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Evaluation of the AMS subsidisation scheme for in-company training places¹

The AMS subsidisation scheme for in-company training places (“Lehrstellenförderung”) proves to be a truly effective and efficient instrument to support young people at a disadvantage and place them in an apprenticeship. The long-term and sustainable (labour market policy) success is also due to the fact that the importance and significance of a completed apprenticeship training programme for the learners’ further professional career is very high and that the costs of this AMS subsidisation scheme per funded person, for example, only amount to a fraction of the costs for a supra-company apprenticeship post.

These are key results of the “Evaluation of the AMS subsidisation scheme for in-company training places” (ibw-öibf study commissioned by Public Employment Service Austria or Arbeitsmarktservice Österreich (AMS)). As part of this study, ibw surveyed all apprenticeship graduates and dropouts from 2008 to 2014 regarding their use of the AMS subsidisation scheme as well as regarding their training success and (subsequent) labour market success (ibw apprenticeship graduate monitoring).

By providing funds for training companies, the AMS subsidisation scheme for in-company training places mainly pursues the objective of placing apprenticeship post seekers with a particular disadvantage (such as people with restrictions, people who are socially maladjusted, pupils who attended special needs school, people with learning difficulties, participants in training programmes pursuant to §8b of the Vocational Training Act or BAG – i.e. a prolonged apprenticeship period or partial qualification, etc.) in an apprenticeship post. In addition, the scheme also funds the training of women in apprenticeship occupations which are characterised by a low share of women. Overall, the subsidisation scheme focuses on 15 target groups with distinct definitions.

The evaluation examined the impact (effectiveness) of this subsidisation scheme and paid additional attention to its efficiency and organisation. One key element of this evaluation was its focus on all 303,147 apprenticeship graduates and dropouts from 2008 to 2014 regarding their use of this AMS subsidisation scheme as well as regarding their training success and (subsequent) labour market success.

The AMS subsidisation scheme for in-company training places benefitted 11.7% of the apprenticeship graduates and dropouts from 2008 to 2014. This share showed a marked increase over time (9.6% among the apprenticeship graduates and dropouts from 2008, 14.0% among those from the year 2014).

TABLE 1:

Description of the survey population

(apprenticeship graduates and dropouts from 2008 to 2014 in Austria, including §8b(2) “partial qualification (PQ)”)

Year	(Apprent.) graduates and dropouts (TOTAL)	(Apprent.) graduates	Apprentice- ship dropouts	Share of dropouts	AMS sub- sidisation*	Share of the AMS sub- sidisation*
2008	42,744	35,589	7,155	16.7%	4,099	9.6%
2009	42,843	36,114	6,729	15.7%	3,891	9.1%
2010	44,469	37,182	7,287	16.4%	4,619	10.4%
2011	43,535	36,614	6,921	15.9%	5,183	11.9%
2012	43,231	36,224	7,007	16.2%	5,797	13.4%
2013	41,398	34,671	6,727	16.2%	5,694	13.8%
2014	40,552	34,271	6,281	15.5%	5,666	14.0%
TOTAL**	298,772	250,665	48,107	16.1%	34,949	11.7%
§8b(2) (PQ)	4,375	3,015	1,360	31.1%	1,599	36.5%
Including PQ	303,147	253,680	49,467	16.3%	36,548	12.1%

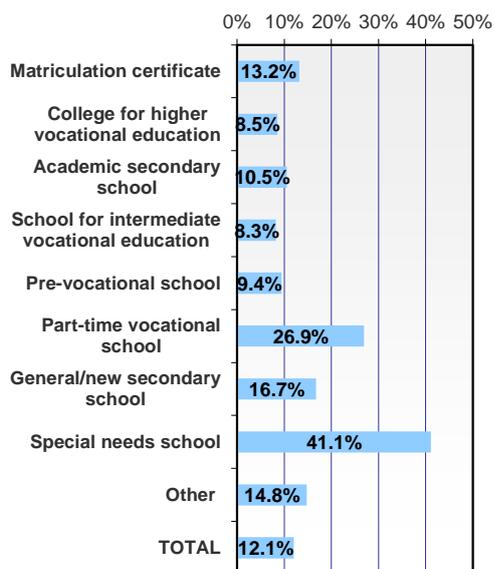
Source: ibw apprenticeship graduate monitoring 2008-2014 (data basis: WKO, AMS, SV + ibw calculations)

