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Social expenditure at new high in 2021

Almost one third of Austria's GDP flowed into social welfare in the second Corona year

Vienna, 2022-08-12 – In 2021, **social expenditure** reached the highest level so far with 132 billion euros (+2.3 % compared to the previous year) according to preliminary results of Statistics Austria. Due to the economic growth being considerably stronger than in 2020 (+6.2 %), the **social expenditure-to-GDP ratio** which expresses the share of social expenditure in the gross domestic product (GDP) declined to 32.8% (2020: 34.1 %).

“In the second Corona year, expenditure amounting to almost one third of Austria’s gross domestic product flowed into social affairs. The social expenditure-to-GDP ratio, i.e. the share of social expenditure in gross domestic product, declined in 2021 due to economic growth compared to the 2020 value. However, at 32.8 %, the social expenditure-to-GDP ratio was still at a significantly higher level than in previous years. By way of comparison: In the economic and financial crisis of 2009, it was 29.6 %, in 2019 29.3 %,” said Tobias Thomas, Director General of Statistics Austria.

A comparison of the last 30 years shows an average share of social expenditure in GDP of 30.2 % for 2011 to 2021, while it was just above 28 % during the two previous decades (2001–2011: 28.3 %; 1991–2001: 28.1 %).

Lower social expenditure for coping with the COVID-19 crisis in 2021

In 2021, because of the recovery on the labour market substantially less was spent for short-time working allowances (-33 %; 2021: 3.7 billion euros) and unemployment benefits (-32 %; 1.6 billion euros) (refer to table 2). On the other hand, expenses for unemployment assistance have risen slightly (+2 %; 1.9 billion euros) due to the increasing long-term unemployment. Support for self-employed, granted to compensate loss of income caused by the pandemic, saw a remarkable increase (+14 %; 2021: 1.3 billion euros).

The strong decline in family allowance (-15 %; 2021: 3.6 billion euros) was mainly caused by the reduction of the COVID-19 child bonus which led to falling expenses for families and children in total (-3 %). The decline was remarkably lower than for labour market and unemployment related social benefits (-14 %). Compared to 2020, sickness and health care expenses grew above average (+7 %) resulting from several additional COVID-19 measures (tests, vaccines, protective equipment etc.).

Old-age and health care benefits predominate

Within the Austrian welfare system, benefits for people at the pension age predominate: In 2021, about 56 billion euros (+5 % compared to the previous year) were spent on old-age pensions, civil servants' pensions, occupational pensions and on care services, equating to 43 % of total social benefits expenditure. Expenditure on sickness and health care comprising all age groups, at a level of 34 billion euros, was in second place with a share of 26 % in total social benefits. The remainder accounted for the following other social benefit domains: 9 % unemployment and family/children each, 5 % both disability and survivors as well as 2 % housing/social exclusion.

For detailed results and further information, please refer to our [website](#).

Table 1: Social expenditure, social expenditure-to-GDP ratio and social benefits 2000 to 2021

	2000	2005	2010	2015	2020	2021 ¹
Social expenditure in million Euro	59 678	71 046	87 639	102 803	129 230	132 178
Gross domestic product (GDP) ² in million Euro	213 606	254 075	295 897	344 269	379 321	402 710
Social expenditure-to-GDP ratio in %	27.9	28.0	29.6	29.9	34.1	32.8
Social benefits in million Euro ³	57 926	68 821	85 271	100 136	126 463	129 106
Social benefits by functions in %:						
- Sickness/health care	25.6	25.5	25.3	25.3	24.9	26.1
- Disability	8.2	7.6	7.2	6.8	5.6	5.5
- Old-age	40.4	40.8	42.7	44.3	42.4	43.5
- Survivors	8.2	7.4	6.6	6.0	5.1	5.0
- Family/children	11.3	11.2	10.8	9.6	9.1	8.6
- Unemployment	4.8	5.8	5.6	5.7	11.2	9.4
- Housing/social exclusion	1.4	1.7	1.9	2.4	1.8	1.9

S: STATISTICS AUSTRIA, European System of Integrated Social Protection Statistics (ESSPROS).

1) Preliminary results. – 2) GDP at nominal values according to ESA 2010, National Accounts, June 2022. – 3) The difference between social benefits and social expenditure are administration costs and other expenditure (e.g. interest).

Table 2: Expenditure for social benefits by functions 2000 to 2021, in million Euro

Function / Social benefit ¹	2000	2010	2020	2021 ²
Sickness/health care total, thereof:	14 815	21 560	31 462	33 749
- In-patient health care from health insurance, health institutions for parts of civil servants and administrative units	6 534	10 042	14 975	15 869
- Out-patient health care from health insurance, health institutions for parts of civil servants and administrative units	5 343	7 459	11 059	12 038
- Guaranteed remuneration by employers in the event of sickness	1 970	2 531	3 278	3 377
- Health care and rehabilitation from pension insurance	344	742	927	1 219
Disability total, thereof:	4 768	6 127	7 071	7 089
- Invalidity pension from pension insurance	1 679	3 012	2 565	2 475
- Social assistance for people with disabilities from Laender and municipalities	497	1 221	1 964	2 041
- Civil servants' pension from public bodies	424	803	836	859
- Long-term care allowance from central government and Laender ³	337	480	581	568
Old-age total, thereof:	23 392	36 392	53 607	56 107
- Regular old-age pension and invalidity pension from pension insurance	11 314	19 814	32 338	34 152
- Civil servants' pension from public bodies	6 050	8 227	10 696	10 986
- Occupational pension	1 216	1 905	2 461	2 594
- Minimum social protection/social assistance from Laender and municipalities ⁴	806	1 416	2 934	3 027
- Early retirement pension for long-term contributions payers, corridor pension, for long-term insured persons and heavy work pension from pension insurance	2 334	2 819	2 560	2 761
- Long-term care allowance from central government and Laender ³	1 308	1 845	2 195	2 152
Survivors total, thereof:	4 758	5 599	6 411	6 506

