 1. Mai 2002, Seite 26.

2.3.4.1. Diagram of funding flows

The following illustration provides a simplified overview of financial flow within *Lehrgänge* (training courses) and *Lehrlingsstiftungen* (apprentice foundations).

ILLUSTRATION 2-3:

Financial flow within *Lehrgänge* and *Lehrlingsstiftungen*



Source: ibw-Grafik

2.3.5. Conclusions and trends

In 2002, the Austrian federal government signed off on a "*Pact for Youth, Employment and Training*" which includes a budget of € 600 million to revitalise the economy and increase the attraction of training for young people. A cornerstone of this pact is a special programme for 5,000 young unemployed people with a low level of qualification⁵⁶. The measures of this special

⁵⁶ This means young people under 25 with a low level of qualification who have been registered as unemployed by the AMS for longer than three months. Target groups are: young people without completed compulsory schooling, young people who have completed compulsory education but have no further training and graduates and school-leavers of upper-secondary schools and colleges with difficulty in entering the job market.

programme also include the expansion of the existing schemes operating within the framework of the *Jugendausbildungs-Sicherungsgesetzes* (laws to assure training for young people).

In the 2001/02 training year (JASG Period 4) there were 2,000 training course places available (funding level: € 15.6 million). For the school-leavers of JASG Period 5, training course places for over 3,000 young people and approximately €20 million are being made available.

As well as the expansion of training course places and the increase of financial means, other JASG measures should be mentioned:

- ✓ Re- inclusion of the school leaving grade of 2001, so that graduates of this year can be registered if they could not find an apprenticeship or a training course place for whatever reason.
- ✓ Application of the JASG to young people between 15 and 18 years of age (focal point), but also to young people between 19 and 24 years of age if they were unable to find an apprenticeship as a result of dropping out of training (e.g. dropping out of vocational schools) or other problems which complicate their placement (family situation, adjustment problems).
- ✓ Expansion of the JASG to include disabled young people (disabled people who receive benefits according to the *Behinderteneinstellungs-Gesetz* or relevant provincial laws which similarly concern the employment of disabled people) in accordance with the federal government's focus on the disabled.
- ✓ Extension to two years (applies to school leavers in 2002 and 2003).

3. Funding for continuing vocational training and adult learning

An analysis of the financing of continuing training and adult education in Austria is accompanied by two fundamental methodical problems:

1. The unclear or non-uniform definition of continuing training
2. The insufficient amount of data concerning utilisation and financing of continuing training

The first point includes a number of delineation problems. Among other things it concerns the – not always unequivocal – separation between instructed and auto-didactic, formal and informal, private and commercial, as well as vocational versus other forms of training. The latter separation, for example, is plagued by a number of problems. As vocational perspectives and possibilities of people change permanently, what appears to be non-vocational training may provide the basis for a later change in vocation.

Despite (or perhaps because of) these problems of definition, this report will focus on a definition of continuing training within the context of organised and instructed adult learning processes and with an implied vocational relevance.

Although the boundaries of this definition must remain blurred – due to the reasons explained above – this definition incorporates the emphasis placed on the relevance to employment in public discussion about continuing training (lifelong learning) and the orientation towards a "continuing education market" with a structured range of available courses and training events.

Finally, this definition also enables a pragmatic operationalisation of the phrase continuing training and therefore a certain improvement in terms of access to relevant data and information.

The latter constitutes a significant problem within the continuing training sector, as the organisation of continuing training in Austria – in comparison to the initial

training sector – does not occur on the basis of uniform legislation, but rather according to a range of offers by various providers and businesses. As a result, there has been no uniform or cooperative survey carried out on basic information like participation levels, financing etc.

Information about the financing of continuing education is also unsatisfactory partially as a result of the miscellaneous forms of financing and the disparate types of funding. Even in the public sector expenditure for continuing training by various parties is partially mixed in with other expenditures, or there are questions of allocation of means. The quasi-public expenditure is only partially known (*Arbeitsmarktservice AMS – Job Market Service*), but the greatest information gap is in the gathering of information on private contributions⁵⁷.

There is no doubt, however, that the portion of public expenditure spent on continuing training is relatively small compared to the expenditure for initial training. Public expenditure (including the expenditures of various regional bodies) for continuing training in 1999 was about € 281 million (ATS 3.9 billion) according to constant evaluation of the various sources of information on the financing of the education system. Slightly more than half of that sum went to schools for people in employment. The portion of the total public expenditure for education and training is therefore 2.3%, which reinforces the significant emphasis public financing places on initial training⁵⁸. (cf. Lassnigg et al. 2002)

⁵⁷ Lorenz Lassnigg: Zur Finanzierung der Erwachsenenbildung – Expertise zum Hintergrundbericht „Thematic review on adult learning“, equIHS, Wien 2003

⁵⁸ Lassnigg L./Steiner M./Scheibelhofer E./Steiner P.: Lebenslanges Lernen und Forschung-Wissenschaft-Technologie. ESF-Ziel 3 Sonderevaluierung von Schwerpunkt 3. Forschungsbericht des IHS. Wien 2002.

3.1. Publicly provided CVT and adult learning

3.1.1. Administrative and regulatory framework

As adult education and continuing vocational training are provided largely by independent providers, the federal government's primary role lies in tasks relating to funding. Until the 1970s there was no legal framework for public funding. In 1973, the Public Funding of Adult Education and National Libraries Act (*Bundesgesetz über die Förderung der Erwachsenenbildung und des Volksbüchereiwesens aus Bundesmitteln*) was passed. Currently, this law, the *Arbeitsmarktförderungsgesetz – AMFG* (Job Market Promotion Act), the *Arbeitsmarktservicegesetz AMMSG* (Job Market Service Act) and the Provincial Laws for Employee Funding provide the only legal bases for public funding of continuing training. Essentially, public funding is a commitment of the federal government to support educational establishments that work on a non-profit basis. For the providers of continuing training, however, there is no legal right to funding.

3.1.2. Sources of funding

Financial support is organised by the Adult Education Department of the Education Ministry, which is responsible for the federal funding departments for adult education present in seven provinces. Most educational institutions funded by the *Bundesministerium für Bildung, Wissenschaft und Kultur BMBWK* (Federal Ministry for Education, Science and Culture) are represented within the *Konferenz der Erwachsenenbildung Österreichs KEBÖ* (Conference for Adult Education in Austria), which was founded in 1972. The KEBÖ includes the most important institutions in the field of adult learning. These institutions are the following: *Arbeitsgemeinschaft der Bildungshäuser Österreich* (Austrian Educational Homes), *Berufsförderungsinstitut Österreich – BFI* (the Austrian Vocational Training Institute), *Büchereiverband Österreichs – BVÖ* (Austrian National Library Association), *Forum katholischer Erwachsenenbildung in Österreich* (the Catholic Adult Education Institute), *Ländliches Fortbildungsinstitut – LFI* (Agricultural Continuous Training Institute), *Ring*

Österreichischer Bildungswerke (the Ring of Austrian Educational Institutions), *Verband Österreichischer Gewerkschaftlicher Bildung - VÖGB*, (Association of Austrian Schooling and Education Institutions of the Trade Unions), *Verband Österreichischer Volkshochschulen – VÖV* (Society of Austrian Adult Education Institutions), *Volkswirtschaftliche Gesellschaft Österreich - VG-Ö* (, National Economic Society), *Wirtschaftsförderungsinstitut der Wirtschaftskammer Österreich - WIFI Österreich* (Institute for Economic Promotion of the Austrian Economic Chamber)

Alongside the expenditures of the regional bodies there are various forms of funding (such as subsidies, the operation of educational institutions, education vouchers etc.) available from the social partners and other special interest groups. Under certain conditions, the *Arbeitsmarktservice AMS* (Job Market Service) will also provide funding for continuing training measures, not just for the unemployed (see the separate representation in chapter 4), but also for people in employment. Because of the administration of the ESF by the Job Market Service (AMS), the importance of the ESF is increasing.

