

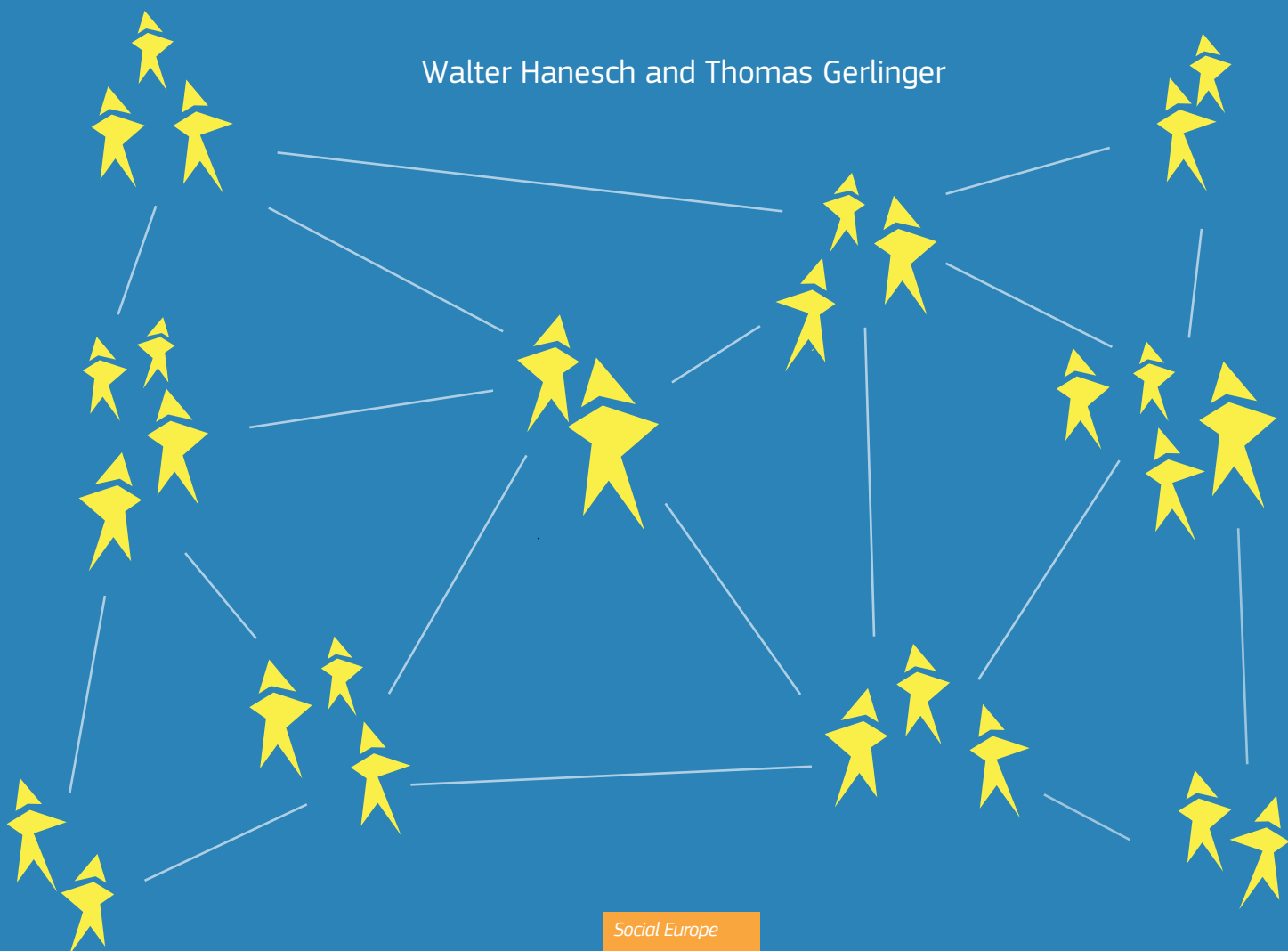


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Germany

Walter Hanesch and Thomas Gerlinger



EUROPEAN COMMISSION

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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Germany

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by the Luxembourg Institute of Socio-Economic Research (LISER) and APPLICA, together with the European Social Observatory (OSE).

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CONTENTS

SUMMARY.....	5
1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT	6
1.1 Epidemiological situation	6
1.2 Economic and (un)employment situation	11
1.3 Poverty, inequality and social exclusion situation	18
2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC	19
2.1 Measures related to unemployment benefits	19
2.1.1 Verlängerung des Arbeitslosengeldanspruchs (Extension of the entitlement to unemployment benefits)	19
2.2 Measures of job protection provided through support to employers, employees and the self-employed.....	20
2.2.1 <i>Neuregelung des Kurzarbeitergelds</i> (New regulation of short-time allowance)	20
2.2.2 <i>Corona-Soforthilfe und Neustarthilfe für Soloselbständige</i> (Corona emergency aid and new start assistance for solo self-employed people)	22
2.3 Measures related to sickness benefits and sick pay	23
2.3.1 <i>Veränderungen in der Diagnose- und Krankschreibepaxis</i> (Changes in the diagnostic and medical sick note).....	23
2.3.2 <i>Kontaktverbote und -einschränkungen bei der Arbeit und Entschädigung bei Arbeitsverboten</i> (Contact bans and restrictions at work and compensation for work bans).....	24
2.3.3 <i>Corona-Kinderkrankengeld</i> (Corona children’s sickness benefit) (see also 2.7.1).....	24
2.4 Measures related to health insurance	25
2.4.1 <i>Veränderungen in der Bereitstellung von Sach- und Dienstleistungen</i> (Changes in the provision of benefits in kind and services).....	25
2.4.2 <i>Kostenübernahme bei Tests und Impfungen</i> (Extension of coverage for tests and vaccination)	27
2.4.3 <i>Finanzielle Unterstützung der Krankenhäuser</i> (Financial support for hospitals).....	27
2.5 Measures related to minimum-income schemes and other forms of social assistance	28
2.5.1 <i>Vereinfachter Zugang zur Grundsicherung</i> (Facilitated access to minimum-income benefits)	28
2.5.2 <i>Einmalzahlung an erwachsene Leistungsberechtigte in der Grundsicherung</i> (One-time payment to adult beneficiaries in minimum-income schemes)	29
2.5.3 <i>Notfall-Kinderzuschlag</i> (Emergency supplementary child benefit).....	29
2.5.4 <i>Finanzielle Hilfen für Alleinerziehende</i> (Financial support for single parents) ...	30
2.5.5 <i>Kinderbonus</i> (Child bonus).....	31
2.5.6 <i>Überbrückungshilfe für Studenten in Not</i> (Bridging assistance for students in need)	31
2.6 Measures related to housing support.....	32
2.6.1 <i>Mieterschutz</i> (Tenant protection)	32
2.6.2 <i>Aussetzung der Angemessenheitsprüfung bei den Kosten der Unterkunft in der Grundsicherung</i> (Waiver of the reasonableness test for the recognition of housing costs in minimum-income benefit schemes).	33
2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19	33
2.7.1 <i>Verdienstausschlag nach dem Infektionsschutzgesetz</i> (Compensation for loss of earnings under Infection Protection Act) (see also 2.3.3).....	33
2.7.2 <i>Reform des Elterngelds aus Anlass der COVID-19-Pandemie</i> (Reform of parental allowance on the occasion of the COVID-19 pandemic)	34

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections.....	35
2.8.1 Einkommensverbesserungen für Langzeit-Pflegekräfte (Income improvements for long-term care staff)	35
2.8.2 Einkommensverbesserungen für Pflegekräfte (Income improvements for nursing staff)	36
3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS	37
3.1 Expected cost of social protection and inclusion measures	37
3.2 Impact on the social protection system and on social inclusion policies.....	38
3.3 Remaining gaps in the social protection system and social inclusion policies	40
3.4 Debates and recommendations	41
REFERENCES	43
ANNEXES: ADDITIONAL POLICY MEASURES	49
Annex A1: <i>Corona-Arbeitsschutzverordnung</i> (Corona occupational safety ordinance).....	49
Annex A2: <i>Sofortprogramm für digitale Lernmittel</i> (Immediate action programme for digital learning tools)	50
Annex A3: <i>Senkung des Mehrwertsteuersatzes</i> (Reduction of the sales tax rate).....	51
Annex A4: <i>Pakt für den öffentlichen Gesundheitsdienst</i> (Pact for the public health service).....	51
Annex A5: <i>Sicherstellung ausreichender Test- und Impfkapazitäten</i> (Ensuring availability of sufficient testing and vaccination capacity)	52

Summary

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Germany, it was 3,947. The total number of deaths per 100,000 people was 151 for the EU-27 versus 97 in Germany.

At the beginning of 2020, Germany was in an exceptionally good economic and fiscal position, which allowed it to respond to the pandemic quickly and with relatively generous measures.

The social protection measures introduced were aimed, among other things, at employment stabilisation and labour protection, income stabilisation, health, housing security and work-life balance.

Although the reform of the short-time work scheme has succeeded in limiting the impact of the decline in employment for employees subject to social insurance contributions, the measures for the self-employed have been less effective, and protective measures for mini-jobbers have been non-existent.

Company arrangements to facilitate home working have also contributed to employment stabilisation. The federal legislature was late in taking action to make better use of the leeway available.

Income support measures, mainly focused on families with children, were poorly coordinated and small in scale. Households at risk of poverty, with or without minimum-income benefits, were largely disregarded.

The failure of the education system to maintain or continue in digital form the support and care of children in daycare and school has created significant problems for families and children that will have lasting effects. Measures to ensure work-life balance during the pandemic could only partially compensate for this and also lacked coherence.

Housing security measures were limited to a short-term improvement in tenant protection and easier recognition of the actual costs of housing for new and subsequent applicants of minimum-income benefits.

The health insurance benefit list did not need to be reformed during the pandemic. The focus was on changes in the provision of healthcare services. Because the COVID-19 crisis revealed that the public health service is not adequately staffed and technically equipped for pandemic response, the federal state and the *Länder* agreed a "pact for the public health service" in order to improve its performance.

The vast majority of COVID-19-induced measures link to existing benefits and modify their eligibility requirements or benefit conditions. These corrections are intended to expand or facilitate access to benefits. Only in exceptional cases are they new benefits.

Almost all measures implemented in connection with the pandemic are valid only for a limited period of time, even if their period of validity has been repeatedly extended as the pandemic has continued. They were designed to alleviate the current situation for the target groups concerned but are not expected to have a lasting effect.

Overall, the social protection system has hardly changed as a result of the pandemic measures and will most likely return to its previous state once the pandemic is over.

The pandemic has exposed major weaknesses in the German labour market and social protection system and has highlighted the need for sustainable reforms.

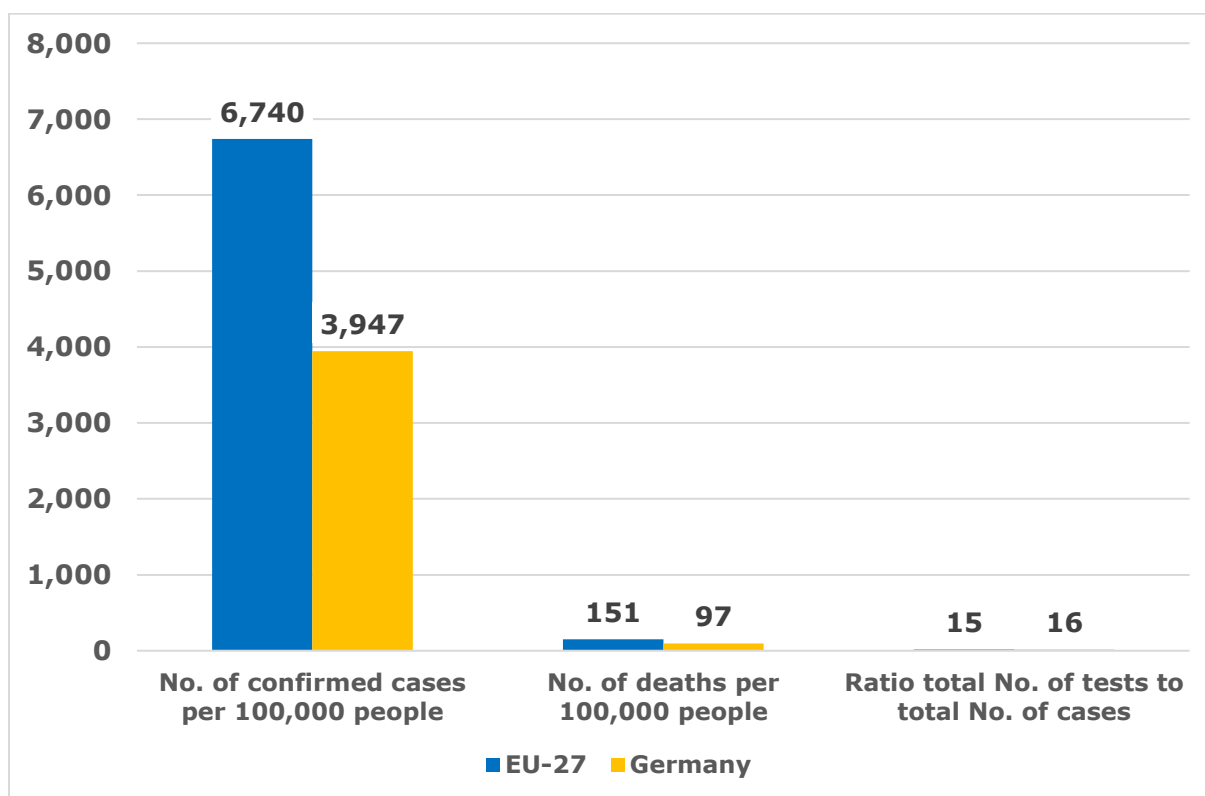
At present, it remains to be seen whether the COVID-19 crisis will contribute to a renewed, stronger appreciation of social policy in Germany in the future, or whether the myth that the welfare state is unaffordable, which has been revived time and again, will lead to new rounds of cuts after the end of the pandemic. The debate on this has already begun.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Germany, it was 3,947. The total number of deaths per 100,000 people was 151 for the EU-27 versus 97 in Germany. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 16.3 for Germany.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Germany)

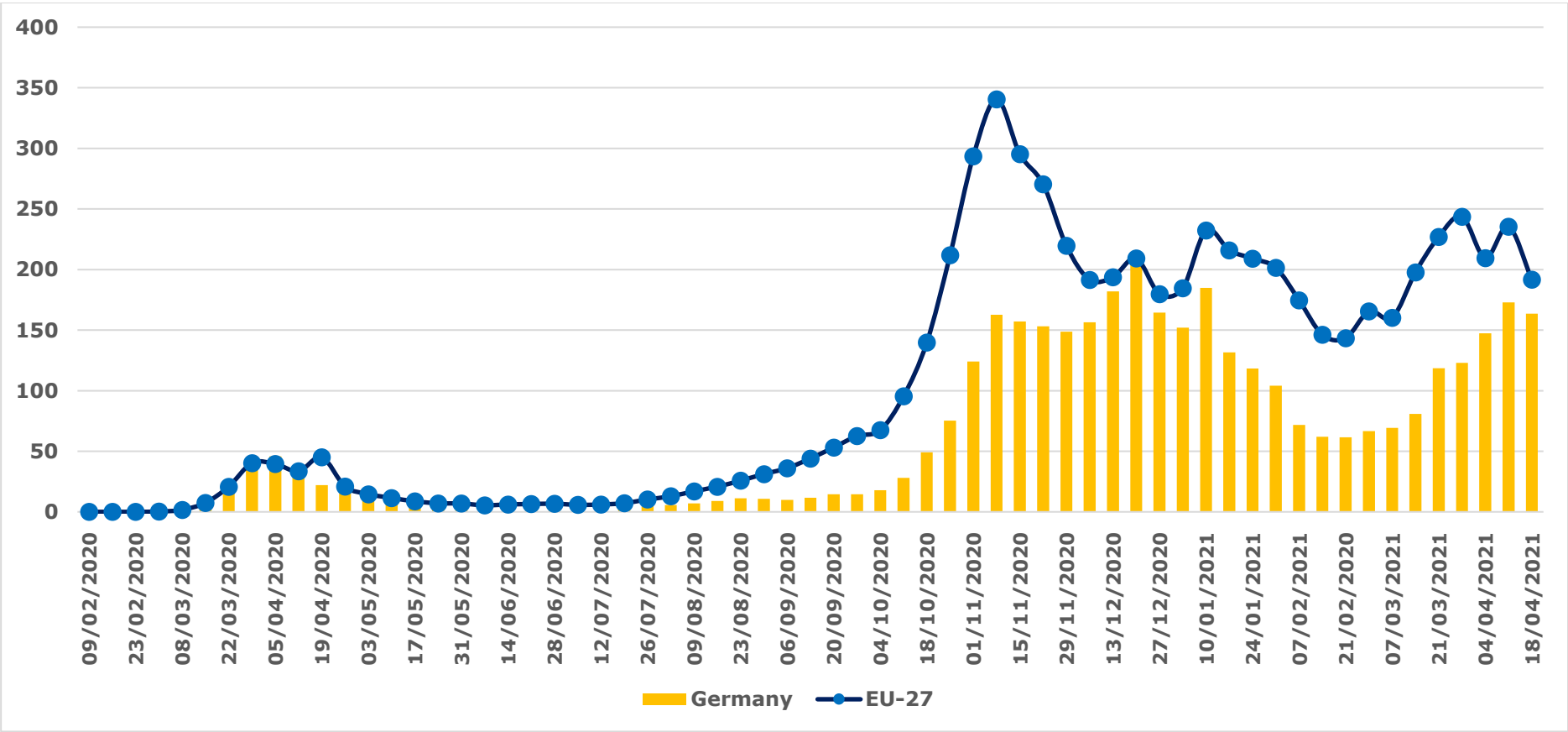


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Germany, it was 163.5.

