



Bundesministerium
für Arbeit und Soziales

Basic Income Support for Jobseekers („SGB II“) in the Context of the German Constitution

Andreas Kehrbach
BMAS Berlin





Social Systems in Germany

**Social Insurance
Systems**

**Social Compensation
Systems**

**Social Welfare
Systems**



II. Social Systems in Germany

Social Insurance Systems

Statutory Pension Insurance

Statutory Health Insurance

Statutory Unemployment Insurance

Statutory Long-term Care Insurance

Statutory Accident Insurance

Social Compensation Systems

e. g.

Assistance to war/mil.s. victims

Assistance to victims of crime

Assistance to political prisoners in the GDR-system

Social Welfare Systems

e. g.

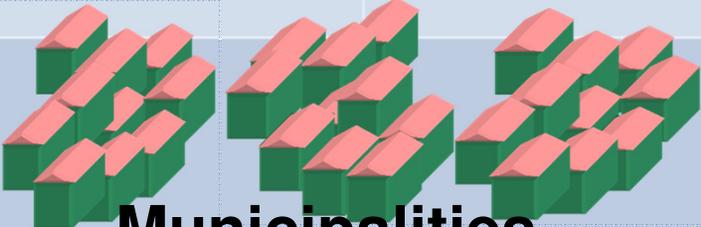
Basic Income Support for Job Seekers

Social assistance benefits

Housing allowance

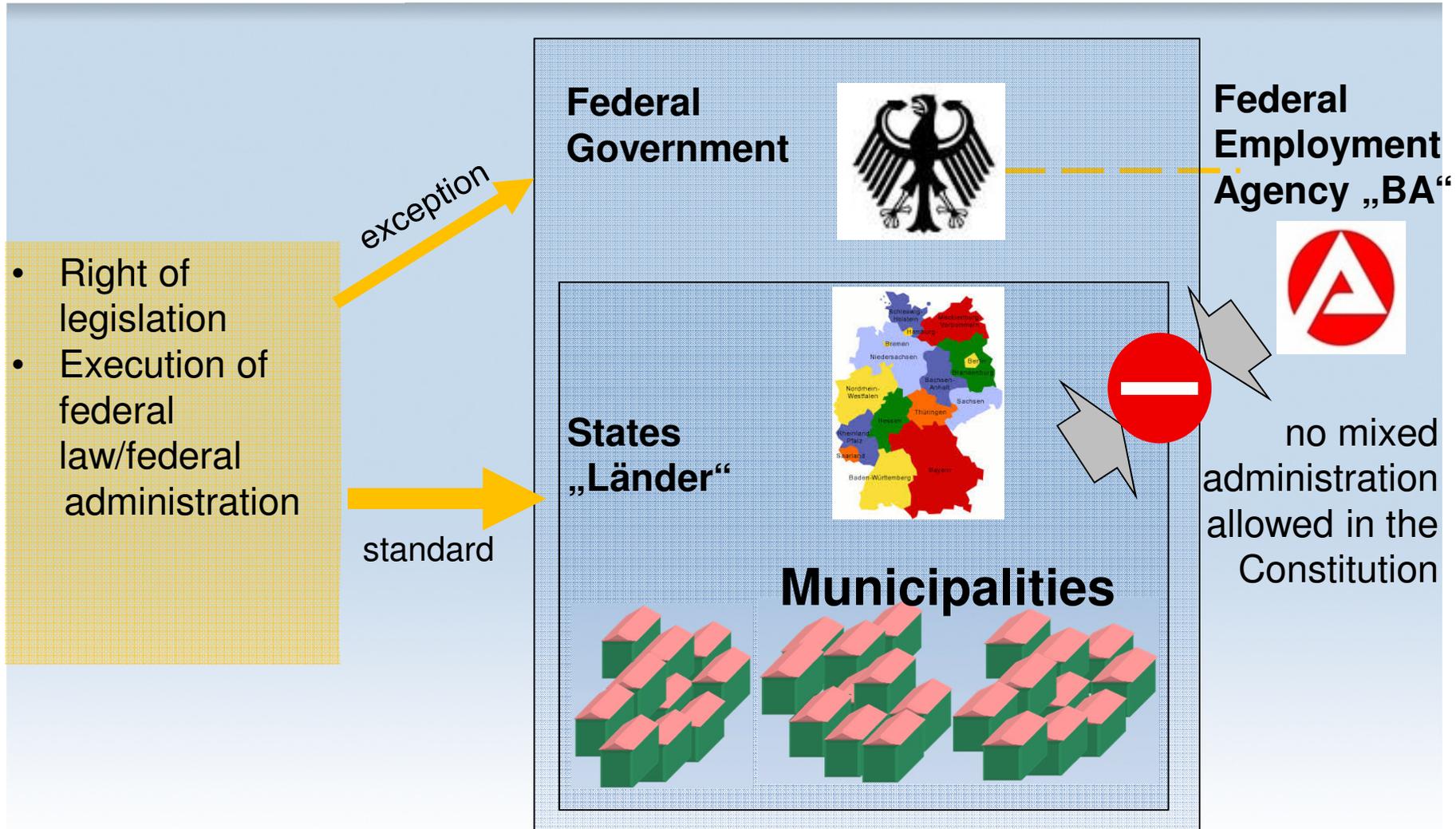


German Federal System

Since		Responsibility
1949 (1990) 1927 (1939) 1956	Federal Government 	<ul style="list-style-type: none">• Federal Public Employment Agency• Unemployment Insurance/ (assistance)
Modern times	States („Länder“) 	<ul style="list-style-type: none">• Education• Supervillance of municipalities
Medieval times	 Municipalities	Social assistance

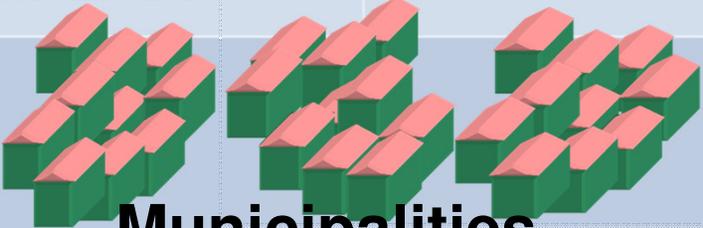


Powers of the Federal/State Level





Responsibilities

Since		Responsibility
1949 (1990)	Federal Government 	<ul style="list-style-type: none">Federal Public Employment AgencyUnemployment Insurance/ (assistance)
Modern times	States („Länder“) 	<ul style="list-style-type: none">EducationSupervillance of municipalities
Medieval times	 Municipalities	Social assistance



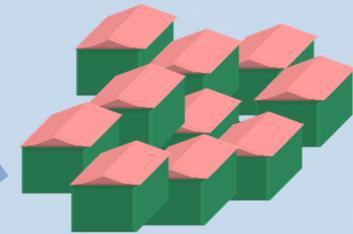
Reasons for creating „SGB II“



Unemployment
assistance



**more efficiency by merger of
two assistance systems**

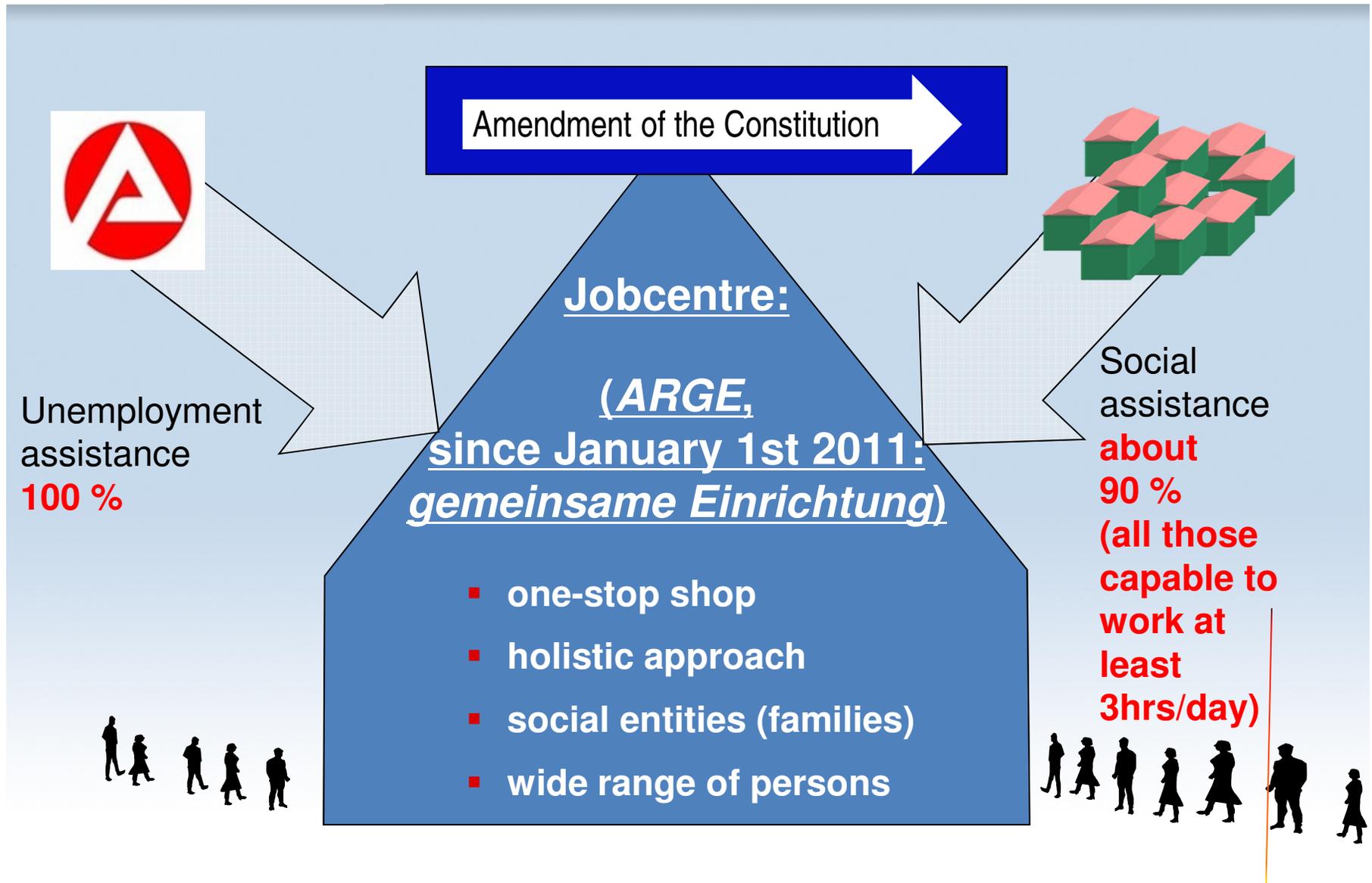


Social
assistance

- overcoming the need for assistance, primarily through integration into the labour market
 - adequate and unique financial security for jobseekers
-
- citizen-friendly administration: single window service
 - efficient administration (reducing costs)
 - division of the burdens between federal government and municipalities

