



Networking and coaching to success? The new German approach to long-term unemployed

Peer Review on

“Approaches to integrate long-term unemployed persons”

Berlin, 13-14 October 2016

OVERVIEW

1. Institutional context
2. Labour market context – UB2-recipient and long-term unemployment
3. Past experiences with the activation and integration of UB2-recipients
4. The new policy initiative
5. Transferability

1. INSTITUTIONAL CONTEXT

Germany: The Federal State, 16 Federal States (“Länder”) as well as 403 counties/municipalities

Since 2005: Insurance-based unemployment benefits I (UB1) regulated in Social Code III and tax-based unemployment benefits II (UB2) regulated in Social Code II

UB1: For the “regular” unemployed

- Eligibility primarily depends on a certain minimum period of past employment subject to social security contributions
- Amount depends on last income and age
- Typically granted for up to 12 months, for older unemployed (50+) up to 24 months → some LTU receive UB1
- Local Labour Agencies of the “Bundesagentur für Arbeit” (BA) are responsible

UB2: For “able-to-work persons in need” and their household members

- Eligible are persons who are not (or no longer) eligible for UB1 and who cannot (or at least not fully) make a living from other sources and who are “able to work” → household-based and strictly means-tested; rather wide definition of “ability to work”
- Lump-sum depending on the household status (“UB2 in a narrow sense”) plus reimbursement of accommodation costs → no limit on duration

1. INSTITUTIONAL CONTEXT

Responsible for UB2-recipients: 408 Jobcenters

- 105 are run by the county/municipality alone (**municipal Jobcenters**)
- 303 are run in co-operation between the county/municipality and the local Labour Agencies of the BA (**co-operating Jobcenters**)
- Geographical areas of the Jobcenters correspond largely to the counties/municipalities → one Labour Agency of the BA can be involved in more than one co-operating Jobcenter
- In each co-operating Jobcenter: Labour Agency and respective county/municipality are represented equally in the Supervisory Board of the Jobcenter
- Each co-operating Jobcenter is managed by a Director which is appointed by the Supervisory Board and reports directly to it

Costs of UB2-system: Benefits, ALMP-measures and administrative costs of the Jobcenters are primarily covered by the Federal State

1. INSTITUTIONAL CONTEXT

Performance management of Jobcenters: Since 2012 common annual process of performance targets and performance assessment with

- Defined indicators for the statutory goals as well as supplementary indicators to be used in performance monitoring and assessment
- Common data base and methodology for measuring indicators
- Decentralised process of concluding target agreements with the Jobcenters
- Dialog-based concept for assessment of Jobcenter performance
- Provision of internet-based support functions for the Jobcenters as well as for publishing performance results

Tasks and services of the Jobcenters:

- UB2-benefit calculation and disbursement as well as provision of labour market-oriented services
- Like in UB1-system: Full range of individual counselling and guidance, provision of job offers, conclusion of an individual action plan (IAP) with jobseekers based on an assessment of the person's employment potential (profiling) and referral of jobseekers to different forms of ALMP-measures
- Legal regulation for the caseloads of employment counsellors: It should be 1:75 for "able-to-work persons in need" under 25 years and 1:150 for older "able-to-work persons in need".