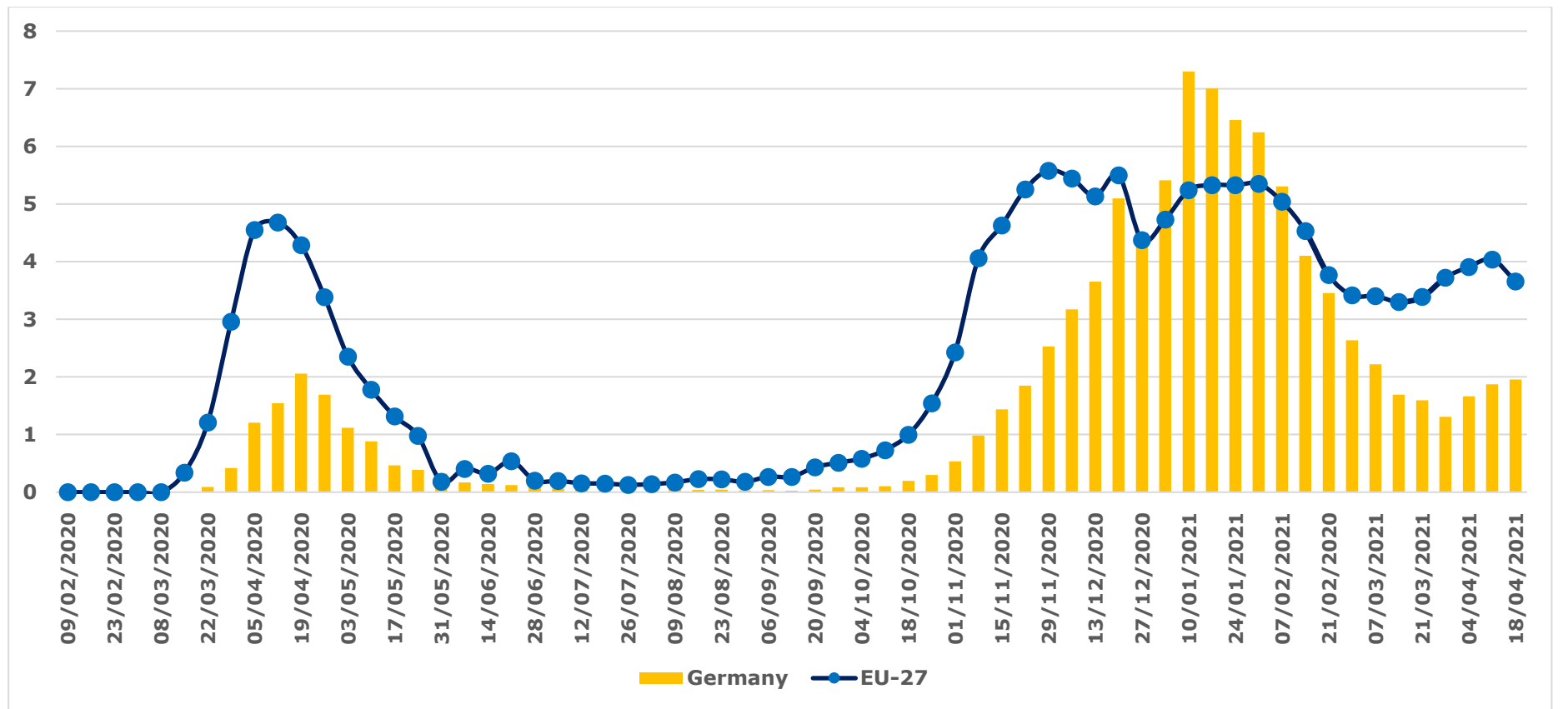
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Germany)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Germany, it was 1.96.

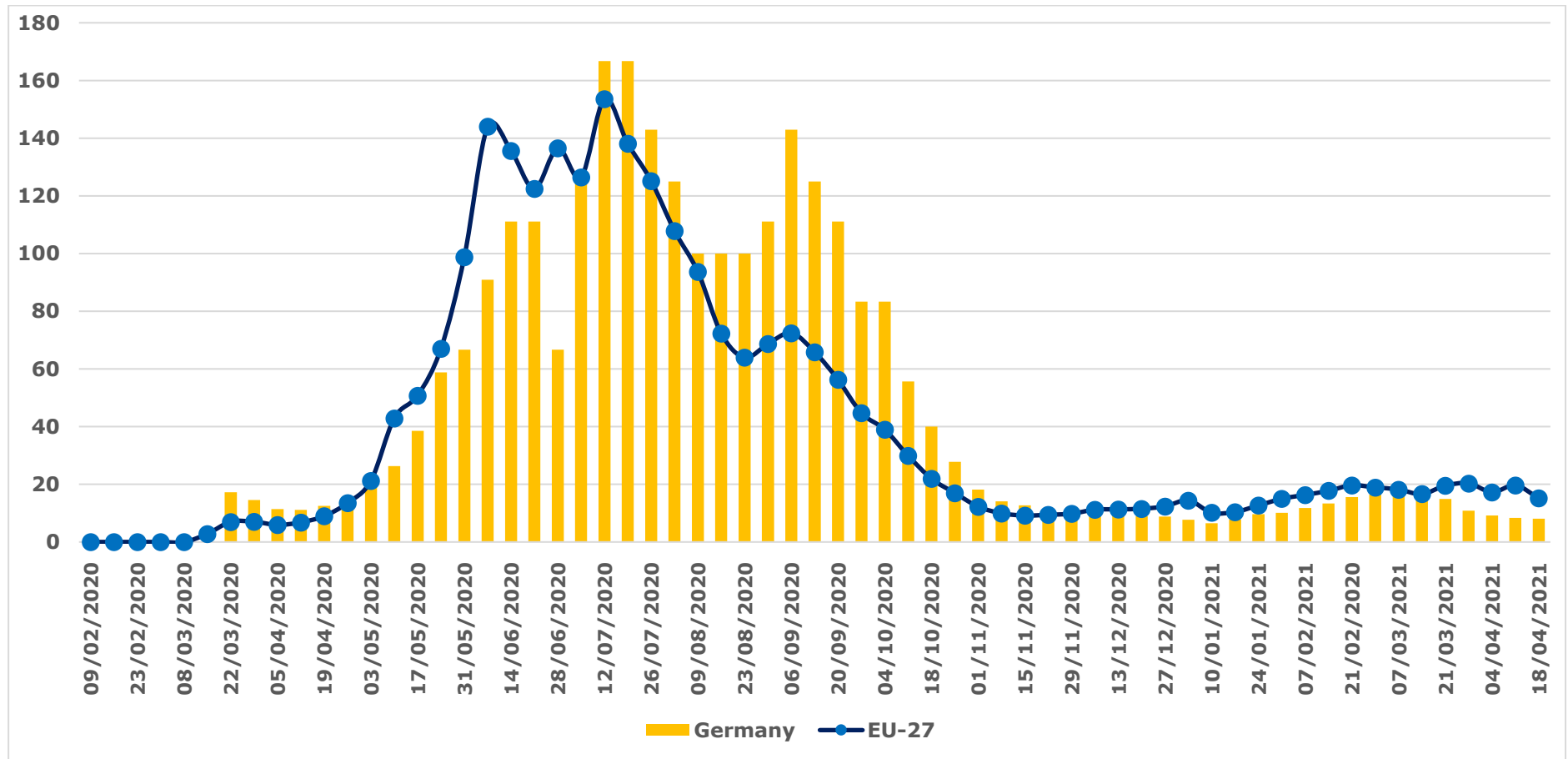
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Germany)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Germany, it was 8.1.

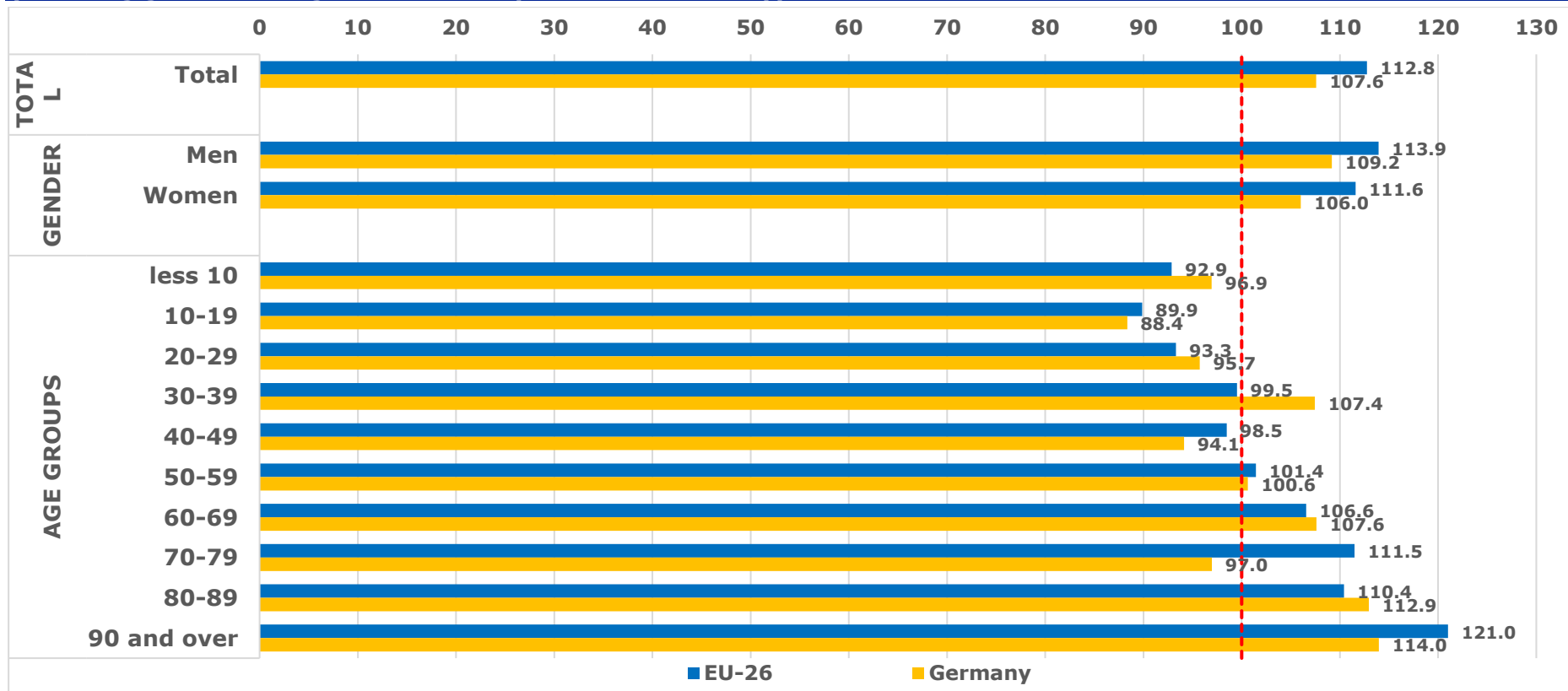
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Germany)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 107.6% in Germany. For the EU-26, it is 113.9% for men and 111.6% for women. In Germany, these gendered ratios are 109.2% and 106.0% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 114.0% for Germany.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Germany))

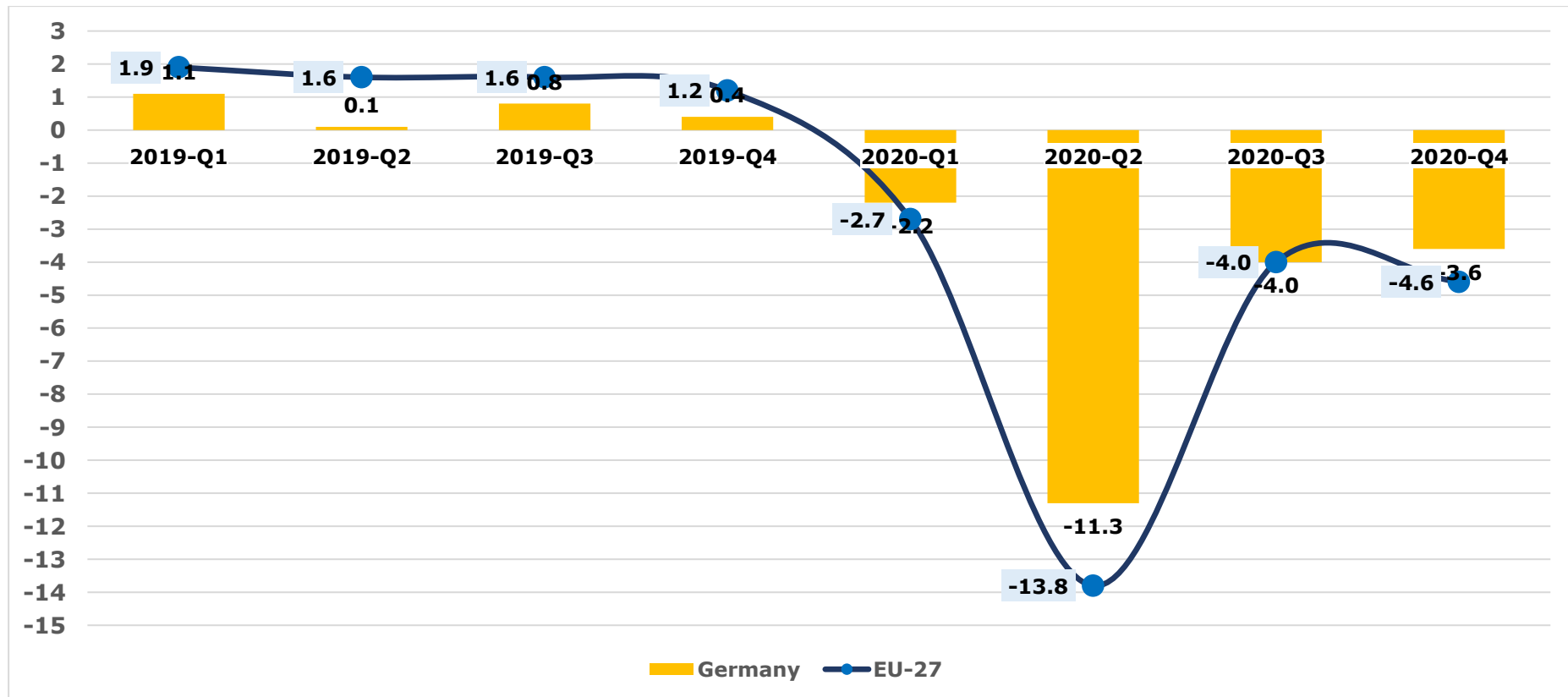


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Germany, the decrease was 3.6% for the same period.