3.1.3. Levels of funding

TABLE 2:

Public education expenditure for continuing education
(until 1999; in € million)

Adult education	1995 ¹	1999 ²	1999 ³	2000/2001
Federal government (Funding and facilities; gross expenditures)	15.4	20,4	20.4	166,3
Provincial government (including Vienna; net expenditures)	34.8	56.4	56.4	
Communities (net expenditure)	21.8	22.1	22.1	
Pedagogic Institute (federal government)	24.2	25.7	25.7	
Administration academy (federal government)	5.5	5.2	5.2	
Schools for people in employment	112.1	125.8 ²	151.2 ³	
Total	213.8	255,7	281,1	
AMS-continuing education ⁴			465,1	
Total portion of public expenditure	1.9%	2.1%	2.3%	
Portion of education expenditure at upper secondary and tertiary level	4.1%	4.3%	4.8%	
Portion of education expenditure at upper secondary level	9.5%	9.6%	10.6%	

¹ Values according to the report by Ofner/Wimmer (1998) at 1999 price levels.

² Expenditure limited to school forms for people in employment according to Ofner/Wimmer (1998): Expenditure of the federal government for school forms for people in employment (BMS, BHS, AHS). These values were estimated from the total expenditure by using the number of classes. Using student levels would lead to slightly lower results.

³ Extended expenditure limitation to school forms for people in employment:: public expenditures (federal, provincial and local government) for BMS, BHS, AHS as well as teacher and trainer training institutions. Estimates as described above.

⁴ Including re-allocated means for various training programmes and education leave, not including apprentice training.

Source: equIHS

According to a special evaluation of various sources of information concerning financing of the education system, public expenditure for continuing training was € 281 million, of which more than half is spent on schools for people in employment. The amount of total public education spending allocated to

continuing training is 2.3 percent. Depending on the method of calculation, *Arbeitsmarktservice AMS* (Job Market Service) expenditures for continuing training are estimated at between € 392 million (qualification measures) and € 465 million (including unallocated passive means for certain courses and educational leave)⁵⁹. In total, public expenditure for continuing training in 1999 was € 746 million. Relevant reports estimate the level of public expenditure in 1995 at € 480 million⁶⁰.

The current provincial report concerning "Adult Education in Austria"⁶¹ shows public expenditure by the federal government in 2000/01 reached € 166.3 million. Provincial and local governments spent about € 48.5 million in the same period, which suggests a volume of public financing of approximately € 214.8 million for adult and further education in Austria. Figures presented for the Job Market Service (including ESF-means of about 13%) in 2001 are € 352.7 million (direct schooling costs, specific qualification measures) and € 599 million (total applied job market policies).

3.1.4. Distribution of funding: recipients and criteria

The allocation of public funds in various forms within the continuing training sector occurs in a largely unstructured and unsystematic fashion. This is a result of a wide-ranging lack of legally defined entitlements, among other reasons. Above all, there are significant differences between the individual provinces. This also applies to forms and criteria in the various provinces for the allocation of funds to individuals (see chapter 3.4.1.). There is little known about

⁵⁹ Lorenz Lassnigg: Zur Finanzierung der Erwachsenenbildung – Expertise zum Hintergrundbericht „Thematic review on adult learning“, equiHS, Wien 2003.

⁶⁰ See: Lorenz Lassnigg: „Lifelong Learning“: Österreich im Kontext internationaler Strategien und Forschungen, Reihe Soziologie Nr. 45, Institut für Höhere Studien (IHS), Wien, Oktober 2000.

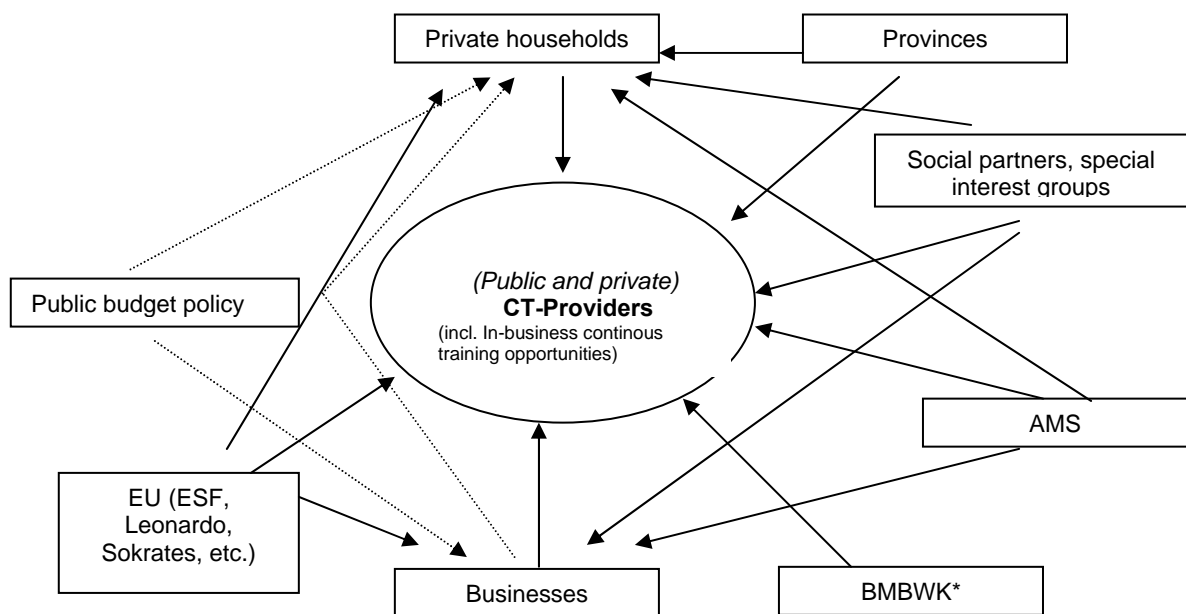
⁶¹ Peter Schlögl / Arthur Schneeberger: Erwachsenenbildung in Österreich – Länderhintergrundbericht zur Länderprüfung der OECD über Erwachsenenbildung im Auftrag des Bundesministeriums für Bildung, Wissenschaft und Kultur; Wien, Jänner 2003.

the effects of the allocation. The tax-deductible nature of expenditure for continuing training within the framework of the *Arbeitnehmerveranlagung* (a scheme which allows certain costs to be deducted from the amount of tax paid) certainly works in favour of people with higher levels of income.

3.1.4.1. Diagram of funding flows

The following illustration provides a schematic and simplified representation of the financial flow within the Austrian continuing vocational training system.

Illustration: Direct and indirect flow of money within the CVT system



* BMBWK – Federal Ministry for Education, Science and Culture

Explanation:

- > Direct money flow
-> Indirect money flow

Unlike initial vocational training, continuing vocational training is only partially financed publicly. The direct financial means primarily come from private businesses and individuals. However, when the indirect public funding (including tax deduction schemes and tax-exempt sums) is included, the

proportion of public financing increases by a substantial amount, although it still remains less than the prevalent financing from the private sector (businesses and individuals). This is particularly evident when one takes into account the role time plays within the indirect money flow (time in work including loss of wages, free time).

Detailed data about the proportions of financing is not available.

3.1.5. *Conclusions and trends*

The requirement for increased systemisation and structural developments in Austria is obvious. This also applies to the level of financing through public budgets. Differences in the funding systems of the individual provinces cannot be explained sufficiently by regional anomalies.

Issues of distribution in the public financing of continuing training are inextricably linked to this subject. In the sector of individual funding, for example, there is the problematic issue of direct funding as opposed to tax deduction possibilities. This also applies to the distribution of financial means between initial and continuing training. Initial discussions and – occasionally underdeveloped – solutions have been posited to remove the differences in the way participants in initial training and in continuing training are treated. These include the introduction of education vouchers which may be redeemed irrespective of the form of training required (initial or continuing). The unequal treatment becomes particularly obvious in areas where the same certifications may (or must) be achieved on different conditions. An example of this is the completion of the *Berufsreifeprüfung* (vocational *Matura*). In initial training, attendance at a school and the completion of the *Matura* is (naturally) free of charge (the – often substantial – indirect costs of attendance at school are not included), while as a rule the same qualification costs a substantial amount if the *Matura* is completed within a school provided privately.

