



Germany

Analysis of the situation in relation to minimum income schemes in Germany

A Study of National Policies

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Executive Summary

1. The minimum income schemes in Germany are based on four strands: 1. a social benefit for employable people, 2. a social benefit for unemployable people or for those, who are no longer asked for being employed because they reached the retirement age, 3. social benefit for asylum seekers and 4. an indemnification for an impairment occurred during military or civil service respectively for victims of violence. In addition to that, there are tax exemptions for the minimum income and social security payments in case of the loss of income (most notably: unemployment pay I, reduced hours compensation, sick benefit, pensions).
2. The minimum income schemes are a comprehensive system; in principle, every person has a legal claim to one of these benefits, unless he came just to Germany for receiving them (which is forbidden). In 2008, about 5.2 million people received a benefit within one strand of the minimum income schemes. As a result of the cyclical upturn and the increase of employment, the number had decreased. The number of asylum seekers has meanwhile reached an extraordinary low level.
3. Although the minimum income schemes are entitled to all people, there are still a remarkable number of individuals, who do not apply for benefits. The reasons are ignorance, shame or the apprehension, the state could claim for recourse on their family members. The estimated number of unreported cases amounts between 25 and 40 percent.
4. The highest German court, the Federal Constitutional Court, has defined the subsistence level with reference to article 1 of the Basic Law as a "sociocultural subsistence level". It should allow an active participating in the social life. However, its height and its amount are controversial in the public discussion. As a rule, the minimum income schemes protect the affected group of people on a level which is – depending on the base value – below the at-risk-of-poverty threshold of 60 percent of the median income (with exception of EU-SILC). However, even based on EU-SILC a large number of person subgroups are supported on a level that is below the official at-risk-of-poverty threshold. An increasing number of welfare institutions were established, which provide people in need with food and clothes free of charge or for extremely low prices. Meanwhile more than 800 of those "Tafeln" ("food banks") have been established in Germany.
5. The schemes "unemployment pay II" (Arbeitslosengeld II) and "social money" (Sozialgeld) (on the legal basis of the Social Code, Book II) are not only covering the largest group of people (around 5 million persons), but are designed to connect cash benefits and social services by preparing employable people for a professional life and helping them to find a job. Furthermore, they give advice how to claim for services as childcare, psychosocial support, debt counselling etc.
6. However, one can assess a „institutionalised creaming“ (Gerhard Bäcker): The schemes distinguish between those who can seek for employment on their own, those who have good chances to find a new job after they were supported and those "customers" who just be attended. Meanwhile measures have been established which are designed to help those with special placement handicaps, but so far the results are not very encouraging (not least because of the increasing mass unemployment). Consulting services, support and placing services depend on the contribution of the "customer". The employment agency is forcing this contribution by tightened sanctions (reduced payments). In 2008, around 136.000 cases have been counted.

7. Problematic is the support of youths and young adults, because the borderline between the jurisdiction of Social Code, Book II (unemployment pay II) and Book VIII (youth welfare) is not clear enough. Both laws are dealing with the integration of youths and young adults into the labour market.
8. The lawmaker has reformed the minimum income schemes and the social services including the measures for the integration of those who are furthest from the labour market. Thereby some people have won and some have lost. Up to now there have been no reforms which question these schemes in the light of the current financial crisis (experiences nevertheless show that this is not impossible).

1. A review of minimum income (MI) schemes and their capability to help people to escape extreme poverty

In Germany, there are different measures to maintain the income. Which measure apply depends on the circumstances, e.g. if the person concerned is employed or not and on the special reasons for being unemployed (age, disability etc.). In principle, every person in need has a legal claim to one of these benefits.

Most of the measures are regulated by the *Social Code (SGB)*, which is subdivided into twelve books.

Selected payments in the Federal Republic of Germany

Social insurance system	Tax law	Social welfare	
<u>Unemployment pay</u> (“ <i>Unemployment Pay I</i> ”) Maximal 67 percent of the last net wage (i.e. amount is income-related) for maximal 18 months	<u>Tax exemption</u> Exemption of the sociocultural subsistence level	<u>Unemployment aid</u> (“ <i>Unemployment Pay II</i> ”) Minimum income scheme for employable persons (incl. “social money” for their relatives)	<u>Social welfare</u> <ul style="list-style-type: none"> • Social welfare benefit (for people, who are temporarily not able to work) • Minimum income scheme in case of permanent incapacity to work or because of ageing
Social Code, Book III (SGB III)	Income Tax Act (EStG)	Social Code, Book II (SGB II)	Social Code, Book XII (SGB XII)
Special cases of Welfare:			
<u>Welfare for asylum seekers</u> Cash benefits and allowance in kind during the first three years; below the sociocultural subsistence level. Act on benefits for asylum seekers (AsylbLG)		<u>Maintenance of war victims and victims of violence</u> Maintenance of war victims and victims of violence with a claim on an economic rent, which is independent from neediness and is measured by the severity. Federal Maintenance Act / Victims Compensation Act (BVG / OEG)	

Own illustration

Within the tax law, the principle is valid, that nobody should be addicted to welfare because of the level of his tax burden. Therefore, there are exempt amounts. If someone loses his job, he firstly has a claim on wage-compensating benefits by the unemployment insurance (on the legal basis of the Social Code, Book III), the so called *unemployment pay I*. If there are no entitlements within this strand of the social insurance system or if an individual is unemployable because of its age or because of disablement, four kinds of minimum income schemes come into action. Those social benefits can be differentiated as follows:

- Combination of minimum income and (re-)integration into the labour market (SGB II);
- Securing of a minimum income without obligations to search for employment (SGB XII);
- Securing of the livelihood of asylum seekers (AsylbLG);
- Indemnification for an impairment occurred during a military or civil services respectively for victims of violence (BVG / OEG).

1.1 Tax exemption of the sociocultural subsistence level

The sociocultural subsistence level is also tax-based secured. According to the jurisdiction of the Federal Constitutional Court, the tax burden is not allowed to compromise the livelihood respectively to cause a claim on social benefits. The lawmaker has a wide scope regarding the amount of the tax exemption of the sociocultural subsistence level. In practice, he orientates himself on the benefit level within the law of social welfare (SGB XIII).

By enactment from 1 July 1995, the German Parliament, the Bundestag, has obligated the Federal Government to prepare a report about the level of minimum incomes of adults and children every second year. The last report was published in 2008.¹ The tax-free subsistence level covers the costs of the taxpayer and his relatives for the essential livelihood (calculated on the basis of the standard rates of the SGB XII), for the housing (calculated on the basis of the statistics on housing benefits by the Federal Statistical Office), for heating (calculated on the basis of the sample survey of income and expenditure) and for the costs of care and education of the children (orientated on the tax exemptions of the income tax law).

Subsistence Level and tax exemptions (in Euro)

	Solitary person	Couple	Children
Livelihood	4.368	7.860	2.820
Rental	2.520	4.146	840
Heating costs	768	972	204
Subsistence level	7,656	12,996	3,864
Tax exemption	7,664	15,329	3,648

Source: Deutscher Bundestag: Bericht über die Höhe des Existenzminimums von Erwachsenen und Kindern für das Jahr 2010 (Siebter Existenzminimumbericht), 2008, URL: www.bundesfinanzministerium.de

1.2 The social welfare benefit on the legal basis of the Social Code, Book XII

Due to the amalgamation of the unemployment benefit and the social welfare benefit, the former "Bundessozialhilfegesetz" ("*Federal Law on Social Welfare*") has been integrated into the Social Code as a new twelfth book (SGB XII) on 1 January 2005. Henceforward, the law of the social welfare benefit only applies to people who are *temporarily not able to work*. A person is defined

¹ Deutscher Bundestag: Bericht über die Höhe des Existenzminimums von Erwachsenen und Kindern für das Jahr 2010 (Siebter Existenzminimumbericht), 2008, URL: www.bundesfinanzministerium.de

as unemployable, if she is not able to work under the usual circumstances of the labour market for at least three hours a day. Within a *poverty test*, it is checked whether income or financial assets of the person concerned have to be taken into account or if relatives are liable. Contrariwise, impecunious relatives (e.g. children, marriage partner) are also included by the social welfare. The social welfare provides *cost-of-living assistance* on the one hand and *assistance under particular circumstances in life* on the other hand.

On 1 January 2003 the “Grundsicherung wegen dauerhafter Erwerbsunfähigkeit und bei Alter” (*Minimum income scheme in case of permanent incapacity to work or because of ageing*) had been implemented and on 1 January 2005 has been integrated in the SGB XII. Entitled for benefits are people in employable age, who are *permanently not able to work* or who are *older than 64 years*. They have usually to live in Germany (§ 41 SGB XII). The Pensions Regulatory Authority is advising recipients of small pension that they can apply for the heightening of their pensions by welfare. These benefits are attractive because they are paid without recourse to relatives unless these earn more than 100,000 Euros a year. By waiving the regress and making the applications easier, the policy wants to counteract hidden poverty. Within these minimum income schemes, there is no obligation for job seeking.

The welfare benefit, the „last safety net“, is at the same time the reference system to value the subsistence level. Based on the SGB XII all citizens in need have a legal claim on a minimum income. In principle, also foreigners who live in Germany, have such an access, but there are restrictions possible depending on their residence permit status (regulated by the Immigration Act). Foreigners for example, who are in Germany just for job seeking, have no legal claim on social welfare, asylum-seekers only in a restricted way.

Benefits of the social welfare

In § 27 SGB XII the necessary livelihood is defined as a *sociocultural subsistence level*. It covers costs for nutrition, housing, clothing, personal hygiene, household, heating and individual needs of everyday life. More precisely, the concrete benefits within social welfare are measured by using a standard rate differentiated by age groups (§ 28 SGB XII) and by accounting appropriate heating costs and rent (§ 29 SGB XII). Under special circumstances, there are legal claims on special assistance (e.g. in case of special nutrition, pregnancy, for single parents). Finally, § 31 SGB XII grants singular assistance (e.g. initial equipment for housing or clothing). The following principles are effective:

- The standard rate is paid as a lump sum.
- The standard rate does not cover the costs for housing and heating, for the initial equipment of the habitation and for clothing, Christmas allowance, costs for several-day school trips, contributions for the social insurance and requirements in special cases. The level of the standard rate of the householder is nationwide 351 Euro (status: 1 July 2008). Household members up to the age of 14 receive 60 percent; members at the age of 15 or older receive 80 percent of the standard rate. Compared to the former law this is an improvement for children up to the age of 7 and an impairment for children between 8 and 18.²

² Johannes Steffen: Der Abstand zwischen Lohn und Sozialhilfe. Arbeitspapier zum Lohnabstandsgebot des § 28 Abs. 4 SGB XII, Bremen 2006.

