

SchulzeBöing\_Projekte

# Minimum Income Guarantees – Germany in a European Perspective

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Matthias Schulze-Böing

# Structure

1. European Convergences
2. Germany – Unemployment and Employment Policies
3. Germany – Basic Protection for Jobseekers
4. Impact, Debates and Current Reform-Initiatives

# The double challenge of economic development

The challenges:

- Globalisation and economic development have reduced inequality between countries, but deepened inequalities within many countries
- Demographic changes and the shift towards a knowledge-based economy have increased the mismatch in labour markets

**Policy responses:**

- Modernising Protection
- Social Investment

# Steps towards a social Europe

1998: European Employment Strategy

2000: The „Lisbon Strategy“ („modernising the European social model, investing in people and combating social exclusion“), open method of coordination

2008: EU-Commission recommendation on “Active Inclusion”

- adequate income support
- inclusive labour markets
- access to quality services

2017: European Pillar of Social Rights



# The Council Recommendations (2022)

## Minimum Income:

“non-contributory and means-tested **benefits of last resort** to households without sufficient resources, when other sources of income or benefits have been exhausted or are not adequate to ensure a life in dignity”

“They are generally complemented with **tailored assistance** and **incentives to access to labour market**, measures fostering **social inclusion** and provision of **quality services**. In this way, minimum income schemes - integrating all three reinforcing strands - are not a passive tool but act, as far as possible, as a **springboard to improve inclusion and employment prospects**”

“Well-designed minimum income schemes strike the **right balance** between poverty alleviation, work incentives and sustainable budgetary costs.”

# The Council Recommendations / 2

- 1) **adequacy** of income support;
  - regard to national standards
  - while safeguarding the sustainability of public finance
- 2) **coverage**;
  - transparent and non-discriminant criteria of eligibility
  - means-testing thresholds, that reflects the standard of living
- 3) **take-up** of minimum income
  - reducing administrative burdens
  - ensuring access, user friendly information
  - outreach
  - combat stigmatisation
- 4) access to **inclusive labour markets** for those who can work;
  - sufficient incentives to (re-) enter work
  - investment in human capital
  - allow for combining benefits and earned income
  - active labour market policies, support matching of supply and demand

# The Council Recommendations / 3

5) access to enabling and essential **services**;

- access
- address financial and non-financial barriers to access

6) **individualised support**

- multi-dimensional needs-assessment
- inclusion plan no later than three months from accessing minimum income
- a package of support tailored to individual needs
- assign a case-manager

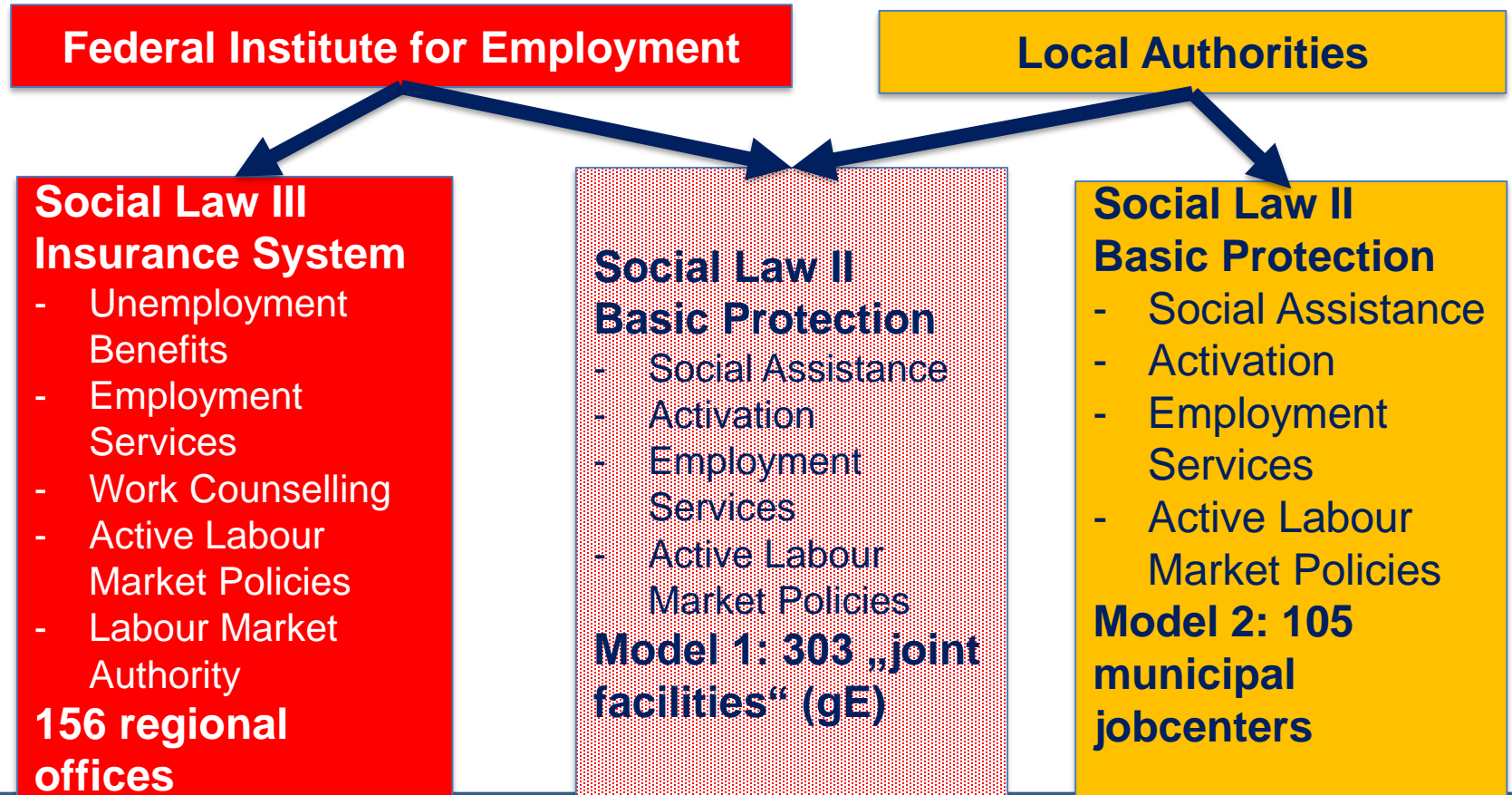
7) effectiveness of the **governance** of social safety nets at Union, national, regional and local level, as well as monitoring and reporting mechanisms;

- avoid gaps, overlap, and fragmentation
- strengthen operational capacity of authorities
- empower stakeholders
- ensure adequate funding

