

Austria

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

In Austria, support for adult learning including support for CVET for the employed is within the competence of the nine Austrian regions (*Bundesländer*), with each of the nine Länder having its own approach for supply-side and demand-side funding of adult learning. The Public Employment Service (PES) with its regional branches has evolved into the single most important agency for supply-side and demand-side funding of CVET both for the unemployed and the employed. Moreover, at national level, various programmes of formal adult learning are funded mainly by central budget, with a minor role played by regional budgets. Additionally, several funding frameworks for supply-side training provision build on a formal cooperation between the national and regional level.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

The legal competence for demand-side funding instruments supporting adult learning/CVT of the employees is mainly with the nine federal states (Länder). The Länder are also responsible for regional economic promotion, thereby supporting training in companies. Funds for demand-side instruments stem from taxes collected on national level and distributed to the Länder. In practice, PES with each regional unit in the Länder is a key player not only for (mainly supply-side funded) training for the unemployed, but also for the employees and for companies, with different support schemes administrated by the PES. Funding for the demand-side schemes provided by PES stems mainly from the contributions of employers and employees to the unemployment insurance system. For particular schemes, the PES receives additional budget lines from the national tax-based budget. European funding lines, the ESF in particular, have been used to pilot schemes in the past. Today the EU funds are mainly used to expand existing schemes. Overall, ESF funding initiatives had been often prolonged based on national resources only after the end of ESF funding. The ESF is used by some of the Länder as a source of co-funding of demand-side schemes both for employees and for companies. Furthermore, the interest organisations for the employers (Chamber of Commerce) and employees (Chamber of Labour, *Arbeiterkammer*) – both with mandatory membership – run demand-side support schemes based on their members' (mandatory) contributions.

- **Instruments targeting individuals**

Individuals can receive contributions to the costs of CVET from various schemes offered by the nine Austrian Bundesländer. The unemployed and adults at risk of losing their job can receive contributions to their training from the Public Employment Services ([#329](#)) (complementing supply-side schemes run by the PES). Employees can receive small contributions to a range of job-related training costs from their legal interest organisation (Chamber of Labour) ([#9](#) / [#227](#)). Employees can agree on a training leave ([#11](#)) with their employer and receive a wage replacement payment equal to their unemployment benefits for up to 12 months. For the participation in a large variety of programmes leading to a formal qualification, a particular framework provides both the coverage of tuition fees (if any) and a contribution to the living costs for up to three years of participation ([#328](#)). Individuals can deduct their training costs related to their current or a future job from the tax base ([#4](#)), with no upper limits for the amount deducted, constituting an important support for anyone with an income above EUR 11 000.

- **Instruments targeting companies**

Companies can receive contributions to the costs of CVET for particular groups of employees ([#5](#)) (the low qualified in particular) from the PES. Moreover, various *Bundesländer* run schemes supporting companies' training activities. Employers and employees can agree on a pay back clause ([#12](#)) within legally defined limits. There is one training fund for the temporary agency sector ([#1](#)), however, training funds play no major role in funding of training in companies.