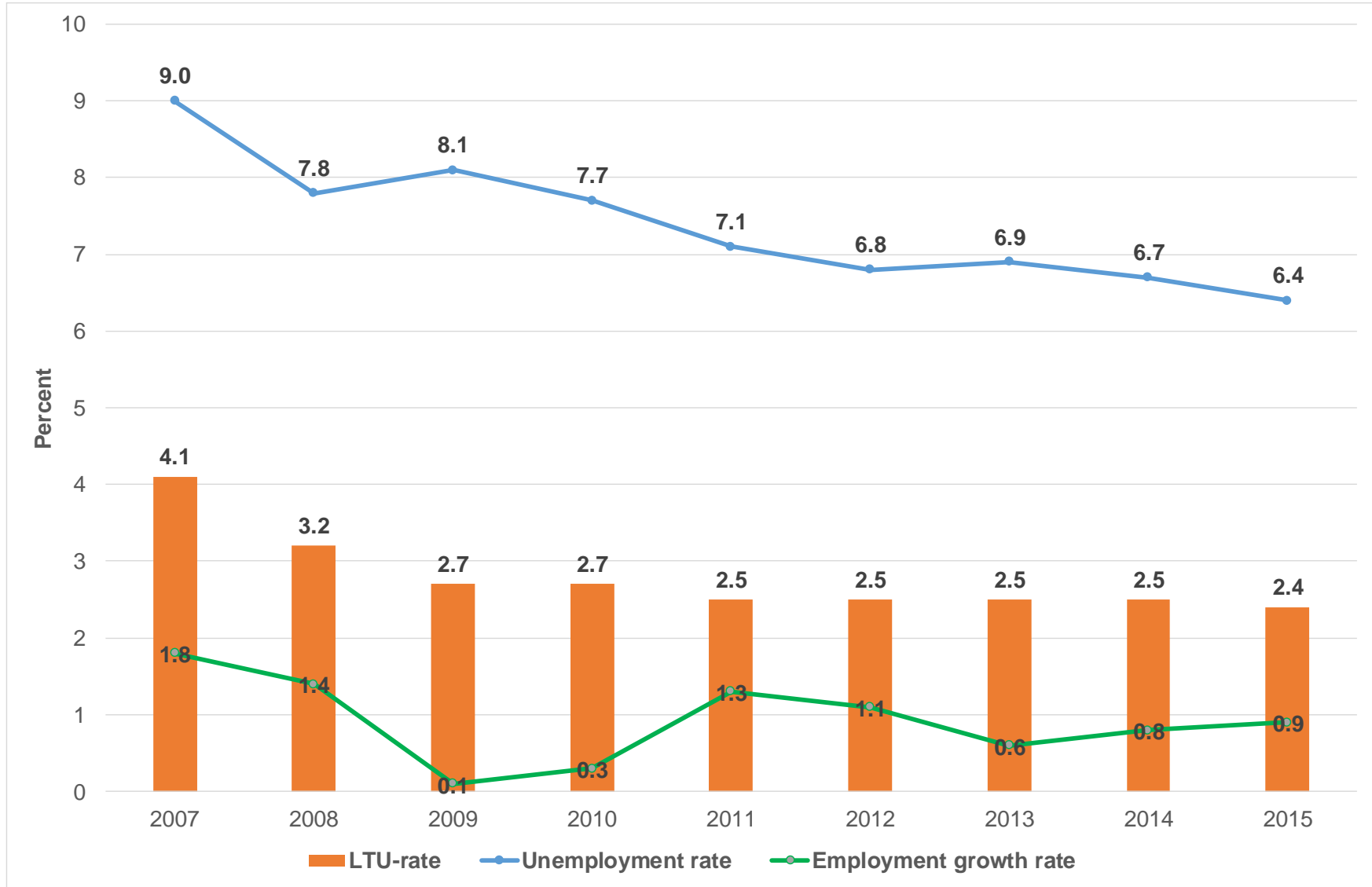
1. INSTITUTIONAL CONTEXT

Complementary social services for UB2-recipients:

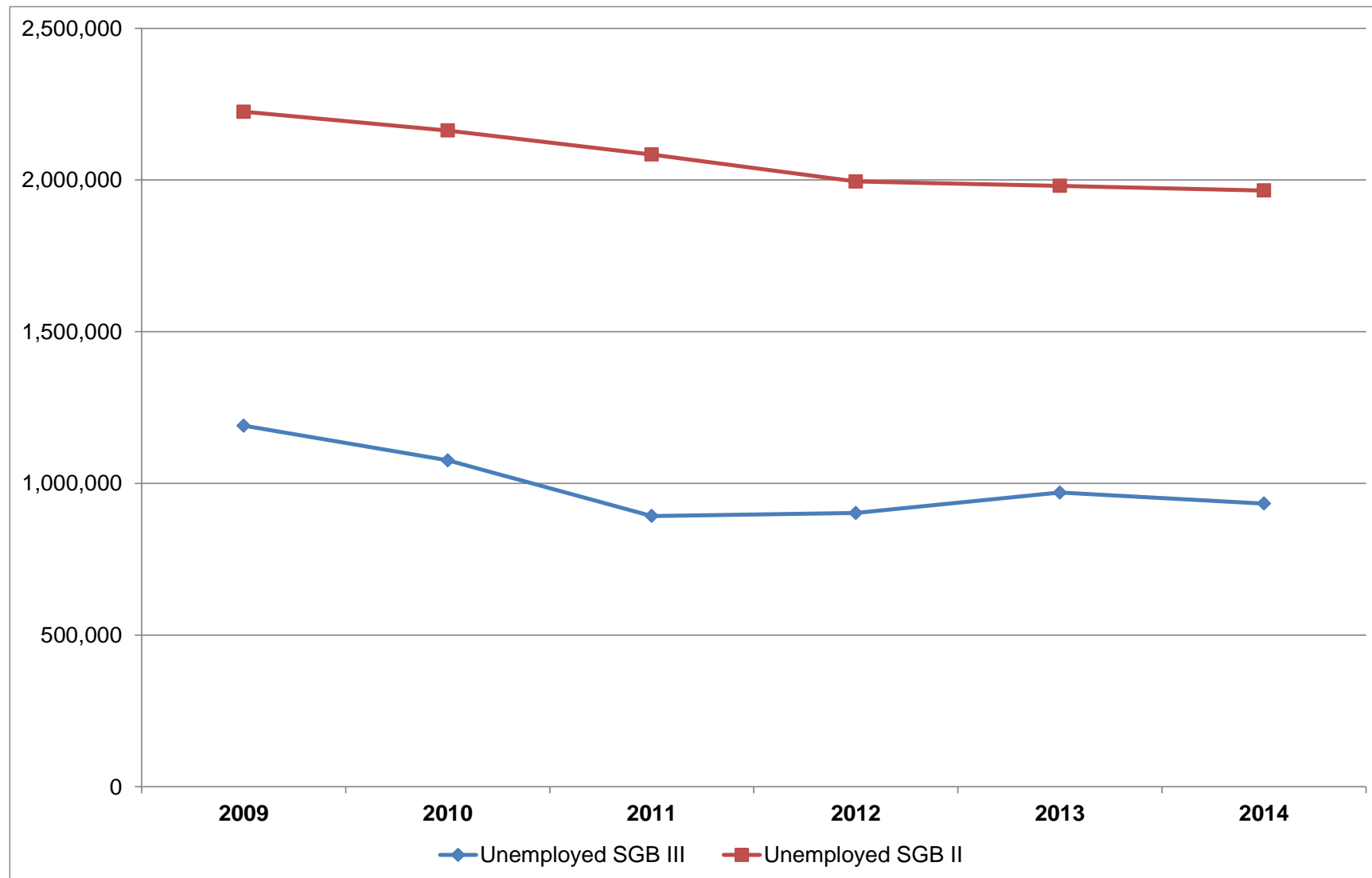
- *De jure* these services comprise: (i) debt counselling, (ii) substance use (alcohol/drug etc.) counselling, (iii) family counselling incl. child care, (iv) psycho-social counselling and (v) support for caring for family members
- Municipalities are solely responsible for service provision
- Co-operation with Jobcenters varies greatly
- Practical problem: Data protection regulation makes the exchange of information difficult. Partly due to under-developed reporting system
- *De facto*: Debt counselling seems to be the most demanded social service

Provision of social services is an area with considerable room for improvements → more intensive and better co-operation between Jobcenters and external actors necessary