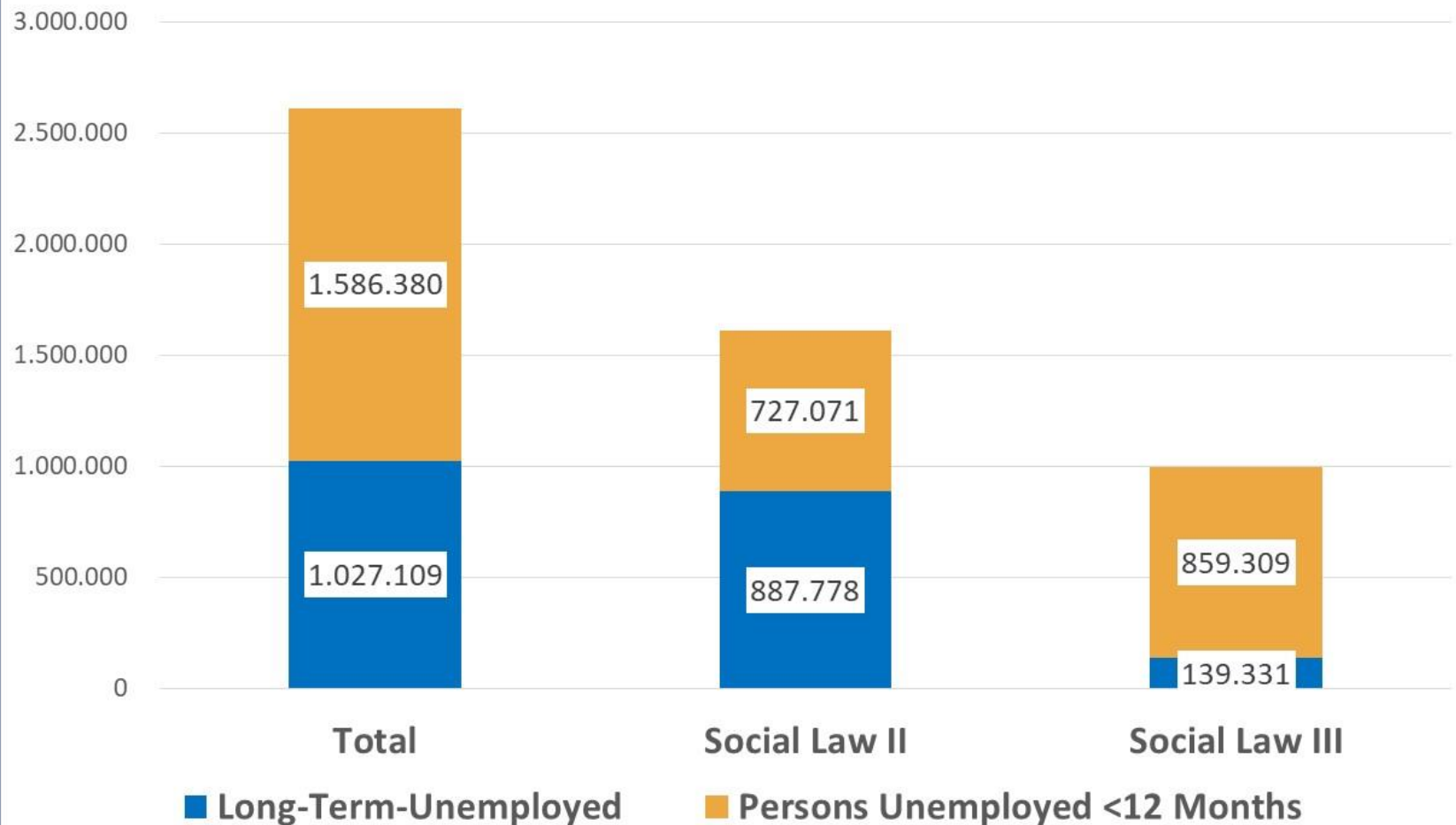


## 2. Unemployment and employment policies in Germany

# Labour Market Policies in Germany – Institutional Layout



# Unemployment Germany 2021

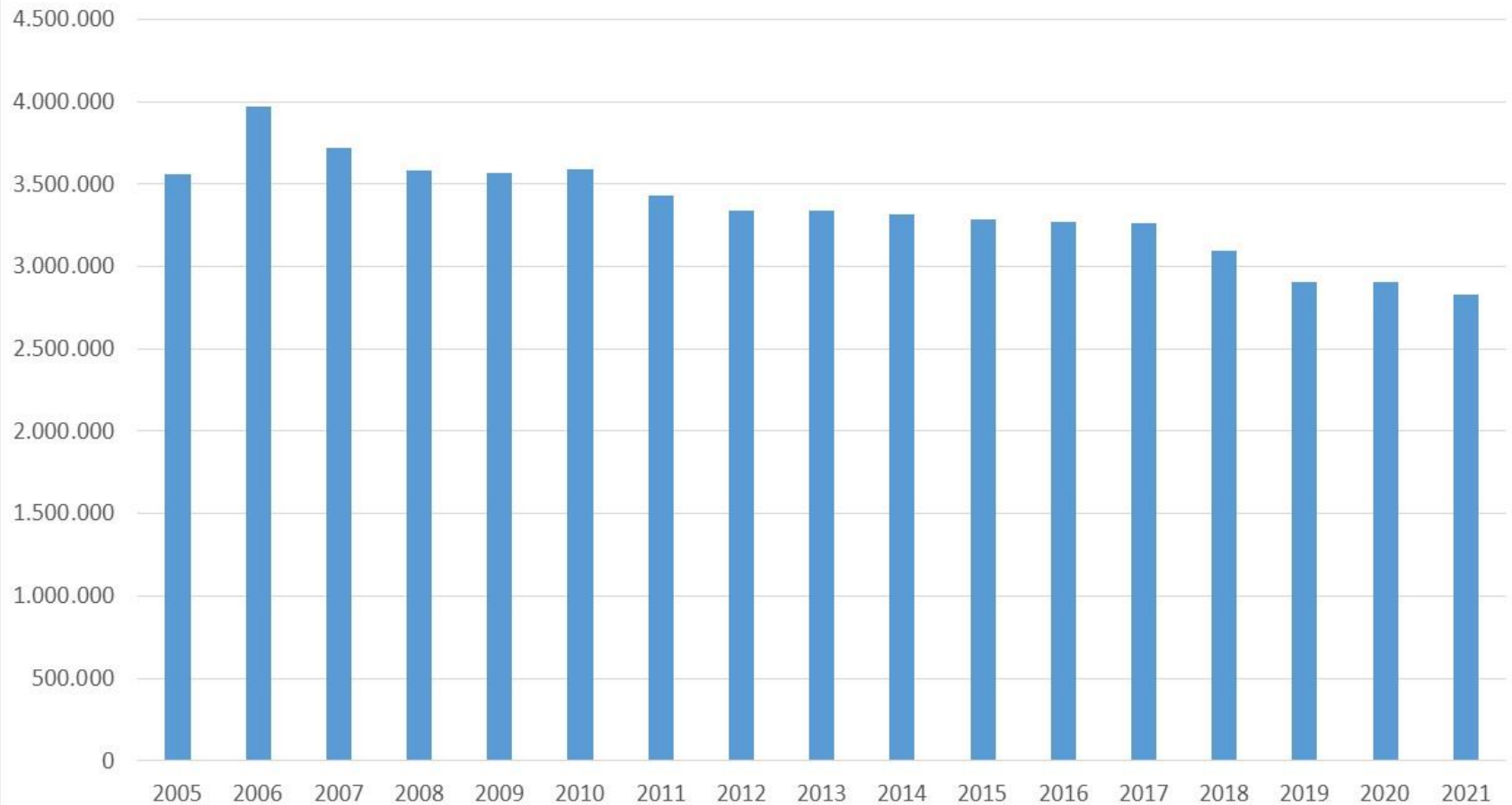


### 3. SGB II – Basic Protection for Jobseekers

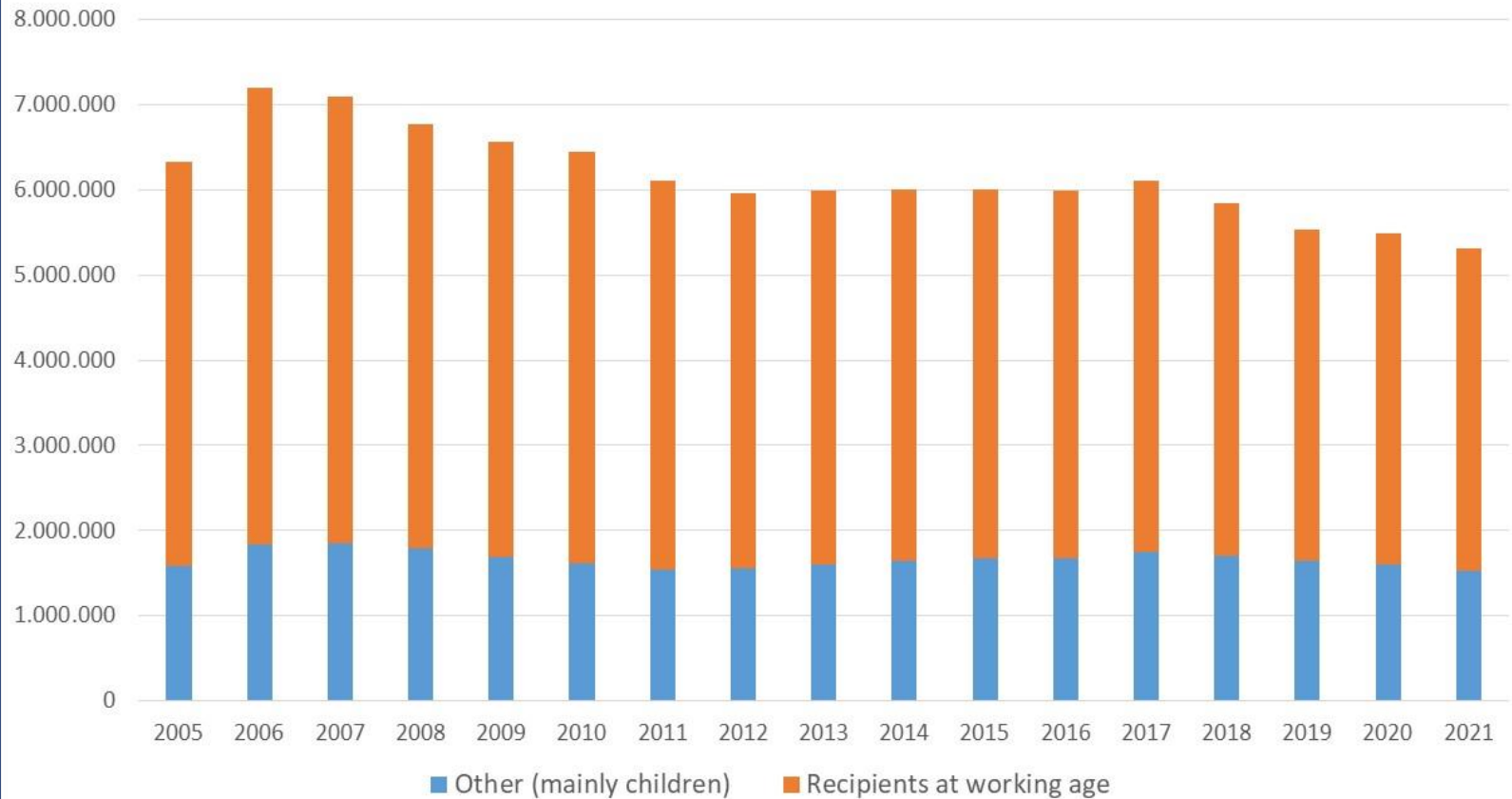
## **The welfare-reform of 2004/2005**

- „Agenda 2010“ – a response to structural unemployment, labour market inefficiencies and the financial crisis of the welfare state
- „Hartz 4“ – reform: merging unemployment benefits (for the long term unemployed) with social assistance
- Provision of an integrated scheme, including assistance for job-seekers and their families and integration measures
- Implementing an activating employment policy
- Creation of new organisational bodies as integrated job-centers (one stop shops)

