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Institutional Determinants of early job insecurity in nine European Countries

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Introduction

Employment rates of the young generation are substantially lower than for older cohorts and women have even slightly lower employment rates than men. In 2013, only 31 per cent of male and 26.7 per cent females of the 15-19 years old were employed. For the age group between 20 and 24 years the employment rate was 71.5 per cent (male) and 67.3 per cent (female) (Table 1). Overall, the youngest cohort staying in full-time education may explain the low labour market participation. Since 2004, youth unemployment decreased steadily – with the exemption of 2005 which might be caused by statistical changes (Figure 1). In 2014, the unemployment rate for young people under 25 was 8.9 per cent. For the younger age cohort (15-20), the unemployment rate was 1.6 per cent (45 715) and for the older age cohort, the rate was 7.3 per cent (212 500). And even long term unemployment was rather low with a share of 6.6 per cent among the younger and 11.6 per cent among the older cohort (Bundesagentur für Arbeit 2015a). The rate in West-Germany was higher than in East-Germany with 9.5 against 7.5 per cent (Bundesagentur für Arbeit 2015a). Although youth unemployment is rather low, the number of NEETs (Not in Education, Employment or Training) was higher than of unemployed young people, totalling 640,000 in 2013\(^2\). Among this group, 370 thousand were classified as not being active, for instance being lone parents or having handicaps (BMAS 2014a). Nevertheless, Figure 2 shows that the NEET rate as well as the youth unemployment rate decreased. Being 8.4 per cent for young people under 25 in 2008, it dropped - after a slight increase in 2009 - to 6.4 per cent in 2014. It is slightly higher for young females than for males (Eurostat 2016c). Thus, we may state that the crisis has not affected German youth unemployment negatively. **Young people profited to the same extend as other groups from a labour market that soon recovered, so that no particular programs for young people in the crisis were implemented.** The following sections will examine educational policy, labour market regulation and wage setting, active labour market policies as well as unemployment income protection regulation regarding young people in Germany.

\(^2\) In the age group of 25 to 29, however, in European comparison Germany has the highest share of being in employment with nearly 80 per cent and the lowest share of NEETS with less than 10 per cent in 2012 (Berlingieri et al. 2014).
Section 1: Education

Summary

The German educational system is rather fragmented. According to traditional divisions of schools it is re-producing social inequalities, disadvantaging young people at risk, among them many migrants. In spite of public declarations, financial investment in education hardly increased, albeit not as a consequence of the financial crisis. However, overall the dual vocational training system still favours a smooth transition from school-to-work. Additionally, many other supportive measures have been developed to support this transition with particular emphasis on youth at risk.

1 Policy objectives

Educational policy is developed in the light of demographic change which signifies a decrease of working age population in Germany. In the past this trend was not compensated by positive migration, however, this may change according to the present development. Hence, the scarcity of qualified workers (Fachkräftemangel) is a high topic in public debate (BMAS 2014a). At the same time barriers to entering the labour market are very high for those without vocational education (higher unemployment risk and lower job duration) (BMAS2014a). Furthermore, social stratification in education is higher than might be suspected for Germany. The Pisa-study indicated that educational participation strongly relates to social provenience (Meuth, Warth and Walther 2014). Hence, children with social risks are less likely to attain secondary schools that lead to a tertiary entry degree (Abitur) while dropout rates are much higher. At present about one third of children at least faces one social risk (poverty, low education or unemployment in the household) (Bildungsbericht 2014:4-5). This correlates very much with a migration background which is relevant for about 30 per cent of children younger than six (Bundesregierung 2008).

In order to tackle the named problems

- an increasing investment in education was promised in the most recent agreement of the governing grant coalition in Germany (CDU/CSU/SPD 2013),
- the transformation of the traditional organisation of German schools in the primary and secondary sector on a part-time basis towards a full-time organisation was started, in order to minimize differences of family background on educational performance;
- support for young people without vocational training was emphasized;
- the supply of sufficient vocational training places was part of an educational pact
to support pathways to higher education overall in West German states the re-organization towards comprehensive schools was supported

the freedom to choose among educational paths was increased allowing upgrading or transitions to higher education degrees through ‘alternative routes’ (BMAS 2014a; Autorengruppe Bildungsberichterstattung 2014; see also CDU/CSU/SPD 2013).

2 Institutional set up/framework and the changes

The German educational system is highly differentiated (Figure 3): The general school system (primary and secondary education) is still dominated by a traditional three-tier-system. As the federal states are in general responsible for financing and organization of the educational system, we find modifications according to different organizational and pedagogical concepts. These refer to transitions from primary to secondary education, to the types of schools on the secondary level and even with respect to years of compulsory attendance and the organization on full-time or part-time schooling. Furthermore higher secondary education is paralleled by different types of vocational education systems related to different professions/branches.

**Compulsory education** starts for all children at the age of six and lasts in general nine years, while in North Rhine-Westphalia, Berlin, Brandenburg and Bremen it is ten years. Usually the completion of the *Hauptschule* is equal to compulsory years of schooling, while *Realschule* always requires ten grades. Adolescents who do not stay in secondary education, however, are obliged to participate at least in part-time vocational schooling for in general three years (depending on time to complete apprenticeship) (Kultusministerkonferenz 2016). Alternatively, it may end with the school year in which the student becomes 18 years old (Eichhorst 2012: 9). There is no clear alignment between years of compulsory schooling and the successful completion of the lower secondary grade as rather high rates of about ten per cent of failing pupils are to be found in Sachsen-Anhalt and Mecklenburg Vorpommern as well as in Berlin (Vossenkuhl 2010; Autorengruppe Bildungsberichterstattung 2014, S. 273).

This is part of the so called **transitional system** (*Übergangssystem*) that was developed to channel young persons at risk into the labour market. For adolescents younger than 18 years who did not complete any type of lower secondary school like the *Hauptschule* and/or were not able to find an apprenticeship alternatively a **pre-vocational training year** (*Berufsvorbereitungs jahr*) is compulsory. Successful graduates of the *Berufsvorbereitungs jahr* are awarded with a lower secondary school leaving certificate at the level of the *Hauptschule* and receive guidance to make future career choices. After completing the pre-vocational training successfully these youth may apply for an apprenticeship or continue with a **basic vocational**

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3 Further measures that are part of the transitional system are prevocational educational schemes (BvB) and introductory training offered by the Federal Employment Agency (BA) (see section 3; see Table 3).
training year (Berufsgrundbildungsjahr). The basic vocational training year again offers general education that may be awarded with a secondary certificate at the level of the Realschule as well as practical basic job-specific training at a slightly higher level than Berufsvorbereitungsjahr. Students can choose between several occupational fields like domestic management or construction technology. Depending on the grades, students may be awarded with a lower secondary school certificate at the level of the Realschule (Eichhorst, Wozny and Cox 2015: 18).

Primary education
In most states the elementary school (Grundschule) ends with the fourth grade (usually passed with ten years), but in Berlin and Brandenburg it consists of six grades (age 12).

Secondary education (I)
Here we find different school types that represent increasing levels of (abstract) teaching and pace of learning being less advanced in the Hauptschule, at a middle level in the Realschule and most advanced in the Gymnasium. The Gesamtschule is a kind of comprehensive school, integrating – according to the respective federal state – the two lower or all three of the traditional school types. Apart we find the Sonderschule as a special school type that focuses on children with special needs, having learning difficulties or handicaps.

Secondary education (II) and vocational training systems
In order to gain an A-Level, respectively a tertiary education entrance qualification (Abitur), young people who passed the 9th or the 10th grade in the Gymnasium or who received a qualified leaving certificate of the Realschule may attend the Gymnasiale Oberstufe for another three years. Alternative routes are higher secondary vocational schools (Fachoberschule and Fachgymnasium), which usually start at eleventh grade and finish after twelfth or thirteenths grade. Those schools focus on certain professional specializations like engineering or economics. An advanced technical certificate (Fachhochschulreife) may already be achieved after two years and allows entering tertiary education at a university of applied sciences (Eichhorst, Wozny and Cox 2015: 10).

After secondary education
These called dual vocational training system (Duales Ausbildungssystem) combines on-the-job training on the basis of an explicit apprenticeship employment contract (Ausbildungsvertrag) with an employer and rather theoretical education in vocational schools (Berufsschule) during two working days normally. Apprenticeships mostly apply to craft related professions and industrial work. The duration of the apprenticeship varies between two and three-and-a-half years depending on the profession. According to their working

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4 It also can be entered directly with a lower secondary school certificate (Hauptschule).
contract apprentices receive monthly pay from their employer that usually is fixed within collective bargaining agreements of the respective branches. Hence, vocational training pay varies substantially across professions as well as between West and East Germany (see section 2).

Although there is no formal requirement for starting an apprenticeship most employers demand at least a secondary school leaving certificate from the Hauptschule. Besides better chances of an offer for an apprentice position, a better certificate reduces the duration of the apprenticeship. While the Abitur shortens the apprenticeship by up to a year\(^5\), the Realschule still reduces the duration by half a year\(^5\). The employer has to offer training resources like tool kits as well as guidance to the apprentice. Furthermore, the Chambers of Industry and Commerce (IHK) monitor the quality of the apprenticeship in the training facilities and set up guidelines. Hence, it is guaranteed that the apprenticeship and its certificate are recognized throughout Germany. This in turn ensures labour mobility across regions. After completing the training, apprentices receive three certificates. The first certificate states the official title of the profession. While the second certificate lists the grades in the vocational school, the third certificate from the training facility states the acquired skills as well as the performance during the apprenticeship (Eichhorst, Wozny and Cox 2015:15-16).

Overall, for many (female dominated) professions in the service sector a school-based vocational training system (Schulberufssystem) has been developed (Krüger and Levy 2000). In full-time vocational schools (Berufsfachschule), students acquire theoretical as well as practical skills without any on-the-job training (§ 2 BBiG). Many vocational schools specialize in health care professions like physiotherapist or dietitians as well as child minders. Furthermore, technical assistants as well as business assistant are trained in full-time vocational schools. Duration and requirements tend to be longer and slightly more demanding than for apprenticeships in the dual vocational education system. However, students in the school-based vocational training usually do not receive any payment but even have to pay tuition fees (ibid). Most recently some federal states try to transform vocational training towards a ‘dual’ training system. At the same time tendencies towards tartarisation of these professions can be observed.

**The Tertiary education**

This system is dominated by classic universities and the universities of applied sciences (Fachhochschule). Furthermore, there are some cooperative study programs (Duales Studium) that combine rather practical-oriented studies at the university with on-the-job training at

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\(^5\)Persons at risk not to complete dual vocational training may again apply for assistance at the employment office, using for example assisted vocational training (AsA), assistance during training (abH) (see section 3).
private companies or the public administration. Traditionally, the tertiary system was not as important as in other countries. As a middle or even highly qualified position in the labour market could also be achieved as a so called Facharbeiter with a completed apprenticeship (Protsch and Solga 2015).

Further (life-long learning) education

This is often offered by vocational or professional schools, building upon the acquired first professional formation. Typical further qualification in craft professions is to acquire a Meister-degree. This is provided via the same organisations as the dual apprenticeship and allows to lead an own enterprise and to form apprentices. There exist numerous courses of further education provided mostly by private or third-sector organizations. Furthermore, particular courses are organized and financed by shop centres to address the unemployed. The major part of further vocational training, however, is directly offered by employers.