- The social welfare benefits are being adjusted on the basis of the “Einkommens- und Verbrauchsstichprobe – EVS” (“*Sample Survey of Income and Expenditure*”).³ The EVS is not published annually. In those years, the benefits are being adjusted on the basis of the pension adjustments.
- Social welfare abroad is limited to relatives of non-transportable persons, victims of governmental violence in foreign countries and emigrated victims of the National Socialism.

For „Persons with specific difficulties“ special assistance is offered by §§ 67 et seq. SGB XII. These individuals are often without permanent home and without contact to relatives. The state grants this assistance without checking the possibilities to recourse to relatives first. These benefits are the utter coverage within the minimum income schemes in Germany. The problem is, that people in need sometimes are not able to find their way to the social services; in this cases the state wants to help by seeking out these people via community social work.

Beside the cost-of-living assistance, there is assistance under particular circumstances in life. Within that, the most important benefits are *Assistance for Health* (health protection for all people in need) and *Individual Case Support for disabled Persons and People in need of care*.

1.3 Welfare for asylum seekers

In 1993 the „Asylbewerberleistungsgesetz“ (“*Act on benefits for asylum seekers*”) as a special welfare system has limited the access of asylum seekers to the minimum income schemes during the first three years of their stay. They are not entitled to claim for benefits on the legal basis of the Social Code, but to receive a reduced amount of payment in kind as well as some spending money. The in-kind transfers include necessities like nutrition, housing, clothing and sanitary products. Only in exceptional cases, these benefits can be provided in monetary form. The medical treatment is limited to acute disease and pain therapy. Employable persons in receipt of benefit have the obligation to take up employment but without any labour contract. Finally, any available income (except for a neutral margin) or assets have to be used before.

This kind of downgrading is not about to change. The EU-Commission has suggested enacting a new directive regarding the equalisation of social welfare recipients and asylum seekers, but the German government declined this with the statement, that this would just fortify the unequal treatment of asylum seekers within die EU. Therewith asylum seekers would be animated to wander about the European Union in search of the highest benefits.⁴

1.4 Supply of war victims and victims of violence

The benefits provided on the legal basis of the “Bundesversorgungsgesetz” (“*Federal Maintenance Act*”) are especially for people who were affected while serving military or civil service. Benefits on the basis of the “Opferentschädigungsgesetz” (“*Victims Compensation Act*”)

³ The Federal Statistical Office conducts the EVS every fifth year. Among other things, the analysis delivers statistical information regarding the amount and the composition of the German consumer spending. According to § 28 subs. 3 SGB XII the standard rates are measured by deduction of the low-income quarter of all households. Therewith, the adjustment of the standard rates orientates itself in particular on the consumption of the household with low income.

⁴ Süddeutsche Zeitung, 6.April 2009, p. 7: Schäuble gegen EU-Vorschlag.

are provided for victims of violence. According to both acts, also benefits for bereaved can be provided. In principle, also a foreigner can claim for contributions on basis of both acts. The benefits provided by the Federal Supply Act are covering medical services and rehabilitation, pensions for the affected person respectively their bereaved and payment for burials. In the context of minimum income schemes, it should be mentioned that people with a certain degree of damage (at least 30 percent) could claim for an *economic rent*, which comes without previous poverty test. Additional pension payments are possible if the person concerned has a low income (*equalisation pension*). If the degree of damage is 30 percent, the economic rent has an amount of 119 Euro (West Germany) respectively 105 Euro (East Germany). This amount rises in 10-percent steps to 624 / 550 Euro at the most.⁵

1.5 The Unemployment Pay II (Arbeitslosengeld II)

The integration of the social welfare and the unemployment benefits on 1 January 2005 in the new "Grundsicherung für erwerbsfähige Personen" ("*Minimum income scheme for employable persons*" – Social Code, Book II) was a fundamental reform. Previously all persons without sufficient income had a claim on social welfare, paid by the municipality. However, the new law differentiate between those who are able to work and those who are not. Despite the questions whether the new minimum income scheme for employable persons provides a sufficient benefit and whether it is capable to integrate people into the labour market, it has at least the effect that municipalities must no longer pay the consequential costs of the mass unemployment. Now the national revenue beards the costs.

Nevertheless, the access to the minimum income schemes is still ensured. At the same time, the minimum income scheme for employable persons (the so called "*Unemployment Pay II*") has become the most important benefit. It has now by far the highest number of recipients. In the past, the development of the social welfare benefit was a meaningful indicator for the assessment of social exclusion. Meanwhile the claiming on unemployment pay II and – for dependant members of a household – on social money has become the most important indicator.

Preconditions for an entitlement to benefits

People older than 15 years have a discrete entitlement on benefits on the legal basis of the SGB II. Because the retirement age will be raised stepwise to 67 years, the maximal duration of paid benefits will be extended to 67 years, too. In addition to that, a person has to be *employable* and *needy* and has *usually to live in Germany*. The benefits of the SGB II are being provided under the following circumstances:

- The need for help of the household members will be finalised or at least reduced.
- Obstacles regarding the integration of the employable person into the labour market will be eliminated or at least be reduced.

Not entitled for benefits are:

- Foreigners and their family members during the first three months of their stay, who can not refer to the freedom of movement (because neither they are an employee or a freelancer nor they have a legal claim on the basis of the Freedom of Movement Act/EU).
- Foreigners (and their family members), who have a right of residence solely because they are hunting for a job
- Beneficiary on the legal basis of the Act on Benefits for Asylum-Seekers.

⁵ cp. Bundesministerium für Arbeit und Soziales: Übersicht über das Sozialrecht, August 2008, p. 949 et seqq.

Cash benefits

As well as within the social welfare, the benefits are provided via standard rates. The standard rate covers especially nutrition, clothing, personal hygiene, household, needs of everyday life and – in a reasonable scope – the costs for the participation in cultural life. Additionally the costs for housing and heating are taken over, but also only within a reasonable scope (§ 19 SGB II).

Overview: The amount of cash benefits on the legal basis of SGB II (Unemployment Pay II) and SGB XII (Social Welfare) - Since 1 July 2008 the standard rates (RS) are as follows –

Members of a household in need of benefit	in %	in €
Solitary person	100	351
Single parent	100	351
Person of full age with an underage partner	100	351
Solitary person up to age 24 or full age person up to age 24 with an underage partner, who moved into a home without assurance of the social assistance institutions	80	281
2 partners of full age, each	90	316
Adolescent between 15 and 18 and other employable members of the household	80	281
Children up to age 14	60	211
<i>Adjustment of the standard rates (RS)</i>		
<p>SGB XII (social welfare) on the basis of § 28 SGB XII: The <u>federal state governments</u> adjust the level of the standard rates by ordinance at 1 July each year. Regional variations are possible.</p> <p>SGB II (unemployment pay II) on the basis of § 20 SGB II: The <u>Federal Government</u> adjust the level of the standard rates by ordinance at 1 July each year nationwide. The standard rates within the SGB II are regulated analogue to the legal requirements of the SGB XII (cp. p. 7).</p> <p>Following the enacted pension adjustments, the standard rate will be increased on 1 July 2009 to 359 Euro.⁶ Within the economic stimulus package, additionally the standard rate for children between 6-13 years of age has been increased. In the future, they will receive a standard rate of 70 percent, which implies an increase by 35 Euro (then 246 Euro per month).</p>		

Source: Bundesministerium für Arbeit und Soziales: Übersicht über das Sozialrecht, Stand August 2008, ⁵2008, p. 671 et seq.; own calculations/updating.

⁶ Newsletter des Bundesministeriums für Arbeit und Soziales, 26 March 2009.

Beside the cost-of-living assistance, the SGB II includes also assistance under particular circumstances in life (*additional needs*):

Additional Needs on the legal basis of § 21 SGB II		
	in %	in €
Single parent with a child under 7 years	36	126
Single parent with two or three children under 16 years	36	126
Single parent, for the fourth and fifth child under 16 years additionally each	12	42
Single parent, for one or two children between 16-17 years of age, additionally each	12	42
Mother-to-be, from the 13. week of pregnancy	17	60
Disabled person (in case of participation on measures for integration into the labour market on the legal basis of SGB IX)	35	123

Source: Bundesministerium für Arbeit und Soziales: Übersicht über das Sozialrecht, Stand August 2008, ⁵2008, p. 671 et seq.; own calculation / updating.

Finally, it is possible to apply for *one-off benefits*:

One-off Benefits on the legal basis of § 23 Abs. 3 SGB II
Initial equipment of habitation
initial equipment of clothing (especially in case of pregnancy and birth)
several-day school trips
Other necessary needs, if there are neither any financial assets nor any possibilities to meet the needs in an ulterior way (e.g. via cloakrooms).
<p>One-off benefits can be provided in the form of</p> <ul style="list-style-type: none"> • credits, if it is likely that there will be a loss of income in a specific month. • benefit in kind. • a lump-sum.

Source: Bundesministerium für Arbeit und Soziales: Übersicht über das Sozialrecht, Stand August 2008, p. S. 671 et seq.; own calculation/ updating, ⁵2008.