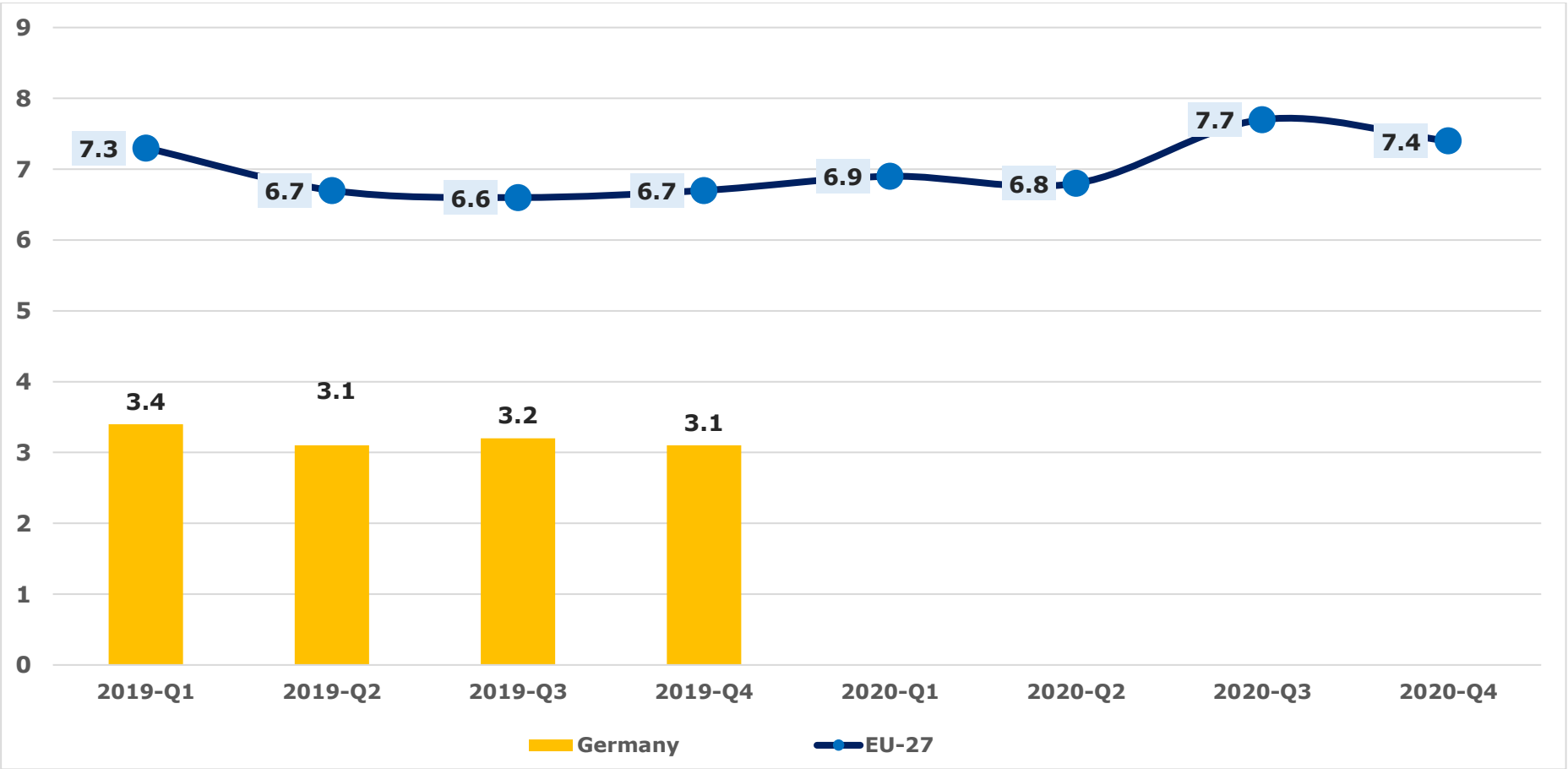
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Germany, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Germany, the data are not (yet) available

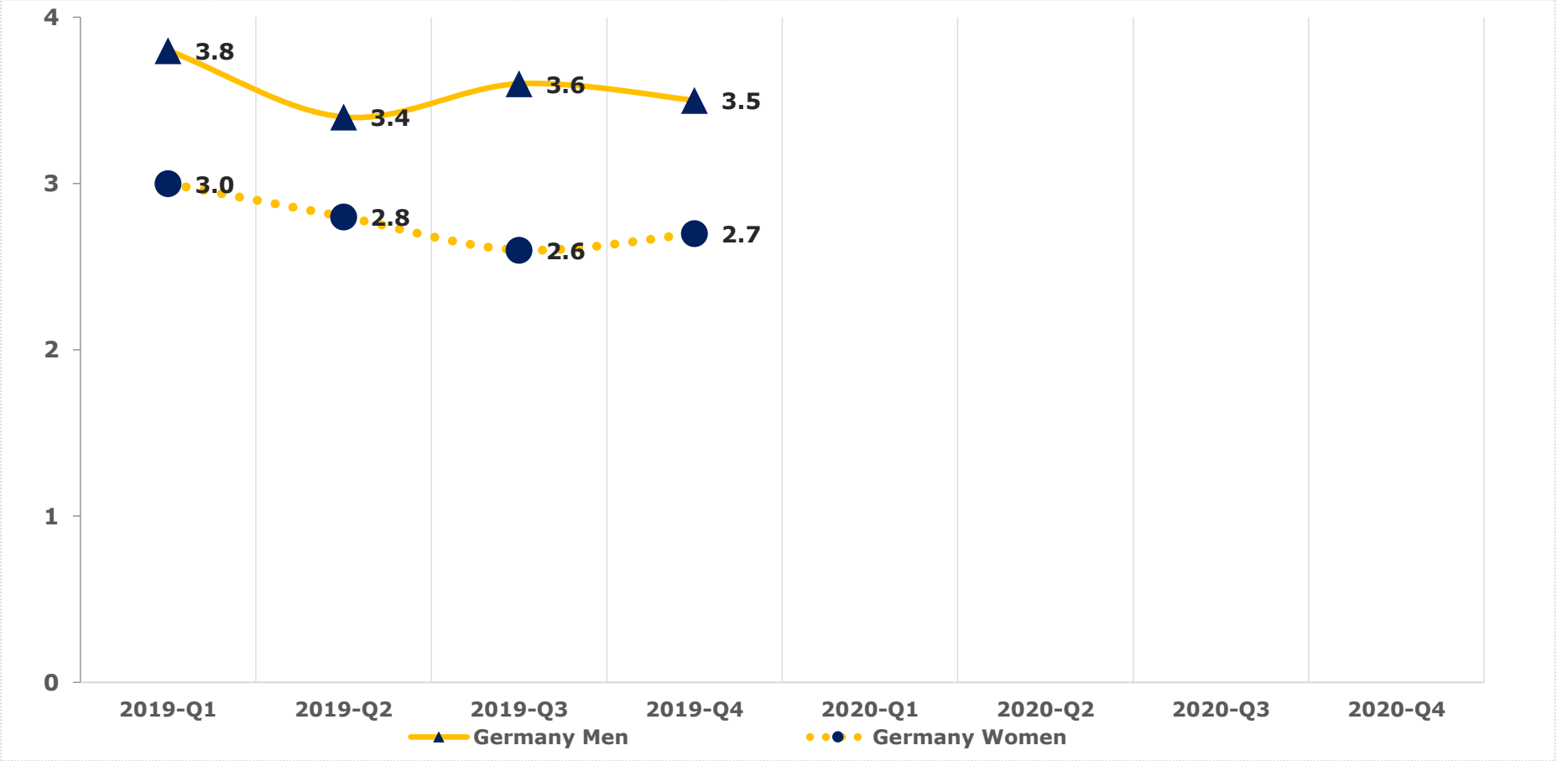
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Germany, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Germany, these figures are not (yet) available.

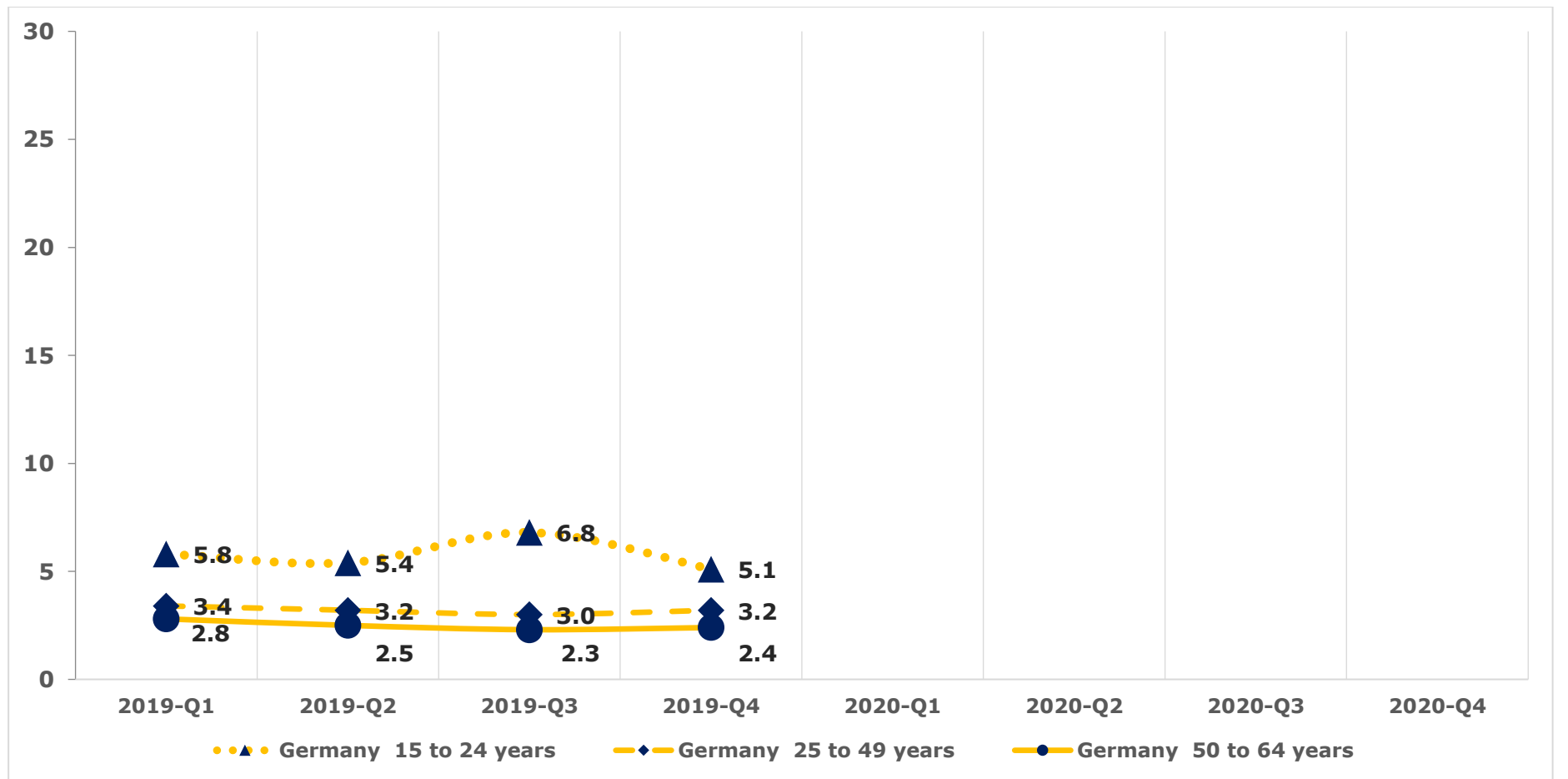
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Germany, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Germany, the data are not (yet) available or are unreliable data due to small sample sizes.

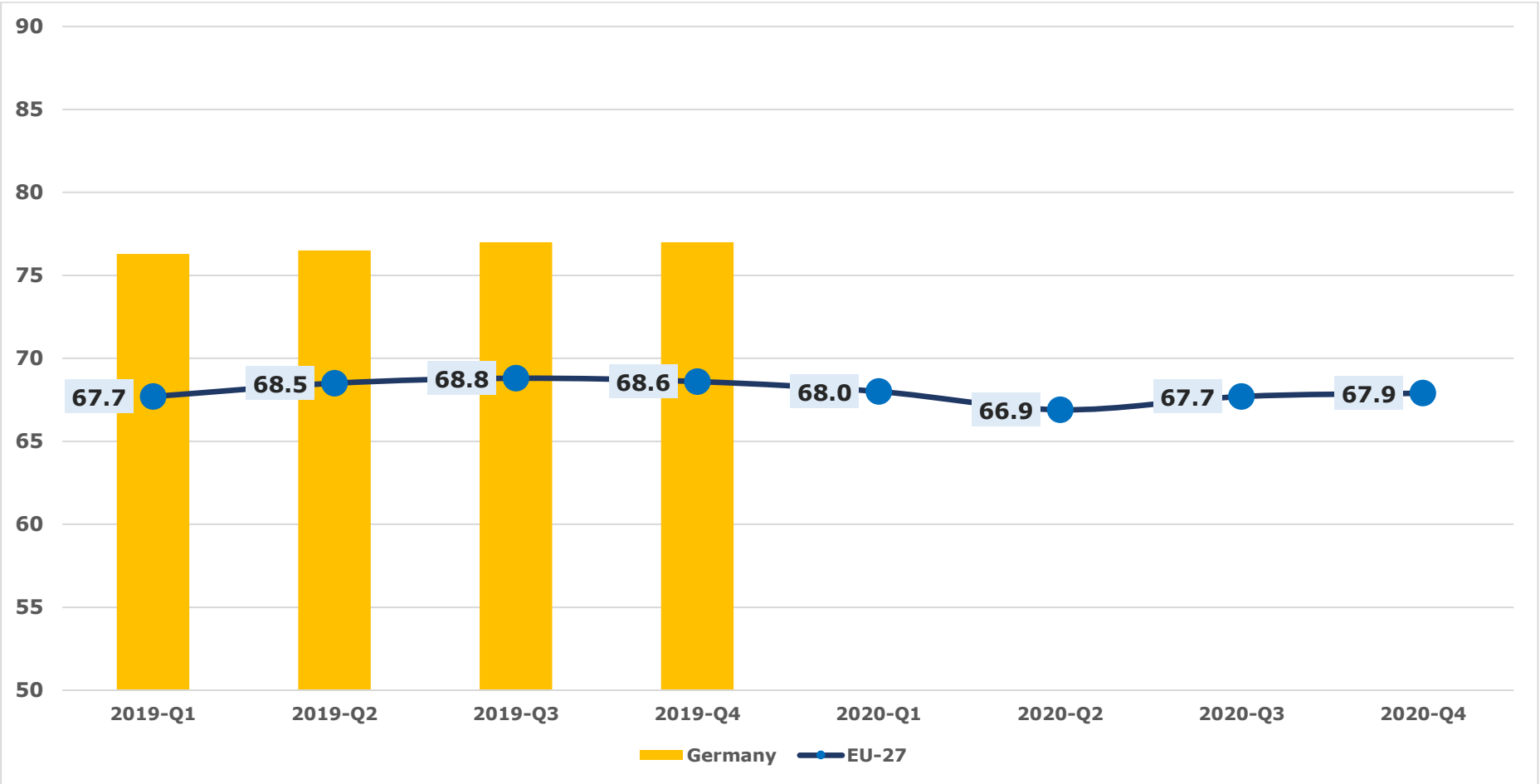
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Germany, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Germany, the data are not (yet) available.