3.2. Enterprise-based continuing training

3.2.1. Administrative and regulatory framework

In general, the enterprises have a cooperation with external education providers. This provider has the infrastructure and the personnel for education.

There are currently two kinds of tax-based schemes for the subsidisation of expenditures for continuing training within the framework of financial benefits for enterprises. One or the other may be claimed and declared as business expenditure additively to the regular tax deduction possibilities:

- ✓ Tax free status for 20% of the expenditures for continuing and further education. Until recently, the tax free amount was only applicable to expenditures relating to external further education measures. Since 2002 a new regulation allows the tax free amount to be applied to internal continuing and further education, as well as expanding the group permitted to participate to include recipients of child care benefits. Expenditure for continuing and further education are limited to a maximum of €2000 per calendar day.
- ✓ Alternatively, since 2002 businesses may apply for an education premium to the value of 6% of expenditure for external continuing and further education.

3.2.2. Sources of funding

The aggregate costs to businesses for continuing vocational education have not been recorded statistically. Relevant surveys have shown that the economy – either in the form of businesses or through the *Wirtschaftsförderungsinstitut WIFI* (Institutes of Economic Promotion of the Economic Chambers) – is the largest vocational continuing education provider in the country. Businesses are

the most important source of expenditure for further education at 42 % (public expenditure: 19%, participants: 39%)⁶².

3.2.3. Levels of funding

In general it can be said, that the importance of further training for the Enterprises is increasing – but the dimension is not very clear and studies have different results about that. According to a survey of businesses conducted in 1997, businesses invest an average of 0.28% of their annual income in the continuing training of their employees. In absolute terms, these expenditures represent a total of approximately € 850 million⁶³. According to the EUROSTAT CVTS-2, costs for continuing training account for 1.3% of the total overhead costs for employees⁶⁴. As a result, direct and indirect expenditure for courses by businesses are approximately € 723.1 million. The proportion of indirect costs (salary exemption costs) is about 40%⁶⁵.

TABLE 3:

Business expenditure for internal and external CT courses 2002

	Mio. €	%
a). direct expenditure (rounded up, not including funds, without subtraction of proceeds)	437.0	
Including:		
Course fees	279.5	
Staff costs for internal training staff	55.3	
Other (Infrastructure, travel costs, expenses)	102.1	

⁶² Franz Ofner / Petra Wimmer: OECD-Studie zur Finanzierung des lebensbegleitenden Lernens – Österreichischer Länderbericht, Dezember 1998.

⁶³ Arthur Schneeberger: Weiterbildung der Erwerbsbevölkerung – Motivation, Veranstalter und Marktvolumen, in: ibw-Mitteilungen, 9/1997.

⁶⁴ Eurostat: Statistik kurz gefasst: Betriebliche Weiterbildung in der Europäischen Union und Norwegen (-CVTS2-), Thema 3 – 3/2002.

⁶⁵ Lassnigg 2003.

b). Expenditure (incl. Contributions to funds, proceeds subtracted)	427.5	59.1
c). Salary costs during training (Portion of course periods during work hours, not including apprentices, trainees and work experience participants)	295.6	40.9
Total expenditure (sum of b+c)	723.1	100.0

Source: Statistik Austria (CVTS-2); equiHS

The CVTS-2 does not include the smallest enterprises, employees in the public sector, the entire agricultural sector and potentially a portion of the professional workers. This must be taken into account when considering the projections of expenditure for further training by businesses. A recent estimate, which applies the portion of work overheads devoted to further training as projected by the CVTS-2 (1.3 %) to employer categories not included in the CVTS-2, suggests a total sum of € 1.3 million in direct and indirect costs for further training⁶⁶.

3.2.4. Funding distribution mechanisms

There are no formalised financing mechanisms (such as legally regulated funds at business level consisting of compulsory business contributions) in the Austrian continuing training sector. This is related to the general lack of formalised structure within this sector.

3.2.5. Conclusions and trends

Direct and indirect expenditure for courses is € 723.1 million according to the European survey of continuing vocational training in businesses (CVTS-2); the proportion of indirect costs (salary exemption costs) is about 40%. In terms of total expenditure per employee, Austria lies in 11th place among other participating European countries⁶⁷. Undoubtedly, these results are to be seen in

⁶⁶ Schlögl / Schneeberger 2003.

⁶⁷ Lassnig 2003

connection with the quality of the initial training system and should not be interpreted exclusively as deficits, particularly taking into account the compensatory role in relation to initial training held by continuing vocation training in Austria.

However, it is obvious that there is a requirement for additional continuing training, particularly in the area of small businesses. The development of specific public funding measures is therefore a priority.

3.3. Individually/household funded CVT and adult learning

According to a projection by the *Institut für Bildungsforschung der Wirtschaft ibw* (Institute for Research on Qualification and Training for the Austrian Economy) expenditure by the workforce for continuing education in 1996 was approximately € 494.2 million⁶⁸. Another report presents a maximum estimation of individual expenditure for adult education in 1995 at about € 501 million⁶⁹. The provincial report concerning "Adult Education in Austria" estimates the private spending of the population at € 792.3 million⁷⁰.

According to a survey of participants (1999/2000) performed by the *Wirtschaftsförderungsinstitut WIFI* (Institute for Economic Promotion of the Economic Chambers), 38% of course participants finance their courses privately, 41% are financed by their businesses and about 7% share the costs with their businesses. The rest is provided by public sources such as the *Arbeitsmarktservice AMS* (Job Market Service) or provincial government

⁶⁸ Arthur Schneeberger/Bernd Kastenhuber: Weiterbildung der Erwerbsbevölkerung in Österreich; Schriftenreihe des ibw Nr. 107, 2. unveränderte Auflage, Wien, Februar 1999, S. 53.

⁶⁹ Lassnigg 2000.

⁷⁰ Peter Schlögl / Arthur Schneeberger: Erwachsenenbildung in Österreich – Länderhintergrundbericht zur Länderprüfung der OECD über Erwachsenenbildung im Auftrag des Bundesministeriums für Bildung, Wissenschaft und Kultur; Wien, Jänner 2003.

funding⁷¹. Individuals and Enterprises are sharing the social responsibility for further training in the same parts (Anteile).

The expenditures of individuals for continuing training vary strongly according to age, gender and professional status. People with a higher level of education and higher salaries participate more in continuing training. This inequality is compounded by the fact that disadvantaged people often have lesser access to information about funding possibilities. This even applies to funding programmes designed expressly for this target group⁷².

3.4. Specific financial incentive policies

3.4.1. Public funding for individuals

There is a wide range of public funding and forms of financing for continuing vocational training available to individuals in Austria.

The primary forms in the context of direct funding are the various funding models for individuals provided by specific provinces (e.g. Vienna, *Oberösterreich* - Upper Austria, *Steiermark* - Styria, *Kärnten* - Carinthia, Vorarlberg). The province of Oberösterreich (Upper Austria) has had a vanguard role in this area in terms of quantity and early implementation⁷³.

The *Bildungskonto* (education account) of Upper Austria serves to fund training measures (such as courses, master craftsperson schools, specialist academies etc.) for vocationally-oriented continuing training or re-training (not including re-training measures which occur due to job market administration). The highest specified level of funding (€ 730 or € 1,460) of the *Bildungskonto* may be made

⁷¹ Arthur Schneeberger: Lebenslanges Lernen als Schlüssel zur Informationsgesellschaft; Schriftenreihe des ibw Nr. 120; Wien, 2001.

⁷² Helmut Dornmayr: Weiterbildung für „Bildungsferne“ ArbeitnehmerInnen, Forschungsbericht des IBE, Linz 2002

⁷³ Walter Blumberger / Helmut Dornmayr / Claudia Thonabauer: Evaluierung des Bildungskontos des Landes Oberösterreich, Forschungsbericht des IBE, Linz 1999

available for the duration of one period (the current one runs until 31st December 2004). Generally, funding is only awarded to Upper Austrian workers (including the unemployed) whose highest qualification is the *Matura* from a *Berufsbildende höhere Schule BHS* (secondary technical or vocational college or a secondary academic school - there are, however, exceptions). As a rule, the level of funding lies between 50% and 100% of the maximum value mentioned above.