From this, different amounts of benefits for households in need follow (examples):

Examples of payment for a household in need with the following members (including benefits for additional needs)	
One person of full age	351 €
A single parent with one underage child under 7 years	688 €
A single parent with one underage child 7-13 years old	604 €
A single parent with two underage child under 14 years old	899 €
A married couple without children (both persons each 90 percent)	632 €
A married couple with a child under 14 years old	843 €
A married couple with two children under 14 years old	1,054 €
A married couple with two children 14 years old or older	1,194 €
A married couple with six children (three under 14 years old, three 14 years old or older)	2,108 €
In addition to that <i>reasonable</i> costs for housing and heating are paid (if necessary plus one-off benefits)	

Source: Horst Marburger: SGB II – Grundsicherung für Arbeitssuchende, Berlin 2004; own calculations on the basis of the „Regelsatzverordnung“ (Ordinance on Standard Rates), URL: www.bmas.de

By paying most of the benefits as a lump sum, the providing of the benefits has become – in comparison with the former law – easier and more clearly. However, thereby in some cases the payments also have been reduced. That is especially the case if the partner has an income and if for that reason the person concerned has no entitlement on the new minimum income scheme for employable persons (unemployment pay II). In addition to that, in practice the lump sums are often not flexible enough to react adequate on the vicissitudes of life. This is especially the case within the benefits for children. For this reason, the lawmaker has started with reforms: As from 1 July 2009 100 Euro per pupil and school year will be paid for necessary acquirements (though this is limited up to the tenth school year).⁷ In addition to that, the Federal Social Court judged that the costs for school trips in foreign countries have also to be paid.⁸ Finally, starting also on 1 July 2009, recipients of social welfare and unemployment pay II will receive a higher amount for children 6-13 years old. Their rate will be increased from 60 to 70 percent of the standard rate (then 246 Euro).⁹

⁷ Official Records of Parliament, No. 16/10809.

⁸ Bundessozialgericht, 13.11.2008, file number B 14 AS 36/07 R.

⁹ Deutsche Bundesregierung 2009: http://www.konjunkturpaket.de/Webs/KP/DE/FuerBuerger/fuer-buerger.html__nnn=true#doc781328bodyText2

2. Assessment of MI schemes with respect to coverage and take-up, adequacy and effectiveness of MI schemes

2.1 Unemployment Pay I and II (Arbeitslosengeld I and II)

In February 2009, approximately 3.6 million unemployed people were reported. The unemployment rate was at 8.5 percent and therewith decreased in comparison with the previous year by 0.1 percent. In East Germany, the rate is twice as high as in West Germany (14.1 / 7.0 percent). In comparison with the previous year, the unemployment rate in East Germany has decreased by 0.7 percentage points while it has remained constant in West Germany. 37 percent of the 3,551,926 unemployed were receiving unemployed pay I on the legal basis of the SGB III and therefore were attended by a local Employment Agency (absolute number: 1,298,523). 63 percent of the unemployed (absolute number: 2,253,403) were attended by an institution for a minimum income scheme on the legal basis of the SGB II (unemployed pay II).¹⁰ The number of recipients altogether decreased within the last years significantly, but in particular the number of recipients of unemployment pay I has dropped:

Number of recipients on the legal basis of the SGB III (unemployment pay I) and SGB II (unemployment pay II / social money)

Germany (West and East)	November 2007	November 2008	Difference
SGB III (Unemployment Pay I)			
Recipients of unemployment pay I (ALG I)	909,934	818,214	- 10.1 %
„,hereof unemployed recipients	646,065	678,185	
SGB II (Unemployment Pay II)			
Recipients of unemployment pay II	5,109,656	4,786,015	- 6.3 %
...hereof unemployed recipients	2,271,462	2,014,336	
...hereof recipients of social money	1,936,241	1,813,975	
Households in need	3,627,483	3,454,750	

Source: Federal Employment Office (2009): Analytikreport der Statistik. Analyse der Grundsicherung für Arbeitsuchende. März 2009, p. 17; Federal Employment Office (2007): Arbeitsmarkt in Zahlen. Statistik der Grundsicherung für Arbeitsuchende. Bedarfsgemeinschaften und deren Mitglieder. November 2007; Federal Employment Office (2008): Der Arbeits- und Ausbildungsmarkt in Deutschland. Februar 2008, p. 43; Federal Employment Office (2009): Der Arbeits- und Ausbildungsmarkt in Deutschland. Februar 2009, p. 46.; Federal Employment Office (2008): Arbeitsmarkt in Zahlen. Leistungen nach dem SGB III. Januar 2008; Federal Employment Office (2009): Arbeitsmarkt in Zahlen. Leistungen nach dem SGB III. Januar 2009.

At the same time, the total expenditure for unemployment compensation has reached its lowest level since 18 years. The Confederation of German Trade Unions argues, that the main reasons for this development are the rising numbers of fixed-term work contracts and temporary employment, whereby ever fewer employees have a legal claim on unemployment pay I, paid by the unemployment insurance (SGB III). Instead of that in case of unemployment, they are

¹⁰ Bundesagentur für Arbeit: Arbeitsmarkt in Zahlen: Aktuelle Daten 2009; Federal Employment Office: Arbeitsmarkt in Zahlen. Arbeitslosenstatistik: Arbeitslose nach Rechtskreisen. Deutschland nach Ländern (Februar 2009).

dependent on the welfare system of the SGB II (unemployment pay II). In addition, the unemployment pay I is meanwhile paid for a shorter period, whereby unemployed have to switch to unemployment pay II earlier than in the past. Furthermore, the Trade Unions argue, that the amount of the unemployment pay I has dropped thus far, that a rising number of recipients of unemployment pay I have to apply for additional welfare benefits.¹¹ On the contrary, the Federal Employment Agency assesses, that the decrease of expenditures for unemployment pay I from 29.1 billion Euro (2004) to 13.9 billion Euro (2008) is primarily an effect of the economic upswing and better chances for integration into the labour market. In addition to that the early retirement incentive (§ 428 SGB III) has expired. The Agency also disagrees with the statement that a rising number of people would receive unemployment pay II when the donation of unemployment pay I expires. According to that, the number of persons who are switching between the jurisdiction of the SGB III and SGB II was in 2008 lower than in the previous year. Furthermore, the number of recipients of additionally received unemployment pay II has decreased "from 136.000 as an annual average in 2005 to less than 100.000 at present."¹²

2.2 Social welfare benefit / Minimum income scheme in case of permanent incapacity to work or because of ageing

As a result of the implementation of the minimum income scheme for employable persons in 2005 the number of social welfare recipients decreased by around 90 percent:¹³ Thereby the *social welfare benefit* (on the legal basis of the SGB XII, chapter 3) has returned to his original intended role as a case-by-case benefit under local authority and funding.

Recipients of cost-of-living assistance (outside social services)

2005	Totalling	80.845
	Germans	68,726
	Foreigners	12,119
2007	Totalling	88, 459
	Germans	77,053
	Foreigners	11,406

Source: Statistisches Bundesamt 2008.

In addition to that, the recipients of the *minimum income scheme in case of permanent incapacity to work or because of ageing* (on the legal basis of the SGB XII, chapter 4) have to be counted. According to the latest available data of the Federal Statistical Office, around 733,000 persons received benefits by the end of 2007. In comparison to the end of 2005, their number had increased by 16 percent. Around 340,000 recipients (46 percent) were at an age between 18 and 64 and received benefits because of permanent incapacity to work. 392,000 recipients were at retirement age and therefore received the benefits because of ageing. Hence, 2.4 percent of all persons older than 64 received benefits on the legal basis of the SGB XII, chapter 4.

¹¹ Der Tagesspiegel, 6 April 2009: Arbeitslose bekommen weniger Geld.

¹² Press release of the Bundesagentur für Arbeit, 6 April 2009: Bundesagentur nutzt gute Konjunktur: Ausgaben für Arbeitslosengeld vor allem deshalb gesunken; authors' translation.

¹³ SPD-Bundestagsfraktion: Bilanz für den Bereich der Gesundheits- und Sozialpolitik in der 15. Legislaturperiode, Typoskript, Berlin 2006.

**Recipients of social welfare benefits (cost-of-living assistance, outside social services)
- sorted by types of households 2007 -**

<i>Type of Household</i>	<i>Number</i>	<i>In percent of all households receiving social welfare</i>
Households receiving social welfare in total	80,299	100,00%
<i>Hereof...</i>		
Solitary person	59,784	74,45%
male	32,713	40,74%
female	27,071	33,71%
A married couple without children under 18 years	1,579	1,97%
A married couple with children under 18 years	258	0,32%
with one child under 18 years	134	0,17%
with two children under 18 years	62	0,08%
with three ore more children under 18 years	62	0,08%
An unmarried couple without children under 18 years	161	0,20%
An unmarried couple with children under 18 years	46	0,06%
with one child under 18 years	31	0,04%
with two children under 18 years	11	0,01%
with three ore more children under 18 years	4	0,00%
head of the household, male, with children under 18 years	264	0,33%
with one child under 18 years	200	0,25%
with two children under 18 years	50	0,06%
with three ore more children under 18 years	14	0,02%
head of the household, female, with children under 18 years	2.495	3,11%
with one child under 18 years	1.767	2,20%
with two children under 18 years	575	0,72%
with three ore more children under 18 years	153	0,19%

Source: Statistisches Bundesamt 2009.

Around one quarter of all recipients, (185,000 persons) lived within care facilities. In West Germany, the claiming quota was a little higher than in East Germany (1.22 / 0.97 percent). Most of the recipients lived in North-Rhine Westphalia (around 192,000 persons). It is noticeable that in East Germany the number of benefit recipients because of permanent incapacity to work is

continuous higher than the number of beneficiaries because of ageing. In West Germany, it is the opposite way around.¹⁴

2.3 Act on benefits for asylum seekers

The number of beneficiaries on the basis of the Act on benefits for asylum seekers is decreasing permanently, since 2000 by 56.4 percent. At the end of 2007, there have been 153,300 recipients (2000: 351,642). In comparison with the peak in 1996 (489,742) recipients their number has decreased by two third.¹⁵ At the same time, the expenditures have decreased. In 1996, the gross expenditures (without refunding by other welfare institutions) amounted to 2.88 billion Euros. These costs have decreased to 1.03 billion Euros in 2007. Hereof 760 million Euros were paid for costs-of-living assistance and 280 billion Euros for special one-off payments (in particular in case of disease, pregnancy, birth).¹⁶

2.4 Unreported Cases

In the early 1980s, Helmut Hartman documented, that per every beneficiary one person concerned does not claim for her entitlement.¹⁷ Wolfgang Strengmann-Kuhn showed 1998 with his study on the basis of the SOEP that per 100 people receiving cost-of-living assistance 146 people did not find their way to the social welfare office. By taking also into account the assistance under particular circumstances in life, per 100 beneficiary 234 people did not claim for their entitlement. The number of unreported cases is extraordinary high within two groups: Within the households of employees per 100 recipients of welfare, 229 more people would have been entitled for cost-of-living assistance. By again taking into account assistance under particular circumstances in life, their number rises to 414. The other group are pensioners older than 60. Per 100 beneficiaries, 382 people did not claim for their entitlement to cost-of-living assistance (even 545 by accounting again assistance under particular circumstances in life).¹⁸ Also because of this high number of unreported cases, the new minimum income schemes in case of incapacity to work or because of ageing was implemented, first as a self-contained law, meanwhile as forth chapter of the SGB XII.