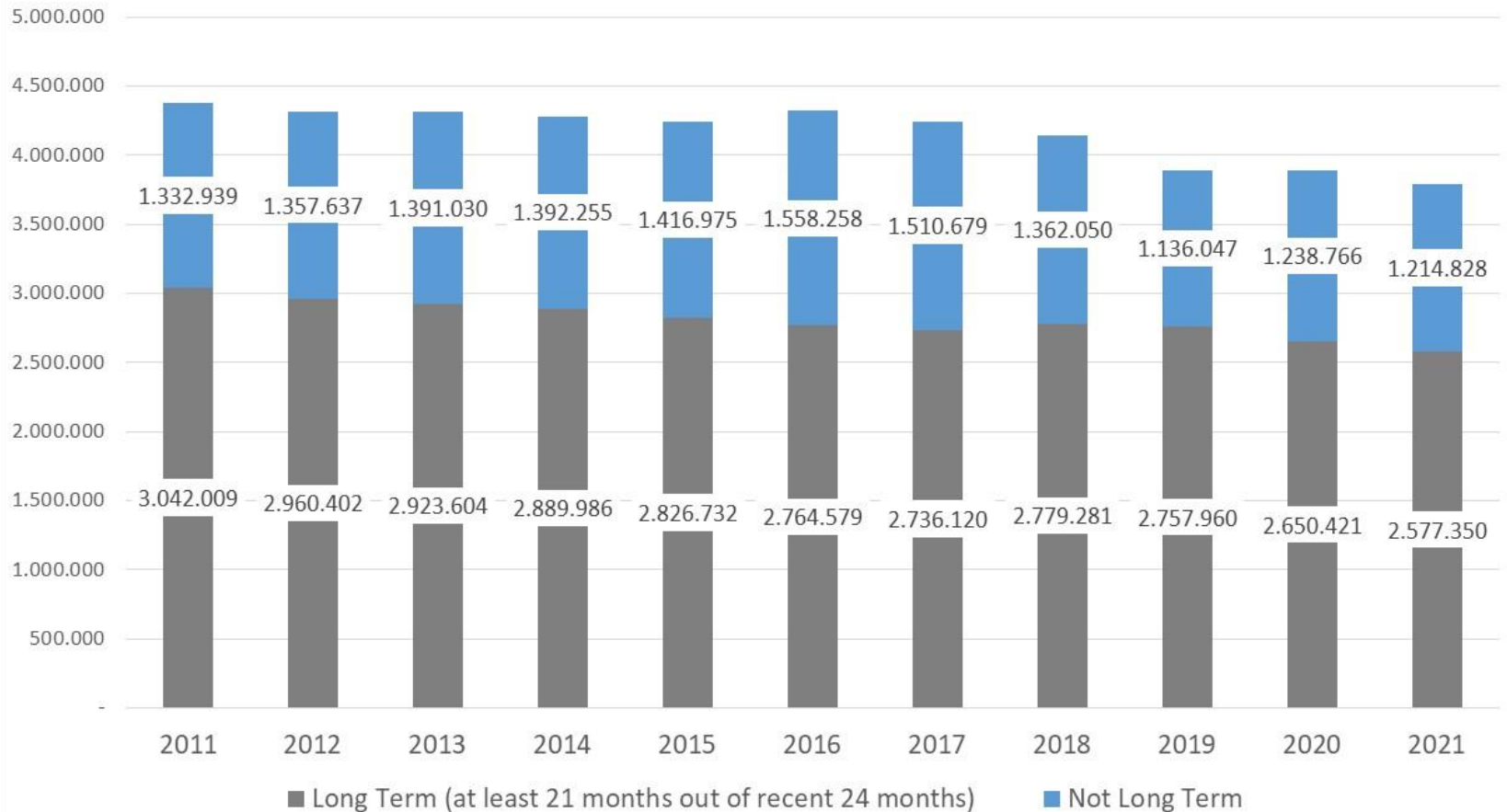
## Basic Assistance for Jobseekers, Germany, Families (Units of Need / Bedarfsgemeinschaften)



## Basic Assistance for Jobseekers, Germany, Individuals



## Receivers of Basic Allowance for Jobseekers (Social Law II, SGB II/ALG II), Germany





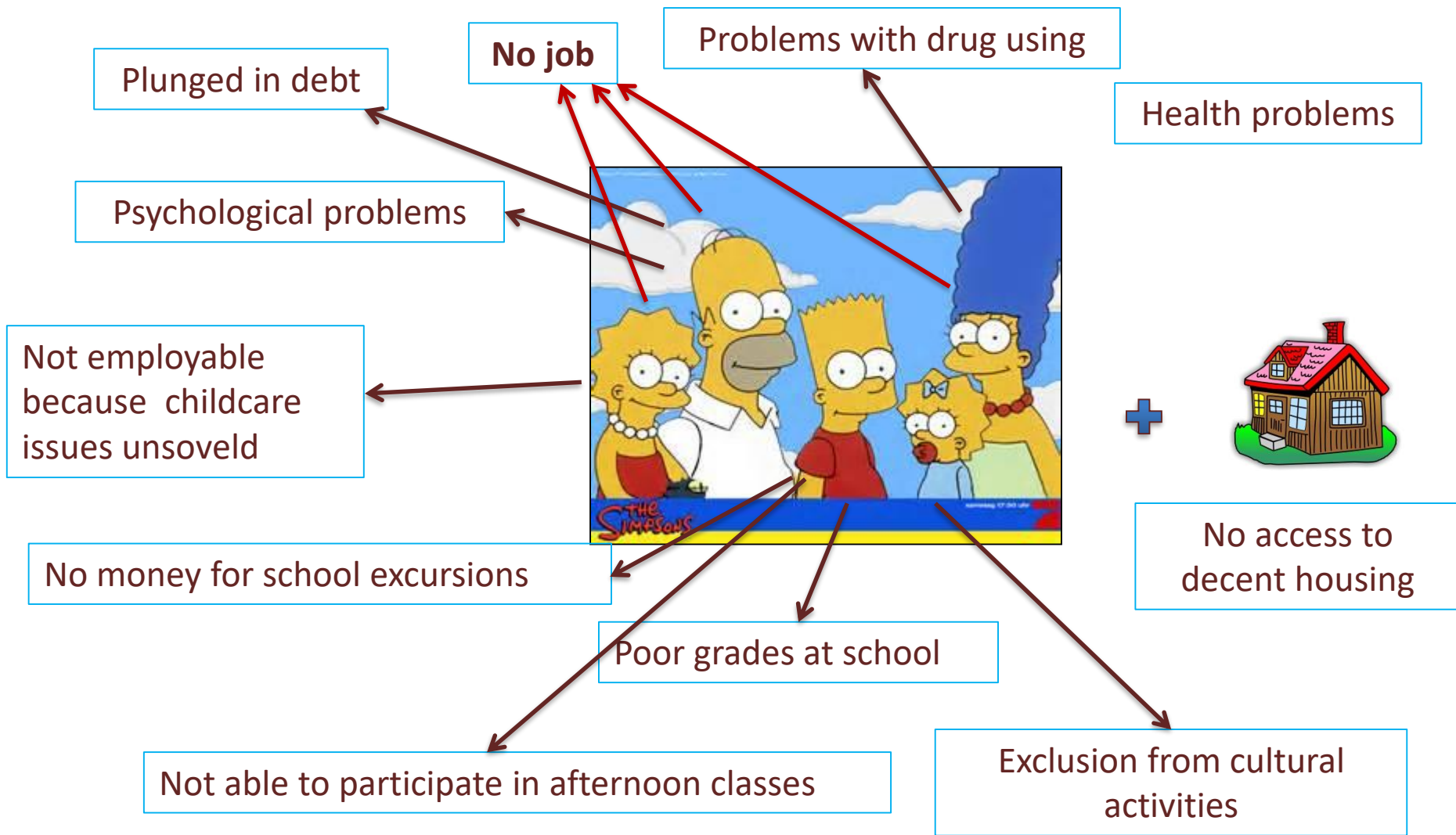
# The Service Approach of Jobcenters SGB II