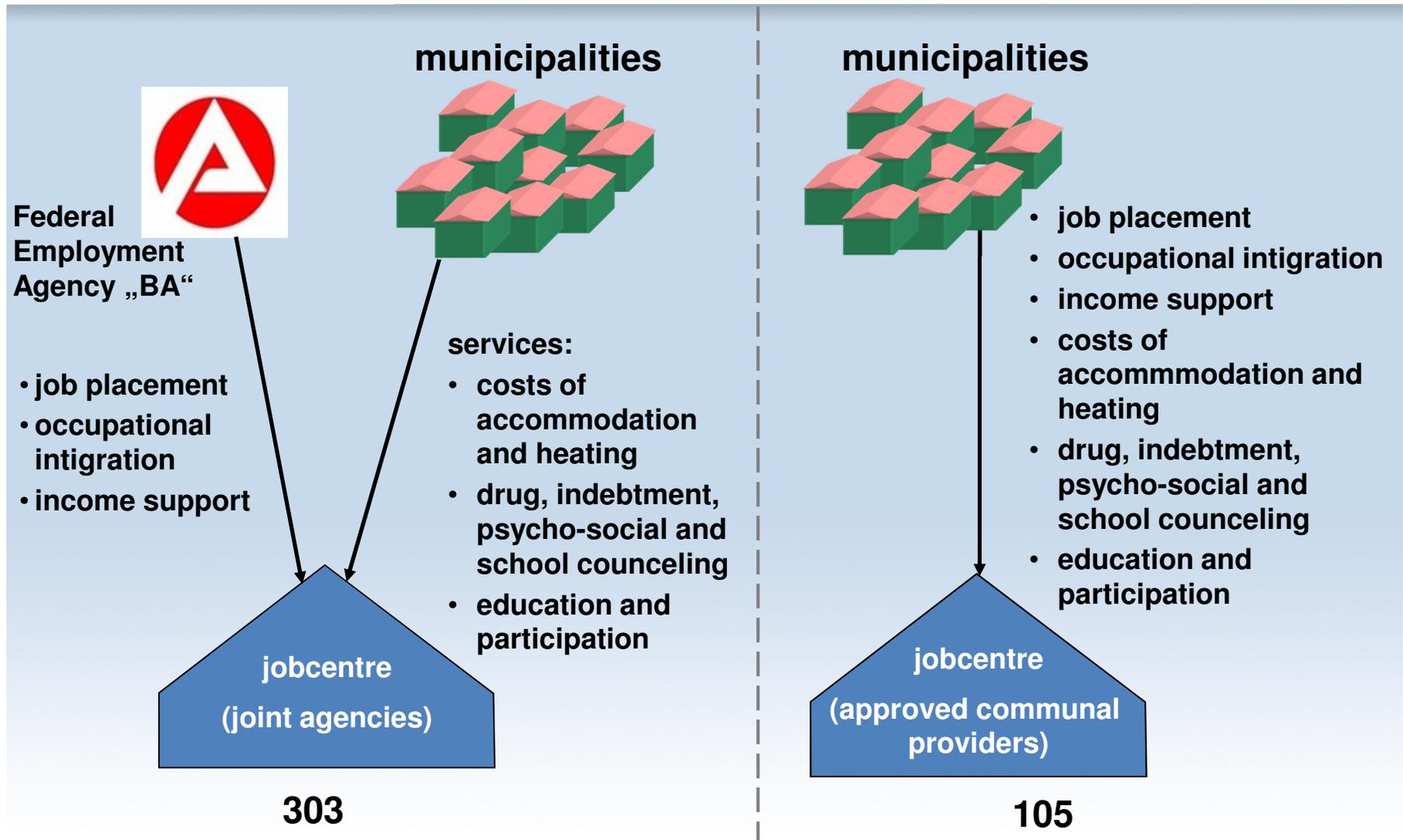


Solution





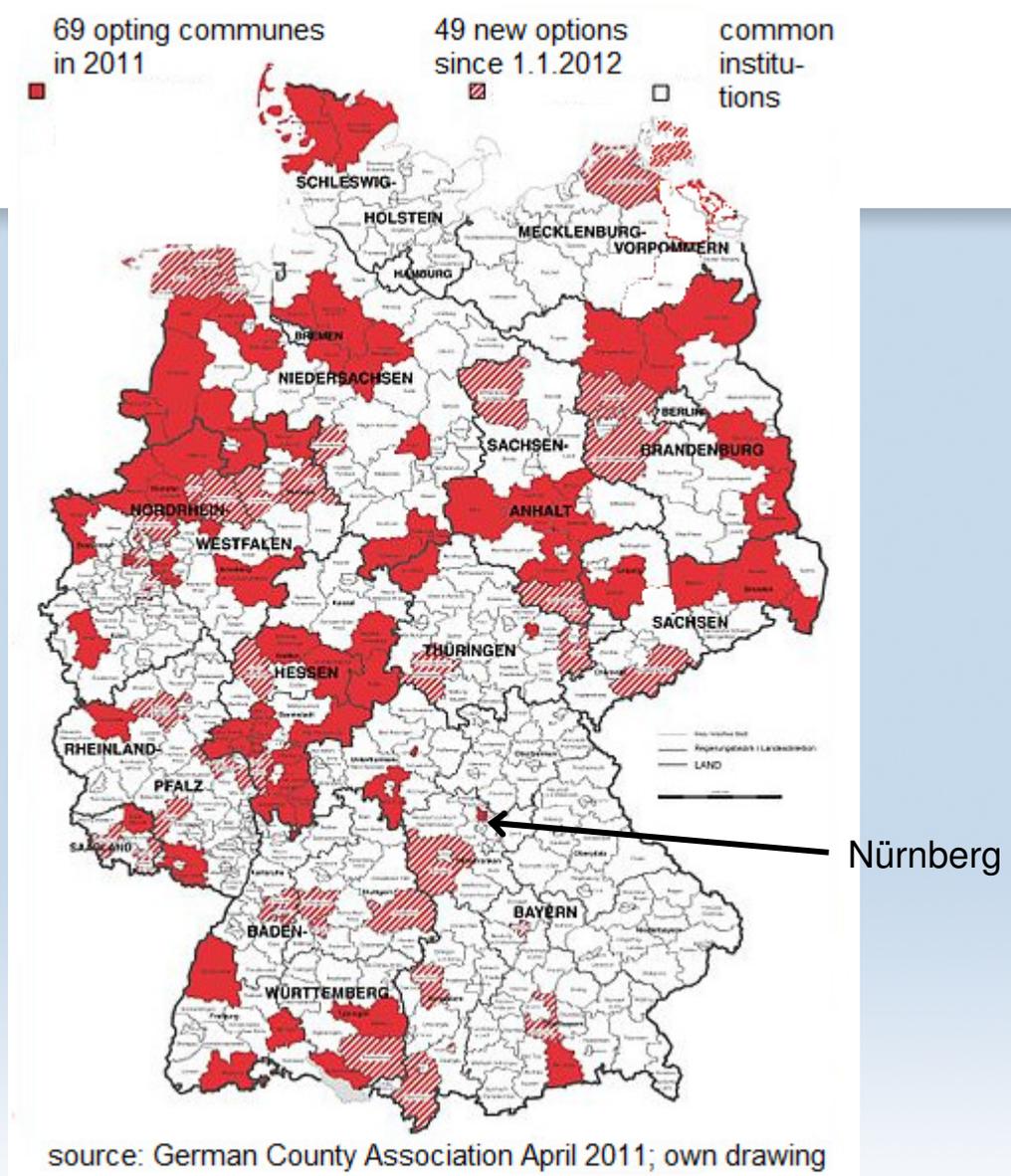
Two Forms of Implementation





Institutional picture

January 1st, 2014



Supervision



Bundesministerium für Arbeit und Soziales

16 „Länder“ (States)



Governance instruments:

- Common Council
- Management by objectives

supervision

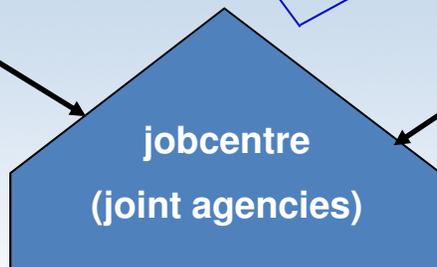
Federal Employment Agency „BA“



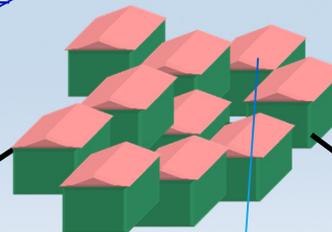
supervision

12 x only legal supervision
4 x legal and practical supervision

municipalities



303



105



Unemployment System

Statutory Unemployment Insurance

- Risk insurance for unemployment
- Period of entitlement: 6 up to 24 months (for people over 50)
- financed by contributions
- self-governing body (Federal Employment Agency)

Basic Income Support for Job Seekers

- for employable persons in need
- Period of entitlement: As long as the persons are in need
- tax-financed



Labour Market Policy Institutions

Unemployment Insurance



Federal Employment Agency

Customers:

- Insured persons
- Companies
- non –recipients of benefits

Basic Income Support
for Jobseekers

Jobcenter

Customers:

Employable persons entitled
to benefits, companies



Thank You



Andreas Kehrbach

Federal Ministry of Labour and Social Affairs

Referat II c 3

**Leistungen zur Sicherung des Lebensunterhalts
im Bereich der Grundsicherung für Arbeitsuchende**

Wilhelmstraße 49

10117 Berlin

Tel.: +49 (0) 30 18 527 -6544

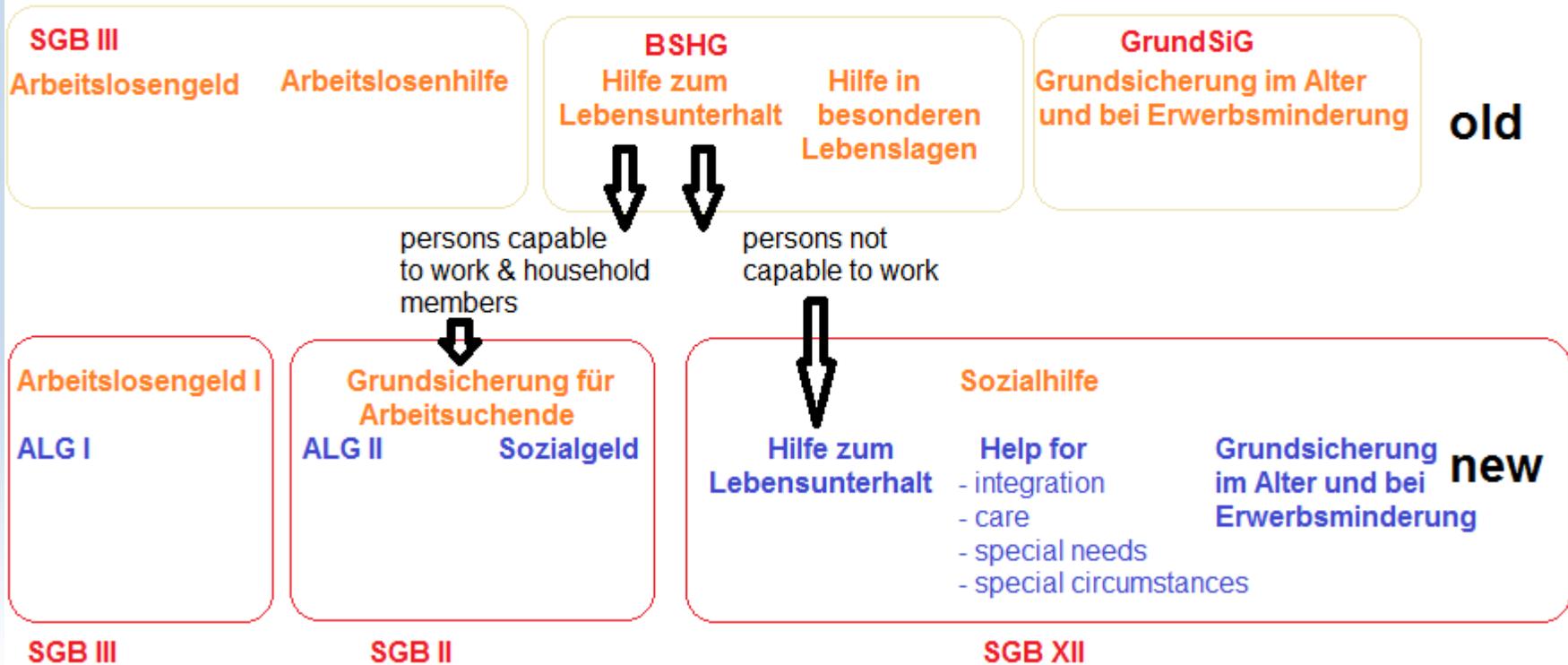
E-mail: andreas.kehrbach@bmas.bund.de



Changes by Hartz IV

abolition of unemployment help - new basic assistance for job-seekers
stronger sanctions / integration agreements / child assistance / 1 € Jobs

Benefit system change 2004 -> 2005





Backup slides

- Place in the Social Security system
- Hartz Reforms in Germany in detail
- Social Security in Germany in detail



A. Experience of Germany - Reform background

Andreas Kehrbach,

Federal Ministry of Labour and Social Affairs,

Germany

- I. Broader context and situation at the labor market in Germany (when program was introduced)
- II. Reasons for the reform of institutional framework (Municipal funds)
- III. Key players in the reform process
- IV. Links and models of cooperation between different institutions (employment, social protection system, education system and trainings)
- V. Financing the reform – sources of financing, cost sharing between different sectors, number of beneficiaries



***B. Experience of Germany - Institutional Framework
as Support for the Employment Policies and
Activation***

*Andreas Kehrbach, Federal Ministry of Labour and
Social Affairs, Germany*

- I. Case study: Basic Income Support for Jobseekers –
main characteristic of the program, scope of the
implementation, evaluation of the program and results
- II. Links with other programs (e.g. Mini-jobs, social
services, education measures...)



