The Career Break (Time Credit) Scheme in Belgium and the Incentive Premiums by the Flemish Government

Statements and Comments

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Career break models in Austria

In Austria, there exists no general scheme which allows temporary career breaks in combination with the right to return to the former job. Different forms of career break exist but they all require a certain reason for a break:

- Parental leave (Kinderbetreuungskarenz) which gives parents the right to care for their child (till the age of 3).
- Educational leave (Bildungskarenz), which allows employees to interrupt their career for at least 3 months (max. 12 months) to participate in an educational programme.
- Grants for working students who stop working in the final phase of their studies (Studienabschlussstipendium).
- Hospice leave or leave for nursing the critically ill (Familienhospizkarenz resp. Sterbekarenz), which allows employees to interrupt their career for care duties.
- Part time work for employees from 50 years on (Altersteilzeit), which should enable older people to participate longer in paid employment and contribute to a higher employment rate.

Below, I will briefly describe the individual measures and their significance in terms of numbers of participants as well as evaluation results (as far as information is available). Then I go on to discuss which aspects of the Career Break Scheme resp. the incentives premiums are relevant for Austria.

Parental leave & child care benefits (Kinderbetreuungsgeld)

For children born after 1 January 2002, the previous system of parental leave allowance, designed as an insurance benefit, has been replaced by the child care benefit designed as a family entitlement. Compared with the former parental leave allowance, the new system has introduced a number of changes: the group of persons eligible for the benefit has been substantially enlarged (now including students as well as housewives/housemen); the maximum period of entitlement has been prolonged by one year (to a maximum of 36 months); and beneficiaries have now the right to earn an additional income beyond the statutory limit for marginal short-time employment (max. 25 hours a week, max. earnings per year 14,600€). Although there are some possibilities to use the leave in a flexible way (e.g. part-time) the usual take up is full time.

The intention underlying the introduction of the child care benefit was to offer parents greater freedom of choice in matters regarding child care and their participation in the labour market. The idea was to promote the labour market participation of women with young children through a scheme, that makes it easier for them to reconcile work and family obligations and to make the system more attractive for men. However, according to first evaluation results (cf. Lutz 2003), the new regime - so far - has led to a
longer withdrawal of women from the labour market!, without resulting in a stronger involvement of fathers in the care for young children. In other words, in 2002 the number of women in employment (excluding women on leave and unemployed women) is declining (cf. Mahringer 2003). Furthermore it can be expected that re-integration problems (including unemployment) of women will increase the longer the breaks are.

With this reform, child care benefits are now available for all parents who care for children younger than 3 years. Parental leave takes place after the maternity leave (8 weeks before and after confinement). During the parental leave the caring person is entitled to receive child care benefits. The child care benefit is paid for 36 months (if the father takes at least 6 month of leave). But the existing regulation does not offer strong incentives for fathers to use their right for parental leave (only about 2% of all leaves are taken by men). One reason for the low engagement of men in care duties seems to be the low benefit rate (14.53€ per day, flat rate).

At the moment, child benefit is given for a period of 30 months (for one partner), while protection against redundancy lasts only for 24 months. According to the concerned Minister, this discrepancy might be adjusted.

The Austrian government has decided to introduce a right for parents of children younger than school age to work part-time. After three years of employment parents are given the right to reduce their working hours until their child starts school. Two preconditions (company size and duration of employment with the company) restrict the number of potential users. Estimations of Synthesis Research show that 77% of all employees are not entitled to this right, because they work in micro-enterprises or have just stared their careers.2

Educational leave (Bildungskarenz)

The educational leave must be agreed between the employee and the employer. If the employer agrees, the employee may go on leave between 3 and 12 months. Health insurance is paid by the unemployment insurance during this time. The person on leave receives a benefit equivalent to the childcare benefit (14,53€ per day). Leave can be taken if the employee wants to take his/her final school examination as a mature student or participate in a language course or in job related training. The employer gets a benefit from the Public Employment Service if he/she hires an (unemployed) replacement for the person on leave.3 The leave is designed as full time leave, there are no flexible forms of take up considered.