Within the ongoing reporting on poverty, the Federal Government assigned Richard Hauser and Irene Becker to calculate the current number of unreported cases.¹⁹ This study was based upon three pillars of data sources and arrived on the conclusion that per three recipients of cost-of-

¹⁴ Statistisches Bundesamt: Empfänger/-innen von Grundsicherung im Alter und bei Erwerbsminderung am 31.12.2006, 2009; Statistisches Bundesamt: Empfänger/-innen von Grundsicherung im Alter und bei Erwerbsminderung am 31.12.2007, 2009; Statistisches Bundesamt: Bevölkerung nach Altersgruppen, Familienstand und Religionszugehörigkeit, 2009, URL: <http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/Bevoelkerung/Bevoelkerungsstand/Tabellen/Content75/AltersgruppenFamilienstand,templateld=renderPrint.psml> (31.03.09); own calculations.

¹⁵ Statistisches Bundesamt: Sozialleistungen. Leistungen an Asylbewerber. 2007 (Fachserie 13, Reihe 7), Wiesbaden 2008, p. 32.

¹⁶ Statistisches Bundesamt: Sozialleistungen. Leistungen an Asylbewerber. 2007 (Fachserie 13, Reihe 7), Wiesbaden 2008, p. 41.

¹⁷ Helmut Hartmann: Sozialhilfebedürftigkeit und Dunkelziffer der Armut. Studie des ISG. Schriftenreihe des Bundesministers für Jugend, Familie und Gesundheit, volume 98, Stuttgart u.a. 1981

¹⁸ Wolfgang Strengmann-Kuhn: Armut trotz Erwerbstätigkeit. Analysen und sozialpolitische Konsequenzen. Frankfurt/New York 2003, p. 192.

¹⁹ Richard Hauser und Irene Becker: Dunkelziffer der Armut. Ausmaß und Ursachen der Nicht-Inanspruchnahme zustehender Sozialhilfeleistungen, Berlin 2005.

living assistance there are between 1.5 and 2 more eligible persons. According to that, the quota of unreported cases is between 25 and 40 percent. The quota is below average within the group of single parents while it is (in spite of the new minimum income schemes) very high within the group of women older than 60. The quote is also above average within households of employees.²⁰ Newer data is not available.

Furthermore, there is an increasing number of people who have to claim for additionally welfare because their wages are below welfare level (in 2008 around 1.3 million people).²¹ Also there has been implemented a *children's allowance* for household whose earned income would be high enough without children entitled to maintenance. In 2008, this children's allowance has been granted for 42,500 households.²² Nevertheless, the application procedure is very complicated (in 2008 146,600 applications were submitted, therewith the success rate was 29 percent)²³ and was modified on 1 October 2008. So far, no experiences with the new procedures could be gained. Because additionally welfare as well as the children's allowance is only granted on application, it is quite likely that many people are not claiming for their entitlement. However, no data is available up to now. Contrariwise, practice documents that many people are applying for the children's allowance although their income would even then not reach the welfare level. This shows on the hand that many wages are very low and on the other hand, that people are willing to life under the substance level if thereby they can avoid the walk to the social welfare office.

2.5 Adequacy of the minimum income schemes

According to § 1 SGB XII, social welfare has to guarantee a life which is in accordance with the human dignity. However, its amount and its ability to ensure social inclusion are controversial in the public discussion.²⁴ The Deutsche Paritätische Wohlfahrtsverband (DPWV), an important charity, has phrased a triple critique on the current systems of standard rates: Firstly, that the standard rates of social welfare benefit and unemployment pay II as well as those of the minimum income schemes in case of permanent incapacity to work and because of ageing are too low. The Federal Ministry of Social Affairs has announced that the standard rates for social welfare benefit and unemployment pay II will rise from 351 to 359 Euros on 1 July 2009. The DPWV has measured that nevertheless the standard rates would need to be 90 Euros (22 percent) higher to guarantee the sociocultural subsistence level.²⁵ Secondly, the DPWV criticises the standard rates, because they are not adjusted in accordance to the price level but are being linked to the annuity value. Regarding the pension adjustments of the recent years, the DPWV estimates that in the future the pensions will rise slower than the price level. Thirdly, the DPWV criticises that the standard rates of children are not adjusted to their needs. In fact, the lawmaker has just calculated the rates of children as a multiple of the standard rates of adults without taking into account their special needs.²⁶ Judgments of higher courts have affirmed this critique largely: In October 2008, the Superior State Social Court of Hesse arrived at the conclusion, that the standard rates of the unemployment pay II (on the basis of the SGB II) are not able to cover the sociocultural subsistence level of families and therefore is unconstitutional. For this reason, it has

²⁰ Lebenslagen in Deutschland. Der 2. Armuts- und Reichtumsbericht der Bundesregierung, Bonn 2005.

²¹ Bundesagentur für Arbeit: Analytikreport der Statistik. Analyse der Grundsicherung für Arbeitsuchende März 2009, p. 21.

²² According to the Federal Ministry of Family Affairs (via Email, 01.04.09).

²³ cp. Official Records of Parliament, No. 16/10984.

²⁴ cp. Ernst-Ulrich Huster, Benjamin Benz und Jürgen Boeckh: 1. Bericht der nationalen Experten zum Nationalen Aktionsplan gegen soziale Ausgrenzung 2003-2005, Bochum 2004.

²⁵ Paritätischer Wohlfahrtsverband, press release from 17 March 2009, URL: http://www.der-paritaetische.de/242/?tx_ttnews%5Btt_news%5D=2566&tx_ttnews%5BbackPid%5D=105&cHash=6f0f7b3ce6

²⁶ Paritätischer Wohlfahrtsverband: Was Kinder brauchen..., Berlin 2008, p. 9-10.

suspended the trial and has brought the case to the Federal Constitutional Court.²⁷ On 27 January 2009, the Federal Social Court also arrived at the conclusion, that the lawmaker did not measure the standard rates for children in a realistic way and brought the case to the Federal Constitutional Court, too.²⁸

Through the implementation of the unemployment pay II in the first half of 2005, the number of people who has to live on the subsistence level increased drastically. In March 2009 around 6.4 million people (hereof 1.66 million children younger than 15) were aligned to that benefit.²⁹ At this juncture one has to consider that the reform could lead to benefit cuts for two reasons. Firstly, for people with a higher income the former unemployment allowance was higher than the new unemployment pay II because the allowance was measured in consideration of the prior individual wage. Secondly, the regulations regarding the deduction of the income of a partner have been tightened which in some cases could lead to the result that the individual entitlement for unemployment pay II lapse.³⁰ Calculations of the German Institute for Economic Research (DIW) on the basis of SOEP data reached the conclusion that 51 percent of the beneficiaries had to bear cut-backs (3,248 Euro annually on average). For 15 percent the income remained stable. 34 percent were “winner” of the reform, their annual equivalent household disposable income increased by 2,623 Euros.³¹

A Study ordered by the Hans-Böckler-Stiftung (a foundation with close ties to unions) approved those correlations and arrived at the conclusion that the combination of both benefits results in a reallocation “from the bottom to bottommost”. The situation improved in particular for those people who previously lived in hidden poverty because they had not applied for welfare in addition to their unemployment allowance.³²

The Federal Government does not share the critique of – for example – the DPWV regarding the measurement and the amount of the standard rates within the SGB II and SGB XII. Nevertheless, one can assess a change of dispositions within the governmental machinery regarding the ability of the minimum income schemes to promote social inclusion: Especially in the 1970s and 1980s, the task of social welfare was to fight poverty. The Second National Report on Poverty and Wealth in 2005 concluded that “the risk of poverty can also endanger the middle of the society”, that social inequality is a “matter of fact” and “in some areas has been increased within the recent years.” From this follows that minimum income schemes are capable to resolve a distress for the short term but are inadequate to fight poverty and social exclusion in the long run.³³ Finally, by increasing the standard rates for children between 6 to 13 years (from 60 to 70 percent) within the recently passed economic stimulus package, the Federal Government has shown a first rethinking in the matters of standard rates appropriate for children.

As a rule, the minimum income schemes in Germany are protecting on a level, which is – depending on the base value for the 60-percent risk of poverty threshold of median income and with the exception of the base value of EU-SILC – below the 60-percent threshold.

²⁷ Hessisches Landessozialgericht, 29.10.08, file number L 6 AS 336/07.

²⁸ Bundessozialgericht, 27.01.09, file number B 14 AS 5/08 R.

²⁹ Statistisches Bundesamt: Arbeitsmarkt in Zahlen. Statistik der Grundsicherung für Arbeitsuchende. Bedarfsgemeinschaften und deren Mitglieder, March 2009.

³⁰ cp. Ernst-Ulrich Huster, Benjamin Benz und Jürgen Boeckh: 2. Bericht der nationalen Experten. Implementation des deutschen NAPincl 2001-2003 und Vorbereitung des NAPincl 2003-2005, Bochum 2003.

³¹ Deutsches Institut für Wirtschaftsforschung, Wochenbereich Nr. 50/2007, p. 759.

³² Irene Becker / Richard Hauser: Auswirkungen der Hartz-IV-Reform auf die personelle Einkommensverteilung, Studie im Auftrag der Hans-Böckler-Stiftung, Düsseldorf 2006.

³³ Bundesministerium für Gesundheit und Soziale Sicherung: Lebenslagen in Deutschland. Der Armuts- und Reichtumsbericht der Bundesregierung, Berlin 2005.