A. Experience of Germany - Reform background

I. Broader context and situation at the labor market in Germany (when program was introduced)



Social market economy and Social State

- combines capitalist mode of production with the belief society should protect all its members from economic and social need
- protection by a system of social insurance, social compensation and social welfare, built up since 1884
- solidarity and subsidiarity are key concepts of German social policy
- Social peace by labour law, collective agreements, co-determination – social partnership



Social policy influences different fields

- labour market policy key to avoid society problems - integration of young people, older people and women
- health and safety at work (e. g. working hours, protection of minors at work, protection of mothers at work , workplace regulations)
- minimum wages not by state intervention but by agreement
- education and qualification of young people
- demographic problems and changes in society



Change from the benefit welfare State to the regulating State model

Benefit welfare State:

The benefit welfare state promises to deliver the common good, but he does not produce it on it`s own; he empowers third parties to contribute to the common good; he controls achievements and quality through regulation; he completes these benefits where necessary.

=> New partition of responsibility between State, Economy and Society



Change from the benefit welfare State to the regulating State model

Commonly accepted matters of concern for the common good

1. **Work for all**

Old: The State is the employer of the last instance, predominantly in job creation measures.

New: The State is no longer employer of the last instance, but moderator in a coordinated policy of full employment.



Change from the benefit welfare State to the regulating State model

2. Balancing the job market

Old: The State through the Federal Employment Institution (Bundesanstalt für Arbeit) reserves the job placement monopole and delivers information and prognostic systems for an efficient job market balance.

New: The job placement monopole is abolished as the information and prognostic capacities of the State are realised as being too limited



Change from the benefit welfare State to the regulating State model

3. Social Security

Old: The State guarantees income security also in case of sinking demand (short-time money, *Kurzarbeitergeld*), job qualification training (alimony, *Unterhaltsgeld*) or for parental leave (parent money, *Elterngeld*)

New: shortages especially in the time of the benefits, guarantees are given by (also market) security solutions.



Change from the benefit welfare State to the regulating State model

4. Equality of chances

Old: The State includes new groups into his job market focus, especially women, disabled persons, migrants and rehabilitation patients.

New: A differentiation is no longer made by external criteria such as sex, physical or psychological criteria but only by analysing functional deficits with concern to civil earning capacity.



A. I.

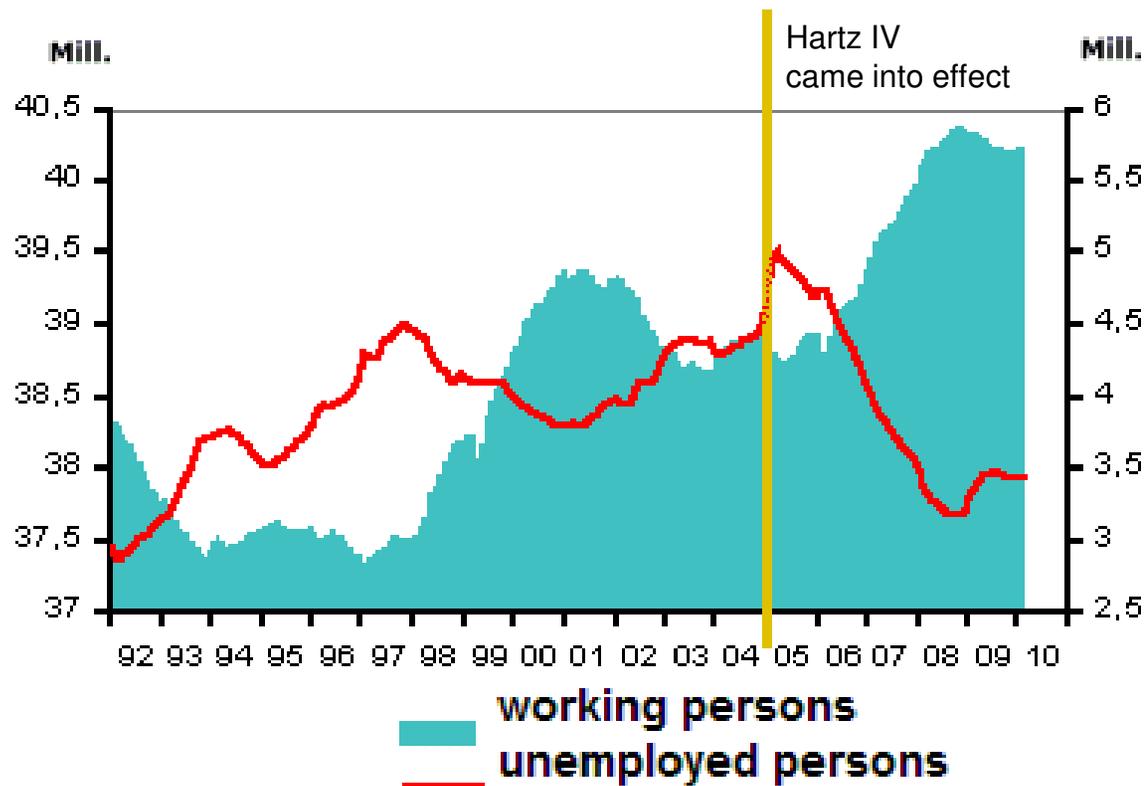
Broader context and situation at the labor market in Germany

(when program was introduced)

- Hartz Commission
- implementation by government Gerhard Schröder II
2002 – 2005
- gravest problem:
introduction coincided with phase of economic
decline



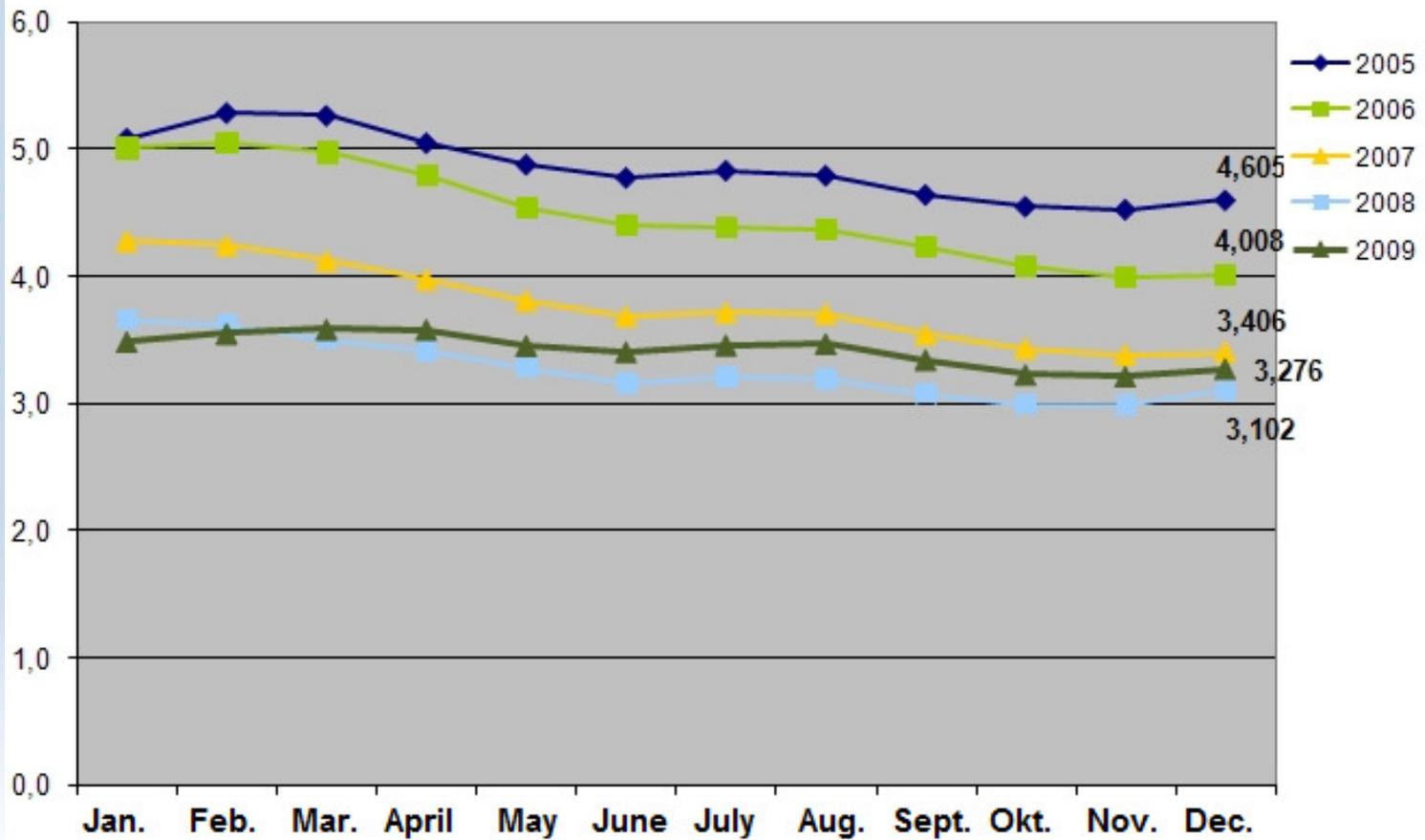
Workforce and unemployed persons in Germany



source: German Bundesbank



Unemployed persons 2005 - 2009 in million





Definition: Unemployed is an employee, who:

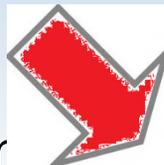
- is currently not in an employment relationship,
- tries to put an end to his unemployment (own activities),
- is disposable for the job placement activities of the Agency for Employment (disposability).

→ Participants of job training measures are statistically not counted as being unemployed.

Percentage of job placement interceded by the Federal Employment Institution

(Bundesanstalt für Arbeit) :

2003: 24,2 %



2004: 18 % (source: Frankfurter Allgemeine Zeitung 17 June 2005)

rest: own activity, construction, headhunter, media notification, applications



Former Unemployment Help (*Arbeitslosenhilfe*)

West Germany introduced an unemployment help in **1956** (Government Konrad Adenauer). This payment follows the unemployment assistance social security and is financed by tax money.

Entitlement to this unemployment help was attributed to (1956 to 2004):

- persons in need,
- being unemployed,
- having registered at their local employment office as unemployed persons,
- being disposable for this administrative body (duty to reside / *Residenzpflicht*),
- having received unemployment assistance social security payments or unemployment help at least one day in the year before filing the application and
- not being entitled to unemployment assistance social security payments.



Entitlement to unemployment help:

- in principle without time restriction,
- accorded for one-year periods,
→ after one year, a new application had to be filed
and the qualification for receiving the money was
examined.



- Amount of benefit was subsequently lowered several times.
- The unemployment help payments were tax-free.
- One or several side jobs were allowed.
- Monthly amount of exemption: 165,- Euro.



Social help assistance

- The federal law on social help assistance (*Bundessozialhilfegesetz, BSHG*).
regulated since 1962 until 2004 type and extent of social care payments for persons in need
(containing all inhabitants of Germany except asylum seekers)
- The federal law on social care assistance (*Bundessozialhilfegesetz, BSHG*).
entered into force June 1st, 1962 , and replaced the prior law dating back to 1924
(„*Reichsgrundsätze über Voraussetzung, Art und Maß der öffentlichen Fürsorge*“ and
„*Verordnung über die Fürsorgepflicht*“)
- Main principles of social help are individual help (§ 3 BSHG), the qualification of the persons
in need to care for themselves (§ 1 Abs. 2 BSHG) and the principle of the subordination of
social help (§ 2 BSHG).



- Social help was calculated by assessing the individual demand.
 - The individual demand is calculated out of the standard rate for every member of the household, possible additions for extra need, possible deductible amounts and housing costs including heating.
 - The individual demand is counterbalanced against the individual income. If the income is below the necessary demand, the missing gap is offered as help for subsistence.
 - Every reasonable work has to be accepted in order to fulfill the demand by own earnings.
- **Social help aims at fulfilling an existing demand and is connected to the constitutional principle of human dignity (Art. 1 (1) GG)**



A. Experience of Germany – Reform background

II. Reasons for the reform of institutional framework (Municipal funds)



Main goals of the 15-member Hartz Commission:

- a sustainable improvement of job placement activities
- development of new strategies for new job opportunities

Thus the steps „Hartz I – IV were created.



Hartz I and II

The legal packages Hartz I (promoting new forms of employment) and II, which entered into force January 1st, 2003, are the start of the implementation process of the proposals worked out by the Hartz Commission:

- I-Corporations
- Education vouchers
- Personnel-Service-Agencies
- Mini-Jobs and Midi-Jobs



Hartz III

In January 1st, 2004 the re-modelling of the job administration followed. The new name „Federal Agency for Employment“ (Bundesagentur für Arbeit) signalled:

Employment service is service for the clients and no mere act of bureaucracy. Priority is given to more and better placement in jobs and not the mere administration of unemployment.