Function / Social benefit ¹	2000	2010	2020	2021 ²
- Survivors' pension from pension insurance	3 550	4 352	5 262	5 367
- Civil servants survivors' pension from public bodies	885	991	954	948
Family/children total, thereof:	6 552	9 206	11 452	11 093
- Family allowance ⁵	2 923	3 447	4 222	3 587
- Nursery schools	683	1 553	2 555	2 709
- Child tax allowance	1 150	1 319	1 339	1 346
- Child-care benefit (incl. allowance/subsidy)	-	1 062	1 171	1 187
Unemployment total, thereof:	2 801	4 799	14 125	12 107
- Short-time working allowance	2	55	5 489	3 704
- Active and activating labour market policy measures ⁶	776	1 931	2 677	3 110
- Unemployment benefit ⁷	902	1 339	2 395	1 618
- Unemployment assistance ⁸	577	821	1 909	1 950
- Support for self-employed and artists ⁹	-	-	1 112	1 263
Housing/social exclusion total, thereof:	840	1 589	2 335	2 454
- Minimum social protection/social assistance and aid for refugees from Laender/municipalities	312	763	1 613	1 698
- Housing and rent assistance, rent allowance	216	460	328	310

S: STATISTICS AUSTRIA, , European System of Integrated Social Protection Statistics (ESSPROS).

1) Mentioned are the most important social benefits within each social benefit function from a 2020/2021 point of view. – 2) Preliminary results. – 3) Since 2012, the state government is solely responsible for long-term care allowance. – 4) Out-patient, in-patient and partly in-patient social services (primarily net expenditure for residential homes for elderly). – 5) Family burdens equalisation fund (FLAF) and self-payment regime of the public sector (until 2008); incl. COVID-19 child bonus 2020 and 2021. – 6) Training measures, promotion of occupational and regional mobility etc. (active labour market policy measures) and passive measures of the unemployment insurance used for active interventions such as unemployment benefit and unemployment assistance for training (activating labour market policy measures); excl. short-time working allowance. – 7) Incl. Corona crisis lump-sum payment (2020 and 2021); excl. activating labour market policy measures (see footnote 6). – 8) Incl. Corona crisis lump-sum payment and temporary increase of unemployment assistance (each 2020 and 2021) as well as incl. special unemployment assistance (until 2007); excl. activating labour market policy measures (see footnote 6). – 9) Payments of the hardship fund for self-employed and micro enterprises as well as of the social insurance fund and aid fund for artists (COVID-19 crisis management).

Information on methodology, definitions: In the EU, expenditure (and receipt) for social protection are compiled according to the methodology of **ESSPROS** (European System of integrated **S**ocial **P**rotection **S**tatistics). Social protection expenditure (ident with the term social expenditure used above) encompasses social benefits, administration costs and other expenditure (e.g. interest) in the context of social protection systems (in Austria e.g. the statutory pension insurance or the Family burdens equalisation fund). Social (protection) expenditure are expenses of a **redistributive character**, namely no private expenses, no private capital and life insurance systems, no private supplements and no employers' social benefits without redistributive character. In addition, social protection expenditure do not include expenditure for education, subsidising housing and fiscal benefits not primarily for social purposes.

Social benefits are recorded "gross": The value is equal to the benefit paid by the relevant social protection system without any deduction of income tax and other obligatory levies payable by beneficiaries. Social benefits are transfers to private household and individuals from social protection systems intended to relieve them from the burden caused by a number of **risks or needs**. ESSPROS has by convention eight risks or needs (the so-called **functions**) that may give rise to social protection (housing and combating social exclusion are presented summed up as one function). **Direct payments made by the beneficiaries** towards the costs of social benefits are not receipts of the social protection schemes but of the institutional units that provide these benefits. These payments are deducted from the value of the social benefits (e.g. prescription charges or payments made by the beneficiaries in the case of accommodating in residential homes for the elderly). Statistics Austria is compiling ESSPROS data based on EU regulations. The **time series** comprise 1980, 1985 and the years from 1990 until the current reporting year. At present, the results for **2021** are still preliminary

(the final expenditure together with the financing will be available in autumn). Data sources used for ESSPROS are closed accounts of administrative units and social security institutions, national accounts data, income and loss accounts of funds, various secondary statistics and other information. With regard to preliminary results, data on social expenditure and on social benefits from the federal government and from social security institutions are usually close to final values. Other sources may deviate because they are based on extrapolations using rates of change from the preliminary COFOG government expenditure (Laender and municipalities) or on estimates (occupational pension).

If you have any questions on this topic, please contact:

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