



## IPS Abstract

### Current crisis: Challenges to income of private households and their financial situation in Austria

**Author:** Mrs Nadja Lamei

**Coauthors:** Nadja Lamei, Richard Heuberger

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#### Brief Description

The COVID 19 pandemic has led to an increase of the number of persons in Austria depending on social transfers.

In the beginning of 2022 facing a new crisis triggered by the war on Ukraine private households became pressured from the cost side: Throughout 2022 the share of persons which experienced financial difficulties and problems to finance basic necessities increased.

In our analysis, we take a look at the development of income, income components (employment income vs. social transfers) and financial difficulties by using data from EU-SILC and quarterly statistics.

#### Abstract

The COVID 19 pandemic has had an impact on the employment market and increased the share of persons in households with no work or very low work intensity, but in the short term this has not had a negative impact on material living conditions of persons in Austria as surveyed by EU-SILC. Despite the massive economic and employment downturn, social consequences of the crisis in 2021 could to a large extent be prevented. This was partly due to social transfer payments becoming a more significant source of income: In 2021 more than one million people (12% of the population in private households) had income mainly from social transfers, such as unemployment or family benefits. This meant an increase of the number of persons mainly depending on social transfers as compared to the years before the crisis. Those households – although on the short run provided for have less financial leeway than others.

In the beginning of 2022 an economic growth was forecast but then – facing again a crisis of global dimensions triggered by the war on Ukraine private households became pressured mainly from the cost side: Their standard of living was affected by the rising prices in many sectors, foremost in energy consumption and other basic costs of living. Quarterly statistics in living conditions show that throughout 2022 the share of persons which experienced financial difficulties and problems to finance basic necessities increased.

In our analysis, we take a look at the development of income, income components (employment income vs. social transfers) and financial difficulties (e.g. measured by the ability to face unexpected expenditures). We use the comprehensive dataset of EU-SILC and also its panel component, thus we can examine the households that have been in the sample from 2019-2022. Additionally, we take information from a quarterly data collection on income changes and subjective perceptions of financial situation and personal well-being. These data sources together allow us to monitor crisis impacts in a comprehensive and timely manner. While discussing these results we also take a glance at measurement issues that have been challenging to our (household) surveys throughout these years.