The person on leave has to be employed with the current employer for at least 3 years (without interruptions) and has to confirm his/her participation in a training programme/course (e.g. Certificate).

The main barrier concerning educational leave is the necessary agreement between the employer and the employee. Also the timing and the duration of the leave have to be negotiated between them. In fact, it is only possible to take the leave if it is in the employer’s interest. Another problem is the low replacement rate. So it is not surprising that in 2002 only 982 people (65% of them are female) received the benefit.4 Compared to the previous year this was a sharp decrease, because in 2001 3,042 cases

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1 The percentage of women returning to the labour market before their children reach the age of 2 ¼ years has dropped from 54% to 35%.
2 Cf Lehner, Wagner-Pinter 2003.
3 Jobrotation is not a very popular measure in active labour market policy for companies. Other financial subsidies for the qualification of employees (e.g. within the ESF target 3) which require less administrative efforts exist there.
were counted (90% women). The decline is due to a change in regulations. To take educational leave immediately after parental leave is not possible anymore.

Grant for working students during the final phase of their studies (Studienabschlussstipendium)

Students who have worked during their studies on a regular basis may apply for a grant, which should enable them to finish their studies. This measure, which is now co-financed by the European Social Fund (ESF), was introduced in 1998 because research has shown that work on a thesis is hardly possible while working on a full-time basis. So, for full-time working students at the end of their studies, the likelihood of dropping out increases significantly.

Students in the first course of their studies who meet the following requirements may apply for the grant: During the last 48 months they must have been employed at least part-time for at least 36 months (maternity or paternity leave is considered equivalent). They have to write their MA-thesis and/or pass their last exams.

The grant (between 550€ and 1,000€ per month depending on previous income) is paid for max. 18 months and must be paid back if the degree is not awarded within 6 months after the last instalment is paid.

In 2001, 77 grants have been approved which represents 0.2% of all students receiving a student benefit.

Hospice leave or leave for nursing the critically ill (Familienhospizkarenz bzw. Sterbekarenz)

Since July 2002 all employees and unemployed people have the legal entitlement to shift or reduce their working time (up to zero) to accompany critically ill relatives or severely ill children. The duration of this unpaid leave is up to 3 months and can be prolonged for three months if necessary. Health and pension insurance is paid by the unemployment insurance during this time. Close relatives, primary spouses, children, uncles, parents, grandparents, great-grandparents, and also foster-children, life partners, brothers and sisters, parents-in-law and children-in-law are entitled to the leave.

The employee has to write an informal notice to his/her employer 5 days before using the measure or 10 days before a prolongation. If the employer does not agree, he has to bring in action against the employee at the social welfare or labour court. The ending of the cause for the leave has to be reported immediately to the employer. The employee can demand a return to his/her former working time two weeks after the ending of the cause. The employer has also the right to demand a return, if there is no legitimate interest for the leave. The employee has a higher protection against dismissal from the time of reporting until 4 weeks after ending.

The take-up of the hospice leave is very modest – 115 people were on hospice leave by the 1st of October 2003. All in all 524 people used this form of career break between the 1st of July 2002 and the

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6 About 50% of all students work regularly on a full-time or part-time basis, additional 18% work temporarily during the term (cf. Wroblewski, Unger 2003).
1st of October 2003. This take up is far from the initial expectations of 10,000 to 15,000 people per year who would make use of this entitlement. The majority of them are women who care for sick partners, children or parents. Only 10% of all cases are men caring for their wives.

Critics argue that one problem is the financial risk associated with the take up of the leave. Furthermore, the unclear definition of “critically or severely ill” and the limitation to close relatives is criticised.

Although it is unpaid leave, there exists a hardship fund from which employees on leave may apply for a subsidy. In 2003 122 persons got a benefit (this means one out of four people on leave gets a benefit). The average benefit was 483,40€ per month (ranging from 34€ to 1.478€). The amount depends on the individual circumstances.