The BA since has become the most modern administrative body on the federal state level.



Hartz IV

The aim of modernisation is partaged by the youngest Hartz law, „Hartz IV“. From then the regional Employment Services (*Agenturen für Arbeit*) were to co-operate with the communal level. The Hartz IV law thus put an end to the inefficient and highly expensive coexistence of federal Agencies for Employment and communal Social care administration.

Hartz IV implemented an intensive coaching and assistance for job-seekers through personal case managers. The aim was 1 manager for 75 clients. The law thus wanted to realise the guiding phrase in the employment sector of the federal government: „Assistance and challenges – under one roof from one hand“. (*Fördern und Fordern - unter einem Dach aus einer Hand*).

This has now been changed to under 25: 1:75 / above 25: 1:150 / aid for living etc: 1:110 changed gradually to 1:130 by way of introduction of ALLEGRO, new software model in place 2015



Hartz IV

- entered into force January 1st, 2005
- regulates the fusion of unemployment help and social help that was planned to be governed by the Federal Agency for Employment
- option for 69 districts and cities to take over the administration of long-term unemployed people in need on their own account (payed in parallel to the common job centres by federal tax money)
- Co-operation by districts and cities with the local agency for employment in form of working partnerships (*Arbeitsgemeinschaften, ArGe*) was made possible
- Unemployment money (social security benefit) becomes „Unemployment money I“ (*Arbeitslosengeld I*) and the former unemployment help and social help were combined to the new „Unemployment money II“ (*Arbeitslosengeld II*).



Key elements of Unemployment Money II (*Arbeitslosengeld II, ALG II*):

- Long-term unemployed persons are obliged by 'integration treaties' (*Eingliederungsvereinbarungen*), also to look for work on their own
- Besides 1.500 € additional earning per month every earned Euro is lowering ALG II payments
- Persons below 25 years of age are immediately offered an internship, vocational training, employment qualification; this standards is legally binding
- Long-term unemployed persons have to accept every legal job offer
- Receivers of ALG II are also entitled to social security payments
- Persons denying a legal job offer are sanctioned by a monthly ALG II reduction of 100 € for a period of three months; persons under 25 may risk losing payments altogether



A. Experience of Germany - Reform background

III. Key players in the reform process



A. III. Key players in the reform process

Commission „Modern Services for Employment“ (Kommission Moderne Dienstleistungen am Arbeitsmarkt)

Dr. Peter Hartz

Member Executive Board Volkswagen AG

Prof. Dr. Werner Jann

Potsdam University

Dr. Jobst Fiedler

Roland Berger Strategy Consultants

Isolde Kunkel-Weber

Member ver.di Executive Board

Dr. Peter Kraljic

Director
McKinsey & Company Düsseldorf

Klaus Luft

Executive Director
Market Access for Technology Services
GmbH

Norbert Bensel

Member Executive Board
DaimlerChrysler Services AG

Wilhelm Schickler

President
Employment Agency
Federal State Hessen

Prof. Dr. Günther Schmid

Scientific Centre for Social Studies

Peter Gasse

Regional Director
IG Metall Nordrhein-Westfalen

Hanns-Eberhard Schleyer

General Secretary
Central Union of
German Craft industry

Eggert Voscherau

Member Executive Board BASF AG

Harald Schartau

Minister for Labour and Social Affairs
Qualification and Technology
Federal State Nordrhein-Westfalen

Wolfgang Tiefensee

Mayor
City of Leipzig

Heinz Fischer

Director Department for Human Resources
Deutsche Bank AG



Modernising the Federal Employment Institution into the Federal Employment Agency

Bundesanstalt für Arbeit

=>

Bundesagentur für Arbeit

Administration

=>

Service

Executing legal regulations

=>

output and outcome orientation

Management by conditions

=>

Management by objectives

(input)

(output)

public office, clerk

=>

entrepreneurship

=> A service provider always needs clients! Results a partition of responsibility. Activation under the keyword:

„Challenging and assisting“ („*Fordern und Fördern!*“)



Modernising the Federal Employment Institution into the Federal Employment Agency

Factors characterising the service provider Federal Employment Agency

(Agentur für Arbeit)

- strict separation between strategic and operational responsibility
- only temporary placement of executive manager positions
- career chances and part of payments not by classic principle of seniority, but only by performance
- operational and budget autonomy for local units given a frame by target setting
- promotion of learning processes through systematic performance comparison
- introduction of competitive elements e. g. bonus payments



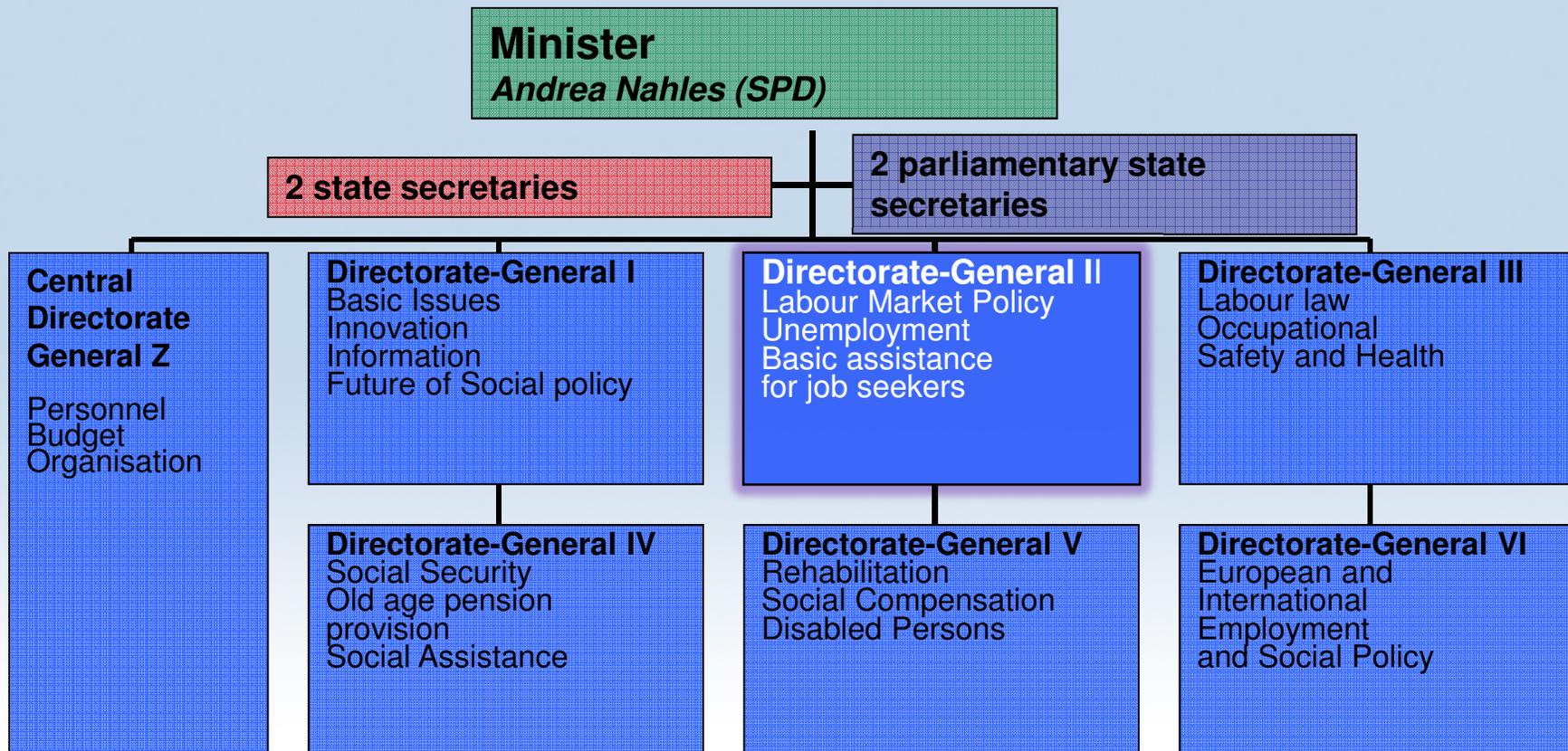
Modernising the Federal Employment Institution into the Federal Employment Agency

Responsibility on the side of the „clients“

- control of own activities of job-seeking by unemployed persons
- giving „homework“ to the job-seekers when first visiting the Employment Agency
- control of compliance with integration agreements (*Eingliederungsvereinbarungen*)
- readiness for co-operation



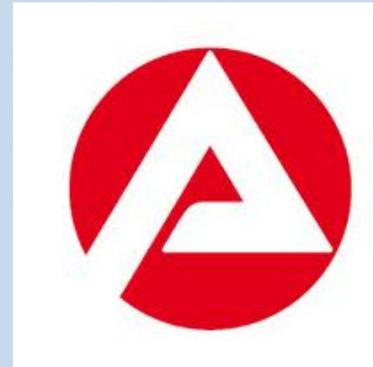
Organisation of the Ministry of Labour and Social Affairs





Federal Employment Agency

Head Office placed in Nürnberg, Free State of Bavaria





A. Experience of Germany - Reform background

IV. Links and models of cooperation between different institutions (employment, social protection system, education system and trainings)



Social Systems in Germany

**Social Insurance
Systems**

**Social Compensation
Systems**

**Social Welfare
Systems**



II. Social Systems in Germany

Social Insurance Systems

Statutory Pension Insurance

Statutory Health Insurance

Statutory Unemployment Insurance

Statutory Long-term Care Insurance

Statutory Accident Insurance

Social Compensation Systems

e. g.

Assistance to war/mil.s. victims

Assistance to victims of crime

Assistance to political prisoners in the GDR-system

Social Welfare Systems

e. g.

Basic Income Support for Job Seekers

Social assistance benefits

Housing allowance



Organisational Structure (since 2012)

435 municipalities
= 435 -> 414
Jobcenter

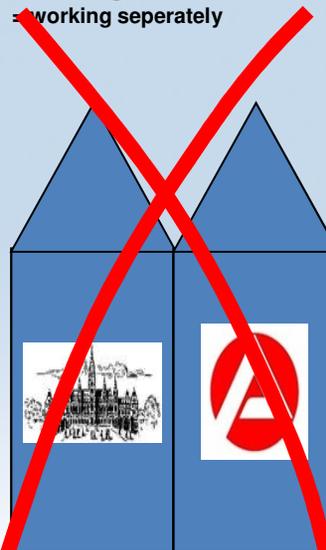
327 ->
306

Joint agencies



**Cooperation between
municipality and regional
employment agency**

23 x gAw
working seperately



108
(certified municipal funds)



**Municipality is the sole
responsible organisation
without any time limit**



Unemployment System

Statutory Unemployment Insurance

- Risk insurance for unemployment
- Period of entitlement: 6 up to 24 months (for people over 50)
- financed by contributions
- self-governing body (Federal Employment Agency)

Basic Income Support for Job Seekers

- for employable persons in need
- Period of entitlement: As long as the persons are in need
- tax-financed



Labour Market Policy Institutions

Unemployment Insurance



**Federal Employment
Agency**

Customers:

- Insured persons
- Companies
- non –recipients of benefits

Basic Income Support
for Jobseekers

Jobcenter

Customers:

Employable persons entitled
to benefits, companies



Statutory unemployment insurance / employment promotion

- **all employees, trainees are covered**
- **contributions paid by employer/employee**
- **contribution assessment limit 5.600 € West / 4.800 € East; rate 3.0 %; unemployment June 2012: 3 mill. (6,6 %)**
- **975.000 recipients of unemployment benefits**
- **employment promotion policies implemented by the Federal Employment Agency = self governing body**



Statutory unemployment insurance/ employment promotion

- ↪ **counselling and placement (internet based job-pool)**
- ↪ **profiling, goal definition, selection of intervention strategy, implementation and monitoring**
- ↪ **activation and occupational integration**
- ↪ **fighting (long-term) unemployment;
becoming self – employed**
- ↪ **unemployment benefit (period of entitlement : up to 12 months / 50 years and more: up to 24 months)**
- ↪ **short time working allowances (24 months maximum)**



Welfare Systems

- e.g.
- **welfare benefits**
 - basic assistance for job seekers (46 bill. €)
 - social assistance benefits (24 bill.)
 - child benefit/ parents allowance/equalization of burdens for families (46 bill.)
 - housing allowance (2 bill.)
- (granted subject to a means test; federal/state/communities taxes)
- **total: 150 bill. € (tax based systems)**



Basic security benefits for job-seekers (Unemployment benefit II)

- for all people who are capable of earning
 - job placement, traineeship esp. for people under 25
 - unemployment benefit (351 €) and accommodation and heating
 - health, long-term and pension insurance - also for members of statutory unemployment