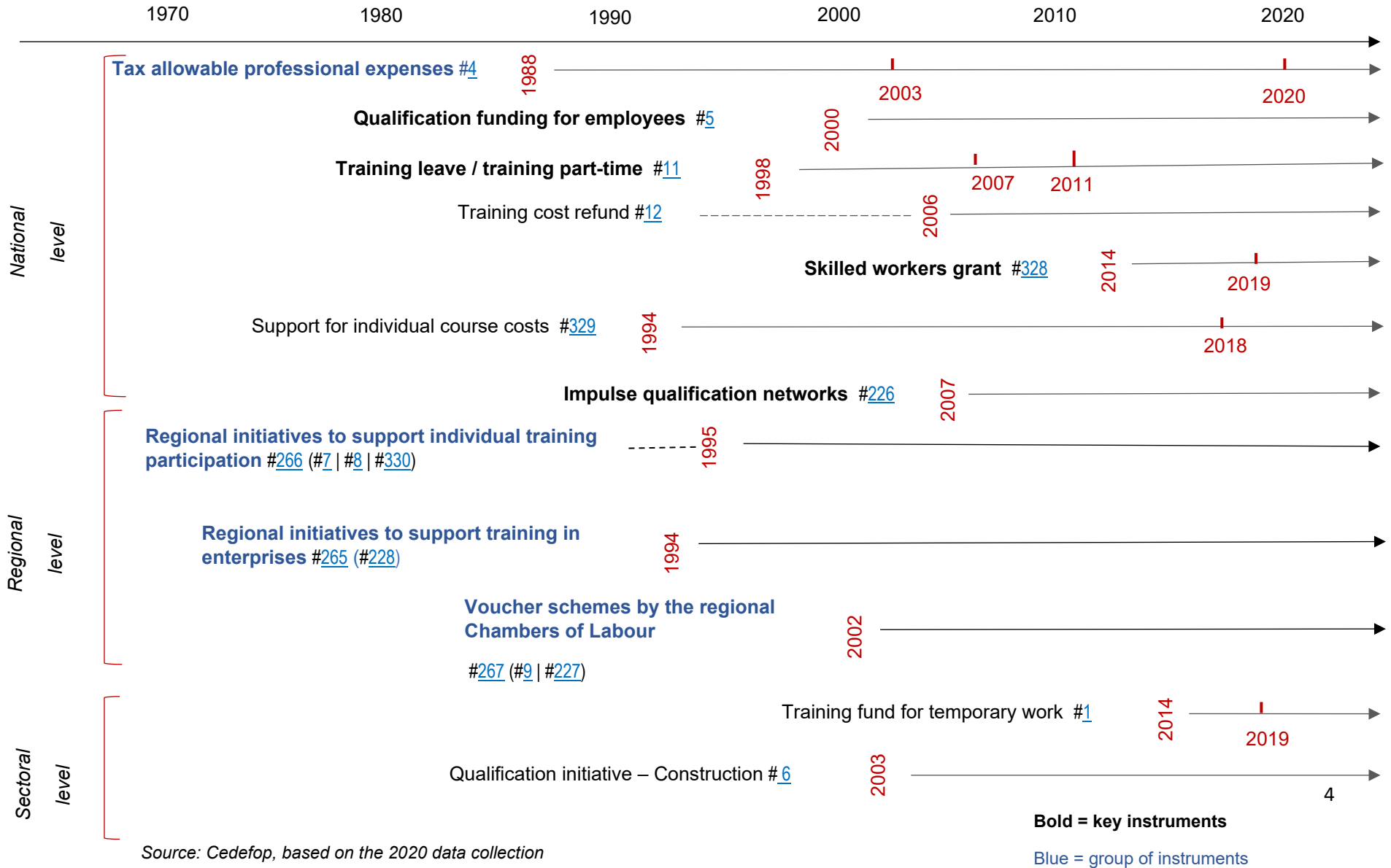
Table 1. Overview of demand-side financing instruments in Austria by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals	Demand-side instruments targeting companies		
National level	High	Key instruments	Tax incentives for individuals	Tax allowable professional expenses #4	Grants for companies	Qualification funding for employees #5
			Grants for individuals	Skilled workers' grant #328		
			Training leave	Training leave/training part-time #11		
			Payback clause	Training costs refund #12		
		Further instruments	Grants for individuals	Support for individual course costs #329	Grants for companies	Impulse qualification network #226
Regional level	High	Key instruments	Grants for individuals	Regional initiatives to support individual training participation, #266 e.g. <ul style="list-style-type: none"> <i>Learning account of Upper Austria #8</i> <i>Digitalisation skills grant #330</i> <i>WAFF Training Account #7</i> 	Grants for companies	Regional initiatives to support training in companies, #265 e.g. <ul style="list-style-type: none"> <i>Funding for further education and training of entrepreneurs, managers and specialised workers in Burgenland #228</i>
		Further instruments	Grants for individuals	Voucher schemes by regional Chambers of Labour #267 , e.g. <ul style="list-style-type: none"> <i>Educational voucher by the Chamber of Labour Vienna #9</i> <i>Education bonus Chamber of Labour Lower Austria #227</i> 		

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals	Demand-side instruments targeting companies	
Sectoral level	Moderate	Key instruments			
		Further instruments	Grants for companies	Qualification Initiative – Construction #6	
			Training funds	Social and further training fund for temporary work #1	

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Austria until 2020



Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
#1	Social and further training fund for temporary work Austria	Average of years	About 10 000 000	Not available	Not available	Average of years	About 7 000
#5	Qualification funding for employees	2019	8 290 000	2019	18 018	-	-
#6	Qualification Initiative – Construction	2020	250 000	-	-	2019	280
#7	WAFF Training Account	2020	11 600 000	2020	10 675	-	-
#8	Learning account of Upper Austria	2019	7 557 000	2017	14 558	-	-
#328	Skilled Workers' Grant	2019	3 700 000 (disbursed)	2019	5 307	-	-
#11	Training leave/training part-time	2020	274 537 000	2020	16 597	-	-