Comparison of the minimum income schemes in Germany (status: 1 January 2008) with the at-risk-of-poverty threshold (60 percent of median, modified OECD Scale) on the basis of EU-SILK (basic year 2005), SOEP (basic year 2005) and the Sample Survey of Income and Expenditure – EVS (basic year 2003) and the poverty rate

Type of household	Minimum income scheme in Euro	Poverty Risk EU-SILC ¹⁾ , entitlement in Euro	Poverty Risk SOEP, entitlement in Euro	Poverty Risk EVS, entitlement in Euro	Poverty threshold, implizite weight EU-SILC ²⁾ entitlement in Euro
Solitary person - <i>Difference in %</i>	681	781 - 14.7%	880 - 29.2%	980 - 43.9%	781 - 14.7%
A married couple without children - <i>Difference in %</i>	1.065	1,171.50 - 10.0%	1,320 - 23.9%	1,470 - 38.0%	1,221.40 - 14.7%
A married couple with one children - <i>Difference in %</i>	1.361	1,405 - 3.3%	1,584 - 11.4%	1,764 - 29.6%	1,560.80 - 14.7%
A married couple with two children - <i>Difference in %</i>	1.643	1,640 + 0.2%	1,848 - 12.5%	2,058 - 25.3%	1,884.30 - 14.7%
A married couple with three children - <i>Difference in %</i>	1.941	1,874.40 + 3.4%	2,112 - 8.8%	2,352 - 21.2%	2,226 - 14.7%
A married couple with three children - <i>Difference in %</i>	1.121	1,015 + 9.4%	1,144 - 2.1%	1,274 - 13.6%	1,285.60 - 14.7%
Single parent with one child under 7 years old - <i>Difference in %</i>	1.471	1,405 + 4.4%	1,584 - 7.7%	1,764 19.9%	1,687 - 14.7%
Single parent with two children, 7 and 14 years old - <i>Difference in %</i>					

1) The data regarding the income, on which this median bases, has been calculated without taking into account the rent value of owner-occupied proprietary, which usually is included in the income. The higher medians of the SOEP 2006 (€ 880) and EVS 2003 (€ 980) are considering this.

2) These poverty thresholds would be the result, if one recalculates the poverty thresholds (measured in accordance to EU-SILC) for a solitary person on basis of the weightings of the German minimum income schemes for bigger households. The new OECD Scale is used: 1 for the head of the household, 0.5 for every further person at the age of 14 or older and 0.3 for every person younger than 14.

Source: Bundesministerium für Arbeit und Soziales, Der Dritte Armuts- und Reichtumsbericht, Bonn 2008, Tab. p. 23, Tab. V.3, p. 92 und Anhangtabelle A.II.1, p. 333; inedited calculations of Richard Hauser.

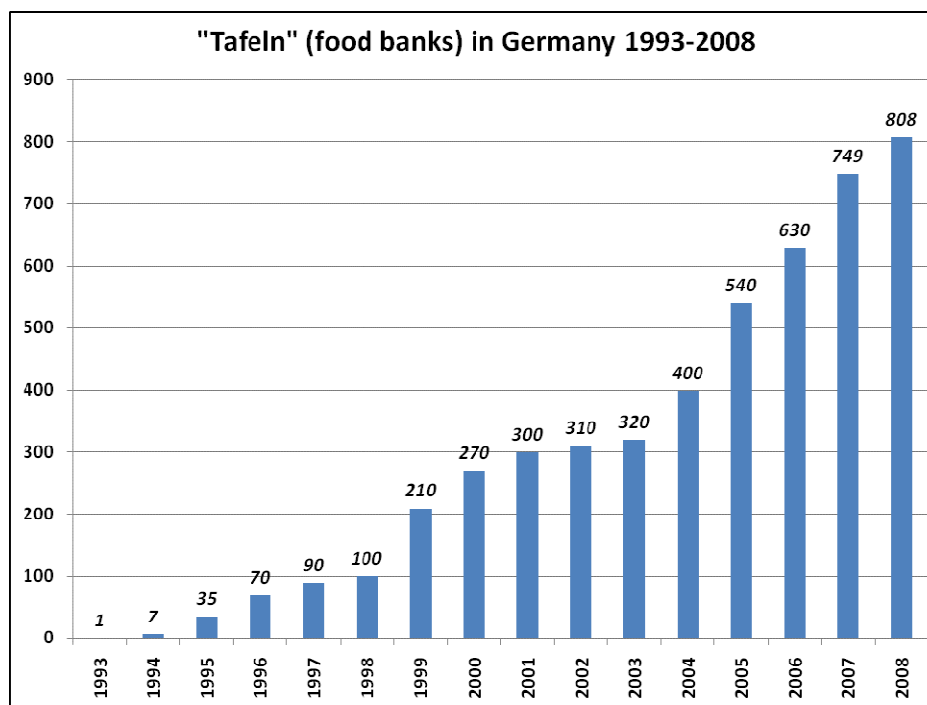
Even if the data of the EU-SILC is used, the benefits for three types of households (solitary person, couples without children, couples with one child) are below this 60-percent threshold. Already the households with a solitary person are 54 percent of all beneficiaries. Solely the benefits for couples with two children and for single parents are above the threshold. However, by using the other, in the German research on poverty very common data of SOEP or EVS, the benefits of the particular minimum income scheme are partially significant below the 60-percent

threshold. This applies also, if one recalculates the poverty thresholds (measured in accordance to EU-SILC) on basis of the weightings of the German minimum income schemes for bigger households (see last column).

In addition to that, it is debatable whether the benefits are appropriate for the different groups. This affects also the question, whether the generalised benefits (lump sums) are able to compensate the vicissitudes of life. To sum it up: The German minimum income schemes are with blanket coverage; every person in need for help has an entitlement on at least the essential livelihood, usually even on grating of the sociocultural substance level.³⁴ At the same time a social stratum is about to emerge, which is almost completely excluded from the relationships of the society. Therefor, a study of the Friedrich-Ebert-Stiftung established the term "abgehängtes Prekariat" ("uncoupled social stratum").³⁵

SOEP data has affirmed this social segmentation. At the same time, it becomes clear, that these lower social ranks, which are living in "intensified poverty", are 8 percent of the population and in average possessing just 43 percent of the equivalent median income. Differentiated by groups the risk to live in intensified poverty is particularly high within the groups of unskilled workers, but also within skilled workers above average, while people of the upper social level are only marginal concerned.³⁶

Therefrom it is not surprisingly that private organisations are establishing additional support systems besides social welfare, which are supposed to close the gap between social welfare and the uncovered needs. In Germany there are so called "Tafeln" ("food banks") where people in need can apply for food, which has been donated before. Super markets dispend food shortly before the use-by date expires; private households are buying certain food and donating it. Some of these "Tafeln" are meanwhile specialised in the needs for children.



Source: www.tafel.de; own diagram.

³⁴ Knut Hinrichs: Die Entwicklung des Rechts der Armut zum modernen Recht der Existenzsicherung, in: Ernst-Ulrich HusterHuster et al. (ed.): Handbuch Armut und Soziale Ausgrenzung, Wiesbaden 2008, p. 195 ff.

³⁵ Friedrich-Ebert-Stiftung: Gesellschaft im Reformprozess, Berlin 2006.

³⁶ Deutsches Institut für Wirtschaftsforschung: Wochenbericht Nr. 12/2007, p.179, 181.

Beside that further aid agencies have emerged, e.g. soup kitchens where people in need could get a substantial meal. In so-called "Sozialkaufhäusern" ("social super markets") it is possible to get objects of furnishing or other consumer durables (e.g. fairy cycles) for little money or for a warrant. Supporting organisations of these food banks, soup kitchens and social super markets are often the welfare work, the churches or individuals.³⁷

Minimum income schemes and the principle that benefits must be lower than wages

In particular within the last two years there is a public dispute about the reasonableness of the minimum income schemes. Regarding the adjustment of those benefits, one has to consider systematic questions: A substantial increase of benefits could cause a conflict with the principle of § 28 subs. 4 SGB XII (benefits must be lower than wages), because in that case the transfer payments would be higher than the average wages of lower income groups. These wages have not been raised for some time, not at least with a view to the international competitiveness. Although the unemployment pay II on the basis of SGB II does not know the principle that benefits must be lower than wages, the same logic is applicable. As a result, higher standard rates are only possible if this principle is softened or if the wage policy of the social partners changes.³⁸

Along with this dispute, the implementation of a general minimum wage is discussed. The current federal coalition agreed to allow sectoral minimum wages but to avoid them as a rule. This course of action implicates the opinion that in principle the minimum income schemes are able to compensate low wage levels. Based on this opinion, the private organisations are criticised to support persons concerned with aid supplies they are not entitled to, thereby distract them from financing themselves via employments and – thereby again – unburden public finances.

Contrary to that, it is argued that the welfare benefits are not adequate for all households in need, in particular for those with children and that they are not able to guarantee the sociocultural subsistence level. The number of meanwhile over 800 food banks is mentioned as evidence that the social welfare is obviously too low.³⁹ Some politicians thoroughly disagree with that finding: For example, the minister for Family Affairs, Mrs. von der Leyen, thanked the supporting organisations and interpreted their work as an important contribution to develop the civil society. According to the minister, the state is not able to attend to everything; individual poverty deserves also private support.⁴⁰

³⁷ Die Tafeln: Die deutschen Tafeln nach Zahlen. Ergebnisse der Tafel-Umfrage 2007; URL: http://www.tafel.de/pdf/Tafelumfrage07_Auswertung.pdf

³⁸ Johannes Steffen: Der Abstand zwischen Lohn und Sozialhilfe. Arbeitspapier zum Lohnabstandsgebot des § 28 Abs. 4 SGB XII, Bremen 2006.

³⁹ cp. e.g. Frankfurter Tafel e.V.: Gewagt gefragt – und klar gesagt!, URL: <http://www.frankfurter-tafel.de/gewagtgefragt.php>

⁴⁰ cp. Bundesfamilienministerium: Bundesfamilienministerin Ursula von der Leyen besucht die Lange Tafel in Magdeburg, 06 June 2009, URL: <http://www.bmfsfj.de/bmfsfj/generator/BMFSFJ/freiwilliges-engagement,did=110562.html>

3. Link between MI schemes and the other two pillars of the active inclusion strategy

3.1 Social activation of people furthest from the labour market

3.1.1 Subsidy measures and subsidy practice

According to the socio-political approach of “Fördern und Fordern” („Promoting and Demanding”) also people within the scope of the SGB II have a legal claim on attainments of active employment policy (on the basis of the SGB III) who were excluded from these instruments until 31 December 2004 because they were assigned to the law of social welfare (BSHG) and therefore were referred to municipal employment promotion.

The possibility to grant access to attainments of the SGB III is regulated by § 16 subs. 1 SGB II, but the decision on providing a benefit is left to the best judgement of the particular authority. A so-called case manager makes the decision by taking into account the individual living conditions of the beneficiary. The following points are to be considered:

- the qualification;
- the familial situation;
- the durability of the inclusion;
- the estimated duration of need for help.