According to the European Qualification Framework the dual apprenticeships are mostly qualified as NVQ-Level 3. Apprenticeships of a duration from 3-3½ year as well as school based vocational training in the service sector are qualified as NVQ-Level 4. A Meister-degree or other professional full time schooling that builds upon the previous named vocational training is classified as NVQ-Level 6 (BMBF 2015)

Changes

The federal government promoted the expansion of full-time schooling in the primary and secondary system by particular financing between 2001 and 2009 (BMBF 2016). In 2012 more than half of all German schools in the primary and secondary education offered some full-time schooling opportunities. Higher rates are overall to be found in the Eastern part of Germany. Furthermore, high differences persist if full-time schooling is binding or on a voluntary base (Figure 4).

In line with the international trend towards a service based knowledge society the number of students in tertiary education equalized those at the dual vocational system for the first time in 2011 (Error! Reference source not found.). The share of vocational training quota declined from 34 to 24 per cent between 1990 and 2012 (Error! Reference source not found.). This overall reflects the decline of the share of dual vocational training from 22 to 16 per cent. The

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6 Students are primarily employees with a fixed-term contract and regular payment with social insurance contributions (§ 20 SCB IV).
7 Within tertiary education the number of students starting at the universities of applied sciences, which are more oriented towards the labour market exceeds the number of students at the classical research oriented universities. Also the number of students in cooperative study programs has increased largely in the last decade. While in 2004 there were only 41,000 dual students, their number increased to 64,000 in 2013 (BIBB, 2014c) (Eichhorst, Wozny and Cox 2015: 12).
number of students in school based full time vocational training keeps being constant at about six per cent (Autorenguppe Bildungsberichterstattung 2014).

The declining number of apprentices reflects a severe change of the traditional German system that successfully produced Facharbeiter for the industrial sector. There is an ongoing debate between the social partners about the responsibility of a decreasing amount of training companies. Whereas employers’ representatives point out students’ bad aptitude for training due to the educational system, trade unions criticize the lack of willingness of employers to invest in those people (Eichhorst, Wozny and Cox: 2015: 31). In order to tackle the first problem between 2006 and 2013, the JOBSTARTER created more than 60.000 new apprenticeship places (BIBB, 2013). However, empirical analysis indicate a decline from a peak of 700 thousand at the beginning of the 1990s to about 550 thousand training places per year in 2013 (Protsch and Solga 2015). Further initiatives to increase apprenticeship places target over all young refugees, as they are partly regarded to be a ‘source’ of human capital in Germany.

Major changes concerning the German educational system indicate that the transitional system (Übergangssystem) is phased out (see declining participation numbers below). As a kind of substitute, but with more emphasis on prevention and early intervention several new programs were initiated that intervene already during secondary education in order to ease the transition to vocational training:

- Since 2008 a program (Berufsorientierungsprogramm) aims on intensifying the career orientation, beginning in the eighth grade. Within two weeks (80 hours), students are able to gain practical experience from qualified trainers in three occupations. In this way, the youth can grasp the essence of different occupational fields, find out which one fits best with their personal aptitudes and develop motivation for their personal career.

- In 2010, the BMBF (Ministry of Education and Science) and the BMAS (Ministry of Labour and Social Affairs) as well as the federal agency of labour (BA – Bundesagentur für Arbeit) founded the program education chains (Bildungsketten), which focuses on youth with special needs that are likely to drop out of school without a certificate. The program consists –of three elements: potential analysis, career orientation and career starting support. In the seventh grade, qualified pedagogues conduct interviews with children and analyse their strengths and weaknesses focusing on methodological (problem-solving competence), personal (motivation) and social skills (e.g., communicative ability). In the eighth grade, the stage of career orientation starts with personal guidance counsellors who give personal advice, arrange internships and help find an apprentice position in cooperation with the BA. In the third stage, guidance
counsellors continue to work with the youth until the completion of the first year of the vocational training (BMBF/BMAS 2016; Eichhorst, Wozny and Cox 2015: 26-27).

- Already in 2006 a training structure program called JOBSTARTER, administrated by the Federal Institute for Vocational Education and Training (Bundesinstitut für Berufsbildung – BIBB), had the goal to promote local projects that intensify the relationships between companies, chambers of commerce and employment agencies in order to create new apprenticeship places (BIBB, 2013).

- In 2014 the pact for vocational training was substituted by an Alliance for dual vocational and further training (Allianz für Aus- und Weiterbildung). Trade union organizations are now integrated as additional partners into the pact. The proclaimed goal has changed from offering all young people a vocational training place to the promised increase of an additional supply of 20,000 training places from the employer side in 2015. The Federal government wanted to initiate the assisted vocational training particularly aiming at young people with difficulties and provides the financing of the program educational chains until 2018/19. (BMBF 2014).

In order to facilitate transitions from apprenticeship to tertiary education (for those who had no tertiary entrance degree) several approaches were initiated: In 2009, the Conference of the Ministers of Education and Cultural Affairs decided persons who completed their dual vocational education plus three years of professional experience within the same professional area as well as those holding a Meister-degree are entitled to study at a university. However, the course has to be linked to the former profession. Several private organized colleges – and universities are equally authorized to – offer shortened courses for persons with corresponding professional experience. However, it is not widely used (Eichhorst, Wozny and Cox 2015: 26).

Due to the Bologna declaration the traditional German diploma and magister have been replaced by bachelor and master degrees in tertiary education since 1999 (Autorengruppe Bildungsberichterstattung 2014). While the bachelor degree usually needs around three years, it qualifies for a master’s study that usually needs another two years. Traditional German state examinations (Staatsexamen) are still prevalent only in the fields of medical education and law studies.

2.1 The structure of the educational and training institutions

The German school system is still mainly public. There are no fees for attending public schools. However, private schools have started diminishing the state monopoly on education. In 1992 only 4.8 per cent of German students attended non-public schools, in 2012 it was already 8.5 per cent (Statistisches Bundesamt, 2014, zit. According to (Eichhorst, Wozny and Cox 2015).
Equally most tertiary students are enrolled in public institutions which do not have tuition fees (except for long term students) – attempts to introduce them in the last decade had to be given up again (Eichhorst, Wozny and Cox 2015:14). It is only 7.2 per cent who start studying in private institutions (Autorenguppe Bildungsberichterstattung 2014).

2.2 Governance of education

The Federal Ministry of Education and Research is only allowed to give particular financial aid to the federal states – a rule that was flexibilised since 2015 for the tertiary sector, resulting for example in the ‘initiative of excellence’ for universities. The competence for educational policy, including tertiary education is with the federal states, respectively their ministries of education. Most of the reported institutional differences concerning the particular organization of the different school types, the years of (compulsory) education or different certificates relate to educational federalism, although the Conference of the Ministers of Education and Cultural Affairs (Kultusministerkonferenz) coordinates the educational policy between the 16 federal states. Hence, a centralization of A-level tests across the federal states has been introduced or is on the way.

In contrast, the dual vocation training system is regulated by the central government. The content of the vocational training within the different professions is determined in the vocational training regulations (Ausbildungsordnungen). These regulations are approved by the Federal Ministry for Labour and Social Affairs under the consideration of the advice of the Federal Institute for Vocational Education and Training (Bundesinstitut für Berufsbildung). Training regulations include the minimum skills and proficiencies (Ausbildungsberufsbild) to be trained, a time schedule for teaching (Ausbildungsrahmenplan) and examination requirements. The chambers of commerce (compulsory membership of employers) are in charge of the examination proceedings, monitor the firms and give advice to apprentices (DIHK, 2014, zit. according to Eichhorst, Wozny and Cox 2015). The social partners may propose changes in the respective regulations or even the introduction of completely new training occupations (Hall/Soskice 2001, p. 25). At present more than 330 professions are regulated this way (BMAS 2014a). The federal states provide and finance the vocational training schools.

To give all young people who want the chance to get a place in the vocational training system, a national pact for vocational training and qualified workers (Nationaler Pakt für Ausbildung und Fachkräftennachwuchs) was established by the national government in 2004. This was mirrored in several regional pacts. Members are economic associations of industry and crafts (DIHK, ZDH, BDA, BFB), parts of the national government such as the ministries of education, labour and economy (BMWI, BMBF,BMAS) as well as the Conference of the Ministers of Education and Cultural Affairs (Kultusministerkonferenz) to represent the federal states and the federal labour agency (BA 2014).
2.3 Spending on Education

The goal of increasing investment in education for 2012 was reached with respect to absolute spending, but not in relation to BIP. The total investment in the educational system in 2012 was 155.3 billion Euro, respectively 5.3 per cent of the BIP (Autorengruppe Berufbildungsforschung 2014). It was the elementary sector which profited most from the budget increase (Meuth, Warth and Walther 2014). In 2011, however, the biggest share of the education budget (34.7 per cent) went to general education (primary and secondary) and 19.5 per cent to the tertiary sector (including research activities). Vocational training schools cost only 10.7 per cent, but another 8.8 per cent were spent for further education (Figure 7). According to the competences of the different actors their share of financing varies for the different educational sectors. The central government has a rather low share in the total financing of education (12.6 %) as the major part comes from the federal states (Länder) (52.9 %). Primary education is financed predominantly by municipalities (43.5 %) and federal states (43.5%). Federal states also pay the lion share for general education (79.4 %) and universities (62.8 %). Private spending is high for vocational training (41.5%), school based vocational training and further training (37.0%). (Autorengruppe Berufbildungsforschung 2014, Error! Reference source not found.).

3 Policy content/substance

3.1 Initial education system

According to a three tier school system (see paragraph 2) the attendance of the Hauptschule is steadily decreasing in favour of combined school types that often lead to a ‘middle’ secondary degree of the Realschule (Autorengruppe Bildungsberichterstattung 2014). Within secondary education the traditional Gymnasium is the most frequently chosen school type, although its dominance varies a lot according to the federal state policies. Overall the social-democratic dominated federal governments in the northern part of Germany and – according to former traditions – the federal Governments in East Germany have favoured more integrated school types to ease the access of young people from non-academic households to higher education (Figure 4, Figure 9).

As a consequence of educational policy the general educational level in Germany is still increasing as the trend to achieve tertiary educational degrees still exceeds. Within the group of 30-35 years old the share of persons with a tertiary entrance qualification is 43 per cent while it is only 22 per cent for the 60-65 years old. Those who leave school without lower
secondary degree (*Hauptschule*) decreased to only about six per cent of the respective age cohort (Autorengruppe Bildungsberichterstattung 2014).

**Alternative routes for drop-outs**

Since 2008, 450,000 school students participated in the *Berufsorientierungsprogramm* (BMBF, 2013b). In 2014 more than 50,000 young people under 25 were involved in the program *Bildungsketten* to facilitate a smooth transition to vocational training (BA, 2014b). However, in 2013 still more than 250 thousand young people were passed towards the “transitional system”. This indicates the enduring problem that overall young people without a lower secondary degree (*Hauptschulabschluss*), but even those with this degree have problems to enter the vocational training system. Among this group are many young people with migration background⁸ (Figure 10, Autorengruppe Bildungsberichterstattung 2014). The group with no or only a lower secondary degree is also highly represented among the drop outs within vocational training, where the average rate is 22 per cent. This, however, again varies a lot across the different professions. In comparison the Gymnasium has a dropout rate of about 10 per cent. Dropout rates at universities indicate that nearly a third of all bachelor students break up, while in the master courses it is only about 10 per cent (lower rates at universities of applied sciences) (Autorengruppe Bildungsberichterstattung 2014)⁹.