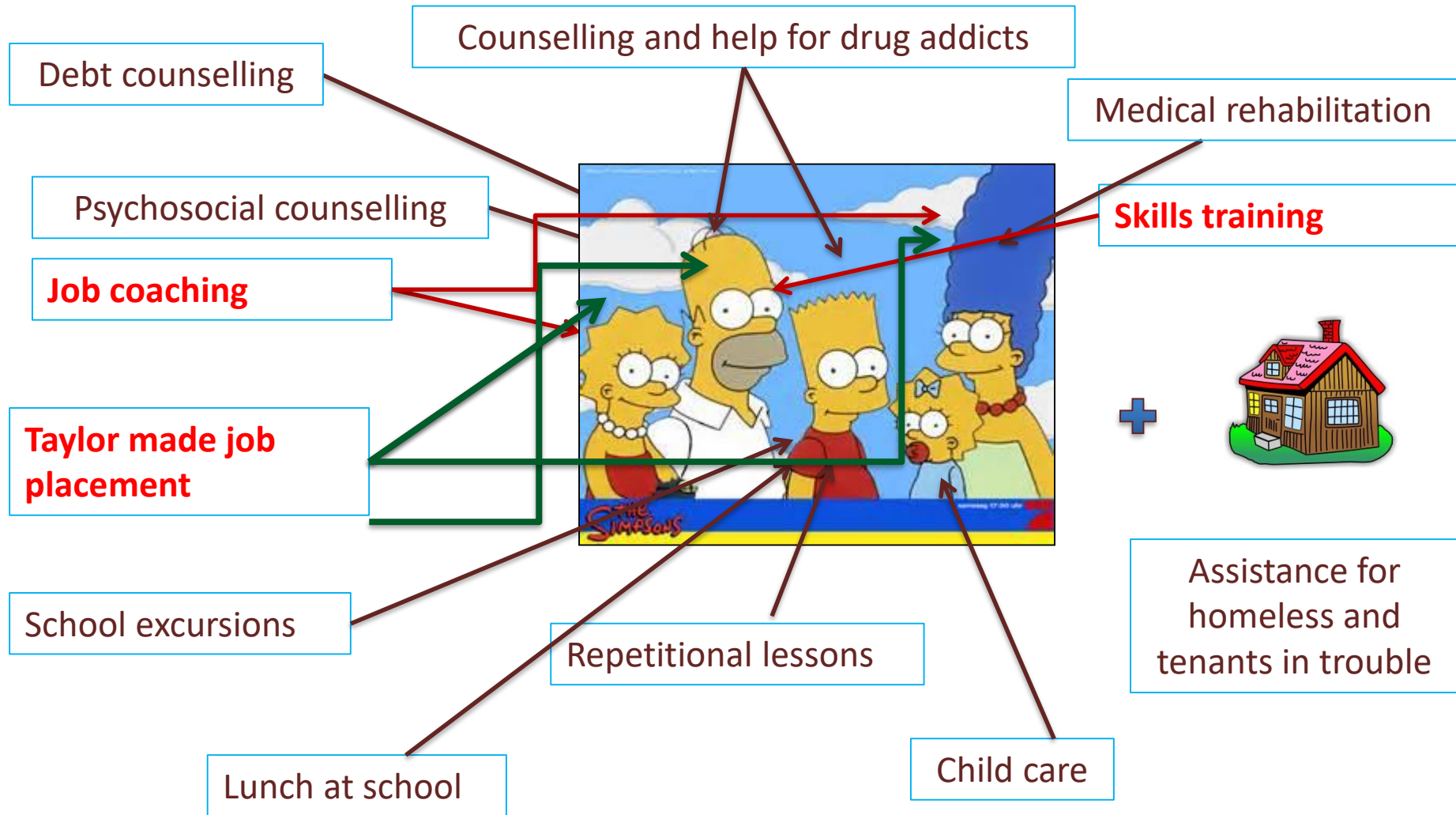
- Linking „passive“ and „active“ benefits and services
- A balance of rights and obligations (benefits are conditional)
- Integration of employment services and social services
- Case management as methodology of reference
- Integration strategies integrated and holistic

<b>Benefits SGB II</b>	<b>Federal State</b>	<b>Local Authorities</b>
Minimum income	<ul style="list-style-type: none"> <li>• Assistance for job seekers (Alg 2)</li> <li>• Family support (Sozialgeld)</li> <li>• Social security</li> </ul>	<ul style="list-style-type: none"> <li>• Housing / heating</li> <li>• Complementary benefits</li> </ul>
Integration measures	<ul style="list-style-type: none"> <li>• Measures for job integration</li> <li>• Community work schemes</li> </ul>	<ul style="list-style-type: none"> <li>• Social integration measures</li> <li>• Complementary social services</li> </ul>
Education and participation for children in jobseeker's families		<ul style="list-style-type: none"> <li>• Repetitional lessons</li> <li>• Cultural and social participation</li> <li>• Lunch at school</li> <li>• School excursions</li> </ul>

# The benefits per month (2022)

- Single person: 449 Euro
- Adult couple: 404 Euro each
- Youth (age 14-17): 376 Euro
- Children (age 6-13): 311 Euro
- Children (age 0-6): 285 Euro
- **Plus full cover of housing and heating expenditures**
- **Plus health insurance**
- Plus various **in-kind-benefits** (broadcast-fees, public-transport-rebates, „social pass“ etc.)





## Family-Oriented Coaching (Immigrants from Bulgaria)

### Culture-sensitive counselling



#### Find the proper approach

- discover potential
- establish a working alliance

### Employment oriented case-management



#### Tackle problems

- eliminate integration barriers of each family member
- Define milestones
- Settle agreements on targets
- Monitor the process

### Systemic coaching



#### Take a holistic view

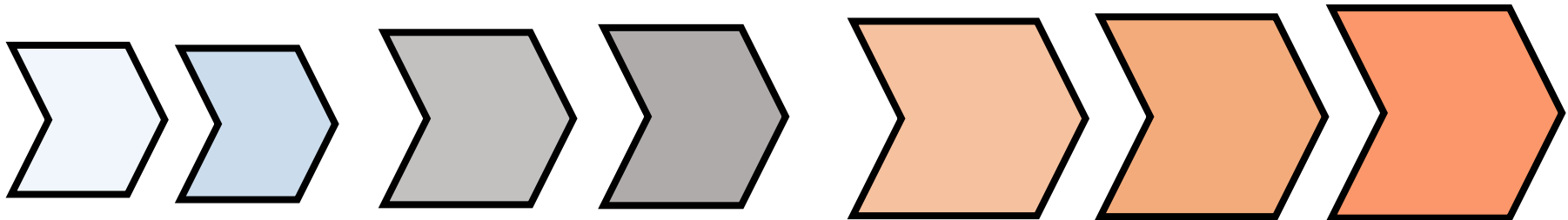
- strengthen the family potential
- „activate one, activate all“

### Co-production



#### Building Bridges

- Inviting civic organizations as partners
- Encourage clients to take a stake



If necessary, a Turkish-speaking colleague is included for translation services

## 4. Impact, debates, current reform initiatives

## Debates

- „Hartz-4“ reform – one of the most controversial reforms in Germany
- A game-changing reform, „surprising“ (with regard to the typology of welfare-states by Esping-Anderson 1991)
- Critical arguments:
  - spreading poverty
  - increasing inequality
  - deterioration of quality employment, increase of „precarity“ of labour



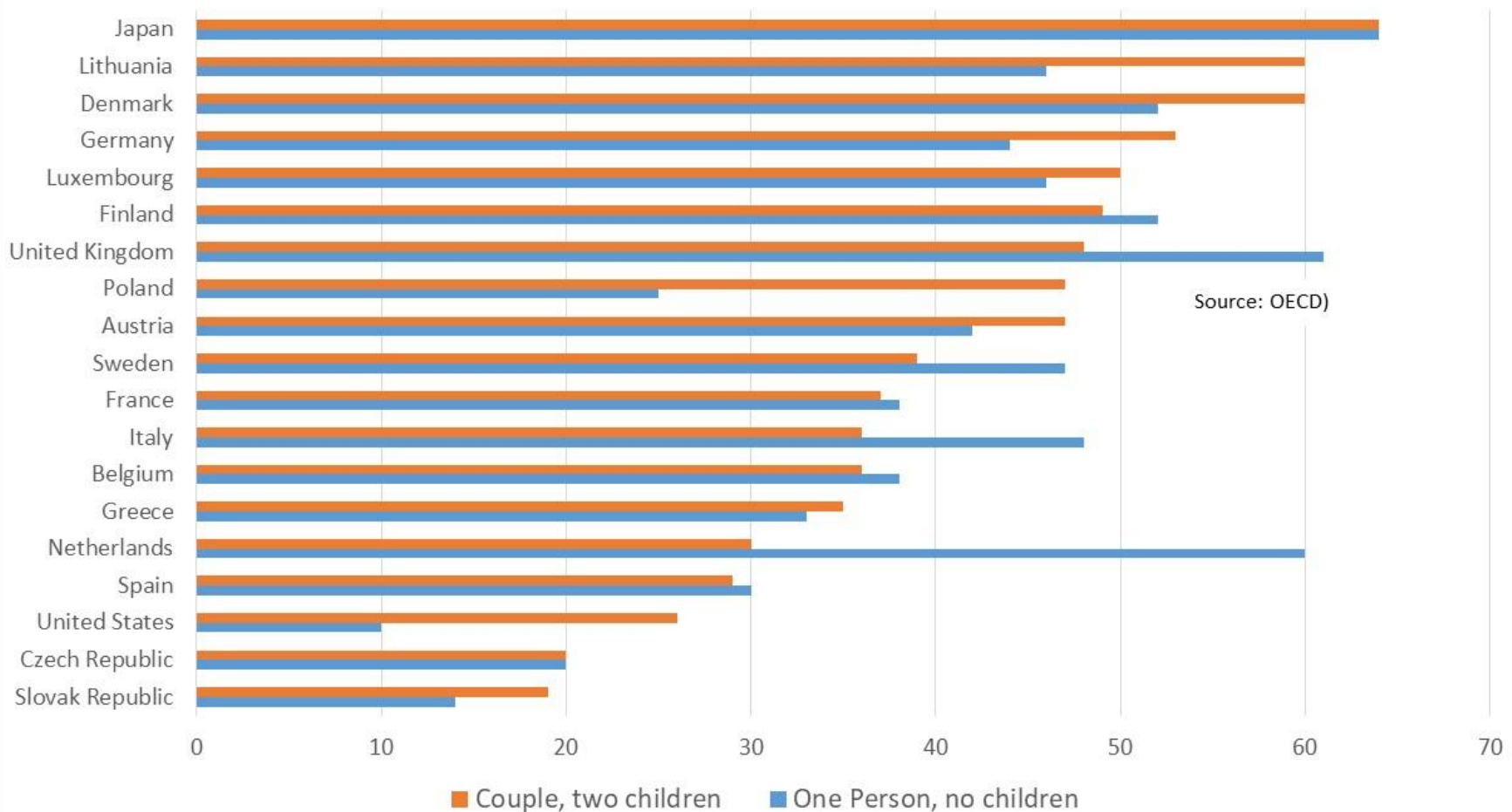
# Evidence

- Increase of poverty (-)
- Increase of income-inequality (-)
- Increase of precarity (+/-)