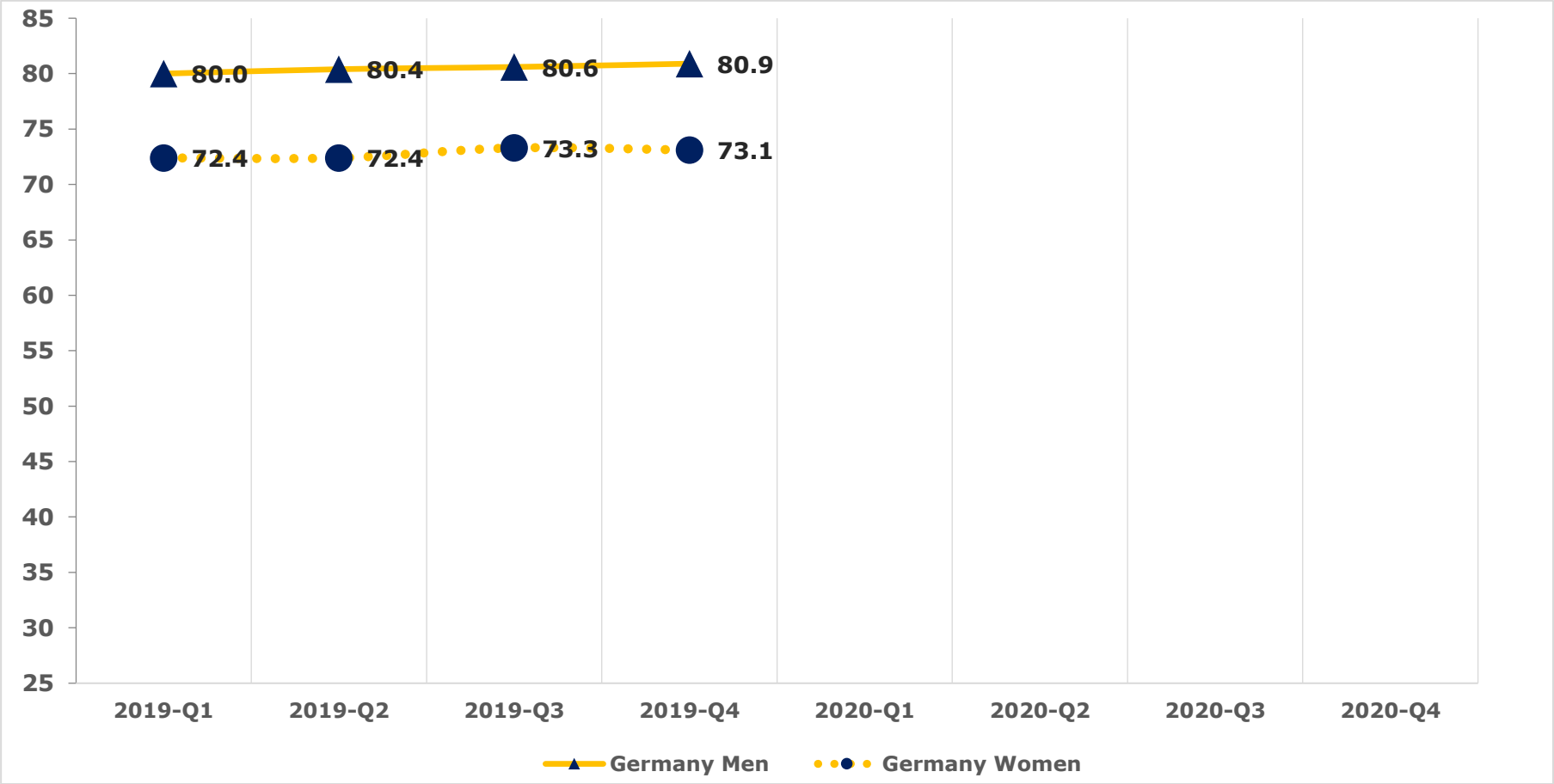
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Germany, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Germany, these figures are not (yet) available

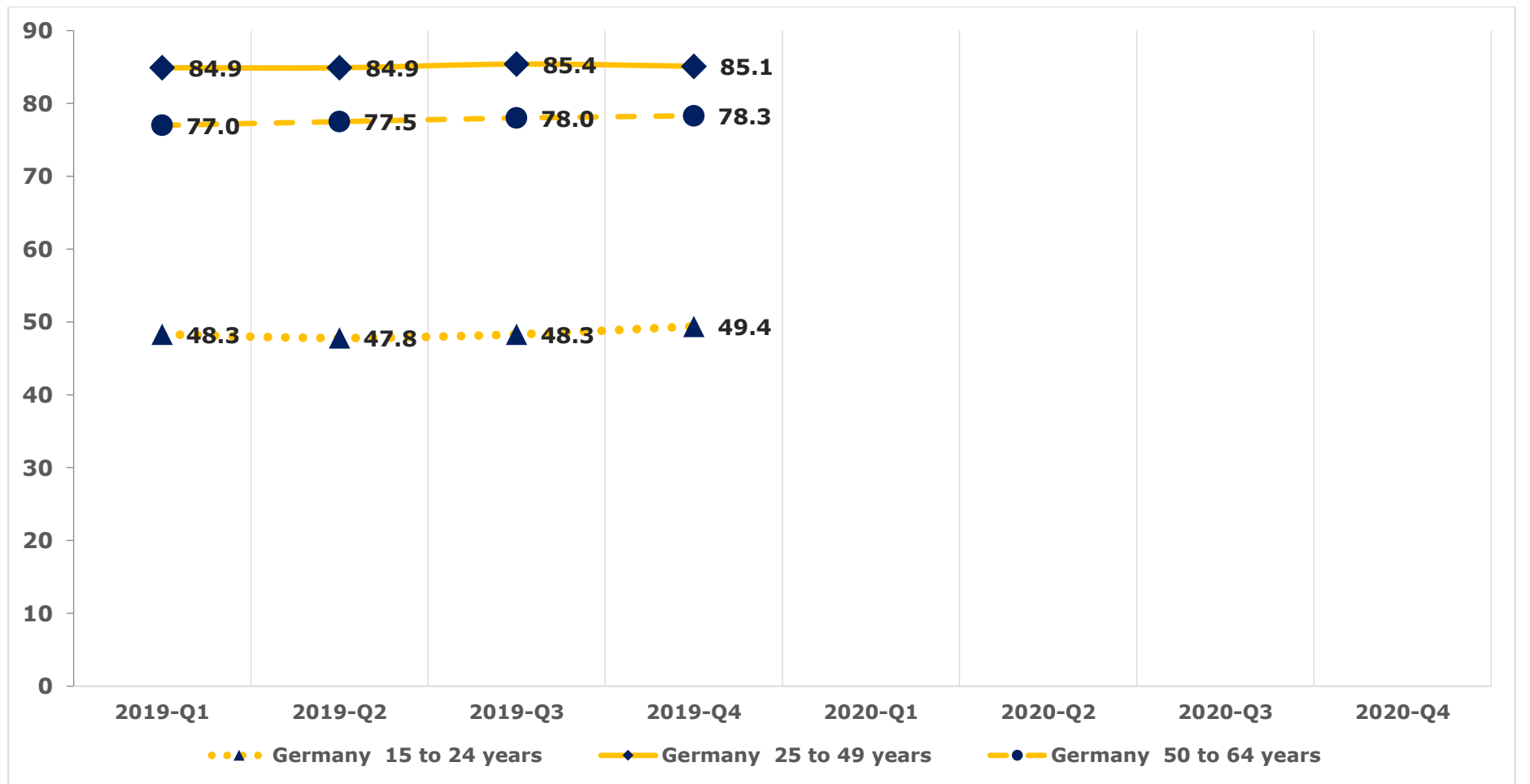
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Germany, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Germany, these figures are not (yet) available.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Germany, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

Differentiated data on net household incomes in 2020 are not yet available, so that statements on income trends and the risk of poverty in Germany are hardly possible at present. Initial studies on income distribution do not yet show a clear picture (e.g. Kohlrausch, Hövermann 2020; Kohlrausch, Zucco, Hövermann 2020; Schröder et al. 2020; SVR 2020). There is some evidence to suggest that the measures taken effectively counteracted a rise in social inequality in the first year of the pandemic (e.g. Anger et al. 2020; Bruckmeier et al. 2020; Beznoska, Niehues, Stockhausen 2021). According to Beznoska, Niehues, Stockhausen (2020), the Gini coefficient in 2020, with a value of 0.289, may even be slightly below the values of the coefficients from the two previous years. The decline in the number of recipients of basic income support for job-seekers observed in previous years did not continue in 2020; in fact, the number of recipients stagnated (Statistisches Bundesamt 2020). Data on the other minimum-income benefit schemes are not yet available.

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC²

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - Amount and duration (for flat measures).
 - Range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".
- e) Targeted population: what is/are the target(s) – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty (was the measure new or an already existing one that was adjusted?).

2.1 Measures related to unemployment benefits

2.1.1 Verlängerung des Arbeitslosengeldanspruchs (Extension of the entitlement to unemployment benefits)

- a) Short description of the measure: As part of the second social protection package, adopted by the federal legislature in May 2020, the period of receipt of "unemployment benefit 1" (i.e. the contribution-based wage-replacement benefit under Social Code Book III, Employment Promotion Act, regulating the unemployment insurance scheme) was extended once by three months. As a result, the point at which job-seekers need to apply for the means-tested basic income support for job-seekers was postponed. All recipients of unemployment benefit 1 whose entitlement expired between May 2020 and December 2020 benefited from the scheme. The purpose of the extensions was to mitigate the financial consequences of the COVID-19 pandemic for the unemployed.

In December 2020, 2,707,000 people were registered as unemployed with the Federal Employment Agency; the unemployment rate based on the total economically active civil population was 5.9%, 1 percentage point more than in December of the previous year. Compared with a year earlier, the number of registered unemployed increased by 480,000 or 22% in December 2020. 43% of the registered unemployed in December 2020 were within the legal competence of the unemployment insurance system (under Social Code Book III) and 57% within the legal competence of means-tested basic income support for job-seekers (under Social Code Book II). This means that the COVID-19 crisis has had a relatively greater impact on the number of recipients of unemployment benefit 1 (under Social Code Book III) than on the number of recipients of unemployment benefit 2 or social benefits (under Social Code Book II)

² The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

(Bundesagentur für Arbeit 2020)³. It can be assumed that the temporary extension of unemployment benefit 1 entitlement also contributed to this development and increased the share of those entitled to the higher unemployment insurance benefits, at least temporarily.

- b) Category: Conditional benefit.
- c) Timing: The measure applied retroactively from 1 May 2020 until 31 December 2020.
- d) Range, duration and conditionality: Unemployment benefit 1, whose level is 60% (with children: 67%) of the last net wage, is normally paid if the jobless person has worked subject to compulsory insurance for a minimum of 12 months within the timeframe of 30 months. Until 2022, under certain conditions, a claim can be made as early as six months of compulsory insurance. The regular maximum period for benefit receipt of 12 months is extended in the case of older unemployed people, with 15 months of benefit payments for people aged over 50, 18 months for people aged over 55 and 24 months for people aged over 58 (with a commensurate extension of the periods of qualifying contribution payments). Furthermore, receipt of benefit is linked to the readiness to actively look for a job and to the availability to co-operate with the employment agency's job-placement efforts.
- e) Targeted population: The main target group is the unemployed who have worked subject to compulsory insurance. Self-employed people can be insured on a voluntary basis but only a few make use of this option. Marginal employees⁴, so-called mini-jobbers, who are not subject to social insurance, are not entitled to unemployment benefits. All recipients of unemployment benefit 1 whose entitlement expired between May and December 2020 benefited from the extension of the entitlement period. The federal government has not provided information on the expected number of beneficiaries of the extension of unemployment benefits. For 2020, it has calculated the total costs for all public budgets at €1.07 billion (0.031% of GDP 2019) (Deutscher Bundestag 2020a: 25)⁵.
- f) Beneficiaries: No information is currently available on the exact number of beneficiaries.
- g) Novelty: It was a temporary reform of an existing scheme.

2.2 Measures of job protection provided through support to employers, employees and the self-employed

2.2.1 *Neuregelung des Kurzarbeitergelds* (New regulation of short-time allowance)

- a) Short description of the measure: The Act to Facilitate Short-Time Work of 13 March 2020 allowed the federal government for a limited period of time to issue statutory orders on short-time work without the approval of the Bundesrat (the upper house of the German parliament). A statutory order of this kind was issued as a first step in facilitating access to short-time allowances. The law should allow the federal government to be able to react quickly and flexibly to exceptional conditions in the labour market. The measures were designed to make it easier for companies to

³ Basic income support for job-seekers functions as a second means-tested social safety net in the event of unemployment. Since it covers all needy people who are capable of working, the majority of beneficiaries are not registered as unemployed. Thus, it cannot be regarded as an unemployment benefit but is rather part of the social safety net of minimum-income benefit schemes.

⁴ In Germany, marginal employment exists if an employee earns no more than €450 per month or if their employment is limited to a maximum of three months or 70 working days within a working year.

⁵ The 2019 GDP figures (here and in the following sections) are based on data from the Federal Statistical Office (Statistisches Bundesamt 2020a).

implement short-time working, to support businesses and to prevent skilled workers from being laid off. However, dismissals are also possible during short-time work.

As part of the second social protection package of May 2020, the short-time work allowance was increased for employees whose working time has been reduced by at least 50%. The increase depends on the period during which the person has already been working short hours. The above-mentioned regulations were supplemented by a temporary easing of the regulations on additional earnings during short-time work⁶.

- b) Category: Conditional benefit.
- c) Timing: The regulation came into force retroactively from 1 March and was initially limited to 31 December 2020, but was later extended until 31 December 2021.
- d) Range, duration and conditionality: Companies can apply for short-time allowance (60 or 67% of net wages) even if only 10% of their workforce is affected by a loss of wage of more than 10% (previously at least a third of the workforce had to be affected). The maximum period for which short-time allowance can be drawn is 12 months. It was extended to 24 months at the end of 2020 (until the end of 2021 at the latest). Social security contributions are fully reimbursed to employers by the federal government (until 30 June 2021); in the second half of 2021, the reimbursement rate falls to 50%.

The increase of the short-time allowance depends on the period during which the person has already been working short hours. From the fourth month onwards, the short-time work allowance is increased from the standard rate of 60% to 70% of net wages, and from the seventh month onwards to 80%. For parents, the allowance is increased from the normal rate of 67%, to 77% and 87% of the last net wage respectively.

- e) Targeted population: All employees subject to social security contributions, including temporary agency workers. Mini-jobbers are not included. The federal government has not provided any information on the expected number of beneficiaries or the costs of the facilitated access to short-time allowance (Deutscher Bundestag 2020b). Total costs for all public budgets of €490 million (0.014% of GDP 2019) have been estimated for the increase in the wage-replacement benefit in 2020 (Deutscher Bundestag 2020a: 25).
- f) Beneficiaries: Experts agree that the massive use of short-time work has so far prevented an even greater increase in unemployment and income loss (Pusch, Seifert 2021). According to preliminary extrapolated data from the statistics of the German Federal Employment Agency, 1.99 million employees received cyclical short-time benefits in October 2020, compared with 2.27 million in September and almost 6 million in April, the month with the highest number of short-time workers during the COVID-19 crisis. According to preliminary data, 5.9% of employees subject to social security contributions were on short-time work in October 2020, compared with 6.7% in September. In April, the short-time work rate was 17.9% (Bundesagentur für Arbeit 2020). Even if the use of short-time work varies depending on the sector and the job held, it is predominantly employees with a lower level of education who work short-time (Schröder et al. 2020). The number of those who have benefited from the lowering of the access threshold to short-time work and from the increase in the short-time allowance in 2020 has not yet been published.
- g) Novelty: It is a temporary reform of an existing scheme.

⁶ Employees on short-time work may have additional earnings up to the amount of their original income without this being counted toward short-time work benefits. The only condition is that the new total income is not higher than the income before short-time work. The supplementary earnings options were initially relaxed in the first social protection package for secondary employment in system-relevant occupations and sectors, such as the health and care sector and food supply, and the regulation initially applied for a limited period until 31 October 2020. The second social protection package extended the supplementary earnings options to all occupations and kept them in force until 31 December 2021. The use of lost work time for vocational training is also encouraged.

2.2.2 **Corona-Soforthilfe und Neustarthilfe für Soloselbständige (Corona emergency aid and new start assistance for solo self-employed people)**

- a) Short description of the measure: The self-employed, and especially solo self-employed people, are among the groups most affected by the pandemic (Kritikos, Graeber, Seebauer 2020; Bertschek, Erdsiek 2020).

At the beginning of the first lockdown phase, the federal government introduced the *Corona-Soforthilfe* (corona emergency aid) programme, offering financial assistance to microenterprises, solo self-employed people and freelancers who have experienced economic difficulties as a result of the pandemic. The funds were designed as a subsidy to cover fixed operating costs and could be drawn down only when private liquid assets were exhausted.

For the period January to June 2021, a special programme for solo self-employed people, known as *Neustarthilfe* (new start assistance), was launched. They can apply for a one-off lump sum to cover operating costs. The new start assistance is aimed solely at solo self-employed people.

- b) Category: Flat benefit.
- c) Timing: Corona emergency aid applied for the months April to June 2020. New start assistance applies to the months January to June 2021.
- d) Amount and duration: The corona emergency aid programme was limited to three months (April to June 2020) and offered a one-off payment of up to €9,000 for companies with up to five employees and up to €15,000 for companies with up to 10 employees. The new start assistance is paid if turnover in the period January to June 2021 is at least 60% lower than in the corresponding period in 2019. The operating cost lump sum is 50% of total turnover in 2019, up to a maximum of €7,500. The operating cost lump sum is not offset against benefits under the basic income support scheme under Social Code Book II.
- e) Targeted population: Although the corona emergency aid was aimed at microenterprises, solo self-employed people and freelancers, new start assistance is aimed exclusively at solo self-employed people. The cost of the corona emergency aid programme was up to €50 billion with a maximum take-up of 3 million self-employed people and microenterprises. Only the solo self-employed are eligible to apply for the new start assistance programme. They numbered around 2 million in 2020.
- f) Beneficiaries: The corona emergency aid programme identified the solo self-employed as a target group at the very beginning of the pandemic. However, the assistance took the form of a subsidy for operating costs, which deterred many solo self-employed people with very low operating costs from applying. The requirement that private liquid assets should first be exhausted also acted as a further deterrent⁷. As a result, of the 1.8 million applications approved, only €13.7 billion (0.4% of GDP 2019) of the €50 billion provided was drawn down (BMF 2020a; Barth, Hüther 2021). As the application period of the new start assistance programme has just started, there are no data on the take-up rate yet.
- g) Novelty: both programmes were/are new measures.

⁷ The federal state's emergency aid programme was implemented by the *Länder*, which topped up the federal programme with their own programmes. As a result, the overall programme for applicants differed between *Länder*.