Source: Cedefop, 2020 data collection

Table 3. Short descriptions of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
#1	Social and further training fund for temporary work Austria	Sectoral	Further instrument	Agencies that offer temporary work are obliged by law to contribute a fixed share of their payroll costs (0.35%) to a training fund and may receive reimbursement of their training costs such as course fees and wage costs. Agencies can receive subsidies up to 200% (occasionally 300%) of their contributions to the fund. However, de minimis regulation applies, limiting large corporations' access to a full reimbursement of their incurred training costs. Current temporary workers can choose among training opportunities free of charge and receive a supplementing wage subsidy in case of entering a PES funded long-term training measure. Former temporary agency workers (currently unemployed) are also eligible for training subsidies. No preferential treatment for particular groups is applied. Only the education and training offered by recognised training providers (as reported in a list of eligible providers) is eligible. It includes programmes leading to a formal vocational qualification and short vocational courses (e.g. related to welding, forklift driving, and many more). The fund is managed by social partners (representatives of employers and employees). The Federal Ministry for Labour, Social Affairs, and Consumer Protection plays a supervisory role.
(2) Tax incentives for companies				
No tax incentives for companies are established.				
(3) Tax incentives for individuals				
#4	Tax allowable professional expenses (Further Education component)	National	Key instrument	Adults can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state co-funding – in the form of foregone tax revenues – equals the eligible costs multiplied by the marginal tax rate (between 20 % and 55 %). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. Eligible costs include tuition fees, costs for teaching material and professional literature, related travel and accommodation costs, and the costs of a computer. For the deduction, no ceiling is introduced. Individuals with no taxable income (an annual gross salary below EUR 11 000) cannot profit from the tax deduction. No comprehensive statistical information is available, however, the number of beneficiaries and the volumes of tax refunds are substantial (with an estimated volume of more than EUR 50 000 000). The tax incentive can be used once in each calendar year.
(4) Grants for companies				
#5	Qualification funding for employees	National	Key instrument	Companies with employees who have only completed compulsory education, an apprenticeship, or a vocational school or are 45 years or older are entitled to apply for the grant to co-fund training activities (for each group there are specific conditions in relation to the training funded). Generally, public co-funding is 50% of the eligible costs up to EUR 10 000 per individual employee. Beyond training costs, a contribution to the wage costs during participation in training is available. For employed (men and women) with only compulsory education, wage subsidies during training are more generous (50% of eligible wages starting with the first hour of training instead of starting after 24 hours of training). Funding is provided by the local branches of the Austrian Public Employment Service (AMS), following national rules; however, local differences in cost-sharing formulas are possible. There is no limitation to re-use the grant.
#6	Qualification Initiative - Construction	Sectoral/ Regional	Further instrument	Companies in the construction sector in Styria can apply for the grant to finance their training costs. Steirische Wirtschaftsförderung (SFG) administrates the measure and decides upon the funding. Grants are usually allocated based on a first-come-first-served basis. Co-funding of the grant is 50% of the eligible costs (i.e., training fees). The eligible education

and training activities are listed in a specific programme. The funding is provided from the regional budget. There is no preferential treatment for particular applicants. There is no limitation to re-use the grant.