In 2012, about two per cent of all students used alternative routes to tertiary education (Autorengruppe Bildungsberichterstattung 2014). Among them a rather high share attended private universities (of applied sciences) as well as the long-distance university of distant learning (Figure 11).

**Payment to individual students**

Young people in education financially have to be maintained by their parents (see section 3). Additionally, young people attending full-time schools can apply for public funding according to the *Federal Training Promotion Act* (*Bundesausbildungsförderungsgesetz*, BAföG). The BAföG is means-tested on parents’ income, but thresholds are higher than for minimum income protection. The maximum amount of the grant is 538 Euros if they do not live in the parents’ household, and there is no repayment necessary. In 2014, 278 thousand young people in secondary education received this grant. On average, 418 Euros per month were paid to secondary students (Statistisches Bundesamt 2015). In 2012, also 49,000 students participating in the Berufsvorbereitungsjahr and 28,000 in the *Berufgrundbildungsjahr* received the federal education aid (Statistisches Bundesamt, 2014b; Eichhorst, Wozny and Cox 2015: 18).

⁸In further education we see a growing underrepresentation of people with migration background (ibid).

⁹This includes also students who only register to profit from particular students’ advantages with respect to social security contributions and public transport.
The BAföG is also available for first time tertiary students who can receive up to 670 Euros per month, also dependent on their parents’ income. For this group half of the loan is treated like a grant, the other half must be paid back. Students must be younger than 30 years when starting the bachelor and younger than 35 years for the master. In 2014, approximately 647,000 tertiary students received, on average, 448 Euros per month of public funding according to the BAföG (Statistisches Bundesamt 2015).

Apprentices receive a payment from the employer. It varies according to the year of training, but also across professions and regions, as it is part of collective bargaining: In 2015, the average payment in West Germany was 832 Euros per month, while it was only 769 Euros in Eastern Germany. The lowest payment was 214 Euros in the first year apprenticeship for hairdressers in East-Germany, while the highest was 1374 Euros per month in the third year for several professions in the construction sector in West-Germany (BIBB 2016). The vocational training remuneration system was not altered by the introduction of the minimum wage in 2015. Apprentices, but also works younger than 18 years were excluded from minimum wage regulation in order to avoid financial incentives for not participating in education.

As the compensation in many occupational fields is exceeded by living expenses, there are additional vocational training grants called Berufsausbildungsbeihilfe provided by the German Federal Employment Agency (BA). The key requirement is that the apprentice does not live in the parents’ household (§ 60 SCB III). The amount of the grant depends mainly on the rent of the apartment, the income of the parents and the payment of the apprentice (§ 61-67 SCB III). The maximum amount of the Berufsausbildungsbeihilfe is 572 Euros per month plus expenses for expenditures such as working clothes and equipment as well as travelling costs. The payment for the apprenticeship and the income of the parents are partially subtracted. There is no repayment of the grant (Eichhorst, Wozny and Cox 2015: 16).

3.2 Life-long learning paradigm in education

After a long period of stagnation participation in further education and training increased again between 2010 and 2012 when nearly half of all employees participated in further training – so that the benchmark set by the government and in accordance with the EU was nearly met. This is overall due to an increase of further training within the enterprises while further training on the individual level remains stagnant at about 12 per cent. According to age the group between 35 and 50 years is highly represented at the enterprise level, although employees older than 50 years show the strongest increase of participation rates. This change may be due to a change of enterprise policy in relation to the demographic development (Autorengruppe Bildungsberichterstattung 2014; Figure 12). Equally as in the other forms of
education also in further training people with migration background are underrepresented (Autorengruppe Bildungsberichterstattung 2014).

4 Assessment: gaps, weaknesses/strengths, policy outcomes
The German system of vocational education and training is regarded as a good “sorting machine” (Maurice, Sellier and Silvestre 1986), because on the employers’ side, knowledge of the skills of the apprentice is relatively high within the dual structure. However, recently the matching problem is supposed to increase, as both a rise of young people without vocational training place and a rise of available places is reported.

Those who finish apprenticeship within the German dual system under collective bargaining coverage may expect a relatively smooth entry into stable employment (Bellmann and Hartung 2010). The rates of takeover of apprentices by their respective employers have even increased during the last years – overall in Eastern Germany although it strongly varies by sector (Autorengruppe Bildungsberichterstattung 2014). In general, unemployment rates decrease with rising qualification level. Those most at risk of unemployment – or of inactivity - are of course those who do not finish secondary education successfully (see Figure 13, Figure 14).

At the same time challenges for the German dual apprenticeship system are seen both in low and high achieving youth: Although the first group decreases in size, also the chances to enter and complete apprenticeship for those with lower or no secondary degree decrease. The high achieving group (holding an Abitur) have provoked a change of institutional structures towards a hybrid of apprenticeship and higher education, namely the dual study program, overall rather popular in the South of Germany (Jacob and Solga 2015).

In spite of the above named initiatives the social provenience still influences educational success in Germany: For those born between 1952 and 1972 in a household where parents do not hold any vocational training certificate, the risk of not completing secondary education increased, while chances to successfully finish tertiary education have not increased. For the lower educated employees in service professions we see a slightly better development as the risk of not completing secondary education increased as well, but also the chance to successfully finish tertiary education. Other groups of the lower middle class (Facharbeiter), the lower service class and the self-employed could (slightly) increase participation in tertiary education up to 20, 32 or 35 per cent. The higher service class slightly increased the already big proportion of secondary education for their children to 56 per cent (Figure 15). This confirms the thesis that we have a strong stratification effect within the German educational and employment system (Protsch and Solga 2015).
To sum up, educational and training policies favour the entry of young people into vocational training or tertiary education. Although vocational training takes place on the basis of fixed term contracts the educational part is guaranteed by regulation and the cooperation of different training institutions (including social partners, chambers of commerce and crafts). The recent financial crisis has not really changed the existing system as unemployment rates only increased briefly and also NEET-ratios are quite low. This means that educational policy reforms still support the development of human potential and not a work-first approach. Although the vocational training is acquired on the basis of fixed term contracts with lower salaries this is not to be understood as a work first approach. The acquired skills are in general a good protection against labour market risks and social exclusion.

However, overall the Hartz-reforms have created more flexibility in terms of fixed term contracts, agency work and marginal part time work. Furthermore wages have decreased overall among lower educated groups in the service sector. Both developments overall ‘hit’ the younger cohorts when they enter the labour market. The governance of the educational system is rather complicated, as competences are divided between national and federal governments. Furthermore in the dual vocational training also employers and social partners’ organizations have substantial influence. All in all the three tired educational system is rather selective. Hence, those who remain without a degree of secondary education have also problems to access an apprenticeship or to terminate it successfully. Those who remain without a completed secondary education and without an apprenticeship then indeed have a high risk of social exclusion and material deprivation. Young migrants are clearly overrepresented within that group. Overall the educational system increasingly fails to provide adequate support to successful transitions into the labour market for this group. A particular challenge for the German educational system seems to be that it is strongly reproducing social inequalities. This indicates the increasing deficiencies of the vocational training system to integrate young people at risk.

As parents hold financially responsible for their children in education until these are 25, financial support by the national government for young people during education – and initial unemployment - depends on means testing of parents’ income (thresholds, however, are higher than for minimum income protection). Security in material terms has not been extended for the young people, so that negative impacts of increased flexibility fully hit this group.
Section 2: Labour market regulations and wage setting

Summary
Although employment protection among the core workforce in Germany still scores rather high, labour market policy has contributed to a strong flexibilisation of employment forms and wages. This development was initiated long before the financial crisis. However, young people – as being labour market outsiders – are very much affected by these changes. Nevertheless, in the light of educational policies this is not enough to characterize Germany’s youth labour market policies as a work-first approach. Furthermore most recently, a policy change to limit flexibilisation has been initiated with the introduction of the minimum wage. This, however, does not apply to workers below the age of 18. In general, however, most young people in this age group participate in the labour market only as students (part-timer) or apprentices.

1 Policy objectives
Slight adaptions to increase the protection of atypical workers were introduced only when the new grand coalition entered government in 2013. The respective policy changes apply overall to temporary agency work and low-wage work, but are interpreted as a trend of reversal concerning the ongoing flexibilization of the labour market since the 1990s (Walwei 2015). Reasoning for these policies were manifold and may be seen in rising poverty rates in spite of a full-employment economy. Hence, the trade union campaign for a minimum wage highlighted that a (full-time) wage should lie above the poverty line (at least for a single). For temporary workers the campaign was framed as a social justice issue demanding “equal pay for equal work” (see Dingeldey/Kathmann 2016, forthcoming).

Following reunification not only trade union membership, but also employers’ organisations (with binding collective bargaining) membership declined. This resulted in a strong decrease of collective bargaining coverage – foremost in East Germany. In order to increase international competition we also saw a stagnation of wage increases (Bispinck et al. 2010). Another milestone with respect to an increase of labour market and wage flexibility were the Hartz-Reforms in 2003-2005. According to these reforms the deregulation of flexible forms of employment like fixed term contracts or agency work was meant to build a bridge to permanent employment also with respect to young people. In the following years, the number of employees indeed increased overall due to an expansion of atypical (female) and low-wage employees. Even during the financial crisis in 2009 unemployment augmented only briefly due to an expansion of short term work opportunities for core employees.
2 Institutional set up

2.1 The structure of the institutions

Social protection of the employed in the German welfare state overall refers to the so called **standard employment relationship** (SER; *Normalarbeitsverhältnis*). This was not only defined by a full-time, permanent work contract, but also associated with full eligibility to (employment related) social transfers, (extensive) dismissal protection and collective bargaining coverage for wage setting. Wage rates for qualified workers in collective bargaining agreements were supposed to guarantee a family wage – at least in the core industrial sectors in order to support the (male) breadwinner model as the dominant family model until the 1970s. Hence, overall young men were meant to integrate into the labour market on basis of a SER after finishing vocational training or tertiary education. These normative standards, however, are not to be found with respect to female dominated branches in the service sector – nor in East Germany (Dingeldey and Berninger 2013, Dingeldey 2015).

Central characteristics of the German social partnership model of the post-war era were industrial unionism and sector based collective agreements. Within the coordinated market economy (Hall and Soskice 2001) a rather high wage level overall among industrial worker was achieved due to high productivity of industry and trade union power (Bosch 2015). Although collective agreed wages do not distinguish by age, the differentiation of different pay groups relates to work experience – so that younger workers tend to earn less than older ones.

As the principle of autonomy of collective bargaining was dominant, hardly any state intervention existed beyond the legal regulation of collective bargaining procedures (Ahles, Klammer and Wiedemeyer 2012). Even the possibility to declare collective bargaining agreements to be generally binding, was hardly used. Economic and political changes – overall since reunification - have contributed to a decline of collective bargaining coverage to 60 per cent of the workforce. Reasons for this development are to be seen in the tartarisation and feminization of the economy that go along with an increase of nonstandard and precarious forms of employment. Furthermore, employer organizations allowed a kind of membership that does not bind to pay collectively in order to tackle declining membership. All these developments weakened the organisational capacity and the bargaining power of trade unions (Ahles et al. 2012). However, the coverage of collective bargaining and the representation of works councils (WSI-Tarifarchiv 2015), as well as the relative incidence of different forms of flexible employment and low wage (Dingeldey 2015) vary strongly according to sector and region. Also wage differences between the different branches have increased substantially (Hassel 2014). In 1996, the first sector specific minimum wage was introduced in the construction sector on basis of the Posted Workers Act to avoid low-wage competition.
from firms situated abroad. Other industries followed, but the strong segmentation of the German labour market and the low-wage sector has not ceased to grow.

On that background many publications underline that German trade unions overall represent the interests of so called ‘insiders’, while interests of labour market ‘outsiders’ like women or young workers are underrepresented (Palier and Thelen 2010). This is confirmed in so far that during the past decades dismissal protection was hardly changed by the federal government while flexibilisation of the ‘margins’ was rather strong (Knuth 2014). Hence, women are overrepresented among part-time employment, young workers are overrepresented among fixed term employed and agency workers. Both groups and/or the low skilled have high shares among the low-paid. More recently we see a turnaround of unions’ strategies to improve the working conditions at the margins (Bispinck and Schulten 2011). Overall the introduction of the minimum wage through the federal government is a good example for that.

2.2 Governance

Individual and collective rights in the German labour market are regulated by the Federal government. Key stakeholder is therefore the Ministry for Labour and Social Affairs (Bundesministerium für Arbeit und Soziales – BMAS). The Employment Court (Arbeitsgericht) is able to decide in case of conflict both with respect to individual and collective rights of employees.

Most important stakeholders in the collective bargaining system are the big sectoral unions, namely the metalworkers’ union (Industriegewerkschaft Metall), and the united union of the service sector (Vereinte Dienstleistungsgewerkschaft, Verdi). The most relevant eight sector unions are represented by the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund) (Obermeier and Oschmiansky 2014). The respective counterparts on the employers’ side for the metal sector are Gesamtmetall, which however consists of various regional organizations that carry out negotiations. Within the service sector we have different employer organizations as for example the association of municipal employers in the public sector (kommunale Arbeitgeberverbände) or the employer association of retail trade (Handelsverband Deutschland, HDE). At national level employers are represented by the Confederation of German Employers’ Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände) and the Federal Association of German Industry (Bundesverband der Deutschen Industrie), which however is no agent of collective bargaining.

Young people are represented in youth organisations of trade unions such as DGB-Youth. DGB Youth aims to support young people and their interests mainly related to apprenticeship, internships and work. However, the number of members and especially the number of young
people in trade union organisations has declined. Against this background, trade unions increasingly make effort to gain young participants (Ebbinghaus and Göbel 2014: 226–227).

At firm level – with a workforce of at least (numerical) five full-time employees - a works council (Betriebsrat) can be elected to represent the interests of the workforce against the employer. Its size depends on the number of employees. Works councils have to supervise the implementation of collective agreements. They participate in the concrete regulation of working time arrangements, breaks and holidays at firm level. They have some influence on the use of atypical employment contracts such as agency work or fixed term contracts (Barlen 2014). They work together and supervise the youth and apprenticeship representatives.

The youth and apprenticeship representation (Jugend- und Ausbildungsvertretung, JAV) is elected by all employees younger than 18 and apprentices younger than 25 years. It can be elected if at least a group of five such young employees are employed in the workplace. It supervises youth protection and vocational training laws as well as the implementation of collective bargaining agreements. They are supervised by the work council and may send a representative to the works council meeting.

3 Policy content/substance
3.1 Types/variety of instruments

The German Dismissal Protection Act still contains a rather high regulation standard and scored 2.98 against 2.29 of the OECD average (OECD 2013). However, dismissal protection law applies only to work places with more than ten full-time employees (Walwei 2015). Here regular, unlimited employment contracts include a six-month probationary period during which the contract may be terminated after a period of two weeks. Employment protection does not include particular regulations with regard to age but distinguishes by seniority (duration of employment in the enterprise): Dismissal announcement includes a period of 4 weeks for employer and employee until two years of occupation. After an occupation of 15 years the respective period for employer increases to 6 month. Financial compensation to be paid by the employer in case of dismissals includes ½ month salary for each year of employment duration up to a maximum of one year compensation (BMAS 2015a)\(^\text{11}\). In practice younger persons are therefore less protected.

Fixed term contracts can be justified according to two ways (Act on Part-Time and Fixed-Term Employment 2001): The first is the limitation with an objective reason. This is the case when the demand for workers exists only temporarily, e.g. to substitute a worker during maternity

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\(^{10}\) 0 would be least and 6 most restrictions.

\(^{11}\) Lay-offs are subject to a social welfare oriented selection. This also means that young people without family obligations are more likely to be given notice (Eichhorst, Wozny and Cox 2015: 24).
leave or because project work is financed by scheduled public budgets. Furthermore, it may be justified subsequent to vocational training, in order to facilitate the transition into a regular job. There is no upper limit for limitations with an objective reason (Eichhorst, Wozny and Cox 2015: 25). The second way to use fixed-term contracts without such a reason is generally limited to a maximum of two years. Within that time it may be extended up to three times. The OECD indicator with respect to regulations on temporary forms of employment is below average with a score of 1.75 against 2.08 of the OECD average (OECD 2013). To end a fixed term contract before the agreed duration is only possible according to mutual agreement, or if such a possibility was negotiated between the contract partners or in the collective agreement (BMAS 2015a).

Vocational training contracts are always fixed term. Dismissal protection includes a rather short probation period that lasts only between one and at most four months. After this period, the apprenticeship can only be terminated without notice due to of grave causes related to unsuccessful educational performance or unsatisfactory behaviour of the trainee (Eichhorst, Wozny and Cox 2015: 24). As training is part of the contract, pay rates for apprentices are far below those of qualified workers.

The area of marginal part-time work expanded since its extensive regulation in 2003. Employment contracts where the salary do not typically exceed a lower earnings limit or that do not last for longer than 70 days per year (i.e. short-term employment) are called Mini-jobs. In 2013 the respective limit was augmented from 400 to 450 Euro per month. The employer pays fixed rates of tax and social insurance contributions that total 31.42 per cent (plus statutory accident insurance). This also means that the employee does not acquire access to unemployment or health insurance through this employment. In addition, he is free to apply for an exemption to liability for pension insurance contributions of 3.7 per cent.

Temporary agency work (TAW) was deregulated in 2003 when the ban on synchronising agency worker assignment periods with their employment contracts, the ban on re-hiring former agency workers and the restriction of the maximum duration of temporary work assignments to two years, were revoked. At the same time the principle of equal status of agency and core workers was laid down unless collective agreements contain divergent regulations. This furthered sector specific collective agreements for temporary agency workers (Barlen 2014, Walwei 2015). With the implementation of the EU guideline on temporary agency work a more restrictive legal treatment was emphasized, abolishing for

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12 In the public sector project-related funding is often taken as a reason to employ workers only on a temporary basis, and in the academic sector, specific legal provisions allow for extended periods of fixed-term employment up to 12 years.

13 “Midi jobs” have an average monthly salary between 450.01 to 850 Euros. Employees pay a reduced contribution rate to social insurance, while employers pay the full rate. However, this is below the contribution rate for mini jobs. The wage is subject to individual income tax.
example re-hiring of former workers as agency workers in the same firm. Furthermore, in 2012 a minimum wage was introduced for all temporary agency workers. Further re-regulations including a time limit of 18 month for temporary work are planned according to the coalition agreement of the present government (Barlen 2014).

Besides the existing minimum wage regulations in various sectors a statutory minimum wage of 8.50 Euro was introduced in 2015 as demanded from the trade union movement. Its regulation is embedded in the Law to Reinforce Collective Bargaining Autonomy. The adaption of the minimum wage will be monitored by a commission that includes trade unions’ and employers’ representatives in 2017 to suggest an increase, although the law requires that this will be in line with negotiated wage increase of the past bargaining rounds (Bundesregierung 2013). The statutory minimum wage does not apply to workers younger than 18 years neither to those with an apprenticeship contract. Further exceptions are made for mandatory internships and long term unemployed (first 6 month of employment) as well as – only until 2017 - some low wage branches with sector specific minimum wage agreements (ibid).

3.2 Scope of the measures

Young workers are over-represented in all other forms of flexible employment (with the only exception of substantial part-time employment) (Allmendinger, Hipp and Stuth 2013). According to the Federal Statistical Office, in the age group of 15 to 20-year-olds, about 40.7 per cent of employees are fixed-term employed (although persons in vocational training or schooling were not included) (Eichhorst, Wozny and Cox 2015: 24). Equally the share of TAW is much higher among the young workers (below the age of 30 it was 47 per cent, a share of 7.1per cent of the employees all together) than among the overall working population (Giesecke and Wotschack 2009). Men hold more frequently TAW than women (Ahles et al. 2012) as this employment form is overall used in industrial sectors. Between 2010 and 2014 we see a slight increase from 960 thousand to more than 1024 thousand of people younger than 25 years old holding a Mini-job (among them 460 thousand are younger than 20) (Bundesagentur für Arbeit 2015a).

Against the background of a stagnant wage development since the new millennium (Figure 17) we see that wages for those entering a new job significantly decreased in general and even more for those who had been unemployed before. This may indicate a worsening of the income situation of the younger cohorts (Figure 18). In line with this development younger workers are more affected than others to have very low hourly earnings: In 2014, more than 40 per cent of the 18-24 years old (without apprenticeships) earned less than 8.50 Euro per hour (Amlinger, Bispinck and Schulten 2016; see also Giesselmann 2014;Figure 18). For the younger cohorts the accumulation of flexible employment and low pay is even stronger than for older worker (Ahles et al 2016).
It is estimated that the grey economy makes up a share of 12.2 per cent of the official BIP in 2014. This equals 7.7 Million full-time employees – with a decreasing development. Germany has a middle position within the European economies (Institut für Angewandte Wirtschaftsforschung 2014). The respective numbers, however, cannot be regarded as statistical evidence, but have to be seen as broad estimates.

3.3 Quality of the measures

According to the above mentioned regulations the average duration of employment for those younger than 30 is slightly decreasing according to different age cohorts born between 1960/1 and 1978/9 from 1300 to 1100 days (Rhein and Stübner 2014). Yet, we must admit that temporary forms of employment need not be less stable in the long run than a permanent job (Bookmann and Hagen 2005), as fixed-term employment contracts can be converted into permanent ones, and permanent employees can be dismissed. Furthermore, atypical employment following a period of unemployment can facilitate labour market entry (Hohendanner and Walwei 2013). So far however, little evidence has been found of flexible employment functioning substantially as a bridge to regular employment in Germany (Gensicke et al. 2010). Furthermore, we see that the difference between people with tertiary education and vocational training at the one side and people without finished professional education at the other side is significant: average duration of employment for those without finished professional education is only 400 days while for those with tertiary education it is 1600 days and for those with dual education 1400 days within the latest birth cohort (Rhein and Stübner 2014; Figure 19). Other data of the respective study indicate that those with a completed professional formation are less likely to be hired fixed term than those without completed training.

4 Assessment: gaps, weaknesses/strengths

All this indicates that at least since the new millennium, respectively the Hartz reforms, young people are much more affected by atypical work (Error! Reference source not found., Figure 20) and tend to earn less than older ones. However, this general finding has to be differentiated: The high incidence of Mini-jobs among young people may be explained by a combination of studying and part-time work, as education is being reported as the main reasons for the younger cohorts working part-time in 2007 (Ahles et al. 2012). In fact nearly half of all university students are part-time employed (most of them in a kind of mini-job). Most likely for them flexible work may be a transitional period. For the others, namely fixed term employed and temporal agency workers, there is little evidence that these forms of employment are a stepping stone into permanent employment – as is was argued when flexibilisation was introduced. All in all we can see a move towards a more insecure/precarious labour market entry for young people, but still permanent jobs are available for most of them.
Nevertheless, some groups may face job insecurity as a permanent situation. Among them the 
low skilled will be overrepresented, but there are also some high skilled professions that are 
dominated by fixed term contracts or agency work, like for example young scientists working 
at the university, but also engineerial service provider. As these latter groups usually do not 
combine low pay with job insecurity, we may stay that education and training still provide 
protection at least against some social risks and financial marginalization. Hence, educational 
and labour market policies in Germany still may not be characterized as promoting only 
(numeral) flexibility, but still also support functional flexibility and provide security – overall 
for the medium and high skilled. Furthermore the increase of part-time employment for 
(young) mothers may be seen as ambivalent as it enables an increased labour market 
participation rate, albeit at different level of social protection than for men with respect both 
to wages and salaries, but also with respect to social security entitlements as protection 
against social risks. Flexible employment unfolds its precarious potential overall if it is 
combined with low qualification. This often results in low-wage employment that may persist. 
Hence, increase of qualification might be a key concept to hinder precarity – even if flexible 
forms of employment keep in place. Nevertheless, the high representation of young 
employees among the atypical workers can be criticized as a kind of labour market dualisation 
(Dingeldey 2010, Palier and Thelen 2010) that generally hits the newcomers in the labour 
market. All this was hardly changed in its trajectory by the crisis or by subsequent policy 
changes.
Section 3: ALMPs and activation

Summary
Most ALMPs for young people are orientated towards career choice and vocational training. Additionally and to a lesser extent, measures focus on activation and professional integration. Unemployment insurance regulations do not differ for young people and adults. Unemployment Benefit II regulations are stricter for young unemployed than for older age groups. Only under certain circumstances, young people are able to live on their own. Further, in case obligations of the individual action plans are not fulfilled, sanctions are more severe.

The financial and economic crisis has not led to substantial reforms in ALMPs for young people. Since 2008, only minor changes have taken place. In fact, the number of young participants in ALMPs actually decreased. Recently, the German Bundestag rejected proposed legislation on the abolishment of stricter sanctions for young people.

1 Policy objectives
The primary focus of ALMPs lies in the fast integration in the labour market. Compared to older age cohorts, unemployed people under 25 need to be placed into a job, job opportunity or qualification measure immediately (§ 3 Abs. 2 des SCB II). However, intermediate policy objectives of ALMPs also contain the continuation or take-up of vocational training for under-educated youth (Caliendo et al. 2011: 1).

In Germany, the basic principles of ALMPs are “supporting” the jobseekers and at the same time “demanding” individual effort (Fördern und Fordern). Several measures of ALMPs are targeting youth unemployment in Germany (Konle-Seidl et al. 2007: 19), aiming at job placement, employment promotion, career choice, qualification and training.

2 Institutional set-up / framework and the changes
2.1 The structure of the institutions
In Germany labour market policies are regulated within different Social Code Books (Sozialgesetzbuch; SCB): SCB II regulates the minimum income protection system, also known as unemployment benefit II (UB II). It is tax-financed and means-tested. It applies to all people capable to work. This system was created in 2005 (Hartz-reforms) by merging unemployment assistance for people with little employment experience and social assistance into a single system. The merger represents a path-breaking change with respect to this institutional setting. In international comparison, UB II may also be referred to as social assistance.
However, in Germany only people who are not able to work receive social assistance under SCB XII. Therefore, in this paper the expression UB II under SCB II is used.

**SCB III** regulates unemployment benefit I (UB I) paid within the contribution-based system of unemployment insurance\(^\text{14}\) and most employment promotion measures. It applies to young people who have already worked on a job with social security liability, but its institutions also support those seeking for vocational training (even if not registered as unemployed). Since 2012, the BA carries out career guidance and vocational counselling under SCB III for all young people (also people in SCB II)\(^\text{15}\).

Additionally, SCB VIII regulates child and youth welfare, including youth services. In case existing employment promotion initiatives for young people promoted by SCB II and III are not sufficient, SCB VIII may provide measures that offer assistance, aid guidance and promotion to acquire school-leaving and formal education qualifications. Furthermore special local employment and labour market programs for socially disadvantaged youth may be offered (Obermeier et al. 2014; ZEW, Ramboll and infas 2010: 3–4).

Labour market and employment policies are in the responsibility of the Federal State. Policy initiatives and legislative proposals are in the hands of the **Federal Ministry of Labour and Social Affairs (BMAS - Bundesministerium für Arbeit und Soziales)**. The BMAS also supervises the Federal Employment Agency (BA; Bundesagentur für Arbeit) as well as its local offices. The Institute for Employment Research (IAB; Institut für Arbeitsmarkt- und Berufsforschung) conducts research on labour market issues and evaluates labour market policies.

With the **Hartz reforms in the mid-2000** and even earlier, path breaking reforms had been introduced. The public placement monopoly of Federal Employment Agency has been abolished. Since then private job services and public-private cooperation on placement services were introduced: Personnel service agencies (PSA) may hire unemployed (suggested by the BA) and provide them temporary to another company with the aim of re-integration into the labour market. A Voucher-system (Aktivierungs- und Vermittlungsgutschein, AVGS) enables the job seeker to choose private firms for qualification measures, job placement or practical training (Obermeier, Oschmiensky and Sell 2013b; Oschmiensky 2010).

With respect to active labour market policy in general, the Hartz-Reforms followed the activating welfare state paradigm, and were meant as a commitment to the above mentioned policy objectives. However, the idea of ‘supporting’ the jobseekers was not implemented fully. The numbers of participants in different active labour market programs as overall vocational training measures declined (Dingeldey 2005, Dingeldey 2010).

\(^\text{14}\)For further information on UB I and UB II see section 4 „Unemployment Income Protection“.

\(^\text{15}\) See below „Act to Improve the Chances of Integration in the Labour Market“
Since then, the developed reform path was maintained and only minor changes in activating labour market policies have taken place: The law for the reorientation of labour market policy instruments (Gesetz zur Neuausrichtung der arbeitsmarktpolitischen Instrumente, Instrumentenreform) was introduced in 2009. The coalition agreement of SPD (German Socialists) and CDU (conservatives) stated to effectively renew German active labour market policy. Due to the complexity and high number of active labour market measures, the overall aim was to reduce the number of measures by changing, eliminating or creating new ones. Objectives were to abolish less effective measures and further develop effective ones. For instance, activation and professional integration measures were newly created and summed up former individual instruments (Obermeier, Oschmiansky and Sell 2013a). Further, the law aimed at strengthening the role of public employment services and job placement services (Steinke et al. 2012). In 2011/2012 the Act to Improve the Chances of Integration in the Labour Market (Gesetz zur Verbesserung der Eingliederungschancen am Arbeitsmarkt) was implemented. Its objective was to accelerate the matching process. Employment agencies are able to apply various measures more flexible to integrate unemployed into employment. In addition, the separation of SCB II and SCB III within the field of career orientation measures was abolished (Hofmann 2011). Therefore, the BA provides these measures also for unemployment benefit II recipients under SCB II. At the same time, however, the reform resulted in a reduced budget for disadvantaged groups by affecting, in particular, public employment schemes and start-up support (Eichhorst and Hassel 2015: 18). Recently, proposed legislation on less consequences or the abolishment of sanctions in SCB II for young people, were rejected by the German Bundestag (Deutscher Bundestag 2015).

2.1 Governance/responsibilities of the institutions

Regulation of ALMPs and activation policies

The German Federal Employment Agency (BA) is responsible for the implementation of the national labour market policy. The BA is a self-governing public body, which independently carries out its functions within the legal framework. It is composed of ten Regional Directorates (Regionaldirektionen), 156 Employment Agencies and about 600 branch offices. The structure allows the BA to act at the national, regional and local level (BA 2016c). Within the introduction of SCB II (Hartz Reforms), additionally about 300 job centres, joint institutions of the BA and municipalities have been created and are responsible for social and employment assistance to clients within SCB II. In 69 so-called Optionskommunen these tasks are wholly in municipal hands, eschewing any PES involvement (Knuth 2006:18). This all indicates that municipalities have become more important with respect to the implementation of employment policies. ALMPs in Germany in parts are set locally. The Federal Employment Agency provides a lump sum to local employment offices. These offices

Commented [TS7]: why in 2009 reduction of the number of ALMP measures? Motivations? Expectations?
have to some extent freedom in dividing the budget between different measures (Wapler, Werner and Wolf 2014: 12). Nevertheless, prior to the introduction of SCB II, municipalities had already been involved within the field of youth social services, relevant for implementing labour market policies especially for young people (SCB VIII) (Eichhorst, Wozny and Cox 2015: 8; Obermeier et al. 2014). Furthermore, governments in federal states are allowed to implement additional ALMPs – other than national ALMPs – e.g. based on funding of the ESF (Obermeier et al. 2014: 4).

Social partners take influence on legislation and political process and have an important role in the field of active labour market policies. They are represented in the supervising board (Verwaltungsrat) of the Federal Employment Agency (BA), a body that has control and advising functions (Eichhorst, Wozny and Cox 2015: 8). Nevertheless, the role of social partners especially with respect to the regulation of UB II diminished. In contrast to UB I structures, municipal administrations are not legally obliged to develop co-determination structures. Advisory councils have been created voluntarily. However, these councils do not only include social partners but also other social and welfare organisations (Dingeldey 2011b; Klenk 2009).

Also non-profit welfare organisations take influence in the debates about labour and social policy and participate in local advisory councils of Job Centres and advise the selection and design of integration measures (Obermeier et al. 2014). They are also relevant providers of labour market measures and counselling.

The provision of labour market and social services is due to different kind of organisations (Figure 21). They can be provided directly by semi-state organisations like the public employment offices, or public institutions at municipal level like the Youth Office. But the public organisations may also contract non-profit service organisations like third sector organisations or private for-profit organisations to provide particular services (Bellermann 2015: 57-58).

**Financing of ALMPs and activation policies (sources, expenditure)**

Active and passive labour market measures are financed through contributions to the unemployment insurance system as well as through taxes. Further, financial resources come from structural funds at European level (Kluve et al. 2007: 76). The national Federal state, the states (Länder) and local governments fund active labour market policies to a lesser extent than the Federal Employment Agency (BA) (Deutsche Bundesbank 2015: 22).

Since 2005, the budget of the Federal Employment Agency for ALMP measures has significantly declined from 11.6 € billion to 6.3 € billion in 2014. The expenditures sank by an average of six percentage points. However, in 2009 during the crisis the expenditures increased slightly (Table 2). In 2014, almost 1/5 of the BA budget was spent for ALMPs. About
half of the BA budget was spent for unemployment insurance benefits and one quarter was paid for administrative costs\(^{16}\) (Deutsche Bundesbank 2015: 17–18).

**Delivery of services (mediation, counselling)**

ALMP measures regarding young people include the placement of unemployed and job changing persons, graduates and school-leavers. During a personal appointment and before ALMP measures are undertaken, the BA starts with a profiling exercise where strengths and potential weaknesses of the individual are analysed (Potenzialanalyse). Based on this analysis of the customer, the placement professional then estimates the resulting integration chances for the respective labour market context and scrutinize, how the integration chances of the unemployed may be improved by targeted “support” and/or “demand” (BA 2013b). Subsequently, the BA formulates an **individual action plan**, called integration agreement (**Eingliederungsvereinbarung**) with the person seeking employment (see Section 3.2, Individual Action Plans).

Job counsellors inform the job seeker about job and training offers that fit the qualifications of the person seeking employment. Job seekers also get informed about vouchers (see above) for private mediators (Eichhorst, Wozny and Cox 2015: 18–19). Furthermore, local employment agencies include a career guidance center (**Berufsinformationszentrum, BIZ**). In this center people find information about training, different professions, educational requirements and application procedures. In addition, the BA provides online resources (**KURSNET, BERUFENET, JOBÖRSE** etc.) with information on educational opportunities such as courses, profession outlines with videos and a job platform with job and training postings (Eichhorst, Wozny and Cox 2015: 19).

**3 Policy content/substance**

**3.1 ALMP instruments and measures**

The ALMP covers, on the one hand, educational orientated programmes such as preparation for vocational training, initial vocational training and vocational retraining. On the other hand, measures aim at promotion into employment such as job-creation measures or wage subsidies. In addition, the Federal Employment Agency (BA) offers career guidance and vocational counselling under SCB III for all young people. Besides, there are financial support measures which are either accompanied by training and paid on a regular basis or single payments for relocations or application expenses (Dietrich and Abraham 2005: 88–89).

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\(^{16}\)Approximately one-sixth in net terms (in case central government’s refunds for transferred administrative functions are deducted)
Still most important are the educational oriented programs concerning ‘career choice and vocational training measures’ (almost 160,000 in Sep 2015), aiming overall at young people at risk. 96.6 per cent of the participants in these measures are younger than 25. Most young people - more than half (57 per cent) of young people in active labour market measures - participate in career choice and vocational training measures. Within these programs (Table 3) the number of participants in career entry support (Berufseinstiegsbegleitung; to provide targeted support for young people who are at risk of leaving school with no qualifications) has increased (Sep 15: 55,512 participants) while participants in vocational training in off-the-job institutions (Berufsausbildung in einer außerbetrieblichen Einrichtung, BaE for disadvantaged young people who have not received an apprenticeship or dropped out despite assistance during training) have almost halved since 2012 (Sep 2015 28,777 participants). Still most important are assistance during training (Ausbildungsbegleitende Hilfen, abH) that provide assistance for disadvantaged young people to promote learning of subject-specific theory, to reduce education shortages, to start, continue and complete vocational training) with about 34 thousand participants and prevocational education schemes (Berufsvorbereitende Bildungsmaßnahmen BvB, to promote the attainment of apprenticeship entry maturity and/or catch up on lower secondary school certificate) with more than 27 thousand participants. A newly introduced measure is assisted vocational training (Assistierte Ausbildung, AsA, aiming at the transition to in-company vocational training for disadvantaged young people) with 2,625 participants in 2015 (BA 2015b, BMAS. 2014b).

Programs directed towards unemployed, training-seekers and those at risk for unemployment like activation and professional integration measures\(^\text{17}\), increased by about 2000 participants between 2012 and 2015. These pursue different objectives, including educational orientation, promotion into employment, and financial support:

- Enhancement of integration into the labour market or vocational training
- Suitability testing
- To identify, reduce and eliminate labour market placement problems
- Placement in employment subject to social insurance
- Promotion of self-employment
- To stabilize employment relationships

Foreign language, computer or applications training courses are examples for such employment promotion measures. Further, job seekers are able to receive vouchers for measures or placements at private operators. Employment promotion also includes the costs of travelling or application expenses (Eichhorst, Wozny and Cox 2015: 19; BA 2015a). In

\(^{17}\) Activation and professional integration measures were newly created in 2009 and summed up former individual instruments, see ALMP, 2 instituional setting.
September 2015, 33.788 young people participated in activation and professional integration measures (BA 2016a: 38). In the same year 9.982 young people benefitted from measures in the field of professional development and further training. Within these programmes young people may acquire new skills for the changing labour markets or catch up on a vocational training certificate (BA 2016a: 38).

Within the field of measures to take up gainful employment, the promotion of dependant employment and self-employment measures are fostered. Regarding dependant employment, employers are able to receive integration allowances (Eingliederungszuschuss), if they employ persons with placement obstacles (disabilities, long-term unemployed, low qualifications). Employers may receive subsidies of up to 50 per cent and in case for disabled persons up to 70 per cent of the incomes. Employers may receive subsidies for up to 12 and for severely disabled persons up to 60 months (BA 2015a: 53; Eichhorst, Wozny and Cox 2015: 20). In September 2015, 8.940 young people participated in the promotion of dependant employment measures (BA 2016a: 38).

In addition, unemployed are able to receive a start-up subsidy in the field of self-employment. However, only 941 young people participated in self-employment measures in September 2015 (BA 2016a: 38).

Also job creation measures aim at integrating in particular disadvantaged people into the labour market, creating, however, a ‘second labour market’. One instrument is the “Employment Opportunity with Additional Expenses Compensation” (Arbeitsgelegenheit mit Mehraufwandsentschädigung - AGH-MAE). This measure aims at long-term unemployed. It has the long-term goal to increase the chances for the job-seeker to move into the regular labour market. Participants of such measure do not gain regular wages, but receive an additional cost compensation of 1.00 to 2.50 Euros per hour – paid additionally to the unemployment benefit. However, the offered jobs need to be of substantial public interest, may not substitute regular employment and be neutral to competition in the labour market. A job seeker may participate in such a program for up to 24 months within the last 5 years (Eichhorst, Wozny and Cox 2015: 20). This program is rather popular within adult UB II recipients, whereas only 4.404 young people participated in this kind of measure in September 2015 (BA 2016a: 38).

Another instrument in the field of job creation measures is the promotion of jobs (Förderung von Arbeitsverhältnissen; §16 e SCB II). Employers may receive a subsidy that can be up to 75 per cent of the wage costs (BA 2015a). This, however, was used only by 29 young people in September 2015 (BA 2016a: 38).

Measures aiming at the integration of people with disabilities contain particular assistance for maintaining or obtaining an employment or apprenticeship. Examples are subsidies for
employers, technical work aid, suitability tests or measures for sheltered workshops. In September 2015, 57,827 young people took part in these programs in Sep 2015 (BA 2016a: 38).

Small effort has been made to evaluate different types of ALMP measures for young people. Studies from Caliendo et al. and Heyer et al. in 2011 find that wage subsidies have strong effects on long-term employment. Job creation measures are rather found to be harmful for youth employment. However, young people with strong placement obstacles may benefit from job creation instruments (Eichhorst, Wozny and Cox 2015).

The German implementation plan of the youth guarantee (BMAS 2014b) also includes the above described labour market measures. Not included are direct employment creation measures. Germany aims to focus in particular on training for disadvantaged students. Regarding the budget, Germany plans to spend three times the recommended amount on youth guarantee initiatives and measures (Escuerdo and Lopéz Mourelo 2015: 12–16).

Germany focuses and plans on the following measures to implement the youth guarantee:

- Education and training for employment measures
- Remedial education and measures aiming at the reduction of school dropouts
- Employment intermediation services
- Hiring incentives
- Start-up incentives
- Promotion of regional and international mobility (ibid).

3.2 Individual Action Plans

The IAP contains among others the integration goal, the efforts to be undertaken by the client and the employment agency as well as the designated active labour market measures offered to the client (§15 SCB II; §37 SCB III). In Germany the individual action plan is a legally binding contract that each benefit claimant and the providing employment office must conclude. ALMP measures are compulsory once agreed to an integration agreement.

The time an IAP is applied varies. It may be already applied at the time employees inform the employment services about their contractual that is three months preceding (potential) unemployment (Konle-Seidl 2012: 4). Furthermore, the law states that people under 25 should get an immediate offer for training or work. Based on the information provided by national public employment services in 2009/2010 the average time an IAP after registration applies for people below 25 is 10 days and for older cohorts 15.4 days. For people that may benefit from unemployment insurance (SCB III) – these are usually the persons who inform the
The integration agreement can be ended, if young people do not meet their obligations defined in the agreement which may lead to cuts in benefits (Konle-Seidl 2012: 2–4).

The obligations to work are stronger for UB II (SCB II) than for UB I (SCB III) beneficiaries (Dingeldey 2011a: 300). SCB II aims at placing young people in vocational training or work. Further, SCB II sets an emphasis on the obligations of the job seekers and sanctions. In contrast, in SCB III (unemployment insurance) there is no legal claim for immediate placement into employment or training for people under 25. Young non-benefit claimants in SCB III are able to choose to make use of the services provided by SCB III (ZEW et al. 2010: 6).

Sanctions in SCB II (UB II) differ with respect to the size of transfer reduction. The missing of an appointment, e.g. with the case worker, results in a mild sanction, namely a reduction of the basic cash benefit payment by 10 per cent. A reason for a strong sanction is the refusal to search for a job or participate in a training measure. These are more severe for people under 25. After a first breach of obligations, financial support is reduced to costs for accommodation and heating for a period of three months. Generally, these costs are paid directly to the landlord. In case of a repeated breach of obligation, the costs for heating and accommodation as well as insurance cover in the health and long-term care insurance fund will not be paid for a period of three months. In case of a declaration to comply with obligations, the costs of accommodation may be paid again from the date of the declaration (BA 2016d: 63–64)\textsuperscript{18}.

In contrast, if a job seeker of 25 years and older does not comply with the obligation, UB II is reduced by 30 per cent for the period of three months. The repeated breach of obligation leads to a reduction in the unemployment benefit by 60 per cent. Further reduction and/or full cancellation of UB II as well as insurance cover in the health and long-term care insurance fund needs another non-compliance with obligations (BA 2016d: 60–62).

According to these regulations young people less than 25 years receiving UB II are more affected by sanctions than adults (Figure 22). From 2008 to 2012 the rate was rising from approximately 9 to 12 per cent, but since 2013 it is decreasing again. In 2014, the rate is 11 per

\textsuperscript{18} In the event of a reduction by more than 30 % of the standard needs, payment in kinds may be provided. In case of minor children in the household, benefits are provided ex officio (BA 2016d: 60–62).
cent for young people and 4.4 per cent for all people receiving UB II. Regarding the amount of benefit reductions due to sanctions (see Figure 23), we see a reduction of unemployment benefit payments to an average of 28.4 per cent in 2014 compared to 43.3 per cent in 2008 (BA 2016e).

In 2014—as shown in Figure 24—the main reason for sanctions for young people and adults is missing appointments (mild sanctions) e.g. for medical examination or appointments with Job Centre staff (76.2 per cent). This share is rising since 2008. Further, reasons for sanctions are non-compliance with the individual action plan such as efforts to search for work (10.3 per cent), the refusal to participate in a training measure or take a job (10.6 per cent) as well as other reasons (2.9 per cent) (BA 2016f).

A much debated question in politics as well as in literature is whether the sanctioning of young people or older age groups is an effective instrument to attract people in employment. However, as in politics scientists come to different results often due to different study designs. While some scholars emphasise positive effects of sanction on employment (Boockmann/Thomsen/Walter 2009; Walter 2012), others draw attention to the fact that sanctions cause contradicting effects. On the one hand sanction may promote the outflow from benefits to paid work and on the other hand lead to a withdrawal from working life (Hillmann/Hohenleitner (2012). Wolff (2014) argues that severe restrictions such as total sanctions (cancellation of all benefits) should be avoided. These arguments would support the removal of the special regulations for young people. Further studies concentrate on the consequences of sanctions such as isolation, increasing petty criminality (thefts, fare evasion), malnutrition or a discontinuation of the contact of beneficiaries and employment office (Ames 2009).

Coordination of employment services with other social services
The approach in SCB VIII (children and youth welfare) is fundamentally different than in SCB II and III. Although from a legal perspective the differentiation of Social Code Books is clear, in practice, uncertainties and confusion regarding the responsibility of institution for the young persons concerned may arise (ZEW et al. 2010: 3; see also Section 4 Unemployment Protection Regulation). This is related to the different approaches of the policies. While youth welfare aims at self-fulfilment and upbringing, emphasising the right to choose and voluntarily participation in measures, according to SCB III and even stronger according to SCB II obligations and sanctions may apply (ibid).

For the target group youth (>25 years) the staff client ratio in front offices should be 1:75 compared to 1:150 for people older than 25 (BMAS 2015b). Initial interviews last on average 60 minutes in Germany (Konle-Seidl 2012). In order to improve overall coordination with other
policy fields some cities started recently to build up youth employment agencies (Jugendberufsagenturen). The aim is to centralize support services for young people. These agencies are closely related to Young People and Career Alliances (Arbeitsbündnisse Jugend und Beruf) which aim at a stronger cooperation at the interface between employment agencies, job centres and youth welfare services. Youth employment agencies seek to combine public employment services, educational authorities, social youth services and other relevant institutions to provide career guidance for young people as well as information to entitlements of benefits. Concept development and implementation of youth employment agencies differ according to the federal states (BMAS 2014b: 22–23).

4 Assessment: gaps, weaknesses/strengths, policy outcomes

The decline of participants younger than 25 in active labour market programs (Table 4) may be associated with the more general tendency towards a reduction of participants in active labour market measures (Figure 25). The respective decrease was much stronger than the reduction of unemployment. Hence, the ratio of participants/unemployed has decreased (IAQ 2015).

The implemented measures show a rather strong emphasis on young people at risk, directing them towards programs to assist education and training. Also for other groups of young unemployed options to improve vocational training and measures to integrate into jobs with social security liability are dominant – which does of course not exclude employment with fixed term contracts or temporary agency employment. In general, however, we may say that German labour market policy supports the qualification of young adults. Therefore, we cannot identify an emphasis on a work-first approach in active labour market policy. Nevertheless, debates about the transitional system question its efficiency. Critics consider the transitional system therefore as long waiting phase and a starting point for a career of ‘traveling between different active labour market measures’. Mainly disadvantaged young people enter this system that is considered as below the formal qualification of an apprenticeship completion.

People under 25 are to be placed immediately into a job, job opportunity or qualification measure – being close to the idea of a job guarantee. Nevertheless, at the same time these regulations may lead to restrictions in the career choice of young people. In addition, the sanctions for young people – overall if they fall into the regulations of SCB II – are more severe than for people older than 25 and they are affected more often. The question rises whether these regulations may lead to undesirable or unintended consequences. Young people may be in debts or – when living on their own – lose their accommodation. These events may hinder integration into the labour market and cause severe long-term effects. In line with these assumptions, most recently we see attempts towards a better horizontal coordination
of employment policies with other social services, particularly the youth assistance. The development of youth employment agencies may be a step towards a more encompassing enabling of young unemployed.

Generally speaking, recent reforms in ALMP followed the path from the 2000 (Hartz-legislation, Jobaqtiv-legislation). Recent steps have been taken to reduce, simplify or summarise ALMPs in different ways. The number of job creation and the promotion of self-employment measures declined. These developments, however, do not seem to be provoked by the economic and financial crisis as it only implied transitional and minor effects with respect to unemployment in Germany.
Section 4: Unemployment income protection

Summary

The German unemployment income protection system is less favourable for young people than for older age cohorts: Only a minority of young people receives unemployment insurance benefits. For those with a short or no work record, unemployment benefit II is means-tested against parental income until the age of 25. At the same time, parents may receive child benefits until their children turn 25 under certain circumstances. Therefore, many young unemployed depend either on their parents or on minimum unemployment benefits, and usually need to live at home.

1 Policy objectives

As Germany represents a conservative welfare state, social rights are employment-related. The social security system provides transfers in relation to prior employment records — applying the principle of equivalence. Those without (sufficient) rights to social security benefits can claim flat-rate benefits on a means-tested basis, financed by taxes. According to the principle of subsidiarity, however, families are financially responsible for their members before the state – and then primarily the municipalities – intervene to support the needy.

Mayor changes within unemployment and other relevant income protection systems during the financial crisis did not take place and rather minor reforms were enacted. In 2009, German health insurance became compulsory for all people. Before, the obligation applied mainly for dependent employees. Further, children benefits and children allowances were increased during the last years.

2 Institutional set up/framework

2.1 The structure of the institutions

Since 2005, a two tier system exists for the unemployed19. Unemployment benefit I (UB I) is part of the social insurance system, financed by contributions from employers and employees. Benefits therefore depend on the individual employment record, respectively former income. Unemployment benefit II (UB II) is a tax financed, means-tested benefit that provides a flat-rate benefit for all persons ‘capable to work’. As UB II is means-tested not only against individual income, but also against parental income until young unemployed are 25, it is not paid if parents are able to give financial support to their children. Young people that lack

19 See also section 3, institutional set-up.
employment experience are therefore often beneficiaries of flat-rate benefits or depend on their parents.

2.2 Governance

The Federal Ministry of Labour and Social Affairs (BMAS) ensures the performance capability and development of unemployment insurance (Deutsche Sozialversicherung Europa-vertretung 2016). The unemployment insurance funds are administered by a self-governing public agency, the Federal Employment Agency (BA). It carries out its legally mandated tasks under governmental supervision. Nevertheless, they are financially and organisationally independent (ibid). In contrast, UB II financially consists of two parts. A support benefit is funded by the BA while supplements for housing costs are covered by municipalities (Eichhorst, Grienberger-Zingerle and Konle-Seidl 2008).

With respect to vertical coordination, social laws are generally federal laws (national level) which are carried out by public agencies, that can be social insurance agencies (corporations under public law) or institutions at municipal level. The federal states may legislate or enact executive order laws which complement federal law (e.g. plans for hospital supply). In addition to the execution of the Federal and Länder laws, the local (municipal) level is able to adopt voluntarily decisions and statutes such as women’s shelters or debtor advisory offices (Bellermann 2015: 58).

In contrast horizontal coordination of social laws may be more complex and unclear. The social assistance law (SCB XII, SCB XII) for example is e.g. subordinated to other social security laws. In this context, welfare from SCB XII is only allowed if the required help cannot be given by other social security schemes (e.g. other agencies such as authority offices for vocational training). However, the responsibilities of different institutions are not always regulated systematically but case-specifically. As Bellermann points out, there is a lack of clear responsibility of public employment services, youth offices or welfare authorities in case young people are able to work but not in a position to take up work due to training, disease or other reasons. Similar interface problems occur when it comes to responsibilities of drug help, debt issues or assistance to the homeless (Bellermann 2015: 58–59).

Unemployment insurance (Unemployment benefit I) and unemployment benefit II

As described above, Germany has two different kinds of unemployment benefits that are administered by two different bodies. Unemployment benefit, UB I and Unemployment benefit II (UB II).

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20 Additional measures specifically designed for UB II recipients to overcome barriers of labour market integration include various counselling services in case of debt, abuse of alcohol or other drugs, socio-psychological problems etc., as well as facilitating access to child care services are also mainly provided by the municipalities.
The unemployment insurance (UB I) under Book III of the Social Code, is mandatory, contribution-based and covers unemployed claimants for a limited period. There is no special unemployment benefit I for young people. To receive unemployment benefits, a person usually needs to pay at least 12 months of contribution to the insurance in the past two years. The sum and duration of unemployment assistance is determined by the duration and income of the previous occupation. The contribution rate for UB I is 3 per cent of the gross salary which is shared by employers and employees (each 1.5 per cent). The duration of entitlement depends on the working time period and varies from 6 to 12 months (Eichhorst, Wozny and Cox 2015: 23). The level of benefit is about 60 per cent (for unemployed with children 67 per cent) of the previous net income. In addition to these payments, the unemployment insurance covers the contribution to health, long-term care and pension insurance (EC 2016). UB I is administered by the Federal Employment Agency (BA).

In contrast, unemployment benefit II (UB II) under Book II of the Social Code is for people in need (they have to meet a means-test) and able to work who are not eligible for UBI because their claims have expired or they do not meet the eligibility requirements. Further, employed workers whose working income or UB I is low and does not ensure the subsistence may also receive UB II as a top-up benefit. Unlike UBI, UB II is not funded by insurance contributions, but is tax financed. UB II is administered by the job centers (joint facilities of local employment agencies) on local level and the Federal Employment Agency (BA) on national level. The municipalities cover the housing costs, childcare, one-off benefits, and services regarding education and participation as well as social services (credit counselling). The Federal Employment Agency (BA) pays the standard rates of UB II, the contributions to social insurances and employment services (Dingeldey 2011b: 65–66, Petzold 2013: 28).

3 Policy content/substance

3.1 Unemployment benefits I (UB I, UB II), child benefits, health insurance

Unemployment benefit I is less relevant to young people than to the general working age population. Young people rather fail to qualify for social insurance due to their work record.

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21 There are exceptions for people older than 50 who may under certain circumstances receive benefits up to 15 or 24 months (Petzold 2013: 8).

22 Nevertheless, the central government also pays a variable annual share that varies between federal states (Deutsche Bundesbank 2013: 23).
As a result young people depend to a greater extent on UB II (Error! Reference source not found.)

Persons capable of work can apply for the means tested unemployment benefit II from the age of 15 years until 65 or 67 years. Unemployment benefit II is a benefit to secure a livelihood, however the amount depends on age (BA 2016d):

- Singles, single parents, as well as adults with a minor partner are entitled to 404 Euros a month (for adult partners is EUR 364)
- Children and young persons between 14 and 17 years receive EUR 306
- Young adults from 18 years on and below 25 years who live with their parents or who moved without the positive assertion of the municipal authority receive EUR 324 (BA 2016d)

The amount of UB II should cover the means of subsistence (e.g. costs of food, clothing, personal hygiene as well as “to a reasonable extent” sociocultural standards). Standard needs are reviewed each year and were last amended on 1 January 2016. Needs for accommodation and heating (rent) are taken over in the amount of the actual expenditures – in case these are reasonable. However, as mentioned before, unemployment benefit II is means-tested against parental income and may not be available to young people. The legal duty of parents to care for their children lasts until they are 25 (Stephens and Blenkinsopp 2015). If unemployed people below the age of 25 want to move out of parental home, they only receive costs for accommodation if he or she has the approval of local authorities. This is given, if there are serious social reasons for not remaining in the parental home, if a movement is necessary to integrate into the labour market or in case of other serious reasons (BA 2016d).

All parents receive child benefit from birth until the age of 18 – if children are undergoing education/training parents receive benefits until children are 25. In case the child is unemployed, benefits are paid until they are 23. Child’s benefit is paid regardless to the parents’ income. Since January 2016 the benefit has been raised to €190 per month for the first and second child, €196 for the third child and €221 for each subsequent one (Familienkasse 2015). The child benefit is a substitute for the tax free income share of the parents for a child, which is €4,608 a year. Additionally, a tax-free allowance for the care and educational or professional training needs (€2,640 a year) are deducted from the parents’ taxable income. If parents have a rather high income, the tax free allowance may pay out much higher than child benefits due to tax progression (up to 700 Euros a year in 2007) (Böhmer, Zweers and Matuschke 2008).