Preferential measures shall be chosen, which can lead to employment immediately and not so much those, which offer a comprehensive qualification. The recipient of unemployment pay II is eligible for an *integration agreement* (§ 15 SGB II), by which the necessary attainments (§ 16 SGB II) are defined. This agreement is supposed to achieve legal security and to obligate the funding agency as well as the benefit recipient to take the appointed steps.

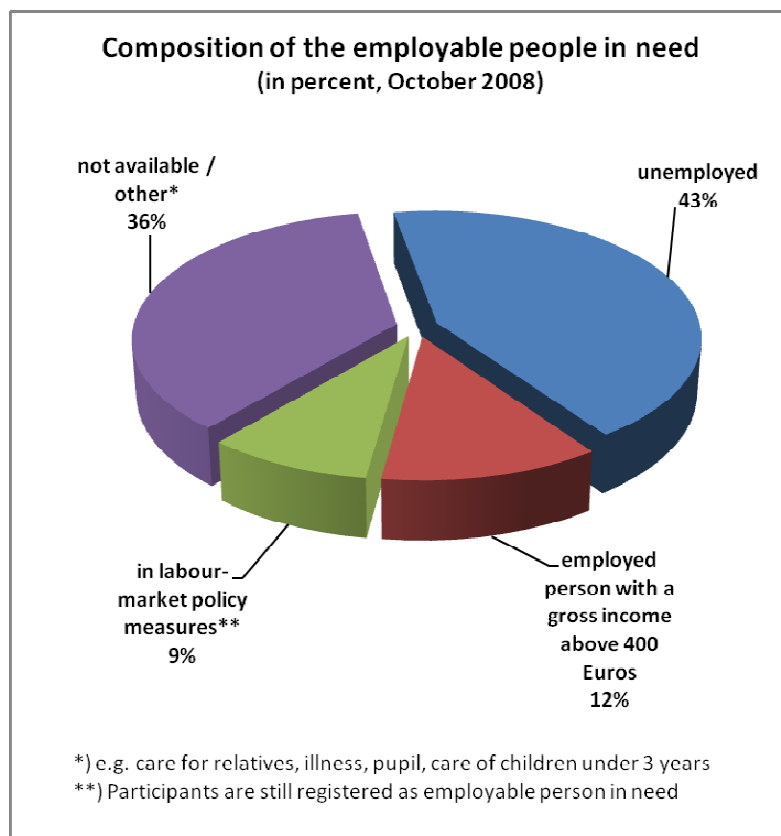
People in need who are under 25 years old are to be integrated into the labour market as fast as possible. Immediately after making their application, they should be placed into vocational training or into an employment. If a person in need without degree cannot be placed into vocational training; the employment is also supposed to improve their occupational skills (§ 3 subs. 2 SGB II).

All in all, the situation for young people has improved within the recent years. According to the “Berufsbildungsbericht” (“Report on Vocational Education”) 2009 of the Federal Ministry of Education and Research (BMBF), between 1 October 2007 and 20 September 2008 616,259 articles of traineeship have been contracted. In comparison with the prior year, this is a minus of 9,626 contracts (- 1.5 percent), but the number of applicants who not have been placed is decreasing, from 49,487 in 2006, 32,660 in 2007 and 14,479 in 2008. At the same time, the number of vacant apprenticeship training positions has increased from 15,401 in 2006, 18,359 in 2007 to 19,507 in 2008. Therefore, in 2008 per every applicant who has not been placed 1.3 training positions were vacant. Obviously one reason for this development are demographic changes; because of the decreasing birth rate the pressure on the labour market is declining. Nevertheless, some federal states have decided to shorten the schooldays by one year and therefore in the next year two age groups will be on the market for apprenticeship positions.⁴¹ The

⁴¹ Bundesministerium für Bildung und Forschung (ed.): Berufsbildungsbericht 2009, Berlin, p. 7 et seqq.

segregation of educational opportunities will also lead to permanently unequal changes at the labour market. The Third National Report on Poverty and Wealth documents that 83 percent of all children of graduates begin studies at university. Within the group of children of non-graduates, the rate is barely 23 percent.⁴² It remains to be seen whether the SGB II is able to grant “losers in education” an access to apprenticeship and (qualified) employment.

So-called *job opportunities* (“1-Euro-jobs”) are to help people with obstacles to find their way back to the labour market (§ 16 subs. 3 SGB II). This instrument has been used very often in the recent years. In its exclusive report “Arbeitsgelegenheiten 2007” (“Job Opportunities 2007”) the Federal Employment Office enumerates 703,615 granted promotions. 60 percent of the promoted persons are men, 30 percent have a migration background. 21.5 percent are under 25 years, 28.5 percent are between 40 and 50 years old. 23.3 percent of the promoted persons have no graduation, 45.6 percent have a secondary general school certificate. By taking into account the duration of unemployment before the particular measure has started, it becomes clear that the percentage of permanently unemployed person (28.2 percent) is just marginal higher than the percentage of those who directly were placed into a job opportunity (26.4 percent). More than half of the job opportunities are taking place within the area of infrastructure development and environmental protection / landscape work. The hours of work amount to 28.9 hours in average. 37.2 percent of the persons concerned earn 1.00 to 1.10 Euros, 33.2 percent earn 1.50 to 1.60 Euros an hour. The additional expenditure compensation is 1.25 Euros in average. The average lump sum a provider of a job opportunity receives is 281 Euros per participator and month.⁴³



Source: Bundesagentur für Arbeit: Der Arbeits- und Ausbildungsmarkt in Deutschland. Monatsbericht März 2009, Nürnberg 2009, p. 22; own diagram.

⁴² Bundesministerium für Arbeit und Soziales (ed.): Lebenslagen in Deutschland. Der Dritte Armuts- und Reichtumsbericht der Bundesregierung, Berlin 2008, p. 69.

⁴³ Bundesagentur für Arbeit (ed.): Leistungen zur Eingliederung an erwerbsfähige Hilfebedürftige: Einsatz von Arbeitsgelegenheiten 2007, Nürnberg 2008.

In October 2008 a total of 9 percent of the recipients on the basis of the SGB-II have been participate in a so-called “arbeitsmarktpolitischer Maßnahme” (“labour-market policy measure“). 12 percent received benefits in addition to their earned income. 36 percent of all beneficiaries are not available to the labour market (because of disease, care of relatives or care of children under 3 years). The Institute for Employment Research (IAB) assess the outcome of the labour market integration by job opportunities ambivalently. There are positive effects within the groups of women in West Germany and long term unemployed, but with young people under 25 years no positive results were verifiable.⁴⁴

The start of work is also supported through the partial non-consideration of earned income on the benefits of the SGB II. There is a basic exemption of 100 Euro per month, which is not credited against the unemployment pay II. Besides that, if a person earns up to 800 Euros, 20 percent of this incomes will not be taken into account; 10 percent of an additional income up to 1,200 Euro is not credited, too. If children live in the household, the threshold is 1,500 Euros per month. Within the measurement of the income, work-related expenditures (e.g. travel expenses, insurance contributions) are discounted. Therefrom the following exemptions results:

Gross income (in Euro)	Exemption (in Euro)
100	100
200	120
400	160
800	240
1,200	280
1,500 (with child)	310

Source: Bundesministerium für Arbeit und Soziales 2008: Übersicht über das Sozialrecht, August 2008, Berlin, p. 36 et seqq.

In addition, there are governmental and regional schemes, which are more target-group orientated than in the past. Especially young people without good school graduations and without an apprenticeship training position get special support to promote their integrating skills and receive behaviour training/advisory to use their social rights. The same can be said for other groups: elderly, woman, migrants and persons with disabilities.

The German approach and the special targets for social integration correspond with the growing EU-emphasis on active inclusion. Nevertheless, in practice the labour-market authorities target more those who are near by the labour market than those who are furthest. The Federal Employment Office decides about integration measures by regarding the individual profile. The criteria are “commitment/motivation”, “skills/qualification”, “obstacles” and “specific labour market conditions”. According to that, the customers are allocated to four groups: The “market customers”, the “consultation customers” and the “care customers”. The “market customers” are easy placeable. Within the „consultations customers“ there are two subgroups, on the hand those people who need to be activated and on the other hand those who need to be promoted. The promotion measures target these two subgroups because it is expected that these people are placeable via measures of active employment policy and thus expenditures can be reduced. This

⁴⁴ Joachim Wolff / Kathrin Hohmeyer: Für ein paar Euro mehr. Wirkungen von Ein-Euro-Jobs, in: IAB Kurzbericht 2/2008, Nürnberg 2008.

is not expected within the group of “care customers”; measures of active employment policy are subordinated here.⁴⁵ In this context Gerhard Bäcker assess a „institutionalised creaming“.⁴⁶

In the past, most people furthest from the labour market have been put into any kind of measures but without having concrete perspectives. Some of the quoted new schemes are aiming to change this. For example, the Federal Ministry of Social Affairs has implemented a Federal programme called “Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen” (“Perspective 50+, Employment Pact within the regions”). The ministry reported that since the second phase of the programme has started in January 2008, 73,808 long-term unemployed have been activated and until this date, 19,386 people have been placed.⁴⁷ This corresponds with a placement rate of 26 percent. Nevertheless, until 2010 it is intended to implement the programme nationwide. The idea is to organise employment pacts at regional level, where local stakeholders can obtain an agreement how to integrate older unemployed. Within in the programme “30.000 Zusatzjobs für Ältere ab 58 Jahren“ (“30,000 additionally jobs for 58+”) the Federal Government tries since 1 July 2005 to improve the labour market situation of this target group; however also here with quite little success. In December 2007, only 11,404 participants of the programme were recorded. A component of this is the federal programme „Kombi-Lohn“ (“combined wages”), which is supported by funds of the ESF. Thereby, between 2008 and 2009 up to 100,000 employment relationships are expected to arise in structurally weak areas. In particular, the job opportunities of low qualified respectively long-term unemployed people are supposed to be improved. However, according to the Federal Ministry of Social Affairs in September 2008 only 5,044 employments have been established. Obviously, neither the local authorities nor the local economy is interested enough in this programme.⁴⁸

All in all the situation is quite unclear. There are new schemes, but up to now, they do not work satisfactorily because the financing as well as the different instruments are not developed sufficiently. Nevertheless, there are proposals (e.g. by the Statutory Welfare Organisations, the Trade Unions and from parts of the Parliament and the federal states) to promote these new schemes.