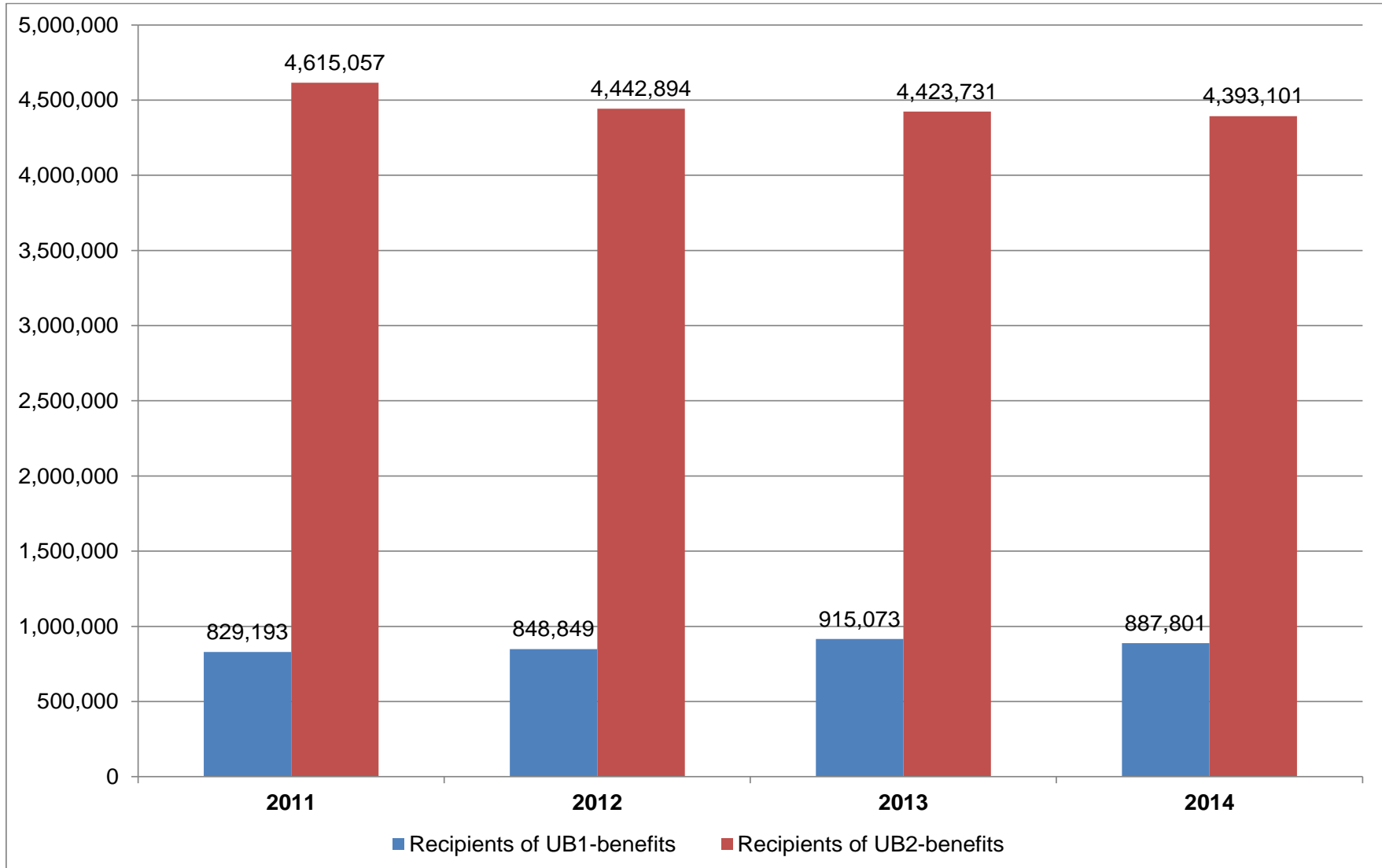
2. LABOUR MARKET CONTEXT



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Long-term unemployed vs. long-term benefit recipients

	2010	2011	2012	2013	2014
Long-term unemployed (more than 12 months)	784,019	905,816	904,496	920,634	950,597
“Able-to-work persons in need” being long-term UB2-recipients (LTB)*	3,130,963	3,042,009	2,960,402	2,923,604	2,889,986

* For two years and longer

3. PAST EXPERIENCES WITH THE ACTIVATION AND INTEGRATION OF UB2-RECIPIENTS

In all Jobcenters: “Standard” service bundle for job-seeking customers receiving UB2

- Individual (qualified) contact person for each recipient,
- Assessment of employment potential (profiling)
- Agreement on an individual action plan (IAP)
- Access to the full spectrum of ALMP-measures, in the sense that the target group is eligible for such measures, but the contact person has discretion to decide whether a person is allowed to participate in a measure or not
- Provision of job offers
- Regular follow-up of the profiling-IAP process (with a contact interval of three to six months)

In the past, focus on ALMP-measures referring to the secondary labour market, especially for hard-to-place UB2-recipient, i.e. LTB and LTU

Very disappointing experiences with these measures:

- Significant lock-in-effects during participation
- No positive employment effects after participation
- Negative cost-benefit-balances

3. PAST EXPERIENCES WITH THE ACTIVATION AND INTEGRATION OF UB2-RECIPIENTS

Rather new: Intensified counselling (with reduced caseloads) delivered encouraging experiences

- Pilot project in Berlin (“Berlin Job-Offensive”)
- “Activation phase” of the federal programme “Bürgerarbeit”
- Federal programme “50plus”: Here the following success factors were identified:
 - Individualised coaching approaches and
 - Intensified co-operation between the Jobcenters and other institutions/actors providing complementary social services

4. THE NEW POLICY INITIATIVE

Launched at the end of 2014 by the Federal Ministry of Labour and Social Affairs under the label “opening up opportunities – ensuring social participation”

It contains five elements:

- (i) Networks for activation, counselling and opportunities
- (ii) ESF programme for long-term unemployed
- (iii) Federal programme for social participation
- (iv) Intensified health support
- (v) Dialogues for developing active measures

All five elements aim to provide bespoke support for LTU and LTB

4. THE NEW POLICY INITIATIVE

The “networks”:

- Inspired by the experiences with individualised counselling and intensified co-operation between the Jobcenters and other institutions providing complementary (social) services
- Idea: Jobcenters establish so-called “activation centres” in which the different services and support offers are bundled
- Ultimate aim of these centres: provision of tailor-made services, including social services like debt counselling etc. for which municipalities are responsible, in a one-stop shop

Support for Jobcenters:

- Budget for personnel of “50plus” project (overall 1,000 Jobcenter staff)
- Ministry organises exchange of good practices regarding the establishment of “activation centres” and the networking of Jobcenters and municipalities

Started in 2016:

- Not much empirical evidence available
- But: Approach can be interpreted as a considerable shift in the general orientation → stronger focus on “making” instead of “buying”

4. THE NEW POLICY INITIATIVE

The ESF programme:

- Aims at integrating members of the target group into the primary labour market
- Target group: UB2-recipients, over 35 years, “hard-to-place” but motivated, without vocational degree (or a vocational degree which is no longer usable) and either (i) unemployment for two years or (ii) for five years with one additional labour market obstacle
- Definition of “unemployment” for the programme differs from legal definition
- Condition (i) “regular support group”; (ii) “intensive support group”
- Duration of the programme and the financial support differs between both groups
- But: For both groups participation in the programme is voluntary

Central elements:

1. Specialised “job hunters” in Jobcenters
2. Generous wage subsidy for employers in the primary labour market and short-term trainings for participants (if necessary)
3. Mandatory “on-the-job coaching” of employee-employer matches

More details in separate presentation

4. THE NEW POLICY INITIATIVE

Financial resources and Jobcenter participation:

- Overall budget: Around 885 Mio. €, of which about 470 Mio. € are from the ESF → allows for up to 33,000 participants
- National resources for the budget of the programme were subtracted from the overall ALMP-budget of **all** Jobcenters prior to the start of the programme
- Participation in the ESF programme was voluntary for the Jobcenters
- Jobcenters willing to implement the programme were obliged to formally apply for it; all applications were approved
- Only 333 out of the 408 Jobcenters participate in the programme