Within this context, attempts to tie funding models for individuals to certain criteria of quality should be mentioned. For example, the funding of a training measure within the framework of the Upper Austrian *Bildungskonto* is conditional upon the training measure taking place within an educational establishment which carries the Upper Austrian Seal of Quality for Adult Education and Continuing Training Institutions⁷⁴.

As well as those provided by the provinces, there are a range of funding possibilities, grants and similar measures available from other institutions (social partners etc.). The most important of these in terms of numbers of participants is the *Bildungsgutschein* (education voucher) of the *Arbeiterkammer* (Chambers for Workers and Employees). The voucher is restricted to specific vocationally relevant training opportunities and is organised at provincial level. For example, in Vienna the voucher does not cover a proportion of the costs, but represents a lump sum of funding (€ 100), which means that 100% of the course costs may be covered, as long as the course costs less than € 100. An additional € 50 is available to parents on leave. The voucher can, however, only be redeemed at a few of the continuing training providers aligned with the Chamber for Workers and Employees.

As well as the direct funding models for individuals, there is the possibility for individuals to deduct continuing training costs from the tax within the framework

⁷⁴ Or within academies, schools or driving schools established according to rulings as a result of federal or provincial law.

of the so-called *Werbungskosten* (a form of worker assessment, for self-advertising and in the way of earning qualifications). However, the training must be relevant and of some use to the practised vocation.

Retail or office-administration fundamental training (e.g. IT courses, internet courses, European Computer Driving License courses, typing courses, introductory accountancy courses, cost accounting, wage accounting and taxation courses) are always deductible. Training for private areas, such as driving licenses, sport courses or personal development courses are non-deductible. Courses for truck-driving licenses may be deducted if the license is required for the practiced vocation or a related one.

As a rule, private individuals are only entitled to tax deductions for continuing and further training courses if they are practising a vocation. Further training costs for an intended future vocation may be deducted if there is a confirmed job offer. The continuing and further training costs predominantly consist of the course costs, costs for documentation, travel costs and, potentially, expenses (for the first five days, if the course is not taking place in the area surrounding the home or the workplace) and accommodation costs⁷⁵.

The tax-deductible nature of further training costs within the framework of the *Werbungskosten* (as a result of the income tax progression, among other things) means that people with higher incomes profit more from these measures. In those cases, there are a lot of administrative responsibilities between the federal institutions – e.g. the ministry of finance – and the institutions from the communal or province level.

3.4.2. Policies to support training in SMEs

Several evaluations⁷⁶ come to the conclusion that there is a relation between the size of an enterprise and participation and financing of continuing training

⁷⁵ Bundesministerium für Finanzen: Das Steuerbuch, Wien 2002

⁷⁶ z.B. IFES 1999, CVTS 2, etc.

measures. In larger enterprises it is not just the extent of formal continuing training which is greater; the willingness of the employer to support training (providing time in work and financing) is also increased. A recent survey concerning in-business continuing training makes this apparent: Particularly in medium-sized enterprises (over 20 employees) and larger the costs and the time for continuing training was predominantly (for 75% to 90% of those questioned) provided by the employer. In small enterprises with up to four employees, the proportion of people who were provided with continuing training by the employer was significantly lower (40%)⁷⁷.

The results of the second European Continuing Vocational Training Survey (CVTS-2) similarly show the higher expenditure for continuing training courses per employee provided by large enterprises⁷⁸.

It is obvious that there are significant differences in the forms of work organisation (e.g. replacement/substitution of workers participating in continuing training) and the available financial resources between small and large enterprises. Specific public funding of continuing training in small enterprises could offer support and provide a balance, as effective tools worth mentioning for specific and targeted funding for continuing training in small and medium-sized enterprises are practically nonexistent in Austria.

⁷⁷ IFES, Betriebliche Weiterbildung bei Unselbständig Erwerbstätigen, Wien 1999

⁷⁸ See Katja Nestler / Emmanuel Kailis: Kosten und Finanzierung betrieblicher Weiterbildung in Europa. Statistik kurz gefasst Thema 3 – 8/2002, Europäische Gemeinschaften 2002
(http://www.eu-datashop.de/download/DE/sta_kurz/thema3/nk_02_08.pdf)

3.4.3. Special measures to support training for enterprises in specific economic sectors

There are a variety of initiatives by special interest groups and other institutions to promote and fund relevant continuing training within the various economic sectors.

These efforts focus primarily on the organisation and provision of relevant continuing training programmes. Financial incentives – predominantly in the form of subsidisation for continuing training opportunities – are of secondary importance.

The detailed explanation of the extremely varied continuing training initiatives and programmes would go beyond the possibilities of this report.

3.4.4. Social partner based schemes to support non-job related training (both employers and unions)

Essentially, all social partners in Austria are interested in developing and funding continuing training for employees relevant to the job market and vocationally relevant.

However, the understanding of "vocationally relevant" differs.

Within the framework of the education voucher (individual funding), for example, the Chambers for Workers and Employees support training measures which are not directly relevant to a specific vocation as well as courses exclusively for personal development.

3.4.5. Training leave

All employees in the private sector may negotiate **training leave** with their employer according to the *Arbeitsvertragsrechts-Anpassungsgesetzes* (AVRAG – law regulating the adaptation of rights defined by an employment contract).

Training leave can be negotiated between employer and employee for a minimum duration of three months to a maximum of twelve months. The person on leave receives the usual amount of leave compensation from the Job Market Service for the duration of the leave (€ 14.53 a day). Since the 1st October

2000, employees over the age of 45 receive training money to the level of notional unemployment benefits.

Fundamental condition for the right to training leave is proof that the employee will participate in a continuing training measure within this period. Additionally, the person must have been employed within the business for at least three years. The companies get no refundation.

The participation in training leave has been relatively low. Adaptations and supplementation to the models (e.g. part-time training leave) are worth considering.

Members of the *Betriebsrat* (work councils) have a fundamental right to three weeks of training leave during their period on the council independent of the *Bildungskarenz*. If there is a particular interest for a specific form of training, the leave may be extended to five weeks. A particular interest in health and safety would constitute such a case.

Training leave may only be applied for if the training is organised by bodies authorised for collective contracts from the worker's side (unions and Workers Chambers – *Arbeiterkammer* and *Österreichischer Gewerkschaftsbund*) or from the employer's side (*Wirtschaftskammer* - Economic Chamber), or are recognised by them as suitable.

The training programmes must additionally impart skills which are relevant to the position of work councillor.

As well as the possibility of training leave according to the *Arbeitsvertragsrechts-Anpassungsgesetzes* (AVRAG – law regulating the adaptation of rights defined by an employment contract) and the training leave for work councillors, public service (among others) also provides various opportunities for unpaid training leave in the form of a sabbatical. However, this is not necessarily dependent on participation in continuing training. The conditions depend on the relevant employer.

Generally, the right to a sabbatical is gained by saving portions of the salary. For example, the relinquishment of 20% of the salary over a negotiated period of five years leads to a full sabbatical year, a negotiated period of 2 ½ years leads to a six-month sabbatical.

The non-work period of the sabbatical may begin at the earliest halfway through the negotiated period (2 ½ years for a negotiated period of five years; 1 ¼ years for a negotiated period of six months). The possibility to apply for a sabbatical agreement depends on a certain number of years in service.

3.5. Issues and trends for funding CVT and adult learning

Certain central issues and trends are recognisable in the context of future funding and financing of continuing vocational training:

The general expansion of public funding of continuing training and lifelong learning is of primary importance. This should lead to an improved systemisation and standardisation (e.g. across the various provinces) of public funding tools.

The second general theme is the conversion of the funding instruments and the funding policy to a demand orientated direction. In Austria, this development is in the starting point, but in the next years, it can be very important. Together with the demand orientated policy, it is important for Austria to have solutions for people with no nearness to education like People with lower qualifications.