Reaching target groups at a disadvantage

The AMS subsidisation scheme for in-company training places actually reaches disadvantaged people to a large extent and in almost all target groups. The chances of these people finding an apprenticeship post would have to be assessed considerably lower without this subsidisation. When analysing them by their previously obtained qualification (the school type they attended before taking up the apprenticeship training), for example, the share of apprenticeship graduates and dropouts from 2008 to 2014 who were subsidised as part of the AMS subsidisation scheme for in-company training places is especially high among those who previously (i.e. immediately before the beginning of the apprenticeship) attended a special needs school (41%), a part-time vocational school (27%) or a general/new secondary school (17%). (Previous) attendance of a part-time vocational school means that, as a rule, the learner has already dropped out from (another) apprenticeship training programme. Attendance of a general/new secondary school implies that the learner did not attend a pre-vocational school during the compulsory school period (such as due to repetitions of classes, credits awarded for a pre-school year, etc.). The analysis of the use of the scheme broken down by previous qualification thus reveals that the AMS subsidisation scheme for in-company training places – globally speaking – has highly disproportionately reached groups at a particular disadvantage (graduates of special needs school, apprenticeship dropouts, pupils who have completed general secondary school immediately before taking advantage of the scheme).

DIAGRAM 1:

Share of funded apprenticeship graduates and dropouts by previous qualification (i.e. recently attended school)
(apprenticeship graduates and dropouts from 2008 to 2014, including §8b(2) “partial qualification”)



Source: ibw apprenticeship graduate monitoring 2008-2014 (data basis: WKO, AMS, SV + ibw calculations)

Notes: Including graduates and dropouts of a training programme pursuant to §8b(2) of the BAG (partial qualification).

Funding amount/sum and efficacy of the use of funds

The current federal guideline on the AMS subsidisation scheme for in-company training places dated October 2015 provides for a variable funding rate of “up to € 400 (for companies)”, “up to € 453 (for training establishments)” and “up to € 755 for learners over the age of 18 years”. This funding rate is handled very differently and defined in more detail in province-specific internal guidelines or specifications, which themselves are also subject to changes over time. Due to the variable funding rates, significant fluctuations have occurred – at least up to now – both in the total and in the monthly funding amount, depending on the type of funding, province, etc.

Overall, the average total funding amount for all apprenticeship relationships which were funded by AMS and attended by the apprenticeship graduates and dropouts from the years 2008 to 2014 was € 3,451. The average total funding amount for apprenticeship graduates, who – due to their longer stay at the training company – can be assumed to have benefitted from the funds for a longer period, was €3,868 and for apprenticeship dropouts it was €2,503. It can therefore be proven that (funding) costs per graduate are an average of €3,868, but that also dropouts cause considerable costs (an average of €2,503 per person) and that, as a result, also for financial reasons, special attention should be paid to preventing people from dropping out from the training (even more so, of course, for reasons related to their individual training success and labour market success).

At the same time, under the reasonable assumption of acceptable and clear windfall effects, the AMS subsidisation scheme for in-company training places can be viewed as a very efficient form of subsidisation of apprenticeship places and apprentices, above all when contrasting the costs for AMS (average total funding amount of € 3,868 per apprenticeship graduate over the entire apprenticeship period) with the costs accruing where apprenticeship training would instead have to be organised in supra-company apprenticeship training establishments which are specifically set up for this purpose and where – for the entire training duration of three to four years – around ten times higher training costs would have to be assumed for AMS². Supra-company apprenticeship training commissioned by AMS has therefore been developed for young people at even more of a disadvantage and should only be used for young people who, due to the necessary support intensity, cannot be reached with the AMS subsidisation scheme for in-company training places.