2.3 Measures related to sickness benefits and sick pay

2.3.1 *Veränderungen in der Diagnose- und Krankschreibepaxis (Changes in the diagnostic and medical sick note)*

- a) Short description of the measure: There have been no changes in the general features of the German sick leave system. However, a number of measures were taken to facilitate sick leave for mild respiratory diseases. The Joint Federal Committee, the highest body of the joint self-administration of doctors and health insurance funds in the statutory health insurance system, enacted a special regulation for determining inability to work in March 2020. It applies to all employees who are insured under the statutory health insurance scheme. According to this regulation, doctors are allowed to give patients suffering from mild respiratory diseases up to seven calendar days of sick leave following a telephone consultation. Doctors in private practice may also issue a follow-up certificate of incapacity for work for a further seven calendar days by telephone. In this case, general practitioners are obliged to check personally the patient's state of health by means of a detailed telephone interview and to check whether a physical examination is necessary.

Neither the employer's obligations to continue paying wages nor those of the health insurance funds to pay sickness benefits have been changed in the course of the COVID-19 crisis.

- b) Category: Conditional benefit.
- c) Timing: This special regulation was issued in March 2020 and has been extended several times since then. It is provisionally valid until 30 June 2021.
- d) Range, duration and conditionality: The regulations on sick pay and on payment of sickness benefits (duration and amount of payment) have not been changed during the COVID-19 pandemic.
- e) Targeted population: Employees suffering from mild respiratory diseases.
- f) Beneficiaries: No data are yet available with regard to the impact of issuing a certificate of incapacity for work without direct doctor-patient contact. However, data are available on the development of incapacity for work during the COVID-19 pandemic. According to data from a large health insurance company, incapacity for work fell significantly in spring 2020 compared with the same period of the previous year (Barmer 2020). Between April and June 2020, the number of incapacity for work certificates fell by 1.2% for cancer, by 4.1% for musculo-skeletal disorders and by 5.5% for mental illnesses compared with the previous year. Overall, sick leave fell by 6.8% compared with the same period in 2019. In the months of January to March 2020, the sickness rate had still increased overall and for the types of illnesses mentioned. The health insurance fund attributes this development to the fact that the number of visits to the doctor has fallen significantly due to the fear of COVID-19 infection and warns of the health consequences of this development. In contrast, the duration of incapacity for work per case increased significantly. However, over the course of 2020 as a whole, the number of respiratory illnesses fell significantly (Deutsche Angestellten Krankenkasse 2021). This is presumably because the hygiene measures to contain the COVID-19 pandemic also reduced the frequency of transmission of colds.
- g) Novelty: Workers with a mild respiratory illness can obtain a certificate of incapacity for work without exposing themselves, the doctor or other people in the doctor's practice to the risk of a COVID-19 infection. At the same time, this is intended to relieve the burden on medical practices.

2.3.2 Kontaktverbote und -einschränkungen bei der Arbeit und Entschädigung bei Arbeitsverboten (Contact bans and restrictions at work and compensation for work bans)

- a) Short description of the measure: Even before the start of the COVID 19 pandemic, the competent authority could impose a work ban on people suspected of being infected or carriers of pathogens (Section 31 of the Infection Protection Act). In addition, the previously applicable law already provided for compensation for workers who have to be absent from work due to legal requirements or the decision of an authority (Section 56 Infection Protection Act). These provisions did not change with the COVID-19 pandemic, but they were now applied to people who suffer a COVID-19 infection, are suspected of suffering from a COVID-19 infection or have had contact with an infected person. Neither the employer's obligations to continue paying wages nor those of the health insurance funds to pay sickness benefits have been changed in the course of the COVID-19 pandemic.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The application of Sections 31 and 56 to COVID-19 changed according to legal provisions on contact bans starting from March 2020.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Provisions applied to people who suffer a COVID-19 infection, are suspected of suffering from a COVID-19 infection or have had contact with an infected person. This regulation potentially affects every employee resp. those employees who need to be banned or restricted from contact according to given legal provisions.
- f) Beneficiaries: There are no valid data available on how many workers had to stay away from work due to COVID-19 infection, suspected COVID-19 infection or contact with an infectious agent and therefore received compensation under section 56 of the Infection Protection Act.
- g) Novelty: Workers who have to be absent from work due to COVID-19-related regulations benefit from the compensation rules under Section 56 of the Infection Protection Act.

2.3.3 Corona-Kinderkrankengeld (Corona children's sickness benefit) (see also 2.7.1)

- a) Short description of the measure: According to Section 45 of the German Social Code Book V, parents whose children are ill and need to be cared for at home can claim children's sickness benefit as a wage-replacement benefit. This regulation was amended in October 2020 for the first time, granting parents caring for their sick child an extended entitlement to "corona children's sickness benefit" due to the COVID-19 crisis, retroactively from 1 January 2020 until 31 December 2020. This regulation was amended again in January 2021 by the federal legislature. The number of days for which parents can claim children's sickness benefit was extended again. The new law also extends entitlement to parents who have to care for their children because the school, daycare centre or childminding facility is closed by the authorities or access is restricted or compulsory attendance at classes has been suspended.

The provision applies to those with statutory health insurance who have to care for children under 12, or disabled children without age limit, and who have no other caregiver available to do so. The maximum period can be spread over several months. Employers usually do not have to continue paying wages for these days. Instead, parents can apply for children's sickness benefit from their health insurance fund. The health insurance funds will receive an additional federal subsidy of €300 million initially as compensation, although this is unlikely to cover the entire costs of children's sick pay.

- b) Category: Conditional benefit.
- c) Timing: The regulation came into effect on 5 January 2021 and is valid until 31 December 2021.
- d) Range, duration and conditionality: Children's sickness benefit is usually 90% of the net income lost. Proportionate pension, unemployment and long-term care (LTC) insurance contributions are deducted from the benefit. The number of days for which parents can claim the benefit in 2021 was doubled to 20 days per parent per child and to 40 days for single parents. If there are several children, each parent will be entitled to a maximum total of 45 days of sick leave for children. For single parents, the entitlement increases to a maximum of 90 working days^{8/9}.
- e) Targeted population: The target group of the new entitlement regulations is working parents of children who are under 12 or have care needs due to disability, and whose daycare or compulsory schooling is temporarily cancelled, making their care problematic.
- f) Beneficiaries: Since the reform of the corona children's sickness benefit was decided in only mid-January 2021, at present no information is available on the number of cases in which compensation was applied for and paid out; so it is not possible to say anything about the effect on the number of beneficiaries and the costs incurred as a result.
- g) Novelty: The reform introduced new regulations governing eligibility for the existing children's sickness benefit and doubled the benefit period.

2.4 Measures related to health insurance

2.4.1 *Veränderungen in der Bereitstellung von Sach- und Dienstleistungen* (Changes in the provision of benefits in kind and services)

- a) Short description of the measure: In Germany, almost the entire population is insured either in the statutory health insurance system (around 89%) or in the private health insurance system (around 11%). The benefit lists are quite comprehensive. In view of this, neither the insured population nor (with the exception of the corona children's sickness benefit plan, see Section 2.3.2) the list of benefits has been expanded in the course of the COVID-19 pandemic. The services required for the treatment of COVID-19 infections were and are fully covered by the existing benefits list.

This notwithstanding, benefits provided during the COVID-19 pandemic faced considerable changes, as follows.

- In order to reduce the risk of transmission in the doctor's office or on the way to the doctor's office, and to counteract overloading of doctors' practices, not only the issuing of a certificate of incapacity for work was facilitated (see Section 2.3.1), but also access to other statutory health insurance benefits (e.g. the prescription of aids or the issuing of a repeat prescription). This primarily concerned benefits prescribed by doctors. Thus doctors are allowed to issue repeat prescriptions by post even after taking a medical history by telephone. The prerequisite is that a direct personal examination by the doctor has previously taken place due to the

⁸ An initial amendment to the regulations on children's sickness benefit pursuant to Section 45 of the German Social Security Code V took place with the Hospital Future Act (*Krankenhauszukunftsgesetz*) from 1 October 2020 for a limited period until 31 December 2020. According to this, couples with one child could claim a maximum of 15 days per parent instead of the previous 10 working days. Each parent was entitled to a maximum of 35 working days of children's sickness benefits in 2020 instead of 25 previously. Single parents were entitled to up to 30 days per child instead of 20, for a total maximum of 70 working days instead of 50 previously.

⁹ The Population Protection Act (*Bevölkerungsschutzgesetz*), which came into force on 23 April 2021, again extended the entitlement to 30 days per child per parent or 60 days for single parents. If there are several children, the maximum entitlement is increased to 65 and 130 days, respectively (until December 2021).

same illness. The same applies to prescriptions for patient transport: they are also possible on the basis of a telephone consultation. In addition, doctors can prescribe repeat prescriptions for home nursing care for up to 14 days retroactively, and do not have to justify a longer-term repeat prescription for temporary home nursing care. To protect particularly vulnerable patient groups, repeat prescriptions for medicines without direct doctor-patient contact are also possible (Gemeinsamer Bundesausschuss 2021). These measures were also based on corresponding special regulations issued by the Federal Joint Committee (see above in this section). Such special regulations must always be submitted to the Federal Ministry of Health for approval. The ministry has not objected to any of these regulations.

- Further special regulations provide that treatments by video can take place if this is possible from a therapeutic point of view and the patient agrees.
 - In addition, the Federal Joint Committee adopted guidelines on exceptions from quality-assurance requirements in patient care and nursing in March 2020. They concern, in particular, possibilities for deviation from the minimum number of intensive care staff for certain complex treatments and the suspension of documentation and evidence requirements (Gemeinsamer Bundesausschuss 2021). These regulations have also been extended several times and are provisionally set to expire on 31 March 2021. The benefits list of the statutory health insurance scheme was not changed during the COVID-19 pandemic.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: These directives were first implemented in March 2020 and have since been extended several times, provisionally until 31 March 2021. The COVID-19 Hospital Relief Act was passed in March 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All people insured in the statutory health insurance scheme, especially those in a vulnerable group (e.g. older or chronically ill people).
- f) Beneficiaries: Although the benefits list of the statutory health insurance scheme was not changed during the COVID-19 pandemic, the pandemic had and still has a considerable impact on healthcare services. In the course of the pandemic, the utilisation of services decreased considerably. This concerns:
- the decline in visits to doctors for out-patient care, mainly because of patients' fear of infection in and on the way to the doctor's office; and
 - the postponement of examinations and operations in hospital, in order to free up intensive care beds and staff capacity for the treatment of seriously ill COVID-19 patients.

In out-patient care for people with statutory health insurance, attendance at doctors' practices between the beginning of March 2020 and the end of May 2020 fell by a total of 23% compared with the same period last year. Things did not begin to return to normal until the end of May 2020 (Central Institute for Statutory Health Care in Germany 2020). Of particular concern are the medium-term effects on the chronically ill. The number of telephone-only consultations increased significantly between the beginning of March and the end of June 2020 compared with the same period the previous year, namely from 1.44 to 3.08 million. In contrast, the number of video consultations in this period amounted to 1.24 million, while in the same period in the previous year they did not even number 1,000 (Zentralinstitut für die Kassenärztliche Versorgung in Deutschland 2020). The fall in doctor's visits is also reflected in the significant reduction in the number of incapacity for work certificates (see Section 2.3.1).

Hospitals have been called upon to postpone or suspend all scheduled admissions, operations and procedures in favour of the care of COVID-19 patients, if this is medically justifiable. The medium-term impact on the health of the patients concerned cannot be foreseen at present.

- g) Novelty: These regulations facilitated access to certain healthcare services without direct doctor-patient contact, helped reduce the risk of COVID-19 transmission and relieved the burden on doctors' practices. The COVID-19 Hospital Relief Act was aimed at reducing the financial burdens on hospitals.

2.4.2 *Kostenübernahme bei Tests und Impfungen* (Extension of coverage for tests and vaccination)

- a) Short description of the measure: Tests are paid for by health insurance if there is a reasonable suspicion of infection. The decision whether or not to carry out a test is made by the attending physician. The local health authorities can arrange for serial tests of people without symptoms, for example in schools, daycare centres or dialysis facilities, if a COVID-19 case has occurred in the facility. They can arrange for serial tests in nursing homes and care services, regardless of whether a case has occurred. The costs of vaccination are fully covered by statutory health insurance based on a recommendation of the standing vaccination commission (*Ständige Impfkommission – Stiko*) at the Robert Koch Institute, and the private health insurance scheme. The groups to be prioritised for access to COVID-19 vaccination have been identified. These include, in particular, people aged over 80 as well as medical and nursing staff. As the vaccination campaign progressed in March and April 2021, the *Länder* also adopted different prioritisation rules¹⁰. The benefits list of the statutory health insurance scheme was not changed during the COVID-19 pandemic.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Decisions on approval of the vaccine were made in the autumn of 2020. Decisions on the priority list for vaccinations were made in December 2020.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All people living in Germany. Tests and vaccinations were comprehensively covered by health insurance.
- f) Beneficiaries: By mid-April 2021, a total of 54.1 million tests had been conducted for COVID-19. As of the beginning of May 2021, a total of 35.1 million doses of vaccine have been administered. Around 27.3 million people have received an initial vaccination, and around 7.8 million have received a second vaccination.
- g) Novelty: The provisions on the financing of vaccinations were made on the basis of the existing legal provisions.

2.4.3 *Finanzielle Unterstützung der Krankenhäuser* (Financial support for hospitals)

- a) Short description of the measure: The COVID-19 Hospital Relief Act, passed in March 2020, provides financial compensation for this and a bonus of €50,000 for each newly created intensive care bed. Against this background, hospitals have postponed a large number of elective interventions for the time being. Moreover, the federal government gave hospitals a revenue guarantee for 2020. The *Länder* also took measures to support hospitals, but these varied greatly.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The COVID-19 Hospital Relief Act was passed in March 2020. Other measures were adopted during the year.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Not available.

¹⁰ On 22 April, the Bundestag and Bundesrat passed a major reform of the Infection Protection Act, which provided for uniform nationwide measures at certain incidence levels.

- f) Beneficiaries: Valid data on the number of hospitals supported are not available. Irrespective of this, the German Hospital Federation points out that the financial situation of hospitals deteriorated considerably during the COVID-19 crisis.
- g) Novelty: Financial support for hospitals was meant to set incentives for the creation of intensive care beds and to relieve hospitals of the financial burdens associated with the COVID-19 pandemic. Measures were explicitly passed with reference to COVID-19.

2.5 Measures related to minimum-income schemes and other forms of social assistance

2.5.1 Vereinfachter Zugang zur Grundsicherung (Facilitated access to minimum-income benefits)

- a) Short description of the measure: For those people who, as a result of the pandemic, have to claim minimum-income benefits under Social Code Book II or XII¹¹, access to benefits has been facilitated for a limited period.
- b) Category: Conditional benefit.
- c) Timing: The implementation period ran from 1 March 2020 initially until 31 December 2020 and was later extended until 31 March 2021 and then again until 31 December 2021.
- d) Range, duration and conditionality: The amendments to facilitate access to minimum-income benefits include:
- a temporary suspension of the consideration of assets;
 - a temporary recognition of actual expenses for housing and heating as appropriate (see 2.6.2); and
 - an easing of the imputation of income in the case of provisional decisions¹².
- e) Targeted population: Even though the measure is mainly directed at new groups of applicants (such as solo self-employed people or short-time workers) who are temporarily dependent on minimum-income benefits due to the pandemic, they apply to all applicants during the approval period. The federal government expected up to 1.3 million new applicants for minimum-income benefits in 2020 and calculated total costs for all public budgets of up to €9.8 billion (0.285% of GDP 2019) (Deutscher Bundestag 2020c:21).
- f) Beneficiaries: According to preliminary projections, 5,426,000 people entitled to standard benefits under Social Code Book II lived in 2,901,000 households in 2020. Compared with 2019, the figures have remained virtually unchanged (Bundesagentur für Arbeit 2020). Corresponding data on social assistance or basic income support in the event of reduced earning capacity or old age under Social Code XII are not yet available for 2020. The measure is expected to have helped halt the continuation of the decline in the number of recipients of basic income support for job-seekers in 2020.

¹¹ The respective schemes are 'basic income support for job-seekers', under Social Code Book II, 'cost-of-living assistance' (outside institutions), under Sections 27-40 of Social Code Book XII, and 'basic income support in old age and in the event of reduced earning capacity', under Sections 41-46 of Social Code Book XII.

¹² A provisional decision is issued, among other things, if it is not yet possible to precisely quantify how much someone will earn in the next few months, but it is clear or at least very likely that it will not be sufficient to cover living expenses. Normally, after the end of the grant period, it must then be determined how much income was actually earned. If this amount differs from the initially estimated income, the benefits granted must be adjusted retroactively and additional payments must be made to the beneficiary, or repayments must be made to the jobcentre; in the above-mentioned approval period, such a final decision will only be issued if the beneficiary requests it themselves.

Precise information on how many people have applied for minimum-income benefits as a result of easier access is not available.