23People who are not capable of work are able to receive social assistance. The amounts of social assistance are the same as unemployment benefits II.
In general, recipients of unemployment benefit I and II are covered under statutory health insurance. This applies to apprentices and employees who receive remuneration that does not exceed the defined annual upper limit. Approximately 90 per cent of the German population is covered in the statutory health system (Deutsche Sozialversicherung Europavertretung 2016).

Within the statutory health system, children aged 18 and under are co-insured with their parents. If the children are unemployed, they continue to be insured as family members until they are 23. If the children are undergoing education/training, they are covered by family insurance until they are 25. Spouses of the employee are also insured without any additional contribution (BMG 2014).

Scope of the measures

Error! Reference source not found. shows that a high number of non-unemployed young people receive social benefits. These young people e.g. take care of children, are in vocational training or in employment and do not earn enough money to live on. In 2014 only 26.6 per cent of young social benefit receivers are unemployed (according to national statistics). In addition, table 5 shows that the share of young unemployed that receive transfers is rather high, being 84.4 per cent in 2014. In the respective year 32.6 per cent of the young unemployed received unemployment insurance benefit (UB I), compared to 55.7 per cent that received unemployment benefit II. The absolute number of young unemployed who receive UB I (SCB III, social security based) and UB II (SCB II, tax-financed flat rate benefits) has decreased for both groups since 2008. From 2008 to 2009 - in crisis years - however, there has been an increase by almost 39,000 young unemployed receiving unemployment benefits, in relative numbers from 81.2 to 83.5 per cent.

In 2014, 40,214 (15.6 per cent of registered young unemployed) do not receive any social benefits (see table 5). For this group it is supposed that they do not have entitlements for security based benefits and because of parental income they may not pass the means test for UB II. Apart of them all young people who do not register at the public employment service, cannot receive unemployment benefits.

Young people who seek for vocational training (different status than unemployed), who participate in active labour market measures or who are considered by case workers as “not yet in possession of apprenticeship entry maturity” (“nicht ausbildungreif”), are not

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24 If the education was interrupted by doing voluntary military or community service (Voluntary ecological year FÖJ; Voluntary social year (FSJ), European Voluntary Service, EVS (EFD), the children are covered by family insurance for the corresponding period beyond the age of 25 (BMG 2014).

25 These percentages include „parallel-recipients“ (BA 2016f) such as young people receiving UB I and UB II because the amount of unemployment insurance is not enough to live on.
represented in national unemployment statistics. Data on estimations of unregistered young people being unemployed is rarely available.

Concerning the total expenditure for social benefits in 2014 (Figure 26), we see that unemployment benefits make up a rather small share: 3.2 per cent for UB I and 4.8 per cent for UB II. Child benefits and allowances make up 4.7 per cent of the social benefit budget. The expenditure is financed by social insurance contributions of employers (34.8 per cent), of the insured people (30.4 per cent) and payments by the state (33.2 per cent) (BMAS 2015c: 6).

3.2 Changes
Since 2008 child benefits and tax-free child allowances have been increased, rising from EUR 154 in 2008 to EUR 190 in 2016. General tax free child allowances as well as child allowances for the care and educational or professional training needs increased in the respective period from EUR 5.808 per year to EUR 7.248 (Table 6).

Against the background of a rising number of uninsured persons in health insurance (number of uninsured persons in 1995: 105,000; 1999: 150,000; 2003: 188,000), Germany made health insurance membership compulsory in 2009 (Deutscher Bundestag 2006). Since then, the number of uninsured persons is decreasing (2011: 137,000) (Deutscher Bundestag 2013: 2). An increasing number of people are not able to pay health care contributions and debts are rising. Within the first year after the introduction of the compulsory health insurance, the contributions owed to the insurance funds increased by 55 per cent (Woratschka 2012). As a consequence, in 2013, the German government passed a law to provide rules to write off debts, reduce late payment fine and the introduction of a rate in cases of emergencies\(^\text{26}\).

4 Assessment: gaps, weaknesses/strengths
Many young people are not able to receive unemployment benefit I due to their short or missing work record. Therefore, most young people depend on unemployment benefit II. However, as benefit II is means-tested, the state only intervenes if the family (parents) is not able to give support. It is confirmed that as already mentioned in Section 3 (ALMPs), the conditions for young people receiving unemployment benefit II, are stricter than for older age groups – for example with respect to the choice of living on their own.

In sum, unemployment and relevant income measures do not promote autonomy and independent development of young people from the family. In other words, policies have ‘paternalistic’ characteristics that aim to socialize young people into allocated positions (Wallace and Bendit 2009). Further, the dependency on parents or minimum employment

\(^{26}\) Gesetz zur Beseitigung sozialer Überforderung bei Beitragsschulden in der Krankenversicherung (KVBeitrSchG).
benefits also reflects precariousness in the labour market regulations for young people (Cinalli and Giugni 2013).

Since in Germany the family background of young people has a strong influence on the young people’s educational and social upward mobility, the institutional factors promoting the dependency of young people may reinforce this effect. Moreover, if the family is in need of social benefits it is likely that also the children are dependent on the social security system and may already start as outsiders when entering the labour market. As seen in Table 7, the age groups 20 to 24 and 20 to 29 show higher rates at risk of poverty or social exclusion (2014, 20-24 y: 28.4 per cent; 20-29y: 28.4 per cent) than the age group 18 to 64 (2014: 22per cent).
Conclusion

In general, German active labour market policy for young people does not primarily follow a work-first approach, but still encourages general education and participation in vocational training measures. Therefore, human potential development is a goal of labour market and educational policy for young people in Germany.

However, the educational system in Germany is strongly stratified. Social deprivation already starts in school. The hierarchy of school types distributes opportunities by allocating young people into different social and occupational segments at an early age (10 to 12 years). Children with migration background or children from disadvantaged families are more likely to enter lower secondary school types. In some federal states, policy initiatives start to counteract the phenomenon of three-tier school system by introducing comprehensive schools.

After the completion of secondary school, young people at risk who can neither enter the vocational training system, nor the school-based training system nor find employment can participate in a so-called transitional system. This consists of different educational, vocational training and active labour market measures that each has a different focus. Overall, the measures of the transitional system aim at general (secondary) certificates or vocational training, but do not lead to a professional qualification. As described above the labour market measures rather have an educational focus. Therefore, on the one hand, the transitional system could be considered as a stepping stone as it provides opportunities for young people to achieve formal educational qualification. On the other hand, however, the transitional system is also criticised as a long waiting phase or a dead end road for young people. Critics state that the transitional system does not have a structure, lacks standards and the acquired skills are not of value to the employment market. The scientific community also has controversial debate about the interpretation of the effectiveness of this system (Schultheis and Sell 2014).

As the public administration cannot strictly 'steer' the transition from secondary school to professional or vocational training, some people get 'lost' as long as they do not register as unemployed. This may be somehow surprising as those younger than 18 still fall under mandatory schooling and – even for the older ones - the access to free health insurance and child benefit claims depend on attending (part-time) schooling or being registered as unemployed. The most recent institutional innovation, the introduction of youth employment agencies, tries to address this issue.

By combining work experience and classroom education, the dual vocational training system still provides smooth school to work transitions through a highly standardized system.
However, the VET system fulfils its social integration function with respect to the group of young migrants always less. Furthermore, dropout rates for apprentices, salaries to be acquired within and after apprenticeship as well as professional positions may vary strongly across industrial sectors. Young apprentices in the dual vocational system receive a low salary and often have fixed-term contracts. However, these apprenticeship positions can be rather considered as a stepping stone as the system provides smooth school to work transitions. This, however, may be less applicable to the school based vocational training system that applies to many service sector professions and gains in importance according to the expansion of service employment.

In spite of the dominance of a human resource approach, we observe an increase of flexible forms of employment and low-paid work (numerical flexibility and wage flexibility) among young people. For young people, this results in a clear dualisation, because as ‘newcomers’ or ‘outsiders’ they are more likely to have a fixed-term contract or to work for temporary agencies than older workers. Also, dismissal protection and collective bargaining indirectly disadvantage young workers as they apply seniority regulations. And even the newly introduced minimum wage does not apply to people younger than 18.

More than 80 per cent of young people who are registered as unemployed receive unemployment benefits: Whereas UB I is available only for those who had been employed for some time, all others can claim UB II. UB II regulations and potential sanctions are stricter for young people than for older ones, if they do not fulfil obligations of the individual action plan. In addition, they usually cannot choose to leave their parents’ home until the age of 25.

As UB II is means-tested against parental income, many young people are not eligible, but have to be maintained by their parents up until the age of 25. For them, parents can claim child benefits until the age of 23. Those not receiving benefits can participate in labour market programs on a voluntarily basis.

From the perspective of social exclusion and deprivation it is important to note that most young people receiving transfers are not unemployed – indicating however that they live in poor households. Many recipients go to school, are in training, participate in active labour market measures, have a job or need to take care of family members or their children. More than one third of the young social benefit II recipients receive benefits since 4 years (BA 2016: 14-15, June 2015). The long term dependency of social benefit receipt, although not unemployed, underlines the precarious situation of a particular group of young people. In conclusion, however, we may state that the German minimum income protection and unemployment benefit system is still more comprehensive than in other e.g. Southern European countries.

**Commented (s22):** Do labour market institutions and recent reforms in each country favour labour market entry of young people through insecure/precarious jobs and to what extent (work-first approach)? Or do they support rather human potential development of young people? If precarious jobs are the pathway, does it represent ‘stepping stones’ strategy or ‘dead end’ road?

**Commented (s23):** Do labour market policies and the skills formation system (education and training) provide adequate protection from risks of social exclusion entailed by job insecurity among youth in terms of economic exclusion/material deprivation and social exclusion/social deprivation and other indications of life quality? What are the groups of young people more at risk and how they are protected?
It seems that the financial and economic crisis has not lead to an overhaul or incremental change of the institutional determinates in Germany. Nevertheless, reforms to reduce and simplify the number active labour market measures, discussions about mitigating sanctions for young people in the context of receiving unemployment benefits and the introduction of the minimum wage reflect the current developments. As small effort has been made to evaluate different types of ALMP measures, it is interesting that the number of job creation measures has been reduced. This trend goes in line with few evaluation studies on ALMPs that emphasised these measures harmful effects. Subsequently, critical voices suggest that few young people with strong placement obstacles may benefit from job creation measures (Eichhorst, Wozny and Cox 2015). These developments may indicate a trend toward a more individualistic approach of measures.

In sum, the educational system supports the completion of secondary education or transitions to vocational training – albeit not always successfully. Furthermore, educational attainment is highly stratified in general, but educational performance still defines strongly social risks during the entire employment career. Social rights concerning the transition of young people to adulthood may be characterised as "paternalistic", also because the freedom of choice for career path depends strongly on educational background and transfer payments from the welfare state during this transition depend on the parents’ income.

Commented [s24]: Have recent reforms in labour market institutions and the skills formation system aimed to generate more flexibility or promote flexi-curity? What forms of flexibility (flexicurity) are most promoted? Numerical flexibility (temporary contracts, informal work), wage flexibility (low paid jobs or activation offers), functional flexibility (skills, job search competences), working time flexibility (part-time