Training success

The training success of a company-based funded apprenticeship training programme (27% apprenticeship dropouts, 60% apprenticeship-leave exam passed, of which 13% with good results and 6% with excellent results) is also considerably higher than supra-company apprenticeship schemes, which are conducted without a subsidisation scheme for in-company training places but, overall, are much more cost- and support-intensive (44%

apprenticeship dropouts, 43% apprenticeship-leave exam passed, of which 9% with good results and 4% with excellent results), but which can be viewed as an opportunity for groups of people at even more of a disadvantage (see above).

Due to the fact that the focus is on young people at a disadvantage, the training success of apprenticeship graduates and dropouts who were funded as part of the AMS subsidisation scheme for in-company training places is – as can be expected – below the success of their non-funded counterparts. This must also be viewed in connection with the finding (which by itself is little surprising) that the previous qualification (the school attended before taking up the apprenticeship) of the apprentice-

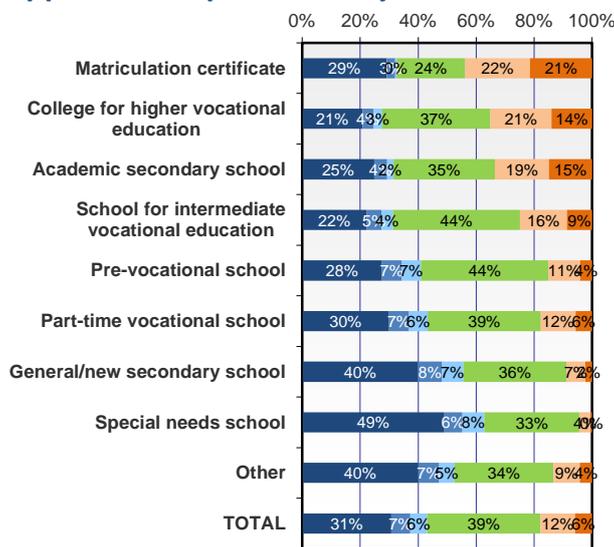
ship graduates and dropouts from the years 2008 to 2014 also (still) correlates with the training success during the apprenticeship (cf. Diagram 2). Around half of the special needs school graduates, for example, dropped out from apprenticeship training (52% of all or 49% of all funded apprenticeship relationships).

It is also striking, on the one hand, that holders of the matriculation certificate dropped out from apprenticeship training more frequently than the total average (but this does not apply to funded apprenticeships), on the other hand, however, they also passed the apprenticeship-leave exam with excellent results considerably more often (24% overall and 21% of funded apprenticeships).

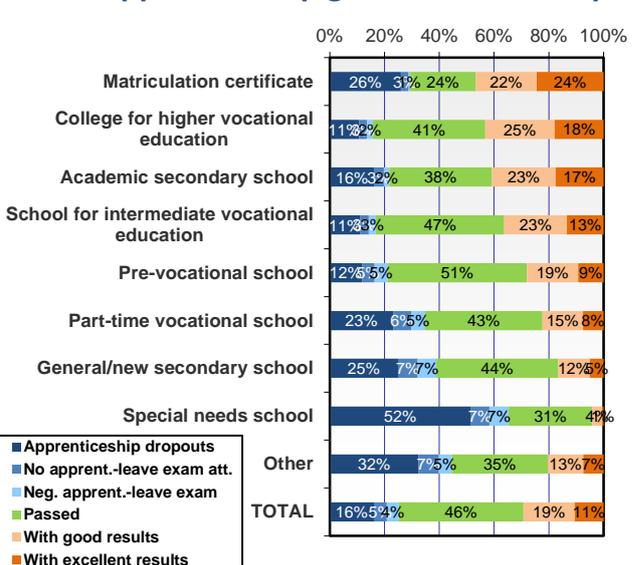
DIAGRAM 2:

Training success by previous qualification
(apprenticeship graduates and dropouts from 2008 to 2014, not including §8b(2) “partial qualification”)

Apprenticeships funded by AMS:



ALL apprenticeship graduates and dropouts:



Source: ibw apprenticeship graduate monitoring 2008-2014 (data basis: WKO, AMS, SV + ibw calculations)

Notes: Not including apprenticeship graduates and dropouts of a training programme pursuant to §8b(2) of the BAG (partial qualification). Previous qualification pursuant to the WKO apprenticeship statistics, defined as the previously attended school

Labour market success

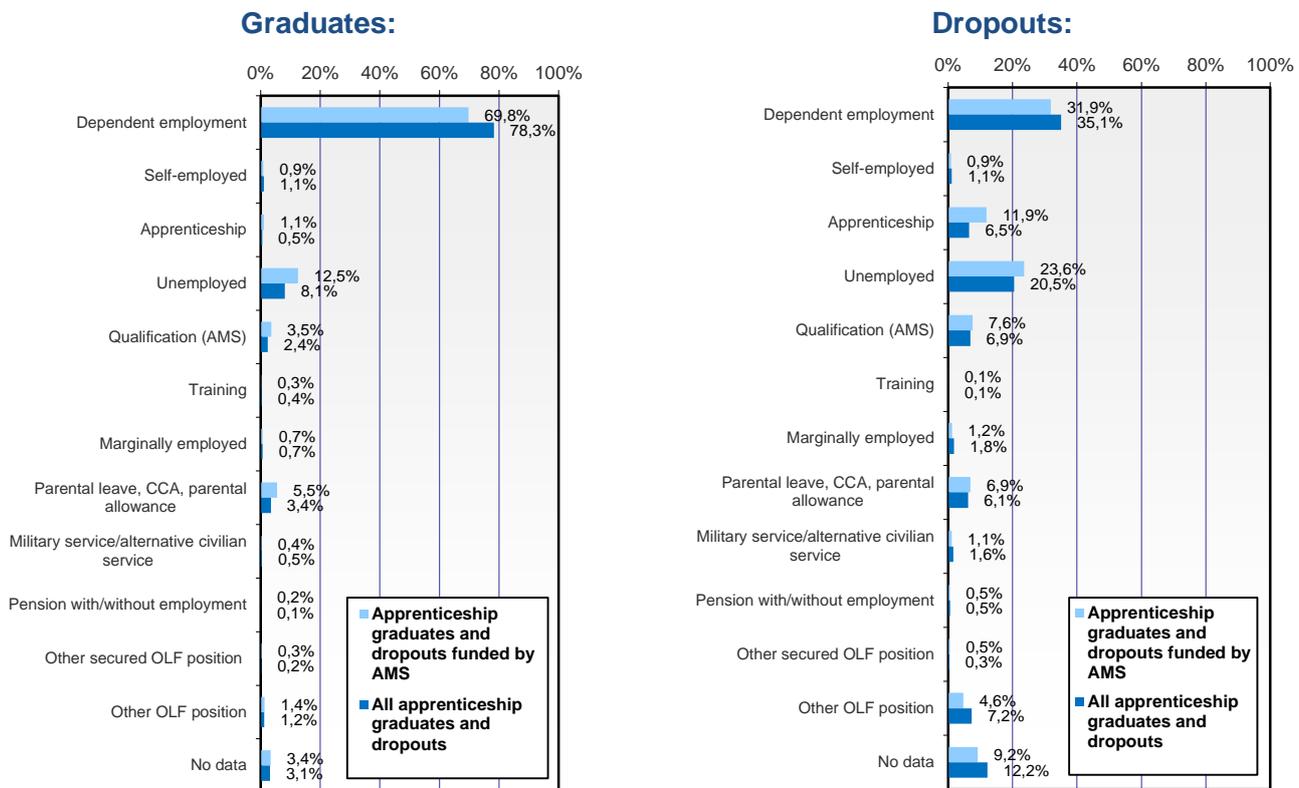
At the same time, the available research findings also reveal the high significance of a completed (funded) apprenticeship for successful labour market integration especially also of the target groups at a disadvantage: three years after graduation or dropout from the apprenticeship, unemployment (including AMS qualification schemes) of graduates of an apprenticeship funded by AMS was 16%, of dropouts from a funded apprenticeship it was almost twice as high, that is 31%. Three years after the apprenticeship, overall 70% of the funded apprenticeship graduates but only 32% of the also funded apprenticeship dropouts were in dependent employment. Three years after the apprenticeship, 8% of all graduates but 21% of all dropouts were registered as unemployed. Another 7% of all apprenticeship dropouts were in a qualification scheme of AMS at that time. These differences prove very impressively the high importance of a completed apprenticeship for successful and sustainable