Social assistance

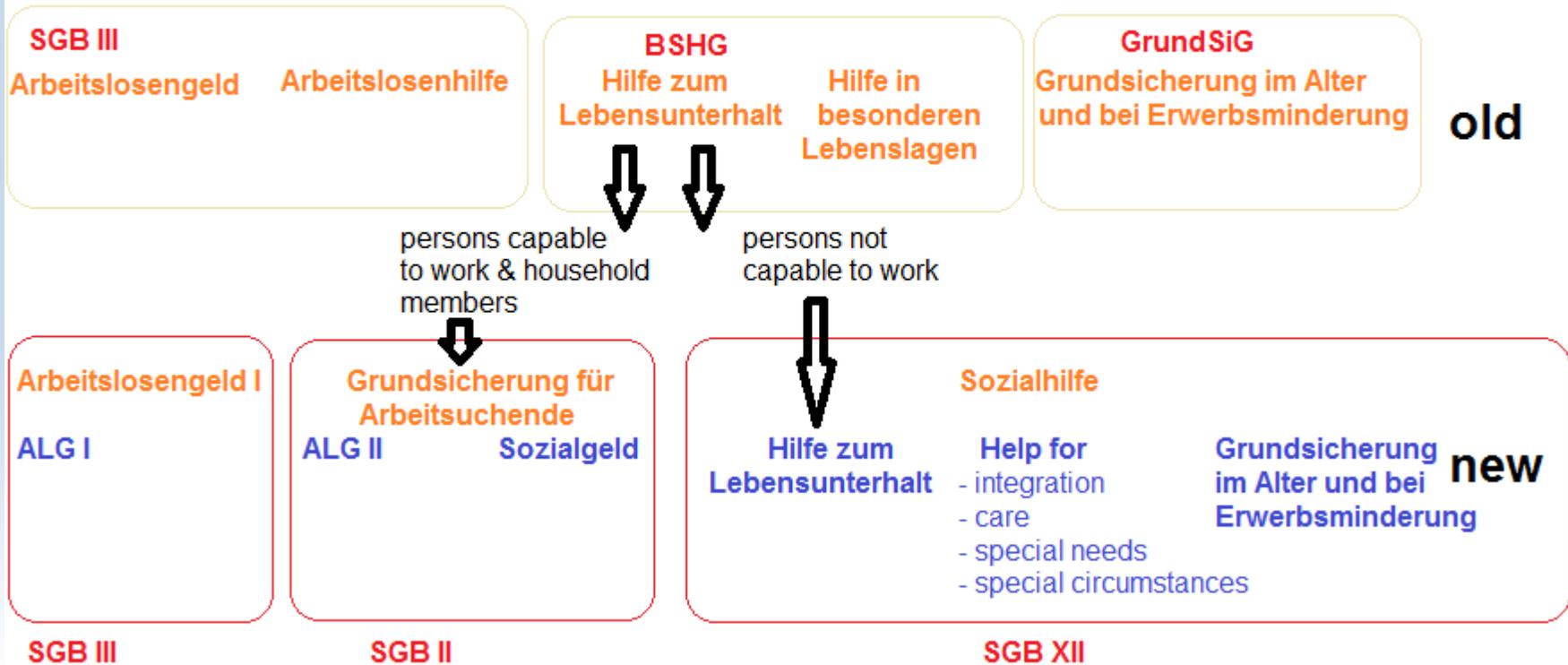
- persons who are not capable of earning
- persons in need of assistance over the age of 65
- standard rate of 351 €
- costs of actual reasonable rent and reasonable heating costs
- costs for setting up a household, initial outfitting with clothes
- costs for health and long-term care



Changes by Hartz IV

abolition of unemployment help - new basic assistance for job-seekers
stronger sanctions / integration agreements / child assistance / 1 € Jobs

Benefit system change 2004 -> 2005





Capacity to work and need for help

- **Capable to work** is every person between 16 and retirement age (65 -> 67) able to
 - work at least 3h a day under normal work life conditions (exceptions for ill or disabled persons)
 - allowed to work (examination for all foreign non-EU 25 nationals)
 - temporary incapacity is recognised for persons caring for a child below 3 years of age
- **In need for help** is every person not having
 - secured living conditions by own reasonable work or
 - by own financial assets or
 - by help of members of a „need community“ (*Bedarfsgemeinschaft*, regularly: household members)



A. Experience of Germany - Reform background

V. Financing the reform – sources of financing, cost sharing between different sectors, number of beneficiaries



Unemployment Payment II (*Arbeitslosengeld II*) due to Hartz IV (SGB II)

Regular payment 2005 for single person in need:

331,00 € East Germany

345,00 € West Germany



Regular benefit 2005 for partner / spouse:

- 298,00 € East Germany
- 311,00 € West Germany

Regular benefit for children:

Note: child allowance is subtracted

up to 15 years of age

- 199,00 € East Germany
- 207,00 € West Germany

above 15 years and below 18 years

- 265,00 € East Germany
- 276,00 € West Germany

note: partner is any person who can be trusted to live together and to vouch for someone (*Einstehensgemeinschaft*) regardless of sex, age or legal relationship



Further needs:

Costs for adequate housing. Determined by square meters per person / price.
Maximum square meters allowed are 45 m² for a single person.

For any other person living in the household an extra 15 m² are added.

- 125,00 € health insurance contribution
- 14,90 € long-time care insurance
- Minimum contribution rate for old age social security pension (78,00 €)
- Restitution of job application costs (5,00 € per application, max. 260 € p. a.)
- Training measures (participation is obligatory and non-compliance sanctioned)



Income taken into account, for example:

- child allowance (*Kindergeld*)
- child alimony (*Unterhalt für Kinder*)
- own house allowance (*Eigenheimzulage*)

Allowable asset value free of charge:

- 200,00 € per year of living (before Hartz IV it were 520 €/year)
- minimum 4.100 € maximum: 13.000,00 €
- for applicants born before 1.1.1948 the sum rests at 520,00 € per year
- 200,00 € per year of living for old age pension insurance treaties not allowing access to money before the age of 65 and private old age insurance treaties under the „Riester-Rente“ scheme

Note: housing and income levels softened by present CDU/CSU – FDP government.



Sanctions for denying offers for reasonable work § 31 SGB II

Work offers can only be refused in case of immorality, e.g. a wage below 30% of average local tariff

first unjustified refusal:

- 30% reduction of regular payments for 3 months

second unjustified refusal:

- 60% reduction of regular payments for 3 months

third and any further unjustified refusals:

- complete cessation of all payments for 3 months

persons below the age of 25:

- complete cessation of payments after first unjustified refusal



Reductions in ALG II compared to former social help (*Sozialhilfe*)

unique payments, e.g. holiday money, clothing money, furniture restitution, household machines, Christmas payment, birthday payment, silver wedding jubilee payment are deleted without replacement





Payments as of July 2008, in Euro per month	Single person	Single person with 1 child below age of 7 years	Couple	Couple with 2 children below age of 15 years
<u>Regular payments</u>				
Household chief	351	351	316	316
Further employable p.			316	316
Child(ren)		211		421
<u>Additional requirement</u>		126		
Total	351	688	632	1053
Costs for housing (cold plus heating without warm water per electricity)	334	441	441	571
<u>Sum</u>	685	1129	1073	1624



B. Experience of Germany - Institutional Framework as Support for the Employment Policies and Activation

I. Case study: Basic Income Support for Jobseekers – main characteristic of the program, scope of the implementation, evaluation of the program and results



Redefining the Welfare State

Lowering subsistence level

-> Raising of personal responsibility, new auto-governing effects

Lowering protection levels

-> Citizens are now confronted with Case Managers attributed with complete governance power and freedom of decision

Competition on job placement market was disturbed by state monopole

-> loss of quality in case of outsourcing to service providers

New Governance established: output/outcome orientation

-> Establishment of a low-wages sector offering jobs for leased labourers and contracting out into sub-companies, lower of level of reasonability of job offers



Basic income support for job-seekers (Unemployment benefit II)

- ↪ for people who are fit for employment + in need of assistance
- ↪ job placement, traineeship esp. for people under 25 and single parent
- ↪ basic security benefit (374 € + special rates for children 219 €, 251 €, 287 € depending on age) + accommodation and heating
- ↪ assistance in case of not enough income from gainful employment
- ↪ supplementary assistance for certain groups (disabled, single parent)
- ↪ costs for setting up a household, initial outfitting with clothes
- ↪ health, long-term care insurance included



Critical echo to Hartz Reforms

- Reforms were heatedly debated
- Political shift and raise of left protest
- WASG, fusion with PDS to DIE LINKE
- end of government coalition in autumn 2005



Critical points I

- costs

no reduction of costs for federal state

principle of subsidiarity

- relationship between private and state responsibility

- creation of new need communities

(*Bedarfsgemeinschaften*) exploding costs



Critical points II

- shortening of benefits
 - criticised as too heavy by social unions
 - criticised as too low by economic experts
 - forced relocations
- lack of regional differentiation



Critical points III

- 1 – Euro – Jobs (suspicious of harming regular jobs)
- gap to regular wages too low
(=> *Lohnabstandsgebot*)
- Broad debate concerning possible fraud and misuse
- Families and Partners openly supporting each other
are financially treated worse than clandestine
relationships



Court decisions

- 22.11.2005 EuGH

Reduction of dismissals protection not conform with EU law

- 20.12.2007 BVerfG

Form of co-operation between Federal Employment Agency and communes (Arbeitsgemeinschaften, Argen) is not consistent with constitutional law

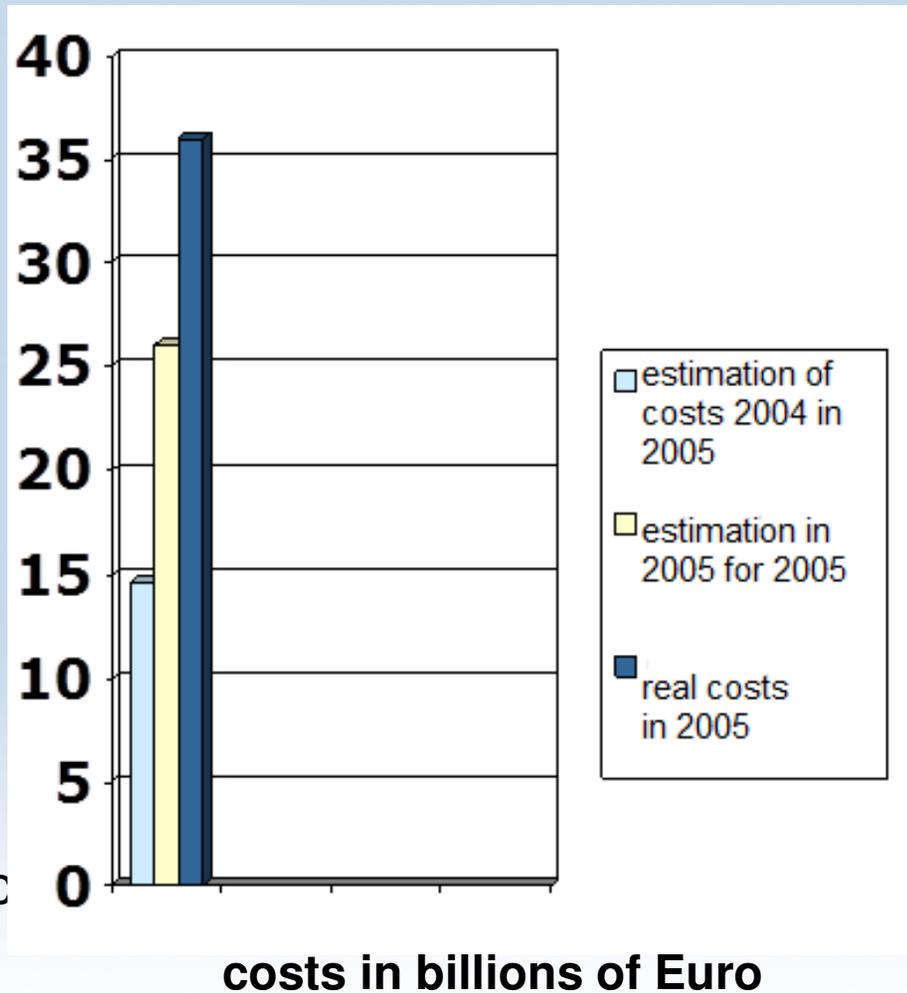
- 21.01.2009 (Bundessozialgericht – BSG)