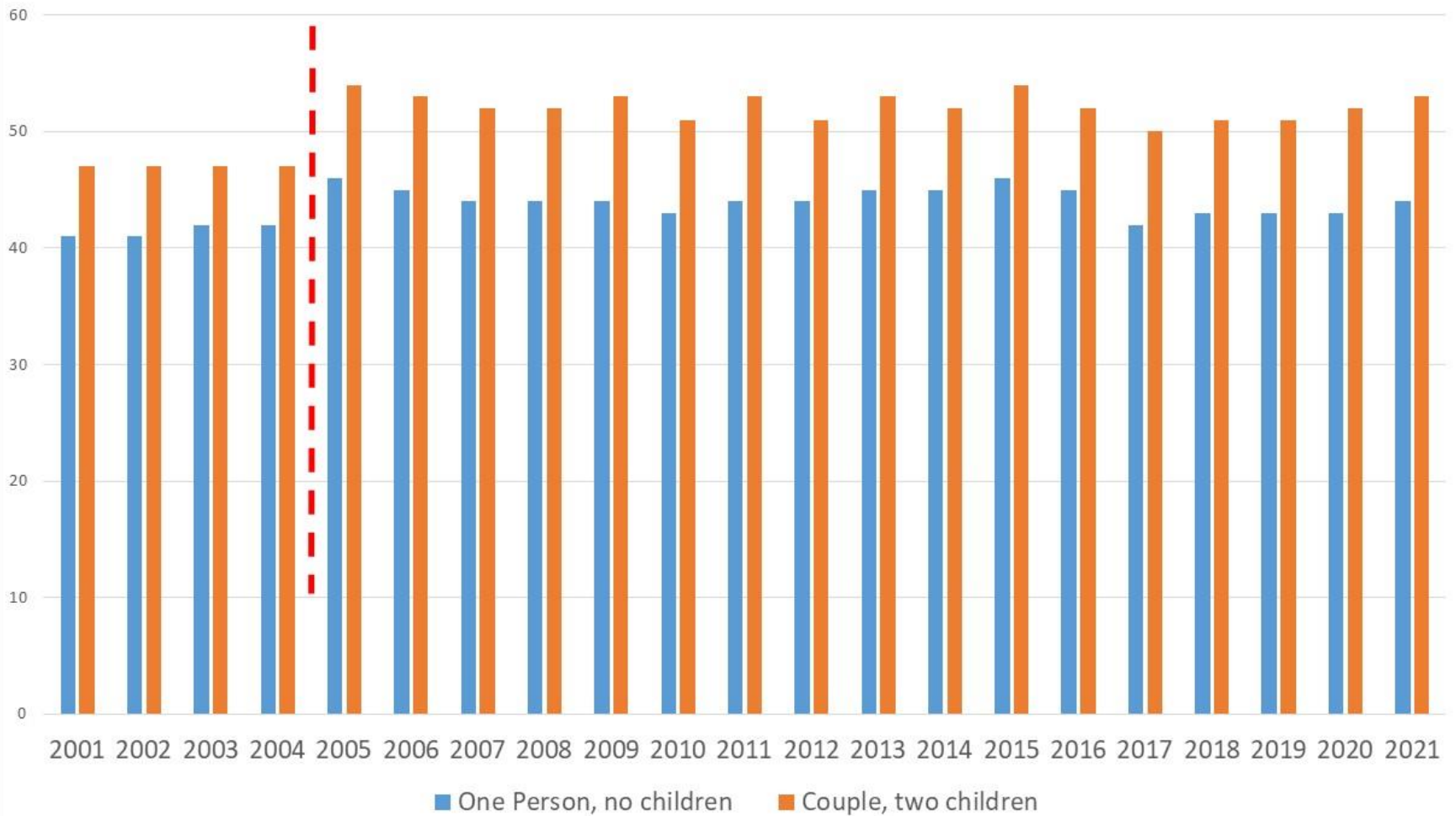
plus

- Dynamic evolution of employment
- Very significant reduction of unemployment
- Significant reduction of longterm-unemployment

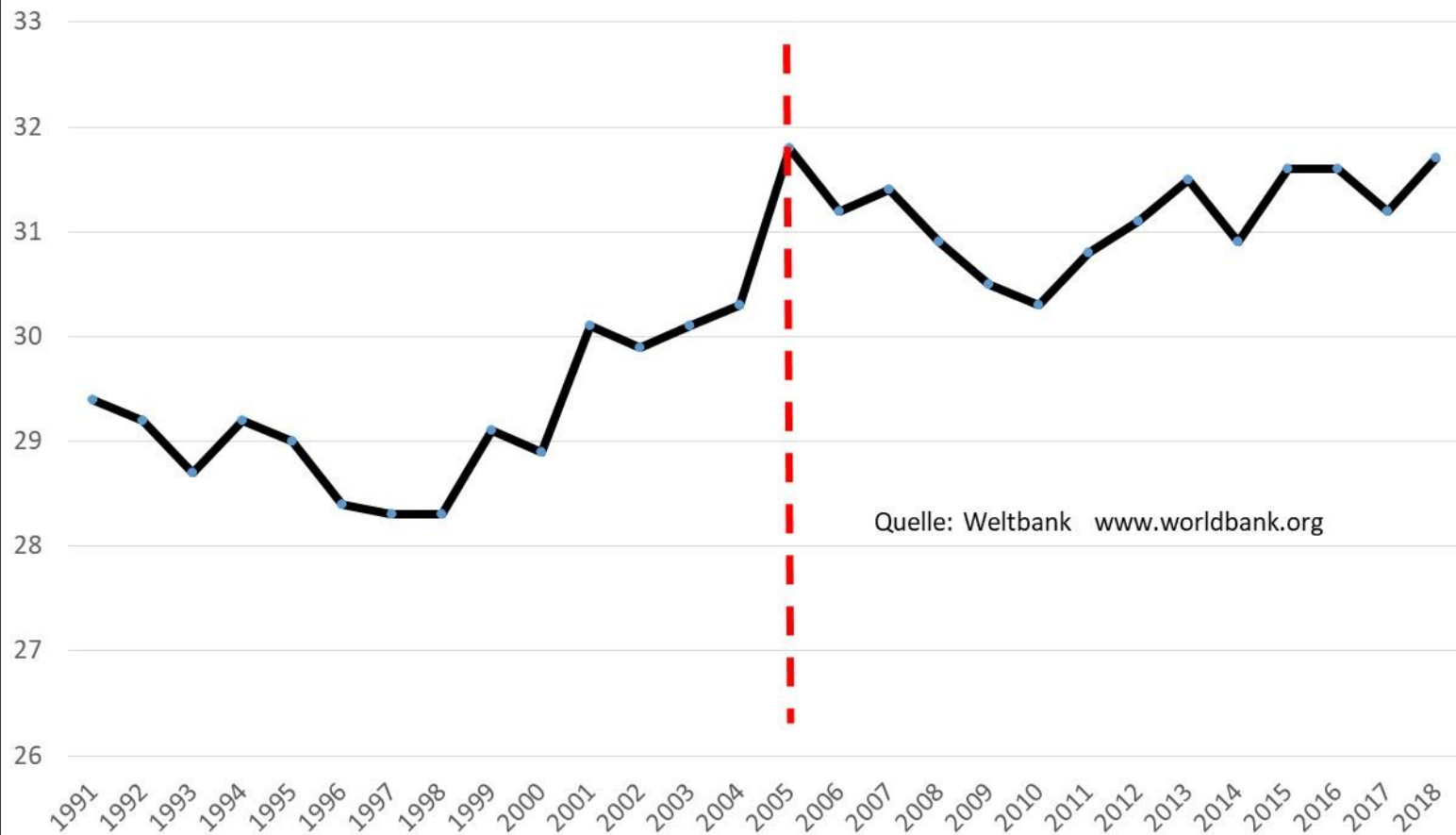
## Adequacy of minimum income 2021 (minimum income/median income)