A further important issue is the funding of continuing training in small enterprises and the development of relevant funding tools. Finally there are a serious of unsolved questions and discussions pertaining to distribution within the continuing training sector. This applies to the distribution of public means between initial and continuing vocational training as well as between different forms of continuing training, such as a drift away from the area of people with higher incomes (currently favoured by elements such as tax deductions)

towards those with lower incomes. Leaving aside the important aspect of social justice, the aspect of gains through the public funding of continuing training also favours people with higher incomes.

4. Funding of training for the unemployed and other groups excluded from the labour market

In 2001 there were approximately 3,148,000 employees in Austria. The average number of unemployed in the same year was around 203,900; the average number of long-term unemployed (longer than six months) was 34,400. The unemployment level (3.6%) was less than half of the European average (7.4%) according to EU criteria⁷⁹.

Austrian job market policy aligns itself with the European Employment Strategy (EES) and the conditions of the European Social Fund (ESF). The National Action Plan for Employment (NAP) represents the Austrian implementation of the European guidelines. Since 1998, annual measures are implemented in each of the following four areas of emphasis:

Pillar I: Employability

Pillar II: Entrepreneurship

Pillar III: Adaptability

Pillar IV: Equal opportunities

4.1. Administrative and regulatory framework

Job market policy and training measures are essentially public responsibilities, and are therefore almost wholly publicly financed. The main portion of the necessary financial means is provided by the *Bundesministerium für Wirtschaft und Arbeit BMWA* (Federal Ministry for Economy and Employment). Financial input from provincial and local governments or private initiatives (predominantly religious initiatives) for the education of the unemployed represents a significantly smaller portion.

⁷⁹ See: Bundesministerium für Wirtschaft und Arbeit, Sektion II: Arbeitsmarktpolitik in Österreich, Oktober 2002; Seite 2; Arbeitsmarktservice Österreich: Arbeitsmarktdaten 2002, Seite 6.

The administration of the job market was removed from direct federal administration on the 1st July 1994, according to the *Arbeitsmarktservicegesetz* *AMSG* (Job Market Service Act), and placed under the control of the *Arbeitsmarktservice AMS* (Job Market Service). A differentiation must be made between passive and active job market policies. Passive job market policies include wage compensation services paid to people who become unemployed. These are paid out of unemployment insurance. Active job market policies include counselling, job placement and funding, as well as qualification and retraining measures.

The fundamental objectives of job market policy, the prevention and removal of unemployment, are defined by the objectives of job market policy as laid out by the *Bundesministerium für Wirtschaft und Arbeit BMWA* (Federal Minister for Economy and Employment). These particularly apply to the emphasis of tools of job market policy to the advantage of certain specified groups of people within the job market. The *Arbeitsmarktservice AMS* (Job Market Service) is responsible for implementing and fulfilling the objectives of job market policy.

The labour market policy is regulated by a lot of laws. This law includes e.g. the structure and tasks of the Job Market Service, the criteria of funding and the target groups – also for migrants and the unemployment insurance. The laws are: *Arbeitsmarktservicegesetz* (*AMSG* – Job Market Service Act), *Arbeitsmarktförderungsgesetz* (*AMFG* – Job Market Funding Act), *Arbeitsmarktpolitik-Finanzierungsgesetz* (*AMPFG* – Job Market Policy Financing Act), *Arbeitslosenversicherungsgesetz* (*ALVG* – Unemployment Insurance Act), *Ausländerbeschäftigungsgesetz* – (*AuslBG* – Employment of Foreigners Act).

Further important laws are the *Insolvenz-Entgeltsicherungsgesetz* (Bankruptcy Salary Assurance Act), the *Sonderunterstützungsgesetz* (Special Support Act), the *Arbeitskräfteüberlassungsgesetz* (Temporary Employment Act), the

Überbrückungshilfegesetz (Temporary Financial Relief Act) and the *Fremdengesetz* (Foreigners Act).

4.2. Sources of funding

4.2.1. Arbeitsmarktservice (AMS – Job Market Service)

The *Arbeitsmarktservice* AMS (Job Market Service) receives the financial means from the Federal Ministry for Economy and Employment, but is solely responsible for developing funding guidelines for active job market policies. Aside from defining targets for job market policies and maintaining a supervisory role, the Federal Minister has no influence on the funding guidelines developed by the AMS⁸⁰: Expenditures for active job market policies have risen continuously in recent years, and have been expanded significantly.

The expenditure for funding measures related to active job market policies (expenditure by year) have increased continuously from € 503.73 million in 1997 to € 598.95 million in 2001, an increase of 18.9%. This increase is the result of the labour market policy and a part of the budget process. Of the total expenditure, € 77.76 million came from the ESF. Approximately 59% of the funding budget was spent on qualification measures, 32% went to employment measures. The remaining 9% were spent on support measures.

TABLE 4-1:

The job market situation and AMS expenditure for funding measures related to active job market policies in 1997 and 2001

	1997	2001
Employees ¹	3,055,600	3,148,200
Unemployed ¹	233,300	203,900
Unemployment level (EUROSTAT) ¹	4.4%	3.6%

⁸⁰ Cf.: <http://www.bmwa.gv.at/BMWA/Themen/Arbeitsmarkt/Zielvorgaben/default.htm>

Number of AMS subsidy cases	320,670 ²	499,000		
Percentage of female subsidy cases	48% ²	55.9%		
Funding expenditure according to purpose (in million €)	1997 ³	2001 AMS-funds	2001 ESF-funds ⁴	2001 Total
Qualification	345.43	310.28	42.43	352.71
Employment	121.94	161.22	31.75	192.97
Support	29.16	49.69	3.58	53.27
Total	503.73	521.18	77.76	598.95

¹ Yearly average

² Number of funded people

³ incl. ESF means

⁴ incl. Community initiatives

Source: AMS-Geschäftsberichte

The number of AMS subsidy cases in 2001 was approximately 499,000. However, in the course of a year, a person can be the subject of a number of subsidy cases. Qualification measures provided the largest number of subsidy cases, with approximately 418,000 cases (83.7% of the total). These are followed by employment measures with 6.4% and support with 9.9%. 90.4% of the funding went to unemployed people; the remaining 9.6% was spent on people in employment. The percentage of women in the subsidy cases was 55.9%. The most important funding tools in the qualification sector were the funding of *training measures* (115,216 cases), the granting of funding to *cover the cost of living* during training (114,057) and the funding of *auxiliary costs for courses* (109,311 cases)⁸¹.

A clear emphasis on the incorporation of young people into job market funding becomes apparent when one categorises the funding cases by age: 120,254 (24%) cases were for young people less than 24 years of age, the medium group (25-44 years of age) received the majority of the funding (55%; 271,256 cases) and for older people (above 45 years of age) 105,520 cases were

⁸¹ Bundesministerium für Wirtschaft und Arbeit, Arbeitsmarktpolitik in Österreich, Oktober 2002,.

registered (21%). For the purposes of comparison: the young people constituted 15% of the annual average unemployment level, the medium age group constituted 54% and 31% of the unemployment level consisted of members of the older group.

The evaluation of AMS funding expenditure by separate categories presents a different picture to the funding cases: although qualification measures do constitute the major element of funding in terms of costs (59%), they do so to a lower level than in the context of the funding cases (84%). For employment measures, which only constituted 6% of the funding cases, about 32% of the means were spent. 10% of the funding cases and 9% of the means were spent on support measures. Three quarters of the funding measures were distributed to providers of these measures or businesses, 25% were paid directly to individuals. In the area of qualification measures the portion paid directly to individuals was significantly higher (37%). The funding for the training of the unemployed within the context of qualification constituted the most important tool in terms of the budget.

At 0.53%, Austrian active expenditure (OECD definition) as a portion of Gross Domestic Product was lower in international comparison than the OECD average in 2001 (0.73%). This constituted an increase in the portion of GDP used for active expenditure according to job market policy of 0.04 percentage points from 2000, while the OECD average decreased from 0.76% to 0.73%⁸².