3.1.2 Sanctions within the SGB II

If the beneficiary does not observe the agreements that have been concluded, the authority may impose sanctions. In the extreme example, it is possible to cancel the benefit completely: If the beneficiary refuses a *reasonable work, vocational training or a job opportunity*, the unemployment pay II can be reduced in a first step by 30 percent. If someone infringe upon the *notification requirement* or denies going to an *ordered medical examination*, the unemployment pay II in a first step can be reduced by 10 percent.

In case of repeated violation of obligations, in a second step the benefits can be reduced farther by 30 respectively 10 percent of the full standard rate. If a benefit recipient refuses a reasonable work, vocational training or a job opportunity the third time in a row, the unemployment pay II has to be cancelled completely (including costs for housing and heating). In these cases, only benefits in kind (e.g. food tokens) can be granted. If someone infringe upon the notification requirement

⁴⁵ Gerhard Bäcker / Jennifer Neubauer: Soziale Sicherung und Arbeitsförderung bei Armut und Arbeitslosigkeit, in: Ernst-Ulrich Huster et al. (ed.): Handbuch Armut und Soziale Ausgrenzung, Wiesbaden 2008, p. 514 et seq.

⁴⁶ *ibid.* p. 515; cp. DER SPIEGEL: Unten bleibt unten, no. 44/2008, 27. November 2008, p. 66 et seqq.

⁴⁷ Bundesministerium für Arbeit und Soziales: Perspektive 50plus: Erfolgreich und gestärkt in die Zukunft: BMAS baut Aktivitäten zur Vermittlung älterer Langzeitarbeitsloser aus 2009, <http://www.bmas.de/portal/30546/>

⁴⁸ Antwort des Staatssekretärs Steele auf eine kleine Anfrage der Bundestagsabgeordneten Kunert, http://www.katrin-kunert.com/Bundesprogramm_Kommunal_Kombi_Antworten_auf_KA%2016-10301.pdf

for the third time, this leads not to a complete suspension of the benefit but it will be reduced by 10-percent steps. A violation of obligation is taken as repeatedly if the recent sanction has ended within the last year. In case of any sanctions, the person concerned has to be taught about the consequences in advance. Furthermore, sanctions must not be imposed if the beneficiary can prove an important reason for his lapse respectively his refusal.

**Overview about imposed sanctions within the SGB II (employable beneficiaries)
(Status: November 2008)**

	Employable people in need with reduced benefits because of sanctions; sorted by the type of the reduced benefit				
	Beneficiaries with at least one sanction	hereof (multiple nominations possible):			
		Beneficiaries with reduced standard rates	Beneficiaries with reduced additional requirements	Beneficiaries with reduced benefits for housing and heating	Beneficiaries with reduced additional unemployment pay II
Germany	136,484	133,836	1,283	24,520	2,926
West Germany	93,308	89,306	894	17,037	2,161
East Germany	43,176	44,530	389	7,483	765
	Average amount of the cutbacks caused by sanctions; sorted by the type of the reduced benefit; in Euro; per employable person in need with this reduced benefit				
	Totalling (per beneficiary with at least one sanction)	hereof (multiple nominations possible):			
		Reduction standard rate	Reduction additional requirements overall	Reduction benefits for housing and heating	Reduction additional unemployment pay II
Germany	114.70	114.40	56.53	2.33	88.07
West Germany	113.58	113.24	53.40	2.22	91.16
East Germany	117.13	116.71	63.74	2.57	79.32

Source: Bundesagentur für Arbeit: Grundsicherung für Arbeitsuchende (SGB II). Sanktionen – Daten mit einer Wartezeit von 3 Monaten.

The possibilities for sanctions are tougher if people under 25 years violate their obligations. Already the first violation leads to significant cutbacks, only the costs for housing and heating are paid further on (directly to the lessor). Beside that, only benefits in kind are granted. In case of repeated violation of obligations, also the costs for housing and heating are cancelled.

The number of benefit recipients who had to sustain at least one sanction has increased from 70,625 (in 2007) to 136,484 (in November 2008). According to “SGB II – annual report” of the Federal Employment Office more than half of the sanctions are imposed because of missing notification requirement. Obviously, it is difficult for persons concerned to keep appointments. However, the question remains open, whether, more than sanctions, additional socio-pedagogical support would be the better way to improve the integration chances.

3.2 Support to MI schemes in terms of access to quality services

3.2.1 Social and youth welfare and social services

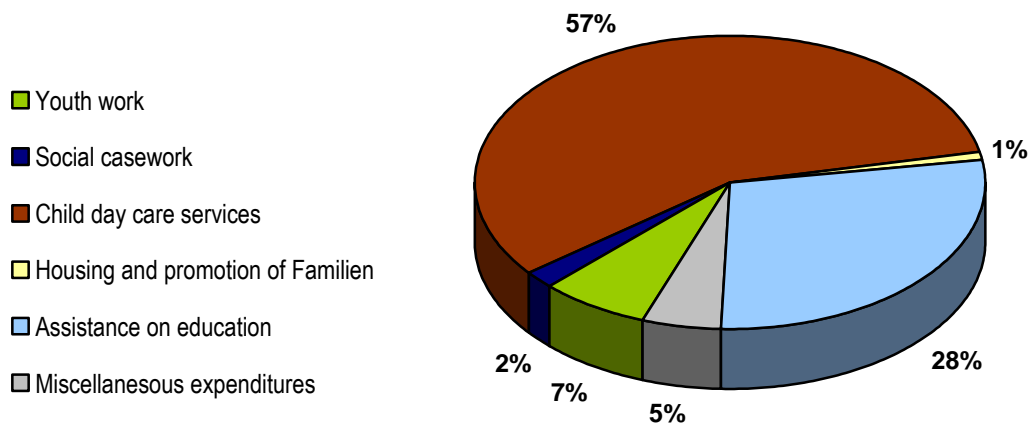
Social welfare does not aim for the integration into the labour market, but it includes *instruments for individual and social activation*. Help for self-help is supposed to be strengthened by improved counselling, bilateral arrangements and by making child day care available for single parents.

The *rehabilitation assistance for handicapped persons or people in need of care* is also a component of the SGB XII. Its amount is defined by the SGB IX (“rehabilitation and participation of handicapped persons”) and it covers counselling, a rehabilitation agreement and access to a case manager. Since 1 January 2008, there is a legal claim to receive the benefits in the form of a *personal budget*, which is independent from a single funding agency (§ 57 SGB XII). The personal budget is a cash benefit, wherewith services can be purchased individually.

Beside that, municipal social offices provide (partly under their own auspices, partly in cooperation with independent welfare organisations) a comprehensive set of counselling and mentoring (debt counselling, drug counselling, houseless care, elderly care, marriage/conflict guidance etc.)

The SGB VIII regularise the whole area of municipal *child and youth welfare services*. It offers a variety of consultancy, mentoring and promotion and range from youth clubs to children's homes. The largest areas within the jurisdiction of the SGB VIII are child day care services and the manifold assistances on education. This is reflected in the expenditures.

Expenditures for youth welfare services 2007



Source: Statistisches Bundesamt (2009): Statistiken der Kinder- und Jugendhilfe – Einnahmen und Ausgaben, Wiesbaden, p. 7; own diagram.

Within the *youth social work*, the SGB VIII also offers person concerned socio-pedagogical assistance to promote *schooling and vocational training* and to *integrate youth into the labour market* (§ 13 subs. 1 SGB VIII). These assistances are for example consultation services of the youth vocation assistance, occupational orientation within the school social work, socio-pedagogical educational or occupational measures, but also community social work. These offers

are supposed to provide support to those young people, who are particular dependent on it. Therewith, youth social work has the task to compensate social disadvantages.⁴⁹

A problem is that the borderline between the jurisdiction of Social Code, Book II (unemployment pay II) and Book VIII (youth welfare) is not clear enough. According to the principle of “promoting and demanding”, the SGB II demands – also with regard to people less than 25 years old – to strengthen self-help and offers comprehensive assistance not until the people concerned have exploited all their options.⁵⁰ In contrast, § 1 SGB VIII grants every youth a right to be promoted in her or his personal and social development and announce it as an obligation of the youth welfare to guarantee this when the parents are no longer capable.⁵¹

Both approaches are basing on different views on young people. The SGB II esteems the young as people who need to be leaded. That is why every aberration from the integration measures appointed by the case manager leads to serious sanctions (§ 31 subs. 5 SGB II). These sanctions are even tougher for people under 25 than for older beneficiaries.⁵² In contrary, the SGB VIII wants to support young people in need to develop a self-dependent personality. Therefore, the offers of the youth social work are basing on a voluntary participation and so do not provide any sanctions if the youth refuses an offer (unless the young person aborts a measure).

The opposed approaches become even clearer by the placement priority of the SGB II, which is regulated by § 3 subs. 2. People under 25 years are supposed to be placed immediately into an employment, a vocational training or into a job opportunity. Quite often this means, a short-term placement success into any kind of work takes priority over a long-ranging adequate qualification. Even though this special treatment was supposed to avoid youth unemployment and to prevent the youth from being adapted to social benefits, the consequent practice of these rules might not only lead to a situation that is contradictory to the principles of the SGB VIII, but possibly also to the interests of the youth in the long run. According to the basic idea of the „workfare“ approach of the SGB II, the placement priority is consequential and essential. Nevertheless, it becomes a problem, if its described practice endangers or even prohibits a sustainable integration into the labour market.

Hence, to reach efficient solutions, it is necessary to make more use of the approaches of the youth social work to promote the youth and to combine them with offers of the Federal Employment Bureau.⁵³

3.2.2 *Unemployment Pay II and social services*

Recipients of unemployment pay II have a legal claim on rehabilitation assistance. For this purpose, the SGB II provides the following social services (§ 16 SGB II):

- Care of underaged or handicapped children;

⁴⁹ cp. Walter Schellhorn / Helmut Schellhorn / Lothar Fischer / Horst Mann: SGB VIII Kinder und Jugendhilfe, Wolters Kluwer Deutschland GmbH, München 2007, p. 813 et seqq.