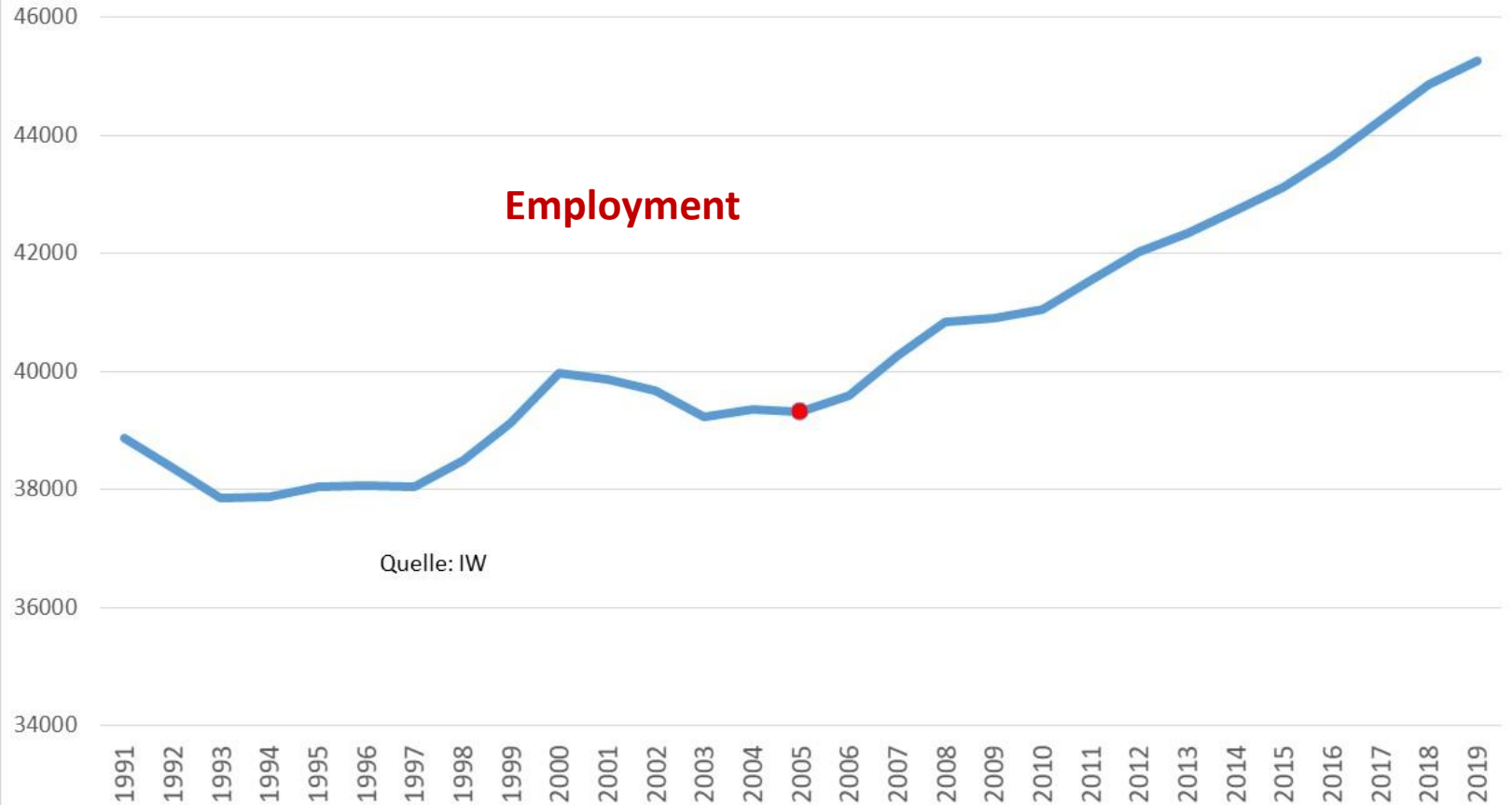
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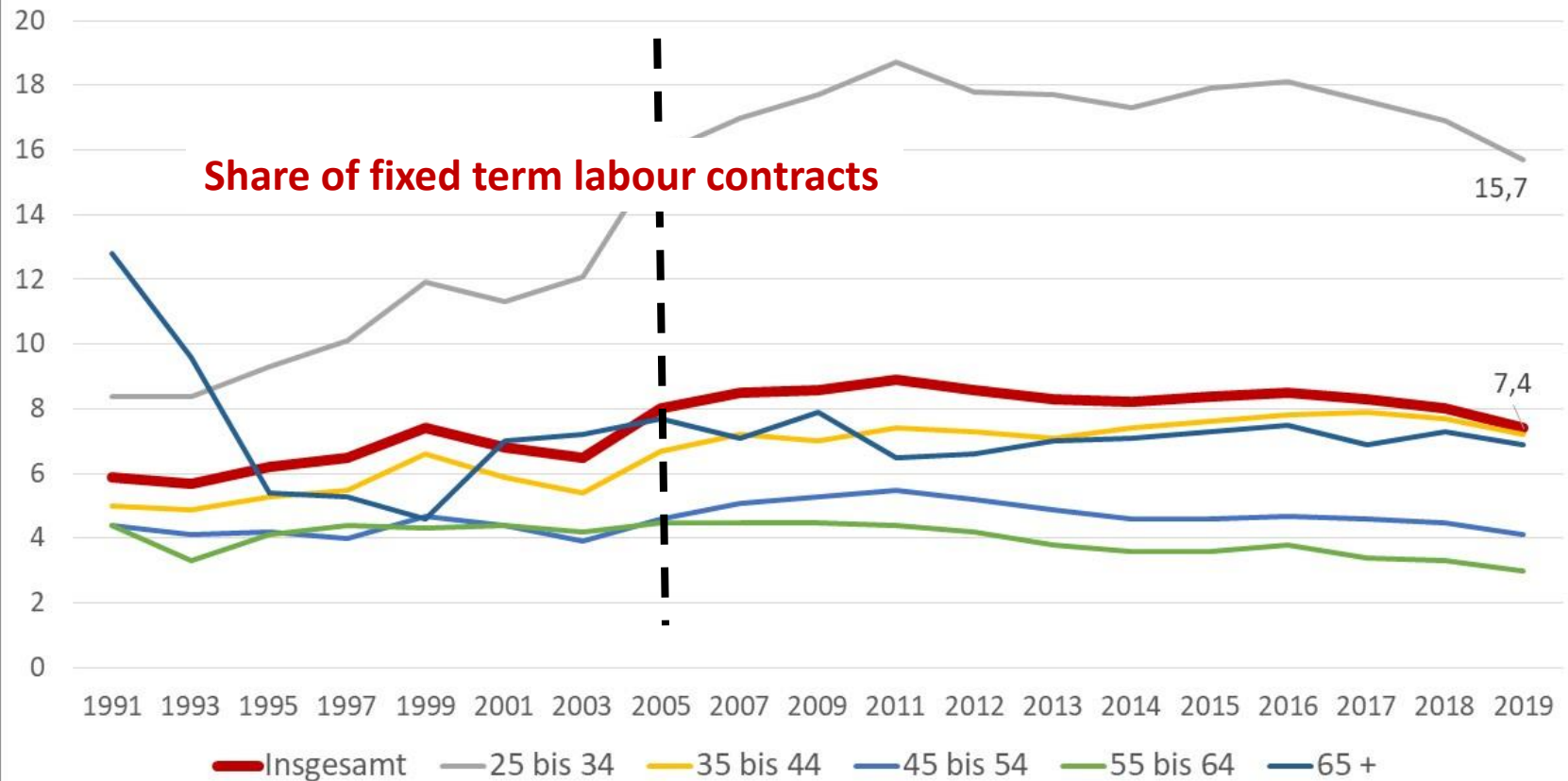
## Gini-Koeffizient Einkommen, Deutschland



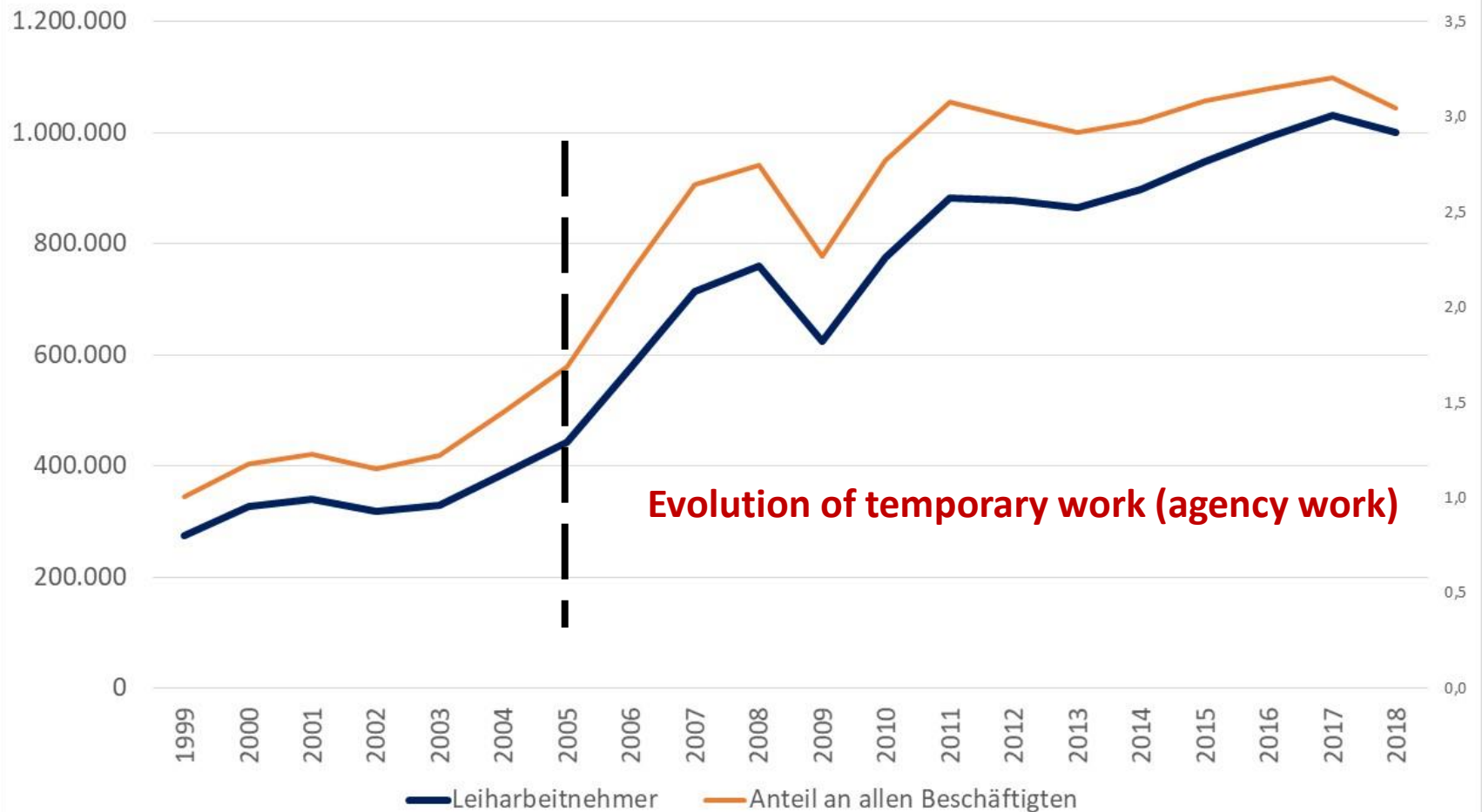
# Entwicklung der Erwerbstätigkeit in Tausend Erwerbstätige