4.2.2. European Social Fund

Since Austria's entrance into the European Union, it has had access to financial means from the European Social Fund (ESF) for education initiatives based on job market policies. For the current structural fund period 2000 to 2006,

⁸² Austria is also below the OECD average in terms of passive expenditures as a part of the GDP (1.07% as opposed to the OECD level of 1.10% in 2001). See: Bundesministerium für Wirtschaft und Arbeit, Sektion II: Arbeitsmarktpolitik in Österreich, Oktober 2002, Seite 16.

approximately € 734 million will be available. ESF funds are only available for Objectives 1 (regions which need to catch up economically; € 55 million) and 3 (people with difficulties on the job market; € 548 million) as well as for the community initiative EQUAL (the combating of discrimination and unequal treatment within the job market; € 102 million). Objective 2 (regions which are going through economic and social reorientation) is optional. The number of ESF programmes in Austria has therefore been reduced to six from the original 32. In comparison, the available means have only decreased marginally; the annual ESF budget is approximately € 110 million⁸³.

Modern and innovative continuing and further training activities and employment initiatives are at the centre of ESF-OBJECTIVE-3. Funding is intended particularly for people at risk of not finding employment. Seven focus points specify which target groups and measures are to be funded in Austria from 2000 to 2006⁸⁴:

1. Combating unemployment: (€ 206 million, responsibility: Job Market Service- AMS)
2. Equal opportunities for the disabled: (€ 101 million, responsibility: Federal Ministry for Social Security and Generations)
3. Education: (€ 68,7 million, responsibility: Federal Ministry for Education, Science and Culture)
4. Business-based qualification: (€ 89 million, responsibility: AMS and Federal Ministry for Economy and Employment)
5. Equal opportunities for men and women: (€ 64,7 million, responsibility: AMS and Federal Ministry for Economy and Employment)
6. Territorial employment packets:

⁸³ See: Bundesministerium für Wirtschaft und Arbeit (Hg.): esf-Handbuch, Band 3, 2000:2006 Österreich.

⁸⁴ See: <http://www.esf.at>

7. Information and networking: (€ 11,1 million)

Approximately one third of the total ESF-means (€ 206 million) is available for projects and measures to combat unemployment for the period from 2000 to 2006. The implementation and realisation of this goal is the responsibility of the Job Market Service (AMS). The ESF funds a broad spectrum of measures. The possibilities range from vocational orientation and preparation, job-coaching and consultation for entrepreneurs concerning training and continuing training through to specialised training concerning personal behaviour at work. Additionally, the integration of the long-term unemployed through "social-economic enterprises" and "public-service projects" is supported by ESF means⁸⁵.

The combating of adult and youth unemployment (focal point 1 of ESF Objective 3) was the most successful policy area in 2001 with an exploitation of 113%, thereby contributing almost two thirds to full realisation. There were slightly more than 35,000 participants in the scheme (approx. 16,000 women and 19,000 men), which was almost three times the expected level. Additionally, this was the only policy area in the programmes which had a male participation rate of over 50%, as a result of the over-50 age group and, partially, the age group of those less than 25 years of age. In terms of training, the majority of participants had completed compulsory education (60%), over a quarter had apprentice training and 2.4% had academic training⁸⁶.

Somewhat more than 10,100 participants were registered within the area of qualification measures, 7,460 within the area of employment measures and almost 17,000 within the sub-area of support structures (which includes job-placement measures such as vocational orientation and active job searches as

⁸⁵ <http://www.esf.at>

⁸⁶ Bundesministerium für Wirtschaft und Arbeit: Europäischer Sozialfonds, Ziel-3-Österreich 2000 bis 2006 – Jahresbericht 2001, Wien, Juni 2002, Seite 7 f.

well as counselling services). Additionally, there were 577 grants within the area of the founding of new enterprises. The number of projects in policy area 1 was 3,224 in 2001.

4.3. Levels of funding

Qualification measures represent the most important strategy for solving problems of the job market within the framework of job market funding in Austria. In 2001 a total of € 352.71 million (AMS + ESF funds) was spent on the qualification of the unemployed and employees, approximately 59% of total funding expenditure.

TABELLE 4-2:

Number of funding cases and expenditure by the AMS by funding measures, 1998 – 2001

	1998	1999	2000	2001
Total AMS funding cases	227,449	377,434	338,719	499,692
Including:				
Qualification	189,360	323,051	283,270	418,243
Employment	12,794	25,516	26,972	31,987
Support	25,295	28,867	28,477	49,462
Female recipients	50.4%	54.0%	55.3%	55.9%
Funding expenditure by measures (€ millions):				
Total AMS means	402.44	486.87	521.85	521.18
Including:				
Qualification	257.22	312.36	316.39	310.28
Employment	101.99	130.41	152.97	161.22
Support	43.23	44.09	52.49	49.69
Total ESF means¹	112.1	107.35	65.03	77.76
Including:				
Qualification	84.82	80.07	38.7	42.43

Employment	22.33	15.76	22.34	31.75
Support	4.96	11.52	3.99	3.58
Total (AMS+ESF)	514.54	594.21	586.88	598.95

¹ including community initiatives

Source: AMS-Geschäftsberichte

Funding expenditure in the qualification area increased by a total of 3% from 1998 levels (€342.04 million in 1998 to €352.71 million in 2001). The relatively small increase within this period is due to a reduction of ESF means in the qualification area by 50%, primarily as a result of the expiry of the community initiatives Employment and Adapt. In comparison, the qualification funding expenditure of the AMS increased by 21% within the same period. Total expenditure for all funding measures increased by 16%: from €514.54 million in 1998 to €598.95 million in 2001.

The trend, begun in 2000, to expand the training and continuing training measures (particularly for women) at the expense of other measures such as vocational orientation, vocational preparation and the active job searches or the job-coaching (which had experienced growth in the previous years) within the framework of qualification of the unemployed, continued in 2001.

4.4. Distribution of funding: recipients and criteria

The *Arbeitsmarktservice AMS* (Job Market Service), responsible for developing the funding guidelines according to the objectives defined by the Federal Economy and Employment Minister, receives its financial means from the Federal Ministry for Economy and Employment. The ministry, in turn, receives the means from the Federal Ministry for Finance and the European Social Fund.

The AMS has implemented a wide variety of measures for specific target groups within the framework of qualification for the unemployed.

Training unemployment benefits (after receiving maternity leave benefits)⁸⁷

Target group:

People who lost their job during or after maternity leave, as a result of having become a parent

Objective:

To provide income support during participation in a training scheme

Tool:

People who register for unemployment within a month of losing their job during or after maternity leave as a result of having become a parent receive training unemployment benefits to the level of the due unemployment benefits

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions)

Duration of benefits:

For a maximum of 26 weeks

Subsidies for course costs and associated costs to increase vocational mobility

Target group:

Unemployed participants in training and continuing training programmes, vocational orientation courses, workshops and on-the-job training (work experience)

Objective:

Increasing ease of integration into the job market by enabling participation in qualification measures, training and on-the-job training

Tool:

Participants in qualification measures may receive grants to

- ✓ Cover course costs (e.g. for courses not provided by the AMS),
- ✓ Cover costs associated with courses (For participation in courses taking place away from the area the participant lives in).

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions)

Duration of benefits:

Dependent on the duration of the training measure

⁸⁷ This measure expires at the end of 2003.

Benefits to cover the cost of living

Target group:

Unemployed participants in training and continuing training programmes, vocational orientation courses, workshops and on-the-job training (work experience)

Objective:

To assure the covering of living costs through benefits for people participating in vocational training measures or work experience

Tool:

Participants in training measures receive a grant to cover the cost of living. The social security contributions (illness, accident, pension and unemployment) for the participants are also covered. If the duration of the programme is sufficient, the participant may acquire the right to unemployment benefits. The benefits to cover the cost of living are often combined with the "Subsidies for course costs and associated costs".