**Part-time-retirement (Altersteilzeit)**

In Austria, the employment rate for workers over 50 is very low. A well-established system of early retirement schemes has enabled a substantial share of people to leave the labour market before the official retirement age, imposing an increasing burden on the pension system. On the other hand, employers are not very keen to keep people in the age group 50+ in work. In 2000 a ‘part-time-retirement’ scheme was established to increase the employment rate of the elderly. After some starting problems this scheme became very popular and by the end of 2003 around 37,000 people took part in this programme. Under this programme, women aged 50 and over and men aged 55 and over can cut back their weekly hours by between 40 and 60 per cent without losing a corresponding proportion of their income (about 50% of the income difference is replaced).

From the beginning of 2004 the entitlement to part time retirement will be revised (in order to restrict the number of people on part time retirement because of financial reasons). Now the participation in this programme requires that another person be employed as a replacement. Experts expect therefore a sharp decline in part time retirement and an increasing number of unemployed over 50.

**Transferability to Austria**

There is a clear demand for career breaks combined with social security (according to Günther Schmid’s model of transitional labour markets) in Austria, but it is still not met. Employees face several risks, if they are not full-time available on the labour market or if they want to withdraw from employment for a certain period of time. Part time work is mostly offered only in unqualified, low paid and dead-end-jobs. On the other hand, there are some possibilities to quit employment temporarily, which are in most cases associated with financial insecurity and re-entry problems. This is for example the case with women who use the maximum period of parental leave and stay at home for two or three years. After that a re-entry is problematic because of a lack of day care facilities (so that most mothers try to re-enter the labour market via part time jobs) as well as de-qualification. In the long run this leads to an increasing dependence on the male breadwinner or a higher risk of becoming poor. Other forms of career breaks play a minor role compared to parental leave.

Relevant points of the Belgian career break model and the incentive premiums of the Flemish government for Austria are:

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7 Statistics department of the Social Security Organisation (*Hauptverband der Sozialversicherungsträger*).
8 Forecast of Synthesis Research (figures for 2003 not yet available).
Formulation as a right: This is not only a signal to employees that it is legitimate to have career breaks, but also a signal to employers to allow breaks and support re-entry. Such signals are necessary to provoke change in attitudes so that breaks become standard instead of exceptional. At the moment, in Austria only the parental leave is widely accepted, but employers do not accept other forms of leave in the same way.

Clear and standardised access to the programme: Every employee may easily be able to inform him/herself if he/she is entitled or not and how to apply for it.

All leaves are paid: The premium for certain forms of leave may on the one hand be a sign that these forms are especially important or welcomed. Somehow a problem is the flat rate benefit, which leads to the fact that – because of the gender pay gap – it is primarily women who use leaves in Austria.

Duration of the leave: the limitation of the leave to 12 months avoids long career breaks with re-entry problems. This might contribute to avoiding a polarisation within the working force between full-time available and only part time available employees.

Forms of flexible take up: These flexible forms of take up allow employees to reconcile work with other spheres of life and thus avoid a 100% exit from the labour market. This possibility to stay in contact with the employer reduces the re-entry problems associated with long career breaks (see for example the new child benefit system in Austria). However, this requires an institutional framework besides the leave regulations that supports the reconciliation (e.g. enough care facilities).

Even if all these aspects might be interesting for Austria, there are several barriers: At present one of the main political objectives is a balanced budget. So therefore new measures may only be financed through redistribution but must not cause additional costs. Another crucial question – which is also not resolved completely in Belgium – is how to bring the enterprises in. Employers will only support career breaks and other family friendly policies if it is in their interest, so it must pay off. Case studies in German enterprises which offer family friendly policies show that in most cases the costs for family friendly workers are lower than the replacement costs (search costs, qualification etc.) – especially in the case of highly qualified staff (cf. Seidel et al. 2003). Last but not least it is a political decision whether reconciliation should be supported by means of family policy (which supports longer full time breaks) or by means of labour market policy (which tries to facilitate the combination of employment and care duties).
Bibliographie