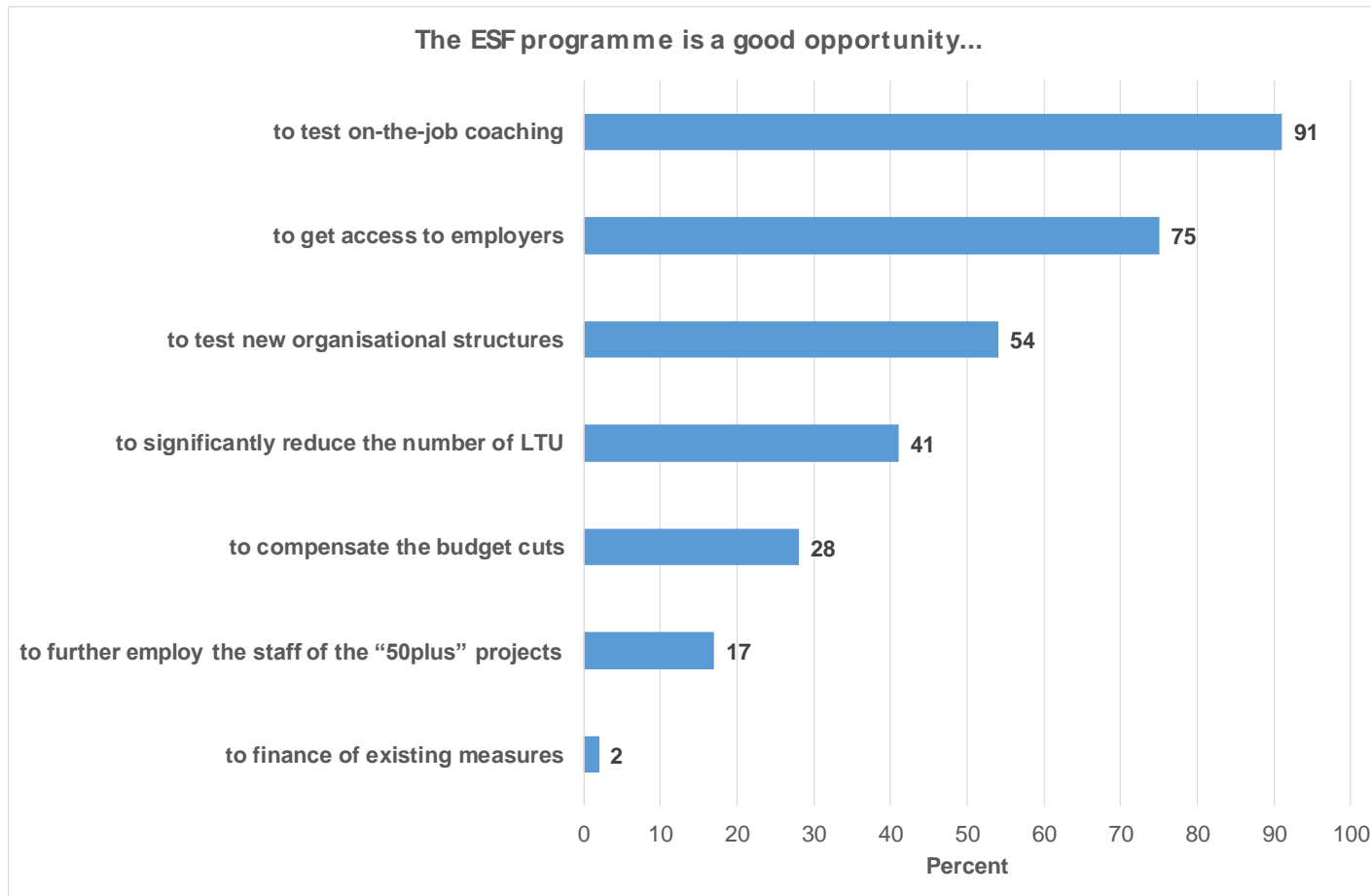
Challenges for Jobcenters:

- Specialised “job hunters”: Not completely new, but also not much experience, esp. in co-operating Jobcenters
- Wage subsidy and short-term trainings: Mainstream service provision (“daily business”)
- Mandatory “on-the-job coaching” of employee-employer matches: Completely new for majority of Jobcenters

Jobcenters report some practical problems regarding the “job hunters” and the “coaching”

4. THE NEW POLICY INITIATIVE

Largest potential and central innovative element from the perspective of the participating Jobcenters*: On-the-job coaching



* Based on a survey with 300 responding Jobcenters; share of agreement.

5. TRANSFERABILITY

Interesting questions, most likely not limited to Germany:

- Can the integrated provision of labour market-oriented and complementary social services via intensified institutional co-operation help LTU/LTB to find a job?
 - “Hardest to place” jobseekers typically exhibit multiple obstacles regarding employment
 - Health problems and/or debt issues are among most prominent examples for which public employment services need partners to find a solution
- To which extent are innovative approaches like on-the-job coaching successful in preventing newly established matches from breaking up rather quickly?
- Can an “employee-oriented vacancy acquisition”, for instance, via “job hunters” be a promising way to successfully integrate LTU/LTB into the primary labour market?