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions) and the European Social Fund

Duration of benefits:

Dependent on the duration of the training measure

Funding of training establishments

Target group:

Unemployed participants in training programmes for the job market

Objective:

To increase participant's ease of integration into the job market by means of schooling set up and subsidised by the Job Market Service (AMS)

Tool:

The training establishments receive grants to cover up to 100% of their expenditure for training courses (teaching personnel, material costs)

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions) and the European Social Fund

Duration of benefits:

Dependent on the duration of the training measure (the intensive skilled worker training programme lasts approximately a year, for example)

Funding of apprentice training and vocational preparation

Target group:

Unemployed people under the age of 25 with a low level of qualification (particular emphasis is placed on disadvantaged people, women and the disabled)

Objective:

To ease participant's integration into the job market by means of apprentice training

Tool:

Businesses which provide apprentice training for this target group receive assistance and support from the AMS. The support for apprentice training comprises the partial refunding of apprentice compensation, grants for additional training in separate enterprises (50% of the costs) and grants for vocational preparation measures (up to 100% of the costs for personnel and teaching materials).

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions) and the European Social Fund

Duration of benefits:

The duration of apprentice training varies and can take up to three years (typically: one year, maximum: three years)

Social economic employment enterprises (SÖB) and non-profit employment projects (GBP)

Target group:

Unemployed people confronted with specific disadvantages (e.g. long-term unemployed, recovered addicts, ex-convicts, homeless etc.)

Objectives:

To avoid the exclusion of difficult-to-place unemployed people from the job market by means of the creation of limited employment in non-profit enterprises (SÖB and GBP)

Tool:

Social economic enterprises (SÖB) and non-profit employment projects (GBP) receive support from the AMS. The financial contribution by the AMS is a partial refund for a service required by the AMS and provided by the SÖB and comprises the costs for the provision of an employment position (for the qualification of the employed worker, social pedagogic care, integration assistance and for the necessary skilled workers to supervise and train the workers)

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions) and the European Social Fund (only for certain specified qualifications)

Duration of benefits:

The duration of employment is one year; in certain cases an extension is possible

Founding support

Target group:

Unemployed people who wish to set up a company

Objective:

To encourage unemployed people to set up a company

Tool:

The AMS offer support in the form of founding consultation, training programmes, schooling, continued payment of unemployment benefits during the founding period and, in certain cases, financial grants to prepare and implement the founding of the enterprise.

Financing:

Out of the funds of the unemployment insurance (employer and employee contributions)

Duration of benefits:

A maximum duration of nine months

Lehrlingsstiftungen (apprentice foundations) in accordance with the *Jugendausbildungssicherungsgesetz* (JASG – law to ensure training for young people)⁸⁸

Target group:

Unemployed young people unable to find an apprenticeship position

Objective:

To ease access to the job market for unemployed young people, by means of apprentice contracts

Tool:

A safety net of limited duration, which provides apprentice position for young people with placement difficulties who have been unable to find an apprenticeship.

This special assistance programme was developed by a project group within the government. Provincial project groups (including the social partners) were set up to ensure successful implementation at regional level.

Establishments with relevant experience in the vocational training and counselling of young people are brought in by means of cooperation contracts with the project groups within AMS institutions to provide assistance for the programme.

Financing:

Federal budget

Duration of benefits:

A maximum duration of three years

⁸⁸ See Chapter 2.3.

Berufslehrgänge (Vocational training courses) in accordance with the *Jugendausbildungssicherungsgesetz* (JASG – law to ensure training for young people)⁸⁹

Target group:

Unemployed young people unable to find an apprenticeship position on the job market

Objective:

To ease access to the job market for unemployed young people, by the provision of apprentice contracts

Tool:

A safety net of limited duration, which provides apprentice position for young people who have been unable to find an apprenticeship.

The idea was developed by a governmental project group within the framework of a special support programme. A provincial project group (including the social partners) was set up to implement the national safety net in accordance with regional differences.

This tool serves to improve the job market opportunities of young people and is implemented in all provinces in which there is an imbalance within the training market. The established training is supplemented by an increased emphasis on the area of new technologies, to improve the integration of young people into the job market.

Financing:

Federal budget and the European Social Fund

Work foundations (Arbeitsstiftungen)

Target group:

Unemployed people who lost their jobs as a result of restructuring processes, with particular emphasis on older unemployed people

Objective:

A range of collectively negotiated measures should provide unemployed people who lost their jobs in certain businesses (as a result of restructuring or bankruptcy in sectors or regions with larger problems) with re-entry into the job market.

Tool:

There are various types of foundations: Enterprise and sector foundations; regional foundations and bankruptcy foundations. Enterprise foundations are founded in arrangement with the *Betriebsrat* (work council).

Financing:

Job Market Service (AMS), the funds of the unemployment insurance (employer and employee contributions), federal and regional budgets

Duration of benefits:

⁸⁹ See Chapter 2.3..

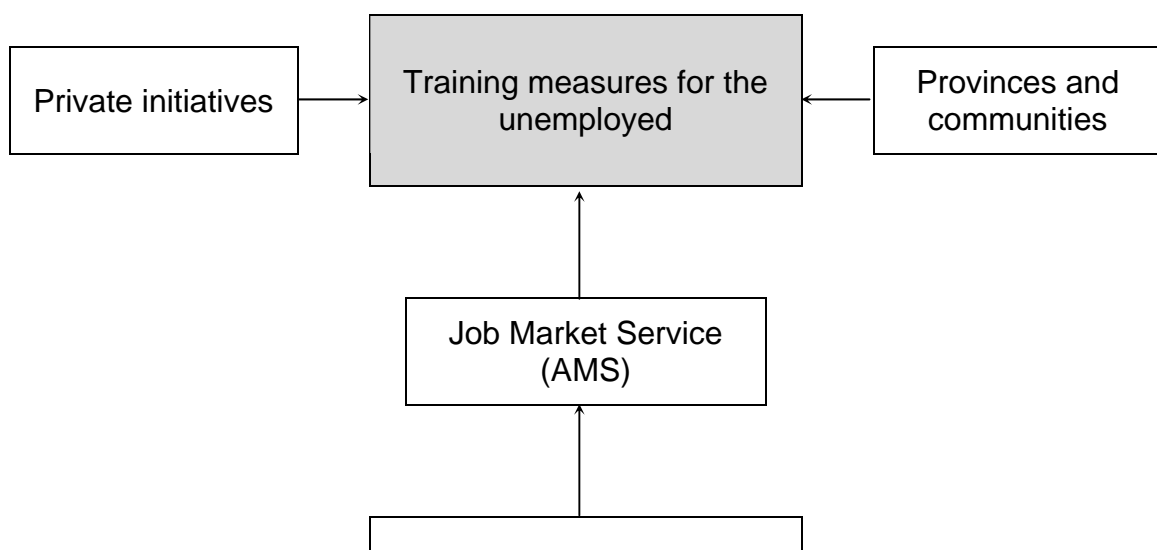
A maximum of four years, depending on age

4.4.1. Diagram of funding flows

The following illustration provides a simplified overview of financial flow within the training measures for the unemployed.

ILLUSTRATION 4-1:

Financial flow within training measures for the unemployed





Source: ibw-Grafik

4.5. Issues and trends

Austria subscribes to the target of full employment and the implementation of the European Employment Strategy decided at the European Council conference in Luxembourg in 1997. In its annual evaluation of the implementation of the employment strategy the European Commission generally recognises the low level of unemployment and good economic and employment performance in Austria.

Efforts are being made to meet global requirements and expand employment potential towards a knowledge-based society within the framework of a broad spectrum of initiatives in all pillars of employment policy (Policymix). The measures within the pillar of employability have been firmly established at a high level. Despite a small decrease in employment levels, increases in long-term unemployment levels remain very low. Territorial employment pacts, which are seen as the key to achieving regional growth potential, are considered a particularly successful initiative.