- g) Novelty: This is a temporary amendment of existing benefit schemes.

2.5.2 Einmalzahlung an erwachsene Leistungsberechtigte in der Grundsicherung (One-time payment to adult beneficiaries in minimum-income schemes)

- a) Short description of the measure: As part of the third social protection package, which came into force on 1 April 2021, a one-off payment was introduced for adult beneficiaries of minimum-income benefits. In the view of the federal government, the continuation of the pandemic will result in additional financial burdens for recipients of minimum-income benefits, which they should not bear alone. Due to the unpredictable development of the pandemic, it was hardly possible for beneficiaries to make provisions for these burdens.
- b) Category: Flat benefit.
- c) Timing: The one-time payment will be paid in May together with the other minimum-income benefits.
- d) Amount and duration: The one-off payment was set at €150.
- e) Targeted population: All adults are eligible who are entitled to unemployment benefit 2 or social benefit under Social Code Book II (basic income support for job-seekers) in the specified payment month. Also entitled are people who receive assistance for subsistence or basic benefits for old age and reduced earning capacity under the Third and Fourth Chapters of Book XII of the Social Code or who receive benefits under the Asylum-Seekers' Benefits Act. The same applies to people who receive supplementary assistance for subsistence as a welfare benefit under the Social Compensation Act (*Soziale Entschädigung nach dem Bundesversorgungsgesetz*). Only people who are entitled to the child bonus 2021 are excluded. The one-off supplement does not have to be applied for separately.
- f) Beneficiaries: The federal government calculates that the one-off payment will affect around 3.8 million beneficiaries and lead to additional expenditure of €790 million (0.023% of GDP 2019) for all public budgets (Deutscher Bundestag 2021).
- g) Novelty: The additional benefit was introduced for the first time and supplements the existing minimum-income benefits.

2.5.3 Notfall-Kinderzuschlag (Emergency supplementary child benefit)

- a) Short description of the measure: The introduction of a temporary reform of the child supplement benefit as part of the first social protection package, the *Notfall-Kinderzuschlag* or *Notfall-KIZ* (emergency supplementary child benefit), constituted an attempt to respond as quickly and unbureaucratically as possible to the short-term changes in the income situation of low-income families.
- b) Category: Conditional benefit.
- c) Timing: Emergency supplementary child benefit initially applied from 1 April to 30 September 2020, and was later extended until 31 March 2021.
- d) Range, duration and conditionality: Families with a low income are entitled to the emergency supplementary child benefit. Whether and how much benefit is paid is calculated individually for each family and depends on several factors – above all, the family's own income, housing costs, the size of the family and the age of the children. The financial allowance was in 2020 a maximum of €185 (€205 in 2021) per child per month, supplemented by other mostly in-kind benefits (in particular education and

participation benefits, and free daycare). The access facilitation includes the following measures.

- In the case of initial or subsequent applications, families with children no longer have to declare the last six months' income, but only that from the previous month, in order to determine the qualifying income. This was intended to take better account of COVID-19-related income losses.
- In addition, assets are taken into account in determining the amount of the child supplement only in exceptional cases¹³.

Furthermore, the approval period is extended from six to 12 months for applications submitted during this period.

- e) Targeted population: According to the Federal Child Benefit Act, parents can apply for the supplementary child benefit if their income is sufficient to cover their own needs, but not to cover the needs of their children or the entire family. The child supplement serves to avoid entitlement to minimum-income benefits. Irrespective of the legal changes, the federal government expected that there would be a large number of additional beneficiaries and corresponding cost increases as a result of the pandemic, without specifying the numbers involved.
- f) Beneficiaries: Despite repeated reforms to the child supplement benefit (most recently in 2019 with the Strong Families Act), this benefit is difficult for potential claimants to navigate and uptake has so far been very low indeed. For this reason, the temporary simplifications introduced as part of the social protection package, accompanied by further measures to facilitate access, have been assessed positively. The federal government calculated costs of €200 million (0.006% of GDP 2019) for 2020 (Deutscher Bundestag 2020c: 22). In fact, the number of children for whom the child supplement is paid tripled from January to September 2020, rising to about 900,000 children (BMFSFJ 2020).
- g) Novelty: This is a temporary amendment to an existing law.

2.5.4 *Finanzielle Hilfen für Alleinerziehende* (Financial support for single parents)

- a) Short description of the measure: As part of the Second Corona Tax Relief Act, the income tax relief for single parents was increased. This measure was intended to compensate for the additional burdens faced by single parents during the pandemic.
- b) Category: Flat benefit.
- c) Timing: The tax relief was initially scheduled for 2020 and 2021. With the Annual Tax Act 2020, which entered into force on 1 January 2021, this significant improvement has been made permanent and will now also apply beyond 2021.
- d) Amount and duration: Income tax relief for single parents was raised from €1,908 to €4,008.
- e) Targeted population: Single parents who have taxable income. The federal government expected the measure to benefit nearly 1 million working single parents and their children per year. It calculated total costs for all public budgets of €490 million (0.014% of GDP 2019) per year (Deutscher Bundestag Drucksache 2020d: 17).
- f) Beneficiaries: No information is available on how many single parents benefited from the allowance increase.
- g) Novelty: An already existing tax regulation was changed.

¹³ The third social protection package extended the simplified asset test in the child supplement until 31 December 2021.

2.5.5 *Kinderbonus* (Child bonus)

- a) Short description of the measure: Within the framework of the Second Corona Tax Relief Act, families with children were granted a one-off benefit known as a "child bonus". This child bonus represents a subsidy for additional pandemic-related expenses for families with children. On the basis of the Third Corona Tax Relief Act of 10 March 2021, families will again be supported in 2021 by a child bonus.
- b) Category: Flat benefit.
- c) Timing: The child bonus was paid in two instalments in September 2020 and in October 2020 together with the child benefit. A child bonus of €150 is normally paid out in May 2021 under the same conditions as in the previous year.
- d) Amount and duration: The Second Corona Tax Relief Act also gave families with children a one-off child bonus of €300 for each child who is entitled to child benefit for at least one calendar month in 2020 as a financial offset for special financial burdens caused by the COVID-19 crisis. The child bonus was paid in two instalments, of €200 in September 2020 and €100 October 2020, together with the child benefit. The bonus was not offset against other social benefits (including basic income support for job-seekers under Social Code Book II), but was offset against the child allowance. The benefit was therefore paid to low- and middle-income earners, but not to high-income earners¹⁴. However, for single parents, €150 is deducted from the maintenance entitlement.
- e) Targeted population: The child bonus was paid for each child who was entitled to child benefit for at least one calendar month in 2020. The German government has not provided any precise information on the number of eligible children. It calculated total costs for all public budgets of €4.3 billion (0.125% of GDP 2019) for the child bonus in 2020 (Deutscher Bundestag 2020d: 17).
- f) Beneficiaries: According to the Ministry of Family, Seniors, Women and Youth, the child bonus was paid out for around 18 million children.
- g) Novelty: This is a new, additional measure.

2.5.6 *Überbrückungshilfe für Studenten in Not* (Bridging assistance for students in need)

- a) Short description of the measure: Bridging assistance for students in need is provided by the Federal Ministry of Education and Research. It is intended to help students who are in a demonstrable financial emergency due to the pandemic, who need immediate assistance and who cannot overcome the emergency by taking advantage of other assistance¹⁵.
- b) Category: Conditional benefit.
- c) Timing: This benefit can be applied for from June 2020 to September 2020, from October 2020 to March 2021 and from April 2021 to October 2021.
- d) Range, duration and conditionality: Depending on demonstrated need, between €100 and €500 can be paid as a non-repayable grant per month.
- e) Targeted population: Domestic and foreign students who are enrolled at state and state-recognised universities in Germany can apply for bridging assistance. The Federal Ministry of Education and Research provided €100 million for the summer semester in June 2020 (BMBF 2020 a and b). As the performance period has been extended, the amount can be adjusted accordingly to €175 million (0.005% of GDP

¹⁴ In February 2021, the governing coalition decided to pay out another child bonus of €150 this year under the same conditions as in 2020.

¹⁵ In principle, students are not entitled to minimum-income benefits under Social Code Book II and XII.

2019) in 2020. The number of students eligible for funding with this amount depends on the average amount of funding per month.

- f) Beneficiaries: Data on the number of beneficiaries and the actual costs are not yet available.
- g) Novelty: This is a new, additional measure.

2.6 Measures related to housing support

2.6.1 *Mieterschutz* (Tenant protection)

- a) Short description of the measure: According to the Act to Mitigate the Consequences of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) from 27 March 2020, rent arrears from the period 1 April to 30 June 2020 due to the effects of the pandemic do not entitle the landlord to terminate a lease contract – for a period of 24 months. Only if the tenant/lessee has not paid off the arrears by 30 June 2022 can they be evicted. However, interest can be charged on rental arrears. The regulation prevents tenants from losing their homes, or tenants of commercial premises or land from losing the basis of their gainful employment, in the event of a temporary loss of income as a result of the pandemic. A similar deferral of payments for consumer loan contracts and contracts for essential services such as telephone, electricity and gas expired on 1 July 2020. The regulation was not extended or reinstated in the second lockdown phase because, in the view of the German government, it has been shown that in very many cases landlords and tenants have been able to reach agreement privately.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure applies with respect to pandemic-related debts incurred during the initial lockdown period from 1 April to 30 June 2020 and for the extended debt repayment period from 1 April to 30 June 2022.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Tenants and leaseholders whose income was negatively affected by the pandemic and found themselves unable to pay their rent/lease. In principle, all tenants/lessees could benefit from it, if they have been adversely affected by the pandemic.
- f) Beneficiaries: Currently, no quantitative data are available, either on the addressees or on the actual users/beneficiaries. In August 2020, a representative study (*Analyse & Konzepte immo.consult 2020*) found that 31% of respondents stated that the income situation of their household had deteriorated due to COVID-19. This was particularly true of households with children and couples under age 30. Although just under half of all respondents expected their landlord to support them in the event of payment difficulties, it is precisely those households that have already suffered income losses due to the COVID-19 pandemic that have comparatively little confidence in the support they will receive from their landlord¹⁶.
- g) Novelty: This is a temporary suspension of landlords' rights.

¹⁶ The results of the SOEP based microsimulation study "Corona pandemic: also a stress test for the housing market", commissioned by the German Council of Consumer Advisors (Gross, Gabler, Wagner 2020), showed that renter households without reserves are on average financially overburdened by housing costs from a loss of household income of €100 per month and severely overburdened from a loss of €400. Among owner households without reserves, overburdening occurs from a loss of €450. Even those tenant households that have financial reserves are overburdened from a loss of €400. How many households will end up in an overload situation as a result of COVID-19 is, of course, not yet foreseeable.

2.6.2 *Aussetzung der Angemessenheitsprüfung bei den Kosten der Unterkunft in der Grundsicherung (Waiver of the reasonableness test for the recognition of housing costs in minimum-income benefit schemes).*

- a) Short description of the measure: As part of the first social protection package of 27 March 2020, it was decided to recognise the actual amount of housing costs in the minimum-income benefits under Social Code Books II and XII as reasonable, regardless of their amount. The measure is intended to ensure, above all for the latter, that living in an apartment that is too large or too expensive is not an obstacle to accessing and claiming minimum-income benefits.
- b) Category: Flat benefit.
- c) Timing: The time limit of 1 March 2020 to 31 March 2021 should ensure that the measure is valid throughout the anticipated pandemic phase. It could be extended further if necessary.
- d) Amount and duration: The measure applies to new or subsequent approval periods beginning in the period from 1 March 2020 to 31 March 2021. The reasonableness test is waived for the first six months of the relevant appropriation periods. Jobcentres are therefore not permitted to issue cost-reduction requests for this period. If the application for continued approval after six months again falls within the period of simplified access, the actual costs will also be covered without reduction. If the new approval period does not begin until after the end of the above-mentioned period, the general rules on the adequacy of accommodation costs will apply again.
- e) Targeted population: The target group is both new applicants and existing recipients of minimum-income benefits under Social Code Book II and XII. All applicants or recipients of means-tested minimum-income benefits under Social Code II and XII in the period 1 March to 31 December 2020 could have benefited from the measure, provided that the six-month approval period for the costs of accommodation fell into this period for the first or subsequent time. However, no information on this is available from the Federal Employment Agency.
- f) Beneficiaries: see e).
- g) Novelty: This is a temporary change to the eligibility criteria for existing social benefit schemes.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

2.7.1 *Verdienstausschüttung nach dem Infektionsschutzgesetz (Compensation for loss of earnings under Infection Protection Act) (see also 2.3.3)*

- a) Short description of the measure: According to Section 56 (1a) of the Infection Protection Act, working care-givers of children under 12 or disabled children are entitled to limited compensation for loss of earnings if they can no longer pursue their professional activities because childcare facilities or schools are temporarily closed due to the pandemic. This applies regardless of the employment sector and the form of employment. In addition, as of 16 December 2020, parents who have to care for their children at home due to extended school or facility closures, suspended classes or alternating classes are also entitled to compensation under the Infection Prevention Act. The maximum period does not have to be taken in one block. The entitlement only exists if other reasonable care options (e.g. by another parent) are not available. There is no entitlement if the employee or self-employed person is working short-time (only employees) or from home. Company working time credits and residual vacation entitlements must also be claimed as a matter of priority. The provision of the Infection

Protection Act cannot be used if benefits are claimed under the children's sickness benefit at the same time (see 2.3.3).

- b) Category: Conditional benefit.
- c) Timing: The provision in the Infection Protection Act was introduced on 30 March 2020 and was valid for a limited period until 31 December 2020, later extended until 31 March 2021.
- d) Range, duration and conditionality: The compensation entitlement under Section 56 of the Infection Protection Act is 67% of net pay (maximum €2,016 per month). Each working parent is entitled to 10 weeks; single parents to 20 weeks.
- e) Targeted population: All parents of children under 12 or of disabled children without age limit. In the first lockdown phase, daycare centres and primary and secondary schools were already closed almost nationwide from mid-March 2020. Although the *Länder* pursued very different strategies in easing the lockdown, the closures lasted until the summer vacations in most cases. After a short phase of "normalisation" with various forms of partial restrictions, a new phase of closures began in December 2020 at the latest. Extensive daycare and school closures posed major problems in balancing work and family life for about 4.2 million families with children up to age 12 where both parents (or one single parent) were employed (Müller et al. 2020).
- f) Beneficiaries: Unfortunately, no information is available on the number of cases in which compensation was applied for and paid out, so it is not possible to say anything about the effect on the number of beneficiaries and the costs incurred as a result. However, there is some evidence that compensation under the Infection Protection Act has been little used or approved¹⁷.
- g) Novelty: This leave/social benefit scheme involves a temporary extension of the scope of protection of the Infection Protection Act.

2.7.2 Reform des Elterngelds aus Anlass der COVID-19-Pandemie (Reform of parental allowance on the occasion of the COVID-19 pandemic)

- a) Short description of the measure: In order to ensure that parents are not disadvantaged when it comes to parental leave during the pandemic, a number of temporary regulations have been adopted for this purpose in the second social protection package, as follows.
 - Parents who work in system-relevant industries and professions¹⁸ are to be able to postpone their parental allowance months. They will also be able to take them after their child's 14th month of life, once the situation has been brought under control, by June 2021 at the latest.
 - The partnership bonus, which encourages parents to work part time in parallel, should not be eliminated or have to be repaid if parents work more or less than planned due to the COVID-19 pandemic.
 - Income-replacement benefits that parents receive due to the COVID-19 pandemic should not reduce the amount of parental benefits.

The regulation is intended to crisis-proof existing parental leave or parental allowance in the pandemic.

- b) Category: Neither flat nor conditional benefit.
- c) Timing: The regulation was limited to the period from 1 March to 31 December 2020, and later extended until 31 December 2021.

¹⁷ See: <https://www.vgsd.de/auch-selbststaendige-haben-anspruch-auf-entschaedigung-des-verdienstauffalls-aufgrund-von-kinderbetreuung-in-corona-zeiten> (accessed 12 April 2021).

¹⁸ Employees in areas including healthcare, nursing, education professions, cashiers in supermarkets, and the police, are considered systemically important and continued to work during COVID-19 restrictions, ensuring that vital products and services are available to the public without restriction.

- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All working parents regardless of the form of employment who want to take parental leave or who are already on parental leave. In principle, all parents/single parents who were already on parental leave in 2020 or had started parental leave were eligible.
- f) Beneficiaries: The measures are intended to avoid disadvantages that parents would incur in receiving parental benefits as a result of the COVID-19 pandemic. Therefore, no additional costs were estimated (Deutscher Bundestag 2020e). Unfortunately, no data are available on how the take-up of parental leave and parental allowance evolved in 2020, so it is not possible to say anything about the effect on the number of benefit recipients and the costs incurred as a result.
- g) Novelty: This is an amendment to an existing leave/social benefit scheme.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

2.8.1 Einkommensverbesserungen für Langzeit-Pflegekräfte (Income improvements for long-term care staff)

- a) Short description of the measure:
 - With effect from 1 July 2020, the statutory minimum wage for LTC assistants (*Pflegehilfskräfte*) was raised and, as of 1 September 2021, the previous regional differences in the minimum wage for LTC workers are to be adjusted and the previous differences between the old and new *Länder* eliminated (BMAS 2020a). The Long-term Care Commission, a body consisting of representatives of employers and employees in LTC, whose proposals form the basis for the definition of a statutory minimum wage, also proposed minimum wages for qualified LTC assistants (*qualifizierte Pflegehilfskräfte*) and for LTC professionals (*Pflegefachkräfte*) for the first time, which are to be increased gradually over the next few years (BMAS 2020a).
 - Moreover, LTC employees became entitled to additional paid leave in addition to the statutory leave entitlement (BMAS 2020a).
 - In May 2020, the federal legislator adopted the Second Act for the Protection of the Population in the Event of an Epidemic Situation of National Significance. According to this, LTC workers were paid a one-off corona premium in recognition of their performance during the pandemic.
 - Following a proposal by the umbrella organisation of the statutory health insurance funds (*GKV-Spitzenverband Bund*) and the German hospital association (*Deutsche Krankenhausgesellschaft*), the federal legislator included a corresponding provision in the Hospital Future Act, according to which nursing staff in hospitals should be paid a corona premium.
- b) Category: Both flat and conditional benefit.
- c) Timing: The regulations on minimum wages were issued in May 2020 and implementation will be completed by 2022.
- d)
 - Amount and duration of the flat element: The increase of the statutory minimum wage for LTC assistants (*Pflegehilfskräfte*) to €12.55 per hour is well above the general minimum wage which had been €9.35 per hour since 1 January 2020. For employees working a five-day week, entitlement to additional paid leave amounted to five days in 2020. For the years 2021 and 2022, the entitlement to additional paid leave is to be six days each (BMAS 2020a). LTC workers were paid a one-off

corona premium of €1,000 in recognition of their performance during the pandemic. The *Länder* could top up this premium by up to €500. All the *Länder* participated in the premium payment. Because the federal and state amounts were paid together, the payment date varied by state. The amount was exempt from income tax and contributions.

- Range, duration and conditionality of the conditional element: The amount of the premium paid depended on contracted hours (full-time/part-time) and the type of activity. The provisions on minimum wages affect the approximately 600,000 LTC workers. The payment of the premium for LTC workers was linked to length of service and contracted hours (full-time/part-time) and varied between the *Länder*.
- e) Targeted population: Certain LTC workers. The provisions on minimum wages affect the approximately 600,000 LTC workers. The payment of the premium for LTC workers was linked to length of service and contracted hours (full-time/part-time) and varied between the *Länder*.
- f) Beneficiaries: As far as the minimum wages are concerned, see e). Valid information on the exact number of beneficiaries of the corona premium is not available.
- g) Novelty: To give LTC staff a bonus in recognition of their performance during the pandemic is a novel measure. Raising the minimum wages is also a new measure, but also part of a medium-term strategy to make LTC more attractive.

2.8.2 Einkommensverbesserungen für Pflegekräfte (Income improvements for nursing staff)

- a) Short description of the measure: Following a proposal by the umbrella organisation of the statutory health insurance funds (*GKV-Spitzenverband Bund*) and the German hospital association (*Deutsche Krankenhausgesellschaft*) the federal legislator included a corresponding provision in the Hospital Future Act, according to which nursing staff in hospitals should be paid a corona premium.
- b) Category: Flat benefit.
- c) Timing: The additional bonus for nursing staff envisaged for 2021 is to be paid at the end of June 2021.
- d) Amount and duration: A total of €100 million was made available from the health funds' financial reserves to pay nursing staff a one-off bonus of up to €1,000 in hospitals that treated a high proportion of COVID-19 patients. As with the LTC bonuses, the *Länder* could top up the payment by €500. The payment was also exempt from income tax and contributions.
- e) Targeted population: Certain members of the nursing staff in hospitals that treat a high proportion of COVID-19 patients. Only a third of the hospitals met the requirements for the payment; moreover, it was not uniformly determined, but the individual hospitals decided which employee groups should receive the amount, which led to considerable resentment. In principle, the regulations on the corona premium affect all nurses, approximately 1.1 million in total. However, the payment of the premium for nurses was linked to length of service and contracted hours (full-time/part-time) and varied between the *Länder*.
- f) Beneficiaries: Only a third of the hospitals met the requirements for the payment; moreover, it was not uniformly determined, but individual hospitals decided which employee groups should receive the amount, which led to considerable resentment.
- g) Novelty: To give nursing staff a bonus in recognition of their performance during the pandemic is a novel measure.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

At the beginning of 2020, Germany was in an exceptionally good economic and fiscal position¹⁹. At present there are no differentiated estimates for the evolution of spending on the social protection system, whose expenditure will undoubtedly increase in the years 2020 and 2021 as a result of the growing pandemic-related emergencies and needs, on the one hand, and the stabilisation and compensation measures taken, on the other. Estimates of the social budget for 2020 and 2021 are complicated by, among other things, the fact that the total social budget is derived from the federal, *Länder* and local budgets as well from para-fiscal charges (such as social insurance contributions). According to the Federal Statistical Office, total public budget spending increased by 8.6% to €797.8 billion in the first half of 2020 compared with the first half of 2019. Compared with the earlier period, revenue decreased for the first time since 2012, by 4.8% to €709.4 billion. This resulted in a cash financing deficit of €89.8 billion for the first half of 2020. The federal state contributed €43.8 billion to this deficit, the *Länder* €18.5 billion, social insurance €17.7 billion and local authorities €9.7 billion (Statistisches Bundesamt 2020b). On 26 February 2021, the German Federal Labour Agency reported record spending of €61 billion in 2020 to cushion the impact of the pandemic on the labour market. In 2019, spending was still €33.2 billion. It spent €22.1 billion on the short-time work allowance (2019: €157 million). Expenditure on unemployment benefits was €20.6 billion (2019: €15 billion) (Bundesagentur für Arbeit 2021).

Federal social spending is by far the largest area of expenditure in the federal budget. The latest estimates assume, for the time being, that after rising sharply from €177.1 to €255.4 billion in 2020 due to the economic and social consequences of the COVID-19 crisis, it will fall to €210.8 billion in 2021 and further to €199.7 billion in 2022. The social benefit ratio (the share of social spending in total federal spending) will remain relatively stable at 50.2% in 2020 and 51.0% in 2021 (BMF 2020c). The estimated increase of €78.3 billion (44.2%) in federal social spending²⁰ in 2020 was concentrated on bridging assistance for the self-employed (€24.6 billion: 13.9% of the federal social budget, or 0.716% of GDP 2019²¹) and the emergency programme for the solo self-employed (€18.0 billion: 10.2% of the budget or 0.524% of GDP), as well as on additional spending on basic income support for job-seekers (€13.0 billion: 7.2% of the budget, or 0.378% of GDP) and unemployment insurance (€9.3 billion: 5.3% of the budget, or 0.271% of GDP) (BMF 2020c).

The actual costs of the various measures in the area of health cannot be reliably estimated either, as the utilisation of services often cannot be predicted. Furthermore, in addition to the direct costs, the economic consequences of the pandemic containment measures must also be taken into account, because as a result of these measures the tax revenues of the public budgets and the contribution revenues of the social insurance institutions will fall sharply. In October 2020, an expert committee that calculates the key data for the financial development of the statutory health insurance system for the current and following year

¹⁹ In 2019, Germany met the Maastricht criteria for the first time since 2002. The overall public budget achieved a structural surplus of 1.3% of GDP. The ratio of debt to GDP fell to 59.8% (BMF 2020b). According to a preliminary projection by the German Federal Ministry of Labour and Social Affairs, the social benefits ratio (i.e. the share of social benefits in GDP according to national accounts) was 30.2% in 2019 (BMAS 2020b).

²⁰ Excludes spending on education, healthcare (outside social security) and housing, as well as tax relief.

²¹ The estimate of additional spending in the 2021 fiscal report (publication date: October 2020) differs from the estimates in the respective bills during 2020 (and 2021) referred to in Section 2.

assumed a deficit of around €20 billion (or 0.6% of GDP 2019) for 2021 (Bundesamt für Soziale Sicherung 2020). This does not take into account the fact that growth expectations for the period of the crisis have meanwhile been corrected significantly downwards.

The Healthcare and Long-Term Care Improvement Act, passed at the end of 2020, increases the federal subsidy for statutory health insurance by €5 billion (or 0.1% of GDP 2019) and transfers €8 billion (0.2% of GDP 2019) from the reserves of the health insurance funds to the sickness funds. In addition, the average additional contribution rate in statutory health insurance is expected by the Federal Ministry of Health to increase by 0.2 percentage points to 1.3% (or, according to an estimate by the statutory health insurance fund, by 0.3 percentage points to as much as 1.4%) in 2021 (Bundesamt für Soziale Sicherung 2020). However, this serves only to stabilise revenues in the short term, and is not a basis for sound financing of the statutory health insurance system (for an alternative, see Section 3.4).

3.2 Impact on the social protection system and on social inclusion policies

The relatively favourable budget situation has allowed the German federal government to introduce rapid and, compared with other countries, relatively generous support measures, especially to preserve businesses and jobs²². The social protection measures were part of a broader economic and social stabilisation package. Research institutions have already begun to study the economic and social impact of the COVID-19 pandemic. Some studies do not yet show a clear picture, some aspects have not yet been studied and the long-term effects of the pandemic are yet to be seen. And it remains to be seen what further measures and cuts will be implemented in 2021. Thus, only an initial interim assessment of the programmes and measures described and discussed in Section 2 can be presented in this report (see also e.g. Becker 2020; Bruckmeier, Konle-Seidl 2020; Anger et al. 2020; the Employment Committee, the Social Protection Committee 2020).

The vast majority of COVID-19-induced measures link to existing benefits and modify their eligibility requirements or benefit conditions. These corrections are intended to expand or facilitate access to benefits. Only in exceptional cases are they new benefits – significantly, all are one-off payments, such as the child bonus or the bonus for care workers and nursing staff.

Almost all the measures implemented in connection with the pandemic are valid for a limited period of time only, even if their period of validity has been repeatedly extended as the pandemic has continued. They were and are designed to alleviate the current situation for the target groups concerned but are not expected to have a lasting effect, with hardly any exceptions. Permanent improvements were granted only to single parents, who saw their income tax relief doubled. In contrast, for those receiving the short-time work allowance, which was and will be very low again by European standards when the temporary increase expires, there are demands for permanent improvement: but with little prospect of success (Hanesch 2020).

With regard to the stabilisation of the employment and income situation, the main target group was employees subject to social insurance. Although the solo self-employed were identified as a target group early on, they were directed to economic development programmes that, because of their focus as operating subsidies, did not address the special conditions and needs of solo self-employed workers and/or were fobbed off with easier access to minimum-income benefits. Only at a very late stage (and with an inadequate level of security) was a programme developed to stabilise their business and income situation (see e.g. Kritikos, Graeber, Seebauer 2020; ver.di 2020; VGSD 2020).

²² Some of the federal programmes were topped up and supplemented by programmes run by the *Länder* or local authorities. Since no overview of these programmes is currently available, they have been omitted from this report.

Although temporary agency workers, for example, were included in the special regulations for short-time work, no solution was put in place for mini-jobbers, one of the most severely affected groups of employees (Grabka, Braband, Göbler 2020)²³. The employment and income risks of this marginal form of employment have been known for years and are the reason why the majority of labour market experts advocate restricting this form of employment. Although there is a whole range of reform proposals, supporters and opponents in the political sphere balance each other out, blocking the necessary reform (see e.g. Bosch, Weinkopf 2016; Walwei 2018).

Some measures were generously extended as the pandemic continued, such as the short-time allowance. Others, such as the extension of unemployment benefit 1, were introduced for a limited period at the beginning of the first lockdown but were not extended, even though the second (partial) lockdown created a renewed need for action (Deutscher Bundestag 2020).

The children's sickness benefit and the loss-of-earnings benefit under the Infection Protection Act offered two different measures for a similar objective (compensation for lost earnings due to pandemic-related childcare or home schooling as well as improving the reconciliation of work and family life). Although the first one, with more generous cash benefits and conditions, was reserved for statutorily insured individuals only, the second one was open to all parents: but it was so restrictively designed that, as far as is known, hardly anyone took advantage of this benefit (e.g. DGB 2020b)²⁴.

The temporary sales tax cut, which was, after all, conceived as a stimulus rather than a social policy measure, has met with mixed reactions (Dullien, Gechert 2020; Fuest 2020; Beznoska, Niehues, Stockhausen 2021). Dullien and Gechert have emphasised that the temporary sales tax cut is likely to provide a tangible boost to the German economy in the second half of 2020, but that a comparable effect could have been achieved much more cheaply. Direct, targeted transfers to households with small and medium incomes – such as the child bonus, also included in the stimulus package – would have had a significantly greater impact (Behringer, Dullien, Gechert 2021).

Overall, there was a wide range of different income subsidies as (partial) compensation for income losses and/or support in emergency situations (see in particular Section 2.5), ranging from one-off to permanent benefits and aimed at different target groups. Measures to ease the burden on families in particular were characterised by a lack of consistency. Instead of focusing income-related benefits for families with children on low-income households, they have been primarily addressed to (almost) all families (child bonus) or single parents (tax relief). Only the emergency child supplement has targeted families at risk of poverty. Apart from easier access to the emergency child supplement, this group has only been allowed to benefit from a few measures that were mainly addressed to other groups (easier access to minimum-income benefits under Social Code II and XII; child bonus). It was not until 2021 that a one-time supplement to the minimum-income benefits was adopted: but this does not bring any improvement for families with children, as there is no entitlement to it when the child bonus is received.

Social protection in the area of health insurance has changed only insignificantly in the course of the COVID-19 pandemic, as the existing benefit law also covered the necessary benefits for the treatment of COVID-19 patients²⁵. It remains to be seen whether the strengthening of the public health service sector is only temporary or will succeed on a permanent basis. There is widespread concern that the temporary reduction in visits to the

²³ With one exception: for the period from 1 March 2020 to 31 October 2020, the time limits for short-term mini-jobs were raised from three to five months, or from 70 to 115 working days. This regulation applied on a transitional basis and was intended to allow agricultural employers to use seasonal workers for longer periods.

²⁴ The federal government did not take up the proposal to introduce a corona parental leave and corona parental allowance as temporary arrangements under the Parental Allowance and Parental Leave Act (Barschkett et al. 2020).

²⁵ The extension of the children's sickness benefit to a corona children's sickness benefit is organised or processed via the statutory health insurance funds but has no direct reference to health.

doctor and the postponement of operations in hospital will have a negative impact on the health of those affected in the medium term, but data on this and on the associated costs are not available.

Overall, the social protection system – at least in terms of monetary transfers – has hardly changed as a result of the pandemic measures and will most likely return to its previous state once the pandemic is over. It remains to be seen, however, to what extent the pandemic-related changes in the employment system, in the education system and in families will be temporary or permanent and how social policy will deal with them in the future.

3.3 Remaining gaps in the social protection system and social inclusion policies

The pandemic has exposed major weaknesses in the German labour market and social protection system. Below are just a few selected findings.

- Employees in mini-jobs, one of the most vulnerable groups of employees in the pandemic, are inadequately protected and therefore particularly exposed to labour market risks, which raises the question of what role this form of employment should still play in the future.
- The inadequate protection for the self-employed, and of solo self-employed people in particular, has also been exposed once again. There is an urgent need for action to find an appropriate solution (see e.g. Bäcker 2017).
- The temporary reorganisation of the short-time allowance has revealed the urgency of permanently reforming the level and structure of this wage-replacement benefit.
- Although, or precisely because, the minimum-income benefit schemes played only a marginal role in the measures put in place, many experts agree that the current system has major shortcomings and requires further development in line with needs.
- Another requirement is to bring together the hitherto very diverse and poorly coordinated system of social benefits for families and children.
- The failure of the education system to maintain or continue in digital form the support and care of children in daycare and school has created significant problems for families and children that will have lasting effects. Measures to ensure work-life balance during the pandemic could only partially compensate for this and also lacked coherence.

With regard to social protection in cases of illness or need for LTC, the following gaps in particular are relevant and urgently need to be closed:

- the differences in access to healthcare that go hand-in-hand with the separation of the insurance system into statutory and private health insurance (e.g. longer waiting times for a doctor's appointment for those with statutory health insurance);
- the high co-payments that insured people have to pay when claiming benefits under LTC insurance;
- the low wages and poor working conditions in nursing and in LTC;
the discrimination against asylum seekers in access to healthcare in the first 18 months of their application process; and
- the neglect of people with a low socio-economic status in accessing healthcare, not least homeless people and people living in socially deprived areas.

