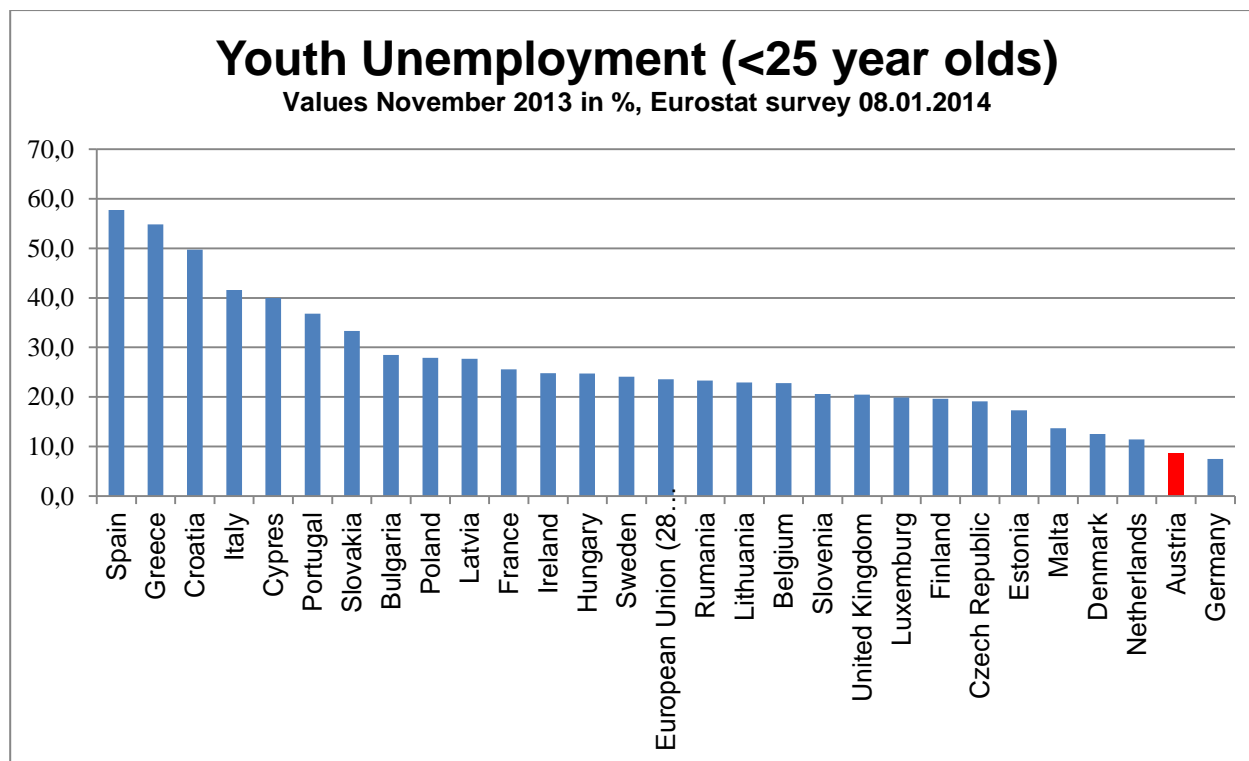


Youth Employment and Vocational Education and Training in Austria

15th January 2014

Background

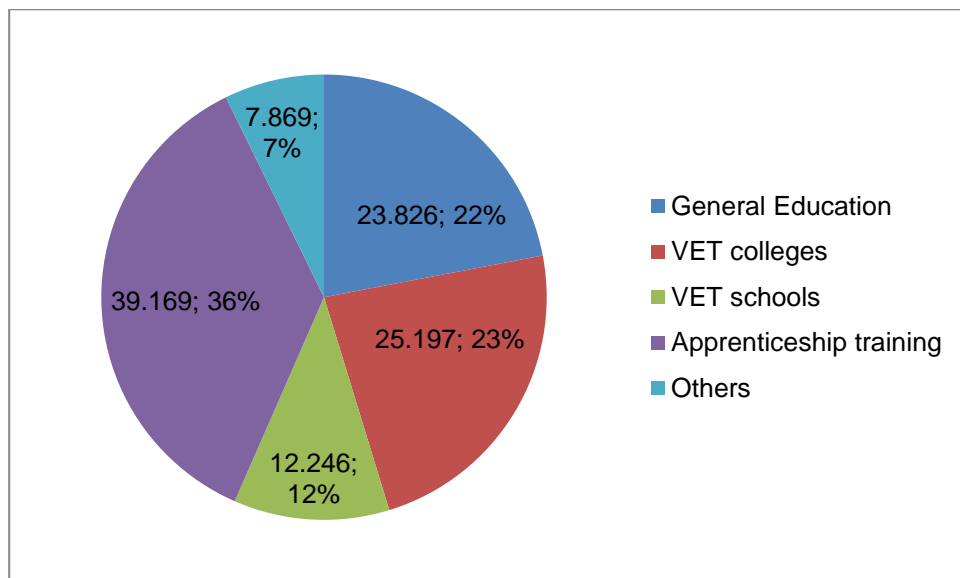
In many European states, youth unemployment has risen dramatically in recent years. In Spain and Greece, unemployment in the under-25 age bracket is approaching the 60% mark; the EU average is 23,5%. In view of this situation, vocational education and training (VET) – and here especially, dual vocational training (apprenticeships and similar forms of on-the-job training) – are high on the political agenda of many member states and of the European Commission. Member states with well-developed vocational training structures, especially apprenticeship programmes (notably Austria, Germany, Denmark and the Netherlands), are substantially less affected by youth unemployment than Member states that rely primarily on general and higher education.