labour market integration and ultimately also the necessity and usefulness of labour market policy instruments to fund apprenticeships for disadvantaged groups.

The AMS subsidisation scheme for in-company training places not only funds disadvantaged target groups of apprentices but also fulfils a compensating function for companies by disproportionately often tending to provide support for companies which face major difficulties when searching for apprentices: e.g. smaller companies and companies from the tourism industry. It can be assumed that the financial support of apprenticeship training is of clearly higher significance especially for structurally weaker economic sectors, also because the AMS subsidisation scheme for in-company training places above all provides funds for companies which themselves are at a disadvantage in their competition for the most talented youths and therefore more frequently come into contact with “lower-performing” applicants and/or apprentices.

Diagram 3:

Detailed labour market status 3 years after graduation/dropout from an apprenticeship
(apprenticeship graduates and dropouts from 2008 to 2014, including §8b(2) “partial qualification”)



Source: ibw apprenticeship graduate monitoring 2008-2014 (data basis: WKO, AMS, SV + ibw calculations)

Notes: Dropouts = apprenticeship dropouts who – at the time of the termination of the apprenticeship relationship – had not yet/not fully completed the apprenticeship duration and also did not take the apprenticeship-leave exam by the end of the following year.
Including graduates and dropouts of a training programme pursuant to §8b(2) of the BAG (partial qualification).
CCA = childcare allowance
No data = insurance gaps, no data, uncertain, death
OLF = out of labour force

Recommendations

Suggestions/recommendations to optimise the AMS subsidisation scheme for in-company training places relate to the following:

- extending the target groups by adding young people with an everyday language or mother tongue other than German,
- stopping funding of the target group “early school leavers”,
- ideas for the discussion on redefining the target group “young women in apprenticeship occupations with a low share of women”,
- complementing the AMS subsidisation scheme for in-company training places (for companies) by adding needs-oriented individual support for apprentices with higher living expenses (above all people who cannot/can no longer live free-of-charge at their parents’),

- focusing on preventing apprenticeship dropouts,
- adjusting the maximum duration of subsidisation to the training duration
- as well as possible alternative subsidisation concepts.

¹ Dornmayr, Helmut / Litschel, Veronika / Löffler, Roland (2017): Evaluierung der Lehrstellenförderung des AMS Österreich. Endbericht. (Evaluation of the Subsidisation Scheme for In-company Training Places of AMS Austria. Final Report.] Vienna: ibw-öibf.

² See details of the costs of supra-company apprenticeship training in: Dornmayr, Helmut & Nowak, Sabine. (2016). Lehrlingsausbildung im Überblick 2016 (2016 Survey of Apprenticeship Training). ibw-Forschungsbericht Nr. 188 (ibw Research Report No. 188). Vienna: ibw.

The entire study can be downloaded from <https://www.ibw.at/bibliothek/id/464/> (in German)