⁵⁰ cp. Peter Schruth (2005): Zur Leistungskonkurrenz zwischen SGB II und § 13 SGB VIII - Expertise im Auftrag der Bundesarbeitsgemeinschaft Jugendaufbauwerk, Magdeburg 2005, p. 7 et seqq.

⁵¹ cp. *ibid.*, p. 13.

⁵² cp. Wolfgang Eicher und Wolfgang Spellbrink: SGB II Grundsicherung für Arbeitssuchende – Kommentar, München 2008, p. 813 et seqq.

⁵³ cp. Paritätischer Wohlfahrtsverband: Jugendsozialarbeit zwischen SGB II und SGB VIII, Berlin 2005, p. 9 et seqq.

- Home care of relatives;
- Dept counselling;
- Psycho-social care;
- Drug counselling.

According to §§ 17, 18 SGB II, the funding agencies are not supposed to establish new facilities and services, but to support the development of already existing proposals of independent welfare organisations and to strengthen the cooperation of the local labour market stakeholders (principle of subsidiarity).

While the obstacles by building-up the new organisational infrastructures became obviously, since 2005 also the legal problems with the new law of the SGB II appeared. Right from the start, the competent courts were almost overwhelmed by scores of complaints. The number of lawsuits has risen within the last years furthermore, at last from 2007 to 2008 by 30 percent to 120,000. The complaints deal in particular with the absorption of housing costs, the imputation of earnings and the legality of sanctions.⁵⁴ At the Berlin Social Court – the biggest social court nationwide – within the recent year 21,500 lawsuits have been filed. These are two third of all lawsuits at the court, which has nearly doubled the number of its judges from 59 to 103 since the SGB II has come into effect.⁵⁵ On 10 October 2008 the Bundesrat (the Federal Council of Germany) has enacted that somebody who seeks legal advice regarding the SGB II in addition to the already payable 10 Euro has to pay 20 Euros if the attorney does not only give advice but also has to write a pleading. Besides, it is intended to check the requirements for legal aid more thoroughly. These restrictive rules affect a field of law, whereupon the lawsuits are ending to one third in favour of the plaintiff.⁵⁶

⁵⁴ Claudia Daseking / Jürgen Freier / Solveigh Koitz / Anja vom Stein / Angelika Wernick (AG Sanktionen der Berliner Kampagne gegen Hartz IV): Wer nicht spurt, kriegt kein Geld, Sanktionen gegen Hartz-IV-Beziehende, Berlin 2008.

⁵⁵ cp. Spiegel-Online: Hartz-IV-Klagen nahmen 2008 zu, 18.01.09, URL: <http://www.spiegel.de/wirtschaft/0,1518,601892,00.html>

⁵⁶ Die Tageszeitung: ALG II: Rechtshilfe wird teurer, URL: [http://www.taz.de/1/archiv/print-archiv/printressorts/digi-artikel/?ressort=in&dig=200 ...](http://www.taz.de/1/archiv/print-archiv/printressorts/digi-artikel/?ressort=in&dig=200...); forum.derwestern.de: Bundesrat will Rechtshilfe für Bedürftige einschränken, URL: <http://forum.derwestern.de/viewtopic.php?t=17007>

4. Macro figures and most important changes on MI and social benefit expenditure in relation to expenditure figures on labour market (LM) policies and public services expenditure

4.1 Social benefit expenditures

Social budget of the Federal Republic of Germany - in billion Euros (2000-2007) -

2000	2001	2002	2003	2004	2005	2006	2007
642.4	659.9	683.0	697.6	696.4	701.9	702.2	706.9

Source: Statistisches Bundesamt (2008): Statistisches Taschenbuch 2008, table 7.1.

The payments for social issues totalled up are increasing continuously and include around 30.3 percent of the GDP.

Expenditures within social welfare (2007)

		Germany	West Germany (without Berlin)	East Germany (without Berlin)
Social welfare totalling (in million Euro)		21,128.0	17,478.1	2,358.9
Per capita (in Euro)		257	266	179
hereof (in million Euro)	Cost-of-living assistance (HLU)	1,088.0	885.7	129.7
	Minimum income scheme in case of incapacity to work or because of ageing	3,558.3	2,965.1	337.8
	Rehabilitation assistance for handicapped persons	11,913.8	9,760.7	1,606.6
	Assistance with long-term-care	3,216.6	2,725.6	190.2
	Assistance under particular circumstances in life	402.4	344.0	25.9
	Assistance with health incl. refunding for health insurances in case of medical treatment	949.0	796.9	68.7

Source: Statistisches Bundesamt (2008): Sozialleistungen 2007.

Since the reform of the minimum income schemes (SGB II and XII), the cost-of-living assistance became less important. The total expenditure on the basis of the SGB XII amounts to 21 billion Euro. Hereof just around 1 billion Euros are needed for this benefit. 3.5 billion Euros are anyhow necessary to aid people with permanent incapacity to work and to raise pensions that are below the subsistence level. Most important are the assistances under particular circumstances in life: rehabilitation assistance for handicapped people, assistance with long-term care and assistance with health.

Expenditures within in the SGB II (in million Euros)

Year	Unemployment Pay II / Social money	Benefits for the integration into the labour market	
			hereof: counselling and support with job hunting
2005	22,353	3,561	138
2006	23,045	2,483	176
2007	19,831	2,507	169

Source: Bundesagentur für Arbeit: Einnahmen und Ausgaben des Bundes für Leistungen nach dem SGB II und gleichartige Leistungen, Berichtsmonat Dezember 2007 / Berichtsmonat Dezember 2006, Nürnberg 2009.

Expenditures within in the SGB III (in million Euros)

Jahr	Unemployment Pay I	Benefits for the integration into the labour market	
			hereof: grants to support counselling and placement service
2005	27,019	2,567	93
2006	22,899	3,841	76
2007	16,934	4,221	80

Source: Bundesagentur für Arbeit (2009): Einnahmen und Ausgaben der Bundesagentur für Arbeit, Berichtsmonat Dezember 2007 / Berichtsmonat Dezember 2006.

In the consequence of the cyclical upturn between 2005 and 2007 and the increase of the employment, the expenditures within the SGB II as well as within the SGB III had been decreased. Nevertheless, not only it turns out that the expenditures for benefits regarding the integration of long-term unemployed into the labour market (on the basis of the SGB II) are significant lower than those for the short-term unemployed (on the basis of the SGB III), but also that these expenses are decreasing while the expenditures for the short-term unemployed are even raising.

4.2 Most important changes since 1992

Year	MI-Schemes	Integration Labour Market	Good services	Changes in the light of the current crisis?
1993	Act on implementation of the federal consolidation programme: - For larger households (more than four persons) the principle that benefits must be lower than wages is obligatory) - If someone refuses to take a job opportunity, his claim on cost-of-living assistance expires.			
1993	Act on benefits for asylum seekers: - asylum seekers are only entitled to limited benefits			At present no changes foreseeable; problems are a result of the spreading of "illegal" immigrants in south European countries on other MS
1996	Social welfare reform Act: - Further tightening of the principle that the benefits must be lower than the wages (e.g. by taking into account special one-off payments within the comparison with low wages)			
	Tax exemption of the sociocultural subsistence level			Revisal every second year, thereby changes are possible.
			Barrier-free administration	
2001/02			Pension reform: pension information: annual information for every contributor (older than 26) about his current pension claim	

2004	<p>Minimum income Act:</p> <ul style="list-style-type: none"> - Implementation of a minimum income scheme in case of permanent incapacity to work or because of ageing 			<p>Regarding the development on the labour market, the annuity rates in relation to the wage levels are already by now problematic. The financial crisis may rather tighten this.</p>
2005	<p>Fourth Act on modern services within the labour market:</p> <ul style="list-style-type: none"> - The previous unemployment benefit is abolished and amalgamated with the social welfare benefit to the "minimum income scheme for employable persons" (unemployment pay II) on welfare level. It is codified in a new Social Code, Book II. Especially for people with a higher income the former unemployment benefit was higher than the new unemployment pay II because the benefit was measured in consideration of the prior individual wage. 	<p>„Hartz-reforms“: “Promoting and Demanding“, grouping into four groups</p>	<p>„Hartz-reforms“: consulting service</p>	<p>Tightened breakup („Creaming the poor“) by even stronger concentration on the group of the easy placeable.</p>
2005	<p>Act on social welfare law codification:</p> <ul style="list-style-type: none"> - Reorganisation of the social welfare legislation. Only people under 65 years old, who are <i>temporarily</i> unemployable, are entitled to receive social welfare benefit. - The standard rates are redefined and now include 			

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	as lump sums large parts of former assistance under particular circumstances in life			
	Social Code, Book II	Reform of the SGB II The moving out of people under 25 years is impeded.		In this field, further reforms are conceivable, which could tighten the conflict between SGB II and SGB VIII (see above). Therewith and because of possible tightened sanctions, the risk of an even stronger "Creaming the poor" increase.
	Social Code, Book XII			In case of a rising unemployment, the principle that the benefits must be lower than the wages most likely again will be discussed.
2006			Health Care Reform: Since 2009 compulsory coverage for all habitants.	Cutback of services or more co-payment
2006		Act on further development of the minimum income scheme for work-seekers: -unemployed person shall get immediately either a possibility to work or a measure for qualification. possibilities for sanctions are considerable tightened (e.g., the unemployment pay II can be cut after the first repeated violation of obligations by 60 percent, after every further violation it will be cancelled)		
2007		Second SGB II amendment Act – „JobPerspektive“: Special measures for people with placement handicap		More restrictive handling
		Special measures for older employees (50+)		On the one hand Laaken indicator, on the other hand leads increasing unemployment of younger people to a rising pressure to take older people out of the labour force

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				potential
2008	Family allowance law amendment act: - The terms for receiving the children's allowance are simplified (e.g. the minimum income threshold is decreased)			
2008			Personal budget / Reform of the legislation on handicapped persons	
		Reintegration of women into the labour market		Presently not endangered
			Increase of co-payment for legal aid regarding the law of the SGB II	Announcement effect for the further course of action
2009	Judgment of the Federal Social Court regarding the SGB II - standard rates of children: The lawmaker has not calculated the rates of children in a realistic way.			In the end, the standard rate of the SGB II is a wage floor. Therefore, their political determination is always an instrument of labour market policy at the same time. The MS of the EU are still countries, which contend with each other. For this reason, a "undercutting competition" is imminent regarding the (minimum) wages, social benefits and taxes on higher incomes.