In view of the successful employment activities (the objectives of Lisbon were almost met), one of the challenges of the future is to make target groups the focal point of the efforts by means of active job market policy. Further efforts must be undertaken to solve structural problems in the employment system (e.g. the tax burden placed on work) and to increase employment levels of women and older workers (Austria has one of the lowest levels of employment of older people in Europe), as well as to increase job market participation of those with lower qualifications. More attention could also be paid to the development and implementation of a coherent and comprehensive strategy for

lifelong learning, particularly within the adult education and continuing training sectors⁹⁰.

⁹⁰ cf. Kommission der Europäischen Gemeinschaften: Gemeinsamer Beschäftigungsbericht, verschiedene Jahrgänge.

5. Perspectives and issues: from funding to investing in human resources

If one examines the prior and future development of vocational training in Austria within the context of financing, it becomes apparent that attention should focus on three central elements: the range of available training financed – as explained in detail in the previous chapters – predominantly by public funds, the requirements, interests and talents of the young people which (should) strongly influence the choice of training programme, as well as the demand for trained skilled workers by the economy and other employers (e.g. public service) and employment possibilities for these workers.

5.1. National level policy developments

There is strong differentiation within the Austrian vocational training system (in terms of content and level), which has evolved traditionally. This differentiation results in high costs for vocational training as a result of the small organisational units (expensive specialist facilities, high personnel costs etc.).

The international pressure on the vocational training system and the recognition of Austrian certificates of completion led to a further differentiation: in the 1994/5 school year, *Fachhochschulen* (tertiary specialised colleges) opened their doors for the first time, at the beginning of the new millennium the baccalaureate was introduced in various Austrian universities. This led to certain overlaps between the technical and vocational college sector (primarily in the *Höhere Technische Lehranstalten* or HTL – technical colleges), the *Fachhochschulen* and the universities, which could provide significant savings potential.

In the mid-1990s the Austrian apprenticeship market suffered dramatic changes: the willingness of enterprises to offer apprenticeships declined, leading to a decreased number of apprenticeship positions. This was due to the increased costs to businesses for apprentice training within the context of the

dual system, as a result of increased tuition at compulsory part-time vocational schools, increasing social insurance costs and an increased amount of time and money required in training apprentices. This resulted in lower levels of income for businesses from the apprentice's productive work.

Simultaneously, the trend among young people and the wishes of the parents began to focus on attendance in full-time schooling (secondary technical and vocational schools and colleges), due to a perceived higher level of prestige as a result of a more formalised and constructive emphasis. These full-time schools have the advantage of systematic and equal education (according to the defined educational goals) for all pupils. However, they are significantly more expensive than vocational training within the dual system, as training in schools is almost completely financed publicly.

As a result of the educational expansion and the increasing number of students, the costs to the state of universities also increased.

Three problem areas can be identified for the future financing of the Austrian vocational training system:

- The marked differentiation in educational content in vocational training
- The differentiation in terms of training levels
- The complicated and interlinked distribution of responsibilities for the vocational training system across federal, provincial and local bodies

5.1.1. Increasing cost-efficiency and effectiveness

Initiatives to increase the efficiency of expenditures are evident at secondary school level: there are currently discussions about salary models for teachers which would be performance-related and increase teaching duties. Additionally, school periods in secondary technical and vocational schools and colleges may be reduced in future, a decision which is made autonomously by each school.

A further objective is the creation of "training clusters", which could lead to more cost-effective use of expensive specialist facilities (e.g. teaching aids, workshops etc.) in individual schools, among other things. Several Austrian schools are already cooperating with businesses, establishments of the social partners etc. The sharing of training facilities with regional businesses enables requirements of the regional economy to be incorporated into the training programmes of schools through development of curricula and joint projects. The school autonomy enables secondary technical and vocational schools to choose between various focal points within the curriculum, but also to develop their own school profiles (for example, to meet the requirements of the economy). Deviations to the curriculum may account for 5% of the total weekly schooling. A network consisting of a number of organisations including businesses, schools, the social partners and the AMS should be created to make training establishments and other facilities accessible to all partners.

Additionally, there are continuing discussions on altering the relationship between the social phase (tuition within establishments) and the individual phase (independent learning) to favour the latter, which would also result in multiple usages of facilities and a reduction of costs for teaching personnel. A few test schemes have been implemented at vocational schools for people in employment and could, if they prove effective, be applied to other schools.

Tests with E-Learning/ Open Distance Learning in the adult education sector have shown that training which includes elements of home learning do enable the teaching facilities to be used to a greater extent. However, additional costs may also occur: the use of E-Learning generally requires specific introductory courses or a fundamental continuing training course. These training courses, as well as the necessity for computer access (both within the course and outside of it), tuition counselling for course participants and the availability of technical support result in increased costs, but are necessary according to experts and tutors with experience in this area. Currently, Austrian salary regulations for teachers do not provide a level of payment related to the additional efforts this

form of training requires. The use of E-Learning and Open Distance Learning will therefore remain restricted to the area of adult education or certain pilot schemes in higher education institutions for people in employment for the foreseeable future.

Despite all efforts to increase the efficiency of expenditure for education and training, the largest potential savings are to be found in reducing the differentiation in the secondary education sector. An equivalent specialisation occurring only at the end of initial training could provide a more exact and demand-oriented level of training and reduce costs for initial vocational training.

5.1.2. Mobilising additional resources

Since the mid-1990's, the federal government continuously implements a series of special measures to counteract the lack of available apprenticeships and promote vocational training within the dual system. This includes the apprentice premium of € 1000 per apprentice and year mentioned above, which may be applied for within the framework of the tax return, as well as the tax-exempt amount for apprentices and reductions or removal of employer's contributions to health, accident and unemployment insurance.

In the continuing vocational training sector a large portion of the costs are carried by businesses or private households. There are, however, individual funding models which cover a portion of private course costs (such as the *Wiener Arbeitnehmer(innen)förderfonds* (WAFF – Viennese Employee Funding Means) or the *Bildungskonto* (education account) in Upper Austria) available for specific target groups in many Austrian provinces. Within the context of lifelong learning, the means available for vocationally-oriented training as part of these funding models have increased over the last decade (*Bildungskonto* in Upper Austria: funding expenditures in 1996, the first year: 29,142,000 ATS (€ 2,117,831); funding expenditure in 1998: 33,999,950 ATS (€ 2,470,873). Additionally, the criteria for application were expanded to include an increased number of potential applicants.

Particularly the introduction of tuition fees in the 2001/02 university year illustrates the increasing relocation of education expenditure towards private households.

There are increasing signs that the portion of private financing for education and training is growing and that the state is relocating elements of the administrative responsibility as well as the responsibility for financing to private households and enterprises. This is a particular burden for private households in view of the current job market situation. The planned reform of the tax system, which should benefit primarily people and households with small and medium incomes, will result in lower levels of collected tax and a further reduction in financing of education and training by the state. Costs for education and training will therefore increasingly become the responsibility of private households and businesses.

5.2. Meeting the EU vision for investment in training

Austria has one of the highest public expenditure levels for education in OECD comparison. The government programme includes a fundamental commitment to achieving the objectives of the Lisbon process, a goal it feels can only be achieved by means of economic policies which create a framework to enable businesses to maintain existing jobs and create new ones⁹¹.

As a result, the government plans to implement a training offensive within the context of which the quality in international comparison and the range of opportunities will be increased. Additionally, new developments internationally should be incorporated into the training opportunities. This offensive includes various focal points:

⁹¹ cf. Regierungsprogramm der österreichischen Bundesregierung für die XXII. Gesetzgebungsperiode, Kap. 6: Wirtschaft und Standort, S. 12

- School development and quality assurance by means of establishing performance standards, school development programmes, continuation of reforms and evaluations of school test phases in the secondary academic school and secondary technical and vocational school and college sector, bringing school timetables in line with the OECD average and a review of teaching duties.
- Alterations in the administrative area such as a simplification of administration in the training sector with a view to new regulatory agreements between the federal and provincial governments and the creation of training clusters at regional level through the use of existing resources.
- Evaluation of further and continuing training for teachers and a re-distribution of teaching wages.
- Special emphasis should be placed on the making up of educational and training certifications, the development of new models for E-Learning and tax incentive systems within the framework of lifelong learning.

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