## Entwicklung der Anteile von befristeten Arbeitsverträgen an Arbeitsverhältnissen in Prozent, insgesamt und nach Altersklassen

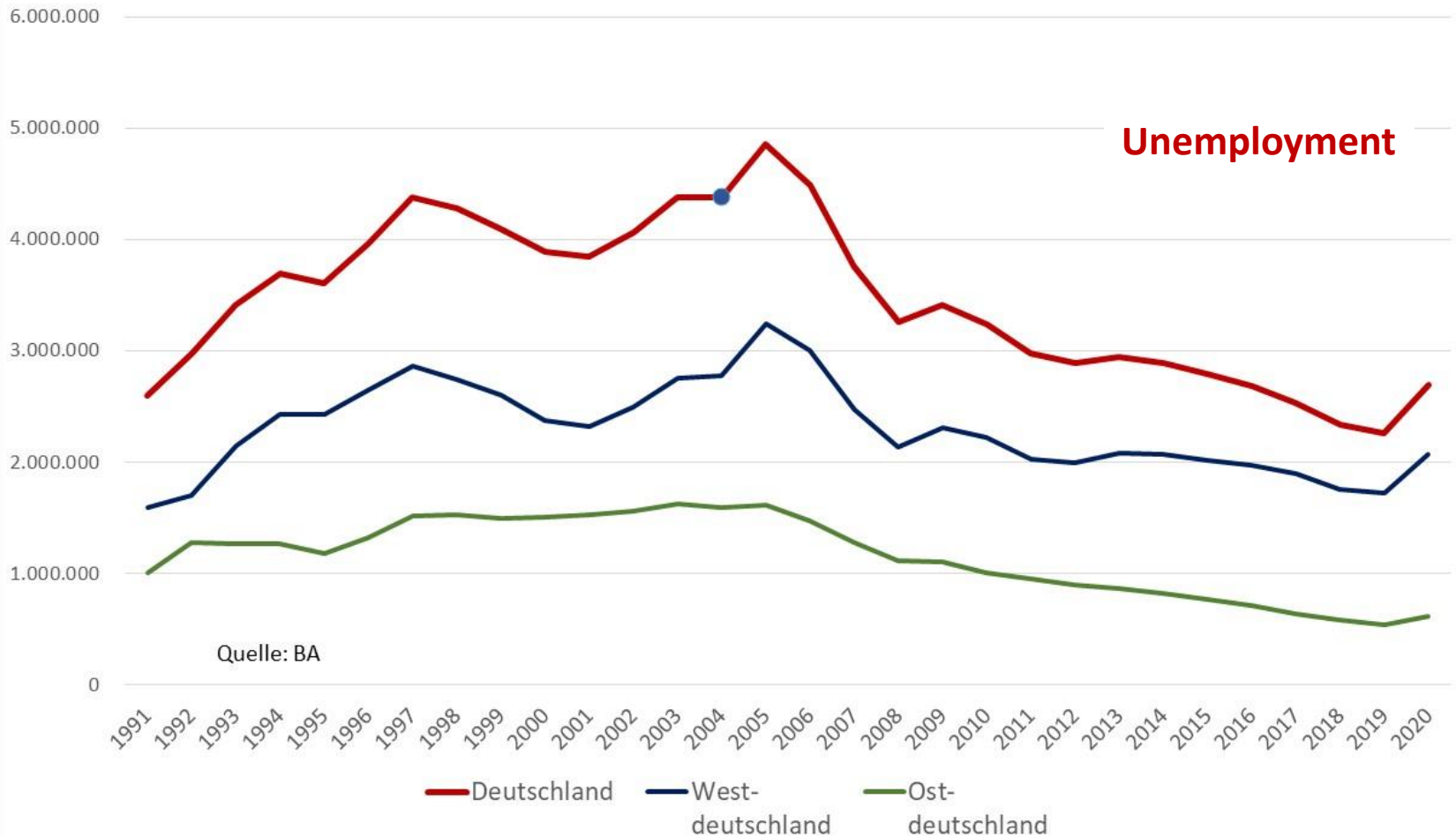


Beschäftigte in der Arbeitnehmerüberlassung (Leiharbeit), Anteil an  
alle Sozialversicherungspflichtig Beschäftigten in Prozent (rechte Skala)