What's special about the Austrian vocational training system

Austria has a well-developed and diverse VET system at the upper secondary level, consisting of apprenticeship training and full-time school based VET known as the BMHS (berufsbildende mittlere und höhere Schulen) system. Approximately 80% of an age cohort is in a VET programme, with about equal shares in apprenticeship training and full time school based VET training. Such a high proportion of VET places Austria at the top of EU countries.

Distribution of young people into the different training schemes in the 10th school year (2012/2013)



The broad range of available training (over 200 apprenticeship trades, diverse schools and disciplines in full-time school based VET) means that young people can more easily find opportunities that fit their interests and aptitudes than in many other educational systems: The Austrian rate of early school leavers is correspondingly lower, and the graduation rates at upper secondary level higher, as compared to the rest of Europe.

Percentage of students at upper-secondary level in VET	Austria: 76.8% EU average: 52.8%
Education attainment at upper-secondary level	Austria: 86% EU average: 78.6%
Early school leavers	Austria: 8,7% EU average: 14.4%
Higher Education graduation rate	Austria: 23.5% EU average: 32.3%
Youth unemployment	Austria: 8.7% EU average: 22.8%
Labour productivity	Austria: 116.3 EU: 100

Source: Eurostat, OECD, available last year 2011-2013

Success factors of the Austrian apprenticeship system

The dual apprenticeship system is an officially recognized and regulated part of Austria's education system. The ratio of on-the-job training to classroom time is approximately 80:20. An apprenticeship diploma can lead directly to tertiary VET programmes (master craftsman (Meister) or professional certificate exams (Befähigungsprüfungen); industrial master schools (Werkmeisterschulen), as well as to universities of applied science (Fachhochschulen). It can also be a path to university studies through the Berufsreifeprüfung, (supplementary exams in German, English, math, and the respective specialist area). A major criterion for success is that the social partners have a strong formative influence on the content and scope of the training: trade profiles are negotiated between the social partners and form the basis for the part time vocational schools' curricula. The authority primarily responsible for the administration of the dual apprenticeship system, as well as the contact point for training companies, are the apprenticeship offices at the regional economic chambers. These offer a range of accompanying support services to the training companies and are responsible for the administration of financial support available to training companies. Workers representatives are available as primary contact persons for the apprentices.

The social partners, thus employers and labour, thereby see themselves, along with the two relevant ministries (economy and education), as co-owners of the dual apprenticeship system. This creates a power-sharing partnership that enhances companies' willingness to hire and to train apprentices.

Challenges and Proposed Solutions

For the immediate future, the major challenge lies in demographic developments. The number of 15-year-olds in Austria had a last peak in 2008 with close to 100,000 persons. That figure will drop to 85,000 by 2016, due to years with low birth rates. From then on until 2025 the numbers will stabilize, with only minor swings. Against the backdrop of the better image many young people and their parents attribute to school based education, apprenticeship training will increasingly come under pressure. Aggravating the situation is the fact that some young people leave the school system without sufficient basic skill levels, causing many apprentice positions to remain unfilled and the number of training companies to decrease.

For the apprenticeship system to maintain its current share of 40 percent of an age cohort, measures are needed to reinforce its attractiveness, image and quality. To this end, the social partners are working on putting together a set of measures that includes the following points:

- Improved school and career counselling from 7th grade on
- Redefining mandatory schooling as a requirement to achieve a defined set of standards and scholastic goals
- Reform of the 9th grade level, where there are currently multiple transfers and misdirected student allocations, which lead to dropouts and systematic disadvantage of apprenticeship training
- Introducing systematic quality management to apprenticeship training and evaluations of the success rates in apprenticeship training (dropouts, absenteeism, and exam failures)
- Increasing the permeability for apprenticeship graduates to the higher education sector creation of suitable routes

Training guarantee up to age 18

The apprenticeship system is demand driven; an apprenticeship contract is only concluded when a business, on the basis of a perceived midterm skill need, is prepared to enter into such an agreement with a young person. This "market logic" in the apprenticeship training system runs up against the "entitlement logic" of full time school based VET Pupils who finish mandatory school with positive grades can continue their school based training in a VET school or a VET college.

To nevertheless ensure that also those young people who do not succeed in finding either an apprentice position or a place in full time school based VET can receive formal vocational training, a training guarantee for all young people has been in place since 2008. This guarantee is implemented by the AMS (Arbeitsmarktservice – public employment service) by means of the **ÜBA** (Überbetriebliche Berufsausbildung – **supra-company apprenticeship training**).

When a pupil after completing mandatory schooling seeks an apprenticeship and the AMS does not succeed in placing him or her in an apprenticeship in a company, this young person can still begin learning a trade through the ÜBA programme. During the student's term of training under the ÜBA, the ÜBA will continue to pursue the goal of placing the student in a regular apprenticeship position. It is however also possible, that a person completes his or her entire apprenticeship term in an ÜBA course and sits the apprenticeship certificate exam. As of December 2013, there were approximately 9,000 students enrolled in the ÜBA programme: While the per person annual cost to the taxpayer of the apprenticeship programme is only around 5600 euros (consisting primarily of the cost of part-time vocational school plus financial subsidies to training companies), and a full-time school based VET costs around 8600 euros, the ÜBA is looking at a cost factor of over 17,000 euros (AMS costs and vocational schools) per year. The political consensus in Austria is that these costs are offset by avoiding the substantially higher social and economic costs of inactivity.