The measures taken in recent years and in the course of the COVID-19 pandemic to increase wages and improve working conditions in nursing and LTC are going in the right direction. For example, wages in this sector have increased faster than the average wages of all employees in recent years (Seibert et al. 2018). However, they are still significantly below this average in LTC (Seibert et al. 2018). Working conditions in nursing and care for the elderly remain poor, not least due to staff shortages (Schmucker 2019). Although the

number of trainees in the nursing professions has increased in recent years, this increase is by no means sufficient to eliminate the shortages of nursing staff.

A corona bonus for nursing staff is also planned for 2021. The federal government is planning to make a total of €450 million available to pay nursing and cleaning staff in hospitals a bonus of €1,500. The bonus is to be paid at the end of June 2021.

The federal government's Care Improvement Act (*Versorgungsverbesserungsgesetz*), enacted in December 2020, provides, among other things, for the recruitment of an additional 20,000 LTC assistants as a first step. Further steps are to follow in the coming years.

3.4 Debates and recommendations

From the many discussions on the challenges and measures taken or neglected in the pandemic, only two examples will be outlined here, as follows.

- Many of the reform measures were adopted with broad approval among politicians, associations and experts, not least because most of them were only temporary compensatory measures. This was also true, for example, of easier access to short-time work. When it came to raising the benefit rates for short-time working, opposition from employers in particular was considerably stronger (BDA 2020), although comparative studies showed that the wage-replacement rate before the reform of the short-time allowance in Germany was comparatively low by European standards (Schulten, Müller 2020). It is not expected that the scheme will be made permanent after the end of the pandemic or that the improvement in the material situation of short-time workers will have a lasting effect. Nevertheless, the reform has triggered a broader discussion about the wage-replacement rate for short-time work (Sell 2020a).
- People at risk of poverty, whether or not they receive minimum-income benefits, have been largely ignored in pandemic-induced social policy compensation measures. The prevailing attitude of the federal government, namely that the existing final safety net under Social Code Book II and XII offers sufficient protection and that there is no need for additional measures in the pandemic²⁶, provoked widespread criticism among experts, trade unions and welfare associations (e.g. Der Paritätische Gesamtverband 2020a; Diakonisches Werk 2020b; Sell 2020b). In an appeal published in January 2021, a broad alliance of trade unions and social welfare associations called for an increase in the standard rate and the introduction of a pandemic-related additional needs supplement (Tepe et al 2021). It is not least this persistent criticism that has prompted the federal government to provide a modest one-off benefit for adult minimum-income benefit recipients, at least in 2021.

At present, it remains to be seen whether the COVID-19 crisis will contribute to a renewed, stronger appreciation of social policy in Germany in the future, or whether the myth of the unaffordability of the welfare state, which has been revived time and again, will lead to new rounds of cuts. The debate on this has already begun (Blank 2020).

The agenda for a social policy based on solidarity and sustainability should include the following measures.

- Employees in social services need not only symbolic appreciation, but also material recognition and good working conditions. Only in this way will it be possible to overcome the long-lasting skilled labour shortage.
- In the case of the short-time allowance, the wage-replacement rate should be permanently raised and topped up according to the Austrian model for low-wage groups in order to provide better protection for low-wage earners.

²⁶ Significantly, the Standard Benefit Determination Act, which continued the restrictive determination of the standard benefits, was passed in November 2020 (see e.g. Diakonisches Werk 2020a; Der Paritätische Gesamtverband 2020b).

- Policy-makers should sharply reduce the number of mini-jobs in the wake of the pandemic and convert as many of them as possible into jobs that are subject to social insurance contributions, giving them better social security coverage. This could be done, for example, by significantly reducing its earnings ceiling of €450 per month and providing better incentives for regular employment.
- To plug the gaps in protection for the self-employed, the branches of social insurance should gradually include all employed people (as, for example, in the proposal for an employment insurance system).
- A reform of the minimum-income benefit schemes should combine the principle of sustainable integration support with that of adequate material security.
- In the case of families with children, a unified coverage should bundle all family- and child-related benefits. The focus should be on support for low-income families.
- In the medium term, parental leave should be further developed into a “family working time” with a wage-replacement benefit for families in which both partners opt for reduced full-time work (Müller, Neumann, Wrohlich 2015).
- Expanding the digital infrastructure is important, but it will not remedy the structural deficiencies of the German education system. Increased efforts are needed to overcome inequality in the education system.

The foreseeable financial crisis in the statutory health insurance system is likely to lead to a new debate on cuts to the benefits list or an increase in co-payments. Parties and associations close to employers’ interests in particular are already making corresponding demands (e.g. Wirtschaftsrat der CDU e.V. 2021). However, their implementation would lead to an increase in social inequality and social exclusion. Against this background, left-wing parties, trade unions and welfare organisations stress that, in the wake of the COVID-19 crisis, employers and high-income individuals must be called upon to finance the costs of the crisis.

A viable alternative would be the merger of the statutory and private health insurance schemes, which has been demanded for many years, into a uniform health insurance system based on solidarity that includes the entire population (“citizens’ insurance”). A solidary citizens’ insurance scheme would lead to a (more or less significant, depending on the model variant) decrease in contribution rates and would have positive employment effects. In addition, it would lead to a more equitably distributed contribution burden (Rothgang, Domhoff 2017).

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ANNEXES: ADDITIONAL POLICY MEASURES

Annex A1: *Corona-Arbeitsschutzverordnung* (Corona occupational safety ordinance)

a) Short description of the measure: The Occupational Health and Safety Ordinance of 21 January 2021 includes – in addition to already existing occupational health and safety regulations²⁷ – measures in the workplace aimed at protecting employees' health and keeping operations open. In particular, it obliges employers to allow all employees who can do so to work at home, as long as there are no compelling operational reasons to the contrary. Employees are not obliged to accept this offer. Furthermore, in companies with 10 or more employees, they must be divided into fixed work groups that are as small as possible. In rooms used by several employees, 10 square metres per person must be available. If this is not possible because of the work processes, the employer must ensure "the equivalent protection of employees by other suitable protective measures" (e.g. separating glass panes). Where this is also not feasible, employers should provide "medical face masks" or FFP2 masks. The ordinance is intended to tighten the partial lockdown in effect since 3 November 2020 without the need for further production stoppages.

The ordinance picks up on the good experience in the pandemic to date with voluntary agreements between employers and employees with regard to working from home, and is aimed primarily at sectors and companies that have so far remained inactive²⁸. In order to promote and facilitate home-based work through a binding legal framework even beyond the pandemic, the Federal Minister of Labour and Social Affairs presented a draft bill on mobile work in October 2020, which included an individual legal entitlement for employees to work at home for up to 24 days per year: but this draft bill did not obtain a majority in the cabinet. The new version that came into force in January 2021 does without the legal entitlement but includes a stricter obligation on employers to give reasons when rejecting employee requests for mobile work.

Although unions have welcomed the provision, employers have largely rejected it despite its narrow time limit. Both sides have highlighted existing deficiencies. For example, there is a lack of fundamental requirements regarding the provision of work equipment by employers, the assumption of additional costs or accident insurance coverage. There is a lack of rules that define the conditions for working from home and thus ensure safe and healthy work in a home office (e.g. DGB 2021; BVMW 2021).

The German government has so far financially supported the establishment of work-from-home jobs solely through an extension of the "go-digital" programme for small and medium-sized enterprises and craft businesses. Since March 2020, these companies have been able to apply for subsidies (up to 50% of the costs) for IT consulting services aimed at setting up working from home (BMWi 2020). Overall, working from home has played an important role in maintaining gainful employment under pandemic conditions. There is much to suggest that its acceptance has increased among both employers and employees and that its prevalence will be higher than before, even after the pandemic ends (Alipour, Falck, Schüller 2020).

²⁷ As early as April 2020, the regular occupational health and safety regulations were supplemented by the SARS-CoV-2 occupational health and safety standard and SARS-CoV-2 occupational health and safety rule.

²⁸ According to Bonin et al. (2020), 36% of employees were working from home after the end of the first lockdown period, and in many cases were spending the majority of their time working from home. Of these, 55% had worked in a home office prior to the outbreak of the pandemic. Compared with 24% in 2019, the percentage of home office workers has increased sharply. Despite this expansion of working from home and additional stress factors such as the loss of care infrastructure, 87% of employees were satisfied to very satisfied overall with their work from home at the time of the survey. According to Schröder et al. (2020), it was mainly employed people with higher education and income who benefited from this. Overall, company surveys have shown that the potential for working from home has not yet been fully exploited (Bellmann et al. 2020; Demmelhuber et al. 2020).

- b) Category: These are not benefits but a regulation of the employer-employee relationship.
- c) Timing: The regulation is valid from 27 January to 15 March 2021.
- d) Targeted population: The ordinance is addressed to all private and public companies and administrations.
- e) Beneficiaries: No data are available on the number of actual beneficiaries.
- f) Novelty: Requiring employers to offer work from home is a new regulative measure.

Annex A2: Sofortprogramm für digitale Lernmittel (Immediate action programme for digital learning tools)

a) Short description of the measure: The federal and state governments had already agreed a digital school pact (*DigitalPakt Schule*) in 2019 to improve the digital infrastructure of schools. By the start of the pandemic the programme was only in its preparatory phase and just €20 million of the €5 billion earmarked by the federal state to create the necessary IT capacity in schools by 2024 had been approved nationwide. The federal government reacted quickly and through the “immediate action programme for digital learning tools” made €500 million available to support schools and students with digital tuition at home. The programme will enable schools to provide needy students with a subsidy of €150 for the purchase of appropriate equipment. In addition, the equipment required by schools to create professional online teaching materials is to be promoted. The federal funds in the new immediate action programme will be made available to the states and redistributed by them to the schools. The federal funds were supplemented by a 10% contribution from the *Länder*. A central definition of neediness was dispensed with. Instead the schools themselves are allowed to determine the criteria for distributing the devices to the students.

When the initial lockdown was imposed at the beginning of the pandemic, daycare facilities and schools were also closed (except for emergency care, especially for children of key workers). It quickly became clear that the education system was not prepared for remote teaching. Since the implementation of the digital pact for schools was still in the preparatory phase in the *Länder*, the emergency action programme provided important support for schools developing remote teaching. At the same time, this programme reflects the chronic failure of the *Länder* to respond to current challenges and to ensure adequate school provision. Even though the programme got underway quickly, it is hardly possible to make any statements about its effects, because conditions in individual schools differ too widely (many do not even have fast internet access) and decisions on the use of funds vary too much between schools. It can be assumed that conditions in schools improved somewhat during the second half of 2020. At the same time, recent studies have shown that, during the period of school closure, support for pupils was extremely variable and often inadequate (e.g. Wößmann et al. 2020). Enforced home-schooling has created significant work-life balance challenges for many families (Globisch, Osiander 2020). As a result of the lack of support from schools and the lack of social contacts, children from socially disadvantaged backgrounds in particular have been severely held back in their educational and personal development (e.g. Schubarth 2020). Education experts agree that educational inequality will increase as a consequence of the pandemic and the failure of education policy (e.g. Huebener, Spieß, Zinn 2020; Anger, Plünnecke 2020).

- b) Category: Because schools were given wide discretion in how to use the funds, no general information is available on the nature, amount, and terms of the in-kind benefits.
- c) Timing: The programme was included in a supplementary agreement to the digital school pact and came into force in July 2020 (applying for the duration of the pact until 2024).
- d) Targeted population: The programme was addressed at schools, but the actual target group was children from socially disadvantaged families.

- e) Beneficiaries: No data are available on the number of actual beneficiaries.
- f) Novelty: This new measure was an addition to the existing digital school pact.

Annex A3: Senkung des Mehrwertsteuersatzes (Reduction of the sales tax rate)

- a) Short description of the measure: The Second Corona Tax Relief Act of 30 June 2020 reduced the sales tax rates for a limited period of time. The aim of the temporary sales tax reduction was to increase household purchasing power and thereby stimulate private consumption and domestic demand. It was therefore primarily an economic policy measure.
- b) The Second Corona Tax Relief Act of 30 June 2020 reduced the standard sales tax rate from 19% to 16% (Section 12 (1) UStG) for a limited period from 1 July 2020 to 31 December 2020 and cut the reduced rate from 7% to 5% (Section 12 (2) UStG: e.g. for foodstuffs, passenger transport or accommodation).
- c) Timing: The tax reduction was valid for a limited period from 1 July 2020 to 31 December 2020.
- d) Targeted population: All private households benefit from the reduction in sales tax. The German government has put the total costs of the temporary reduction in the VAT rate at €19.6 billion for all public budgets in 2020 (Deutscher Bundestag 2020d: 17).
- e) Beneficiaries: Data on the number of beneficiaries and the actual costs are not yet available.
- f) Novelty: It was a temporary change to an existing tax.

Annex A4: Pakt für den öffentlichen Gesundheitsdienst (Pact for the public health service)

- a) Short description of the measure: Germany has relied on extensive testing since early in the outbreak of the COVID-19 pandemic, especially among people showing signs of illness as well as among people responsible for the care of the sick and for LTC. Sufficient testing capacity has also been available since then, apart from temporary regional bottlenecks. After it became foreseeable in autumn 2020 that a vaccine would soon be available, the federal government and the *Länder* quickly began to put in place a network of vaccination centres. In the meantime, a sufficient number of vaccination centres are available in the *Länder*, but many of them have not yet been able to start their work due to the lack of available vaccine. The German public blames the lack of vaccines on the European Commission and co-ordination problems between EU Member States. During the crisis, the technical and personnel resources of the local offices of the public health service proved to be inadequate. This was the result of decades of neglect and disregard for the role of the public health service (Schmacke 2013). For example, the number of people working there has fallen by a third since the turn of the millennium alone (Teichert 2017). The inadequate technical facilities contributed to the fact that the contacts of infected people could not be traced to the necessary extent. Against this background, the federal and *Länder* governments signed in September 2020 a "pact for the public health service", which released additional funding of €4 billion to be spent over a period of six years, to create a total of 5,000 new positions in the public health service and to thoroughly improve its technical infrastructure (BMG 2020). It remains to be seen what improvements will accompany the decisions to re-equip the public health service.
- b) Category: This measure is not about benefits, but about structural improvement of prevention.
- c) Timing: The pact for the public health service was concluded in September 2020. The funding is to benefit the public health departments over the next four years.

- d) Targeted population: Local offices of the public health service.
- e) Beneficiaries: No data are available on the number of actual beneficiaries.
- f) Novelty: The staffing and technical infrastructure of the local offices of the public health service will be strengthened in order to enable them to perform their health protection tasks more effectively in the future.

Annex A5: Sicherstellung ausreichender Test- und Impfkapazitäten (Ensuring availability of sufficient testing and vaccination capacity)

- a) Short description of the measure: Germany has relied on extensive testing since early in the outbreak of the COVID-19 pandemic, especially among people showing signs of illness as well as among people responsible for the care of the sick and for LTC. Although the test capacities were expanded very quickly, bottlenecks also occurred at times. In particular, there was criticism that there was not always sufficient testing capacity available in nursing homes and hospitals. After it became clear in autumn 2020 that a vaccine would soon be available, the federal government and the *Länder* agreed that the federal government should be responsible for the procurement and distribution of vaccine, and the *Länder* for the establishment of an adequate vaccination infrastructure. The *Länder* quickly began to put in place a network of vaccination centres. In the meantime, a sufficient number of vaccination centres are available in the *Länder*, but many of them have not yet been able to start their work due to the lack of available vaccine. The German public blames the lack of vaccines on the European Commission and co-ordination problems between EU Member States.
- b) Category: This measure is not about benefits, but about ensuring availability of sufficient testing and vaccination capacity.
- c) Timing: Measures to provide testing capacity began in March 2020 and continued throughout the pandemic. Vaccine procurement took place via the EU. The establishment of a vaccination infrastructure started in late autumn 2020 and was completed quickly.
- d) Targeted population: The federal government aimed to provide sufficient testing and vaccination capacity for the total population, focusing in the first instance on vulnerable groups (the elderly and the chronically ill) and on health professionals.
- e): Beneficiaries: Placing an emphasis on extensive testing has proven to be the right approach and may have contributed to the fact that the infection rate in Germany has so far remained quite low by international standards. The lack of vaccines will mean that a vaccination rate of 60% of the population, which is necessary for herd immunity, will be achieved later than initially expected. In the meantime, the federal government has held out the prospect that every citizen will be able to be given a vaccination appointment by late summer 2021.
- f) Novelty: The procurement of a large number of tests contributed to the containment of the pandemic. The vaccines were not yet available in the desired quantities. The vaccination infrastructure is adequate.

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