#226	Impulse Qualification Network	National	Key instrument	Company networks composed of at least three companies where at least 50% of them are SMEs can apply for the grant. 100% funding is provided for external consulting for building and operating the confederation, identifying training needs and designing training plans, advising on the development of HRD programmes, organising training, providing support during the application process, etc. (10 days of consulting max). Moreover, up to 50% of training costs are provided for men with only compulsory education (ISCED11 0-2), women with an intermediate level of education (ISCED11 3) yet without Higher Education Entrance permission (Matura), and all employees age 45 or older. Beyond training costs, a contribution to the wage costs during participation in training is available. There is no limitation to re-use the grant.
#228	Funding for further education and training of entrepreneurs, managers and specialised workers in Burgenland.	Regional	Key instrument	Companies located in Burgenland can apply for the grant with the aim to co-finance training for their employees. Only education and training of professional relevance for the applying companies are eligible. The maximum amount of subsidies that the company may receive in the given fiscal year is EUR 15 000. Co-funding rates are 50% for SMEs, 35% for larger companies. The grant can be used once in each calendar year.
(5) Grants for individuals				
#7	WAFF Training Account	Regional	Key instrument	Employees with a monthly net income below EUR 1 800 may receive public contributions to their costs for education and training. The eligible education and training activities have to be relevant for the current occupation of the learner and have to be provided by an approved training provider. The co-funding share is up to 50% of the costs for education and training up to a maximum of EUR 2 000 (for one training). The Vienna Bundesländer agency WAFF manages the measure. The funding is covered from the Budget of Vienna Bundesländer. The grant can be re-used after a break of a particular period.
#8	Learning account of Upper Austria	Regional	Key instrument	Beneficiaries of this scheme include all types of learners (employees, persons with parental leave benefit, persons on parental leave, marginally employed, unemployed, self-employed, freelancer, academics with a max gross income of EUR 2 700, entrepreneurs with a maximum of 5 employees) as long as they are residents of Upper Austria. The co-funding share is 30% of the costs for training and education, up to EUR 2 000. Professionally oriented further training and re-training are the eligible types of training to be funded. Office of the Upper Austrian government, Department Education and Society, governs, administers, and takes responsibility for the whole scheme.
#9	Education voucher of the Chamber of Labour	Regional	Key instrument	Members of the Chamber of Labour in Vienna can apply for the grant. The eligible education and training activities include computer and IT courses, job-related courses in the areas of work organisation and work environment, and language courses. The co-funding is fixed with an absolute amount of money (in 2020: EUR 120, EUR 170 for people on parental leave).
#227	Education bonus of the Chamber of Labour of Lower Austria	Regional	Further instrument	All members of the Chamber of Labour of Lower Austria can apply for the grant with special treatment for unemployed persons and parents. The eligible activities include training in priority sectors (e.g. health sector), the procedures for recognition of foreign diplomas, the "Berufsreifeprüfung" and the apprenticeship or the preparatory courses for the university of applied science/colleges. The Chamber's co-funding share is 50% of the eligible costs, up to a maximum amount of EUR 220 per year. The unemployed persons and persons on parental leave receive higher co-funding share/maximum amount. There is no limitation to re-use the grant.
#328	Skilled Workers' Grant	National	Key instrument	The scheme provides a wage-replacement payment for workers who have no higher education qualifications during participation in educational programmes selected by the dedicated body (published in a yearly list) for up to three years. Eligible programmes cover a broad range of secondary and post-secondary (mainly vocational) programmes. Support for fees can be also provided, however, coming under different other lines of support provided by the Public Employment Service. The scheme had been implemented as an alternative to the paid educational leave scheme, as the latter had been rarely used by

adults starting from a low-skilled position/aiming at an intermediate level of qualification. 100% of eligible costs can be covered. The scheme offers a lump-sum grant as a wage replacement of EUR 30.60 (2020) per day.

#329	Support for individual course costs	National	Further instrument	Unemployed, or employed under a certain maximum gross salary may apply for this grant, providing a contribution of up to 100% of course fees. The grant is implemented by regional PES. Individuals have to apply for this grant before starting the course.
#330	Digitalisation Skills grant	Regional	Key instrument	This measure aims to increase the digital skills of employees by supporting specific courses related to digitalisation (programming, use of software, etc.). Employees with a max net income of EUR 2 500 and unemployed are eligible for this scheme. No preferential treatment is applied. This scheme supports up to 80% of course fees, up to EUR 5 000, depending on the net income of the beneficiary. There is no opportunity to re-use the scheme.

(6) Loans

No loan incentive is established.

(7) Training leaves

#11	Training leave/training part-time	National	Key instrument	Employees can take a leave from 2 to 12 months (within a period of 4 years) for full-time education while receiving a wage replacement payment equal to 55% of the latest net income. Wage replacement payment is also available to employees who pursue part-time education and have their working hours reduced. Employees taking leave have the right to return to their workplace. The employer needs to agree with the leave. Since its last wholesale reform (2007), the training leave scheme has grown into the single most important co-funding scheme in Austria.
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(8) Payback clauses

#12	Training costs refund	National	Further instrument	Employers and employees have the possibility of establishing a payback clause within limits set by law. The employer and the employee need to agree and sign a written agreement on the payback clause prior to the training. According to the legal framework, training costs are only eligible for reimbursement by the employee if the training increases the earning power of an employee in the labour market. Firm-specific training is therefore excluded. As compensation for employer-provided/financed training, employees can commit themselves to stay in the company for an agreed period or provide compensation for the incurred training costs. According to the Labour Code, the retention period must not exceed 4 years (8 years in specific cases, e.g. very costly training, such as pilot training). Upon an employee's voluntary termination of the employment contract before the agreed period, the employer may recover (part of) the training costs from the employee. The amount to be repaid decreases over time.
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