Regular payments for children not consistent with constitution



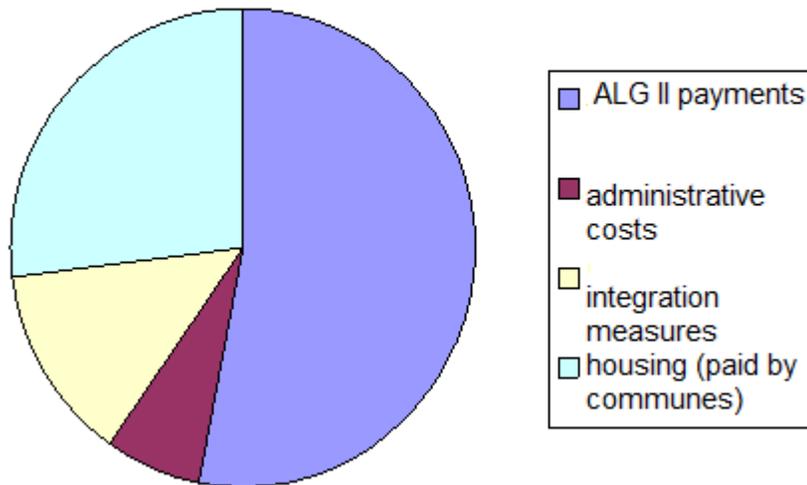
■ Explosion of costs

- some communes defined 99 % of former social help applicants as job-seekers and shifted them into SGB II
- new personnel in job centres to be recruited





Costs of Hartz IV



ALG II	26,1
Administrative costs	3,3
Integration and qualification measures (including 1 € jobs)	6,6
Housing and heating (paid by communes)	13,3
Total	49,3

- Costs of Hartz IV in billions of Euro



Consequences

- A plenitude of measures against fraud
 - home visits and inspections
 - comparison of tax and social data
 - measures with obligatory presence
 - termination of making moving out possible for young persons



Recent results of constitutional court decision for organising institutional framework of Basic Assistant for job-seekers

- Cooperation units (*Arbeitsgemeinschaften*) and opting communes (*Optionskommunen*) have accomplished good work – care and benefits shall be executed from one administrative body also in the future
- Constitutional safeguarding (Ruling of Federal Constitutional (*Bundesverfassungsgericht, BVerfG*) - 2 BvR 2433/04 u.a. - 20. December 2007) accepting Cooperation units (*Arbeitsgemeinschaften*) as regular case and opting communes (*Optionskommunen*) as exception and decision to allow 41 new opting communes for 1 January 2012 (ratio norm – exception $\frac{3}{4}$ (currently 306) to $\frac{1}{4}$ (currently 108))
- Change of the Basic Law (*Grundgesetz*) for constitutional security (new Art. 91e GG)



Key points – new common institutions (*gemeinsame Einrichtungen*) as of 1 January 2011

- no independent administrative bodies, but strengthening of
- local responsibility through clearer rules of competence for
- Executive Board (*Geschäftsführer*) and institutional partnership council (*Trägerversammlung*)
- own employee representation
- veto rights remain with institutional partners (Federal Employment Agency and district county or city) which is reflected in
- structure of surveillance remaining by FMLS (BMAS) or Federal State; control of legality over the institutional partnership council is executed by FMLS (BMAS) jointly with the respective Federal State and
- regular discussions in cooperation council (*Kooperationsausschuss*)



SGB II

Key points concerning opting communes

- End to time limit for existing opting communes and admission of 41 additional opting communes (possible future changes may occur due to communal fusions e.g. 1.1.2013 in Mecklenburg-Vorpommern (3) and Saxony (1))
- criteria for admission established by statutory regulation
- surveillance over opting communes is executed by Federal States (different legal constructions due to Federal State constitutions allowing supervisory control – *Fachaufsicht* - or as in most cases only legal surveillance - *Rechtsaufsicht*) , legal surveillance by FMLS (BMAS) over the Federal States
- Integration into nationwide agreement on objectives, participation in benchmarking process and financial control by the FMLS (BMAS) and FMF (BMF) (**disputed**)



SGB II

Regular payments for adults and children

- Public Welfare is assigned with the task to allow a decent life and participation at cultural life to a reasonable extent (minimum standard of living guaranteed by the Constitution).
- Since 1990 the income and consumer control sample (*Einkommens- und Verbrauchsstichprobe (EVS)*) of the Federal Institution for Statistics is the basis for calculating the regular payment (before: market basket model).
- The statutory instrument on the regular payment as of 1 January 2005 defines as reference group the lowest 20 % of net income of single households of the EVS excluding receivers of social help.



SGB II

Regular payments for adults and children

Key elements of Constitutional Court ruling BVerfG as of 9 February 2010

(1 BvL 1, 3 and 4/09)

- Statistical model is in general accepted
- The linking of payment changes to the development of old age pension factor is not accepted
- Reductions have to be further motivated
- Exceptional hardship cases have to be considered



SGB II

Reaction

Regular payments for adults and children

- immediate order by Federal Employment Agency to consider cases of hardship (17. February 2010)
- New calculation of regular payment worked out by FMLS (BMAS) in close cooperation with Federal Statistic Institution (result: only additional 5 € per month!)
- Constitutional Court set deadline until 31 December 2010



SGB II Social Courts flooded with lawsuits

Has to be evaluated taking all factors into consideration

Improvement as common goal

Factors:

- Benefit assuring minimum living standard
- Comprehensive system
- New system
- Quality of benefit administration



SGB II Social Courts flooded with lawsuits

Benefit assuring minimum living standard

- Benefit is of existential importance for concerned persons
- SGB II only takes place if and when other social benefits are not sufficient
- Stronger accent put on Assistance and Challenge
- field of decisions generally close to create conflict



SGB II Social Courts flooded with lawsuits

Comprehensive system

- Only 1% of all decisions are treated before Social Courts
- Comprehensiveness of system comprising 6.7 Mio. receivers of benefits and about 25 Mio. decisions per year
- Changes of personal living conditions (e. g. new partner) require new decisions
- Right to judicial recourse and administrative self-control



SGB II Social Courts flooded with lawsuits

New benefit system

- Standards in administrative and judicial processes are yet to be developed
- most decisions of SGB II administration are correct
- Legal discretionary power and open legal terms lead to ambiguity and facilitate access to the Social Courts
- special rule of media and social unions



SGB II Social Courts flooded with lawsuits

Quality of benefit administration

- Improvements in benefit administration
- Duration of administrative procedures and success rates of lawsuits are to be reduced by improved quality of decisions
- Court cases shall not replace a lack of prior consultation in the job centre



SGB II Social Courts flooded with lawsuits

Success rates when filing lawsuits

- Success rate for plaintiffs is at a very high level (50 %)
- in part to be explained by risen quota of lawsuits
- This development is critical to the general acceptance of SGB II



SGB II Social Courts flooded with lawsuits

Steps for improving the situation

- Measures by the benefit institutions (BA and Communes)
- Stabilising Personnel and Qualification
- Improving and relaxation of SGB II benefit law
- Better organisation of administrative opposition proceedings
- Improvement of consultation, integration of mediation-like processes
- Better cooperation with Social Courts



Basic income support for job-seekers - Reform measures taken

- ↪ **Decision of the German Constitutional Court in 2010 made necessary:**
- ↪ **Rise of basic security benefit(359 to 364 €);adjustment by rise of prices (70 %) and rise of wages (30 %)**
- ↪ **Each child has the right to: working material (exercise book, pen etc.) 100 € a year; participation in sport/ cultural activities 120 € a year; costs are paid school/nursery school outings; subsidy of lunch in school/(day)nursery school, families pay 1 € a day; special school coaching for children who find learning difficult (total: 2,5 mill. children including children of families with low income; cost of 1,6 bill. € a year)**



Bundesministerium
für Arbeit und Soziales

Management by Objectives and Evaluation in the German Labor Market Policy

- An Overview -

Andreas Kehrbach

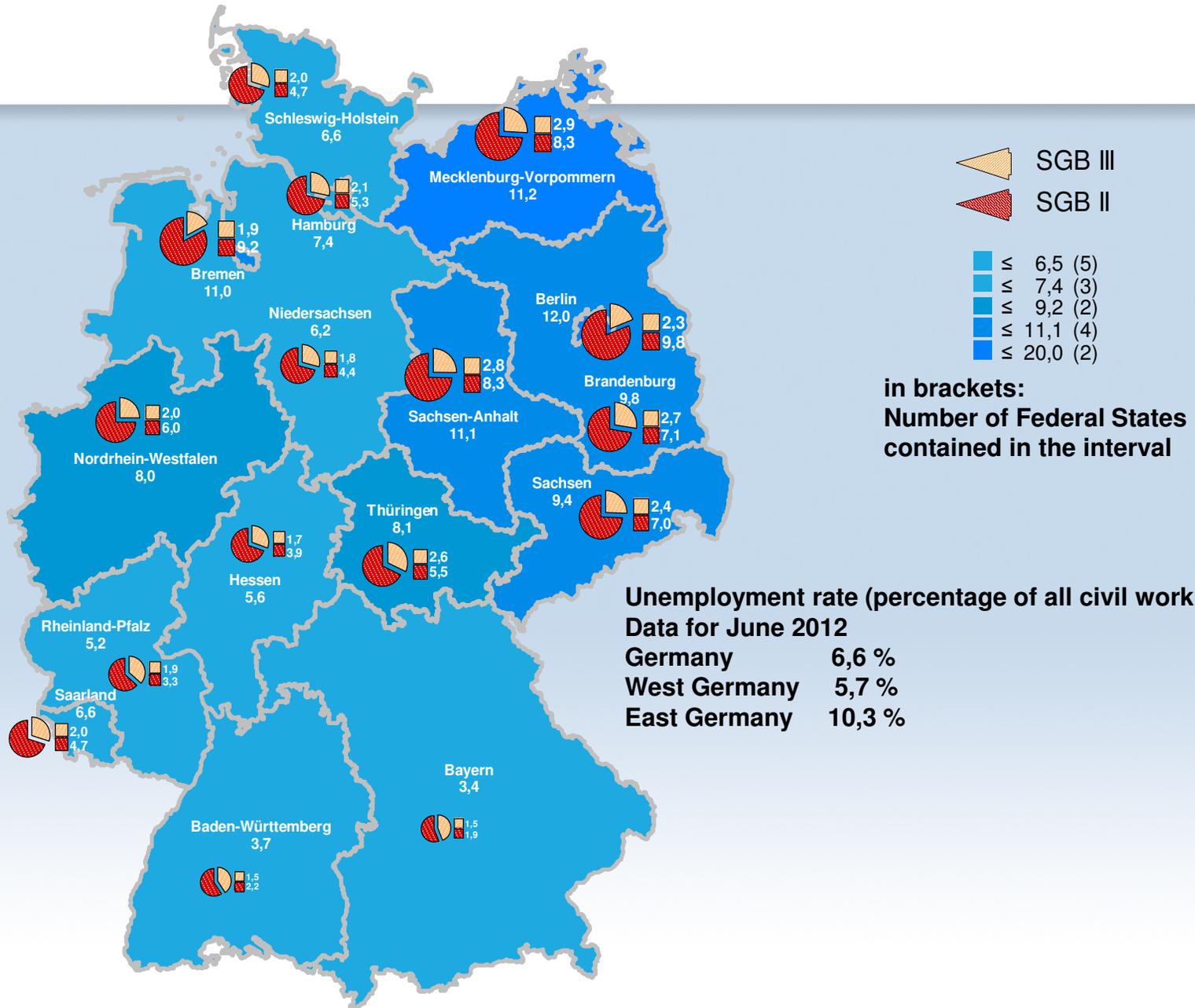
Unit „Governance and Budget
of the Basic Income for Jobseekers“

German Federal Ministry of Labour and Social Affairs



Contents

- **Introduction**
 - Management by Objectives vs. Evaluation
 - German System of Unemployment/Welfare benefits
- **Management by Objectives**
- **Evaluation**
- **Conclusion/Discussion**





Introduction

- **Management by Objectives:**
- Purpose: Management tool for the Labor Market System
- Up-to date Controlling data provided continuously
- Enable Ministry and/or Headquarters of PES to control performance and take Management impulses
- Provide benchmark comparison
- **Evaluation:**
- Purpose: ongoing but longterm scientific Impact Analysis of Labour Market Policy



Importance of Data

- **Legal basis** in both systems allows for continuous collection of
 - Comprehensive statistical data and
 - Objectives-related data
- Data ideally generated through the **BA-IT-system** or communicated by the local agencies
- Publication of Statistics
- Benchmark to be published online as of 2011 for implementing institutions