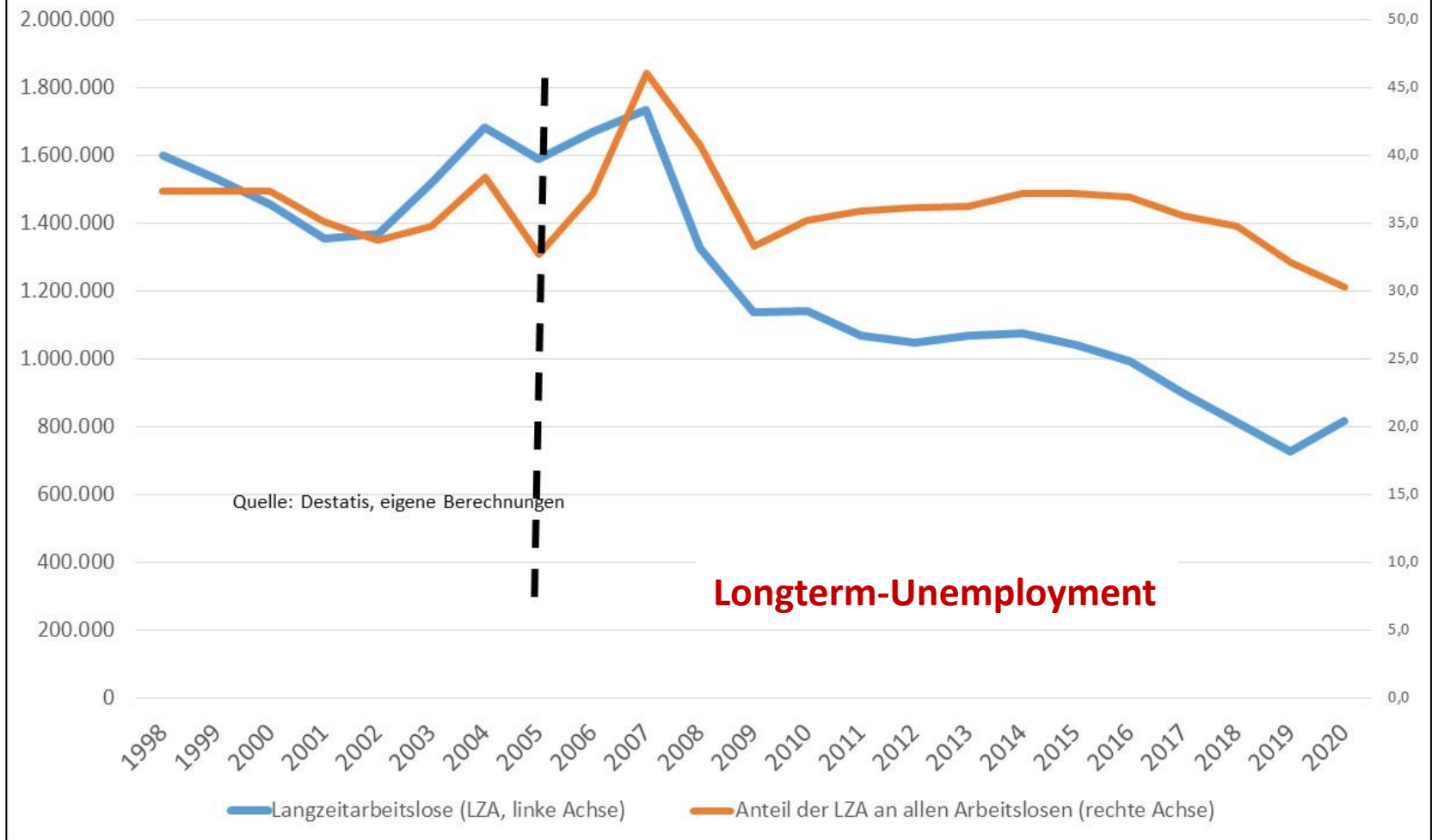
# Arbeitslose in Deutschland

Unemployment

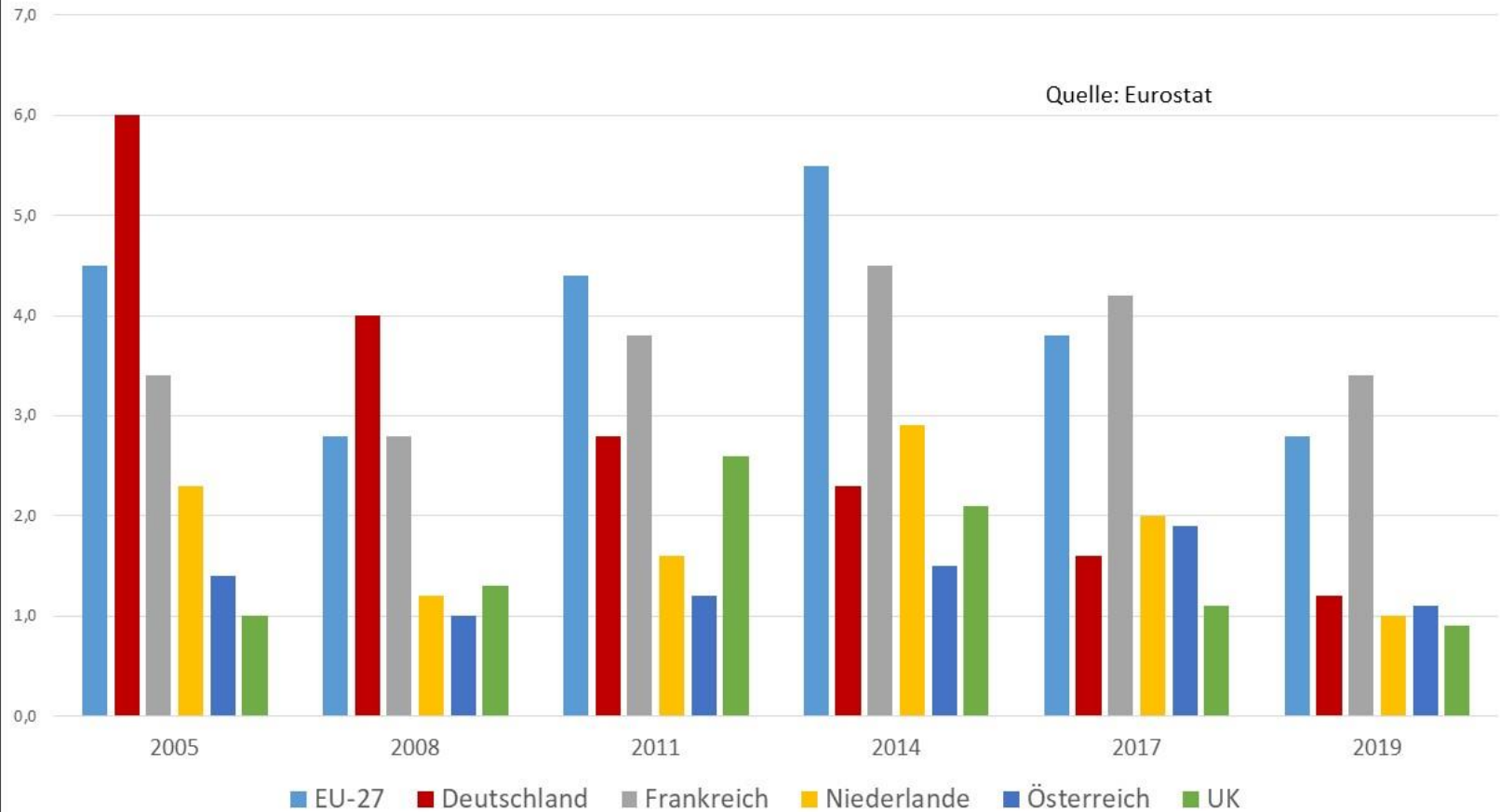




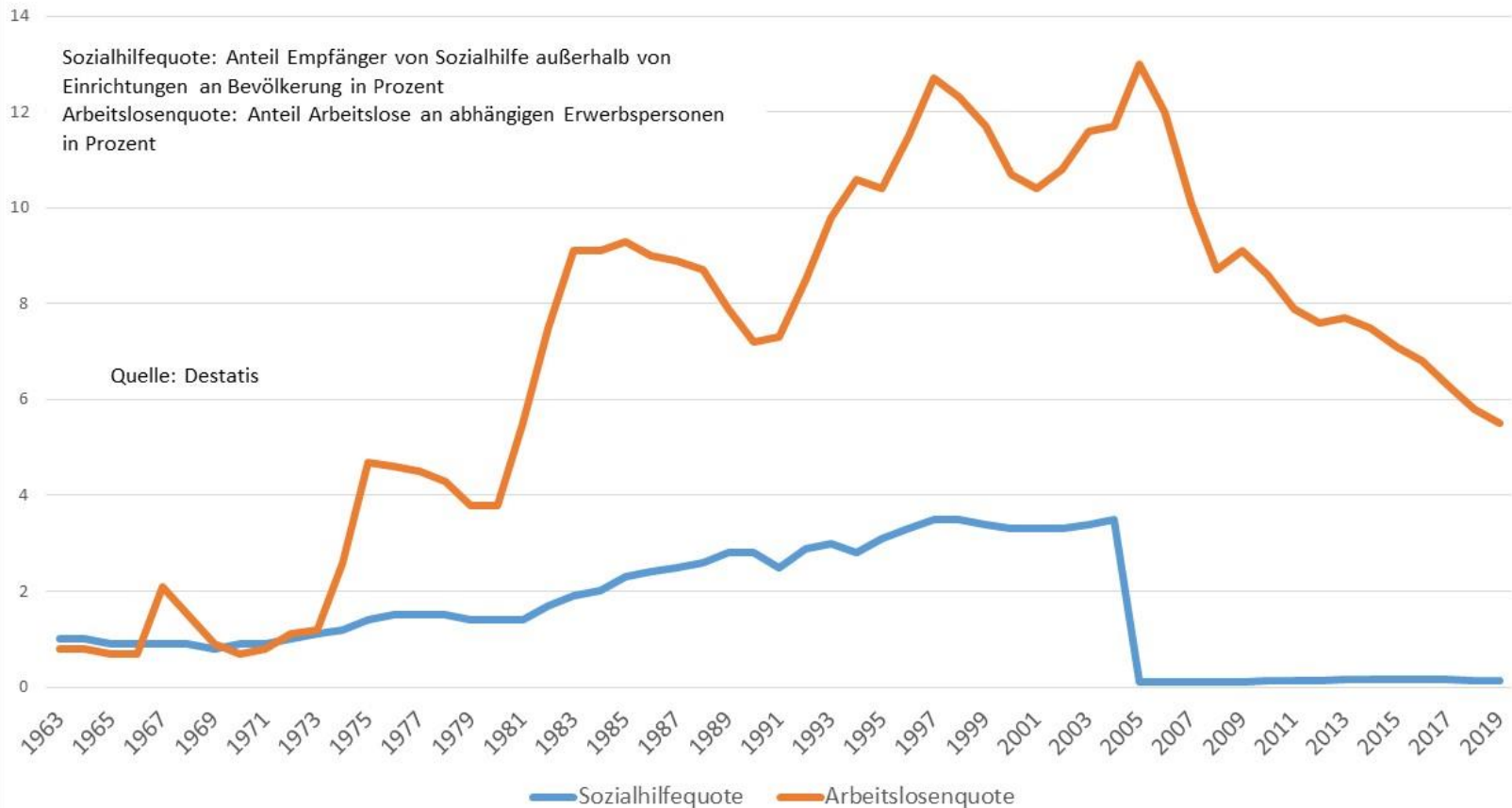
## Entwicklung der Langzeitarbeitslosigkeit



## Langzeitarbeitslosigkeit, Anteil der Langzeitarbeitslosen an der aktiven Bevölkerung 20 - 64 Jahre)



# Entwicklung der Sozialhilfe- und der Arbeitslosenquote 1963-2019



## **Current reform-initiative (draft law of Federal Government – to be approved by the second chamber)**

- Loosening of conditionality (reduction of sanctions)
- Softening the principle of subsidiarity with regard to tangible assets
- Loosening of procedural rules (relaunch of the „integration agreement“)
- Stronger focus on vocational education and social investment / turning the „work-first“-approach

SchulzeBoeing\_Research, Beratung, Projekte,  
[www.schulzeboeing.de](http://www.schulzeboeing.de)

Dr. Matthias Schulze-Böing, T. +49-69-846641  
[info@schulzeboeing.de](mailto:info@schulzeboeing.de)