Objectives defined by law

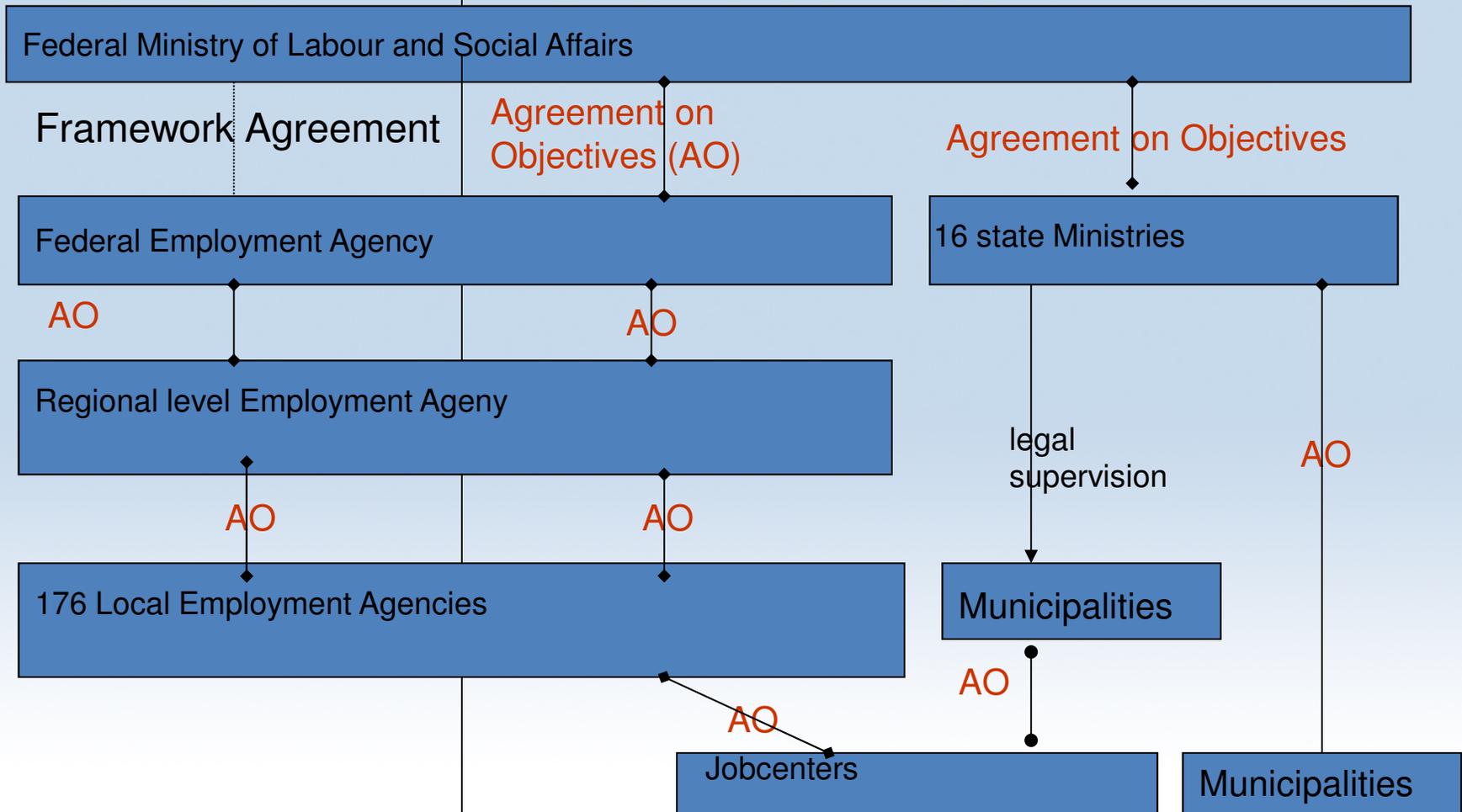
- **Unemployment Insurance**
- Prevent and shorten the duration of unemployment, speedy filling of jobs
- Prevent longterm unemployment
- Balance of supply and demand on the labor market
- Mobility and Employability
- **Basic Income for Jobseekers (Welfare)**
- Getting clients out of Welfare
- Provide means of subsistence and assistance in finding employment
- Prevent, eliminate, diminish the need for assistance
- Preserve, ameliorate or regain employability
- Strengthening of individual responsibility of clients
- **Both systems: Equality of men and women**



Management by Objectives

Unemployment Insurance Jobseekers

Welfare/Basic Income for





Selected Impact Indicators of the Federal Employment Agency - Unemployment Insurance

- **Integration rate** (ratio of integrations to opening stock and entries of unemployed)
- Proportion of **sustainable integrations** to all integrations of unemployed
- Amount of successful **staffings** out of stock
- **Duration** of unemployment
- Client **satisfaction**
- specific indicators for integration of **disabled persons** and **single parents** (current discussion: need for **gender aspects**)



Primary Impact Indicators of the Federal Government - Welfare/Basic Income for Jobseekers

- **Welfare expenditures**
- (without expenditures for social security contributions and accomodation and heating)
- **Integration rate**
- (ratio of integrations to stock of employable recipients)
- Amount of **longterm recipients**
- (in need of assistance for 21 out of the last 24 months)
- Client **satisfaction**



Supplementary Indicators of the Federal Government - Welfare/Basic Income for Jobseekers

- **Welfare expenditures:**
 - Expenditures for accomodation and heating
 - Change of stock of people in need of assistance
 - People entering/leaving the stock
- **Integration rate**
 - People entering marginal or subsidized employment
 - Sustainability of integration
- **Longterm recipients**
 - Integration and activation rate of longterm recipients
 - Longterm recipients entering/leaving the system
-



Management and Control of target achievement - Welfare/Basic Income for Jobseekers

- **Reporting**
 - Monthly and reports by the BA for local level
 - Quarterly report for local level and Federal Expenditures for accomodation and heating

- **Target Achievement Dialogues** (Content: target achievement and Management impulses)
 - Ministry level: 4 per year
 - Lower levels: 5 per year



Discussion and Refinement of Indicators in the Welfare system

- Legal basis for a Federal regulation on indicators
- Legal provision for discussion on benchmarking, data collection and Management by objectives in a Committee consisting of members from Federal and State level, Federal Employment Agency and organizations of municipalities

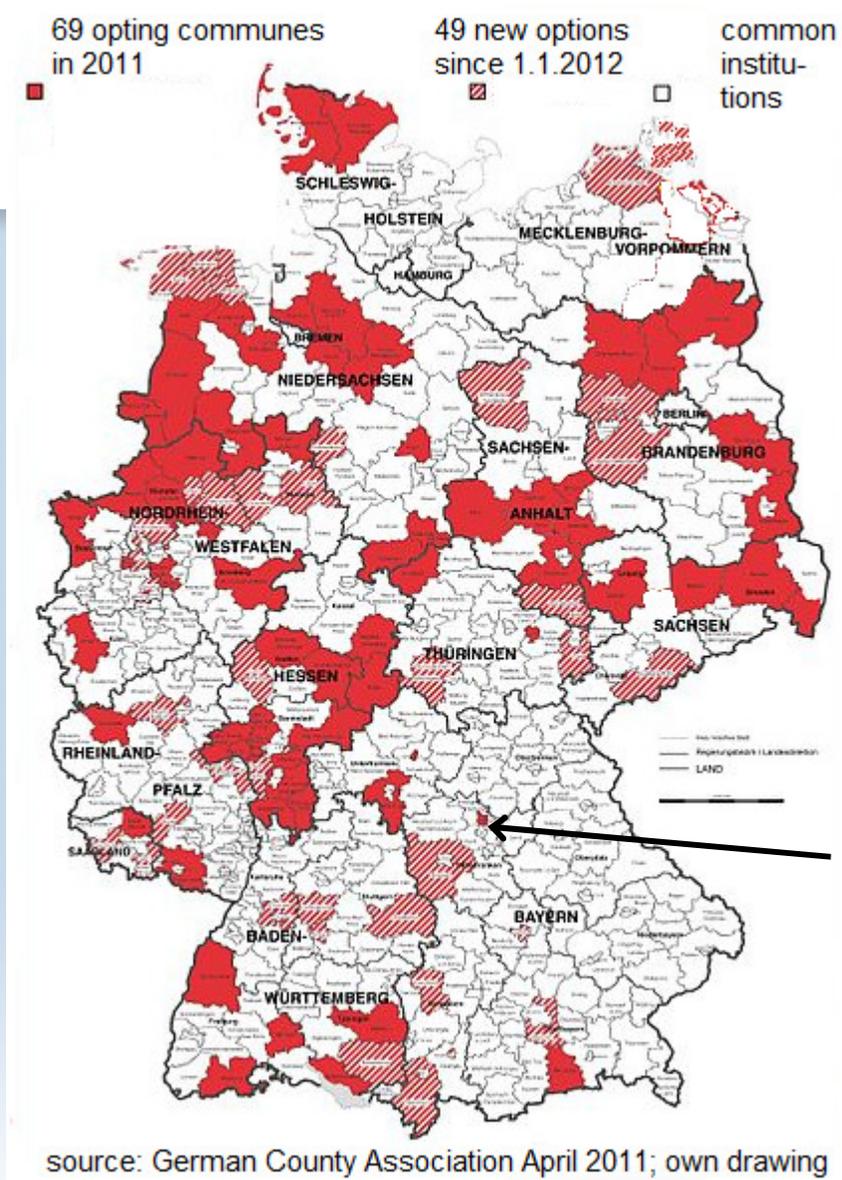


Indicators - Issues of Discussion in the Welfare system

- Quantification of objectives
- Indicator for accomodation&heating and social services (responsibility of municipalities)
- Need to add a qualitative element to the quantitative objective measurement



Institutional picture



Nürnberg



B. Experience of Germany - Institutional Framework as Support for the Employment Policies and Activation

II. Links with other programs

(e.g. Mini-jobs, social services, education measures...)

(Mini-Jobs see backup slides)



German System of Unemployment/Welfare benefits

System	Unemployment Insurance - Social Code III	Basic Income for Jobseekers - Social Code II
Target Groups	Short term (< 1 yr) Unemployed	<ul style="list-style-type: none">▪ Longterm Unemployed in need of assistance▪ Working Persons: top-up benefit in addition to income▪ Family members
Benefits/Services	<ul style="list-style-type: none">▪ Insurance benefit▪ Active Labor Market Policy (ALMP)	<ul style="list-style-type: none">▪ Welfare benefit▪ ALMP▪ Social Services
Implementation/ Responsibility	German Federal Employment Agency (BA) through 176 local agencies	<ul style="list-style-type: none">▪ BA and municipalities through 437 Jobcenters▪ exception: 108 municipalities alone



Social assistance

- persons who are not capable of earning
- persons in need of assistance over the age of 65
- standard rates correspond with the rates of basic income support for job seekers + rent and heating costs
- supplementary assistance for certain groups
- costs for setting up a household, initial outfitting with clothes
- costs for health and long-term care included



Transition rules for Unemployment Payment I (ALG I)

Transition rules are put into effect for persons having been unemployed until 31 January 2006

These persons benefit from a longer period of ALG I payment under the condition of having reached the following minimum age levels:

- 45 years: until 18 months ALG I
- 47 years: until 22 months ALG I
- 52 years: until 26 months ALG I
- 57 years: until 32 months ALG I



Social Court fees introduced from January 1st, 2005



- 1. Instance procedure: 75,00 €
- 2. Instance procedure: 150,00 €
- 3. Instance procedure: 225,00 €

Until 31 December 2004 procedures before social courts were free of court fees. The introduction of social court fees is critical, as receivers of ALG II have to pay them out of the regular monthly payment. Constitutionally it is not tolerable that bringing legal action is hindered by lack of financial means.



- Research Insitute of the BA „**IAB**“
- Legal basis for ongoing, also longterm **reasearch** and **analysis** of various aspects of labor market policy in both systems
- **Reports** in various formats and time periods geared more towards an in-depth assessment than to current management
- **Special evaluation** of different organizational possibilities in the welfare system (Jobcenerts vs. Municipalities)



B. II. Problem of demographic change



Demographic composition Federal State Saxe-Anhalt,
1990 2050

Germany: 80 Mio.

60 – 70 Mio.?

women and single parents as „last reserve“ of the German job market
critical changes on Mini-Jobs with possible negative side effects





- Thank you for your attention

Contact Details

- Andreas Kehrbach
- Unit IIc7 „Governance and Budget of the Basic Income for Jobseekers“
- Federal Ministry of Labour and Social Affairs
- +49 (0)30 18527 6544
- Andreas.Kehrbach@bmas.bund.de





- **Questions?**
- **Remarks?**



Backup slides



Distribution of the German Social Budget 2010

- Social insurance systems: 496 bill. € = 62,6 %
- Social compensation systems: 3 bill. € = 0,4 %
- Social welfare systems: 147 bill. € = 18,6 %
- Special systems: 25 bill. € = 3,1 %
- Systems for public employees: 58 bill. € = 7,3 %
- Systems of the employers: 63 bill. = 8 %

- **Social budget in Germany = 792 bill. €**
30,4 % of the German gross domestic product



Social Insurance Contribution Rates as of January^{1st}, 2012

	Total	Employer's Share	Employee's Share
Pension Insurance	19.6 %	9.8 %	9.8 %
Health Insurance			
•General Contrib. Rate	14.60 %	7.30 %	7.30 %
•Additional Contrib.	0.90 %	--	0.90 %
•Total (Ø)	15.5 %	7.30 %	8.20 %
Long-Term Care Insurance			
•General Contrib. Rate	1.95 %	0.975 %	0.975 %
•Contrib. Rate for Childless	2.20 %	0.975 %	1.225 %
Unemployment Insurance	3.0 %	1.50 %	1.50 %
Total	40.05 % / 40.3 %	19.575 %	20.475 % / 20.725 %



Social Insurance Systems

- ↪ **Statutory Pension Insurance: 253 bill. € (80 bill. state subsidy)**
- ↪ **Statutory Health Insurance: 174 bill. € (14 bill. state subsidy)**
- ↪ **Statutory Unemployment Insurance: 36 bill. (€ 6,8 st.s)**
- ↪ **Statutory Long - term Care Insurance (21 bill. €)**
- ↪ **Statutory Accident Insurance (12 bill. €)**

- **total: 496 bill. € (contribution based/ pay as you go systems)**



Bundesministerium
für Arbeit und Soziales

SOCIAL SECURITY SYSTEM FROM BIRTH TO OLD AGE IN GERMANY

**Visit of B. N. Bache Gowda
Labour Minister
Government of Karnataka, India**

18th June 2009 Berlin.

Andreas Kehrbach

Bundesministerium für Arbeit und Soziales Berlin



A. Social Insurance Systems

- ↪ Statutory Pension Insurance (237 bill. €)
- ↪ Statutory Health Insurance (161 bill. €)
- ↪ Statutory Unemployment Insurance (36 bill. €)
- ↪ Statutory Long-term Care Insurance (18 bill. €)
- ↪ Statutory Accident Insurance (11 bill. €)

▪ **total : 463 bill. € (contribution based/ pay as you go systems)**



B. Additional Social Systems

- e.g.
- **a. compensation benefits**
 - assistance to war victims
 - assistance to victims of crime
 - assistance to political prisoners of the DDR-System
 - - not tied to preconditions
 - in general granted to the level of physical damage



B. Additional Social Systems

- e.g.
- **b. welfare benefits**
 - social assistance benefits
 - basic assistance for job seekers
 - housing allowance
 - benefits for asylum seekers
- (granted subject to a means test)
 - **total : 250 bill. € (tax based systems)**
- 126 ■ **1/3 of the German gross domestic product (app. 700 bill. €)**



C. Social Security from birth to old age

1. **German Basic Law: Germany is a Democratic and Social Federal State**
 - ↳ historical base of the social insurance system
2. **Basic Principles of the Social Insurance System**
 - ↳ the principle of compulsory insurance
 - ↳ the principle of financing through contributions
 - ↳ the principle of solidarity
 - ↳ the principle of equivalence
 - ↳ the principle of self government
 - ↳ the principle of free movement



C. Social Security from birth to old age

- **Overlook:**
- ↪ Statutory Health Insurance
- ↪ Statutory Unemployment Insurance
- ↪ Basic Security Benefits for job-seekers
- ↪ Statutory Pension Insurance
- ↪ Promotion of additional provision for old age
- ↪ Social Assistance
- ↪ Statutory Occupational Accident Insurance
- ↪ Statutory long-term care insurance
- ↪ Protection of working and pregnant women
- ↪ Support for parents



C. Social Security from birth to old age

■ 3. Statutory Health Insurance

- 70 mill. people are insured in the compulsory system; 12 mill. people are privately insured
- we had app.300,000 people uninsured
- 2009:compulsory insurance for everybody
- assessment limit 3,675 €,
limit to compulsory insurance 4,050 €
- employer/employee each pay half of the contributions
- since January 1st 2009 legally stipulated contribution rate:
15.5 %



C. Social Security from birth to old age

■ 3. Statutory Health Insurance

- in general free choice of sickness fund
- 8 different kinds due to historic development, e.g.
 - General Local Insurance Fund
 - Substitute Sickness Insurance Society
 - Company Health Insurance Fund
 - Social miners` and mine-employees´ insurance



C. Social Security from birth to old age

■ a. Who is insured

- all employees (and their family members – without extra contribution)
- trainees, university students
- old age pensioners who have been insured for a specific time
- recipients of unemployment benefits, job seekers
- disabled persons employed at sheltered workshops



C. Social Security from birth to old age

■ b. Benefits

- whatever is necessary is covered by the insurance
- e.g. - free choice of panel doctor or dentist
- participation in early detection measures, health care education and advice
- benefits - in - kind: medical and dental treatment, hospital treatment medication, home help, home nursing care
- cash benefits: sickness benefit, maternity benefit



C. Social Security from birth to old age

■ c. Organisation

- not one central fund, but 8 kinds of funds
(total of about 190 funds)
- self administration

■ d. Need for Reforms

- cost explosion because of medical progress
- high level of debts of the funds (2006 = 2,6 bill. €)
- rise of contribution rates



C. Social Security from birth to old age

■ reasons:

- e. g. - double medical attendance, 30 % of x-ray unnecessary, cancer precaution insufficient
- no extra contribution of the insured for the cost
- rise of life expectancy
- only 43 % of the costs are covered by the contributions of the pensioners; in 1970 70 % were covered



C. Social Security from birth to old age

■ e. Health Reform 2004

- additional contribution of the insured for the costs of remedies, drugs, appliances, hospital treatment have lowered the costs by 6 bill. € (4 % of all expenses).
- contributions up to 2 % of the gross personal income, 1 % for the chronically sick



C. Social Security from birth to old age

■ e. Health Reform 2004

- 0,9 % of the contribution rate has to be paid by the employee alone - 2,4 bill. € savings for the employer
- decrease of debts of the sickness funds



C. Social Security from birth to old age

■ f. Health Reform 2007

- the introduction of universal health insurance coverage
- the improvement of medical care
- the modernisation of the statutory health insurance fund
- the reform of the financing base: the health fund
- strengthening of the competitiveness of the funds



C. Social Security from birth to old age

■ 4. Statutory Pension Insurance

- 20 mill. pensioners – 24.5 mill. pensions are paid
- 51 mill. persons are insured
- compulsory insurance (up to assessment limit = 5,400 € W/ 4,550 € E)
- contributions are paid half by employers/employees
- 19.9 % of the gross monthly salary



C. Social Security from birth to old age

■ 4. Statutory Pension Insurance

- pensions are adjusted on 1st July each year
- based on trends in the income of the active insured population
- Actual discussion: legal avoidance of dropping of pension level in 2010 due to possible economic crisis



C. Social Security from birth to old age

■ a. Who is insured

- in general all employees, trainees
- claimants of sickness benefits, unemployment benefits etc.
- disabled persons employed at sheltered workshops



C. Social Security from birth to old age

■ a. Who is insured

- mothers and fathers during the initial child raising period
- certain groups of self employed persons (trades people, artists and members of the publishing profession etc.)
- tenured civil servants, judges and members of the armed forces are generally exempt from paying insurance contributions



C. Social Security from birth to old age

■ b. Benefits

■ e.g.

aa) old age pensions

- standard old age pension (65, 5 years qualifying period)
- long service pension (63, 35 years qualifying period, reduction of 7,2 % = 0,3 % per month)
- old age pension for woman (60 – reduction 18 % - 15 years qualifying period)



C. Social Security from birth to old age

▪ b. Benefits

▪ e.g.

bb) reduced earning capacity pensions

cc) surviving dependants pensions

dd) rehabilitation

▪ c. Organisation of the Pension Funds
(2 federal, 14 state funds)

▪ d. Self Administration



C. Social Security from birth to old age

5. Promotion of additional provision for old age

- (since 2002)



Ageing society, decline of population, pensions don't rise at past levels, additional provision is needed

- a) Company Pension Plans (oldest old age pension)
- b) Personal Forms of provision for old age



C. Social Security from birth to old age

■ c) Who is eligible for the state incentives

- anyone compulsory insured in the statutory pension system
- tenured civil servants, judges and members of the armed forces



C. Social Security from birth to old age

▪ d) How the state incentives work

- pension supplement
(basic supplement = 154 € ;
child supplement = 185 €; since 2008 = 300 €)
- minimum own contribution:
4 % of annual income, maximum 2100 €
- tax deductible: up to 2,100 €



C. Social Security from birth to old age

■ e) Reasons for further Reforms

- today we have 3 working people and 1 pensioner in 30 years it will be 1 to 2
- the period pensions are paid rose since 1960 rose up to 70 % (from 10 years to 17.4 years)
- only 41 % of the employer occupy people over 60
- only 53 % of the work force between 55 – 64 years do work;



C. Social Security from birth to old age

■ e) Reasons for further Reforms

- demographic changes
 - life expectancy rises
 - less children
(reproduction rate 1.4 - necessary 2.1)
- global economy (working places are transferred abroad, working costs too high)
- unemployment rate was high
(now: 8.5 % = 3.5 mill. people)



C. Social Security from birth to old age

■ aa. New regulations for pension adjustment

- include a sustainability factor to take account of the trend in the ratio of pensioners to contributors – decrease in the number of contributors pension increases will tend to be lower and the other way around;



C. Social Security from birth to old age

■ bb. Rise of pension age from 65 to 67

- controversial discussions
- Ireland 66 - similar thoughts in Great Britain (68)
- transitional period from 2012 to 2029
- exemption: people with a contribution period of 45 years



C. Social Security from birth to old age

6. Statutory unemployment insurance / employment promotion

- employees, trainees are covered
- contributions paid by employer/employee
- contribution assessment limit 5,400 € W/ 4,550 € E ; rate 2.8 %; unemployment 8.5 %
- employment promotion policies, implemented by the Federal Employment Agency = self governing body



C. Social Security from birth to old age

6. Statutory unemployment insurance/ employment promotion

- job and traineeship placement
- improving people`s chances on the jobs market
- fighting long-term unemployment
- becoming self - employed
- unemployment benefit
(up to 12 months /50 years and more: up to 24 months)



C. Social Security from birth to old age

- **7. Basic security benefits for job-seekers
(Unemployment benefit II)**
 - for all people who are capable of earning
 - job placement, traineeship esp. for people under 25
 - unemployment benefit (351 €) and accommodation and heating
 - health, long-term and pension insurance - also for members of statutory unemployment



C. Social Security from birth to old age

■ 8. Social assistance

- persons who are not capable of earning
- persons in need of assistance over the age of 65
- standard rate of 351 €
- costs of actual reasonable rent and reasonable heating costs
- costs for setting up a household, initial outfitting with clothes
- costs for health and long-term care



C. Social Security from birth to old age

- **9. Statutory occupational insurance**
 - covers employees, trainees, farmers, children in (nursery) school, students
 - contributions paid by employers
 - occupational accident, illness; accident to or from work



C. Social Security from birth to old age

- **9. Statutory occupational insurance**
 - medical treatment, occupational integration assistance, cash benefits to the insured and surviving dependants
 - provided by industrial, agricultural and public-sector insurance funds
 - self governing bodies



C. Social Security from birth to old age

■ 10. Statutory long-term care insurance

- new branch of the social insurance system (1995)
- safety net for 82 mill. people
- 2,3 million people in Germany require long-term care
- compulsory either in the public or private health insurance
- contributions half by employer/employee



C. Social Security from birth to old age

■ 10. Statutory long-term care insurance

- assessment limit 3,675 € - contribution rate 1.95 %
- home care and institutional care at 3 care levels
- choice between non cash and cash benefits
- insurance pays 215 € to 675 € a month
- for elderly people in nursing homes up to 1,470 €
- 9 days / 6 months unpaid to foster relatives
- in 2010 and 2012 payments will be raised
- nursing homes are controlled once a year



C. Social Security from birth to old age

- **11. Protection of working and pregnant women**
 - protection from dismissal
 - protection at the workplace
 - maternity leave
 - maternity benefit



C. Social Security from birth to old age

- **12. Support for parents**
 - child benefit (164 € until 18/25 years)
 - parental leave (up to 3 years)
 - since 2007 “ parents allowance “ (from 300 € up to 1,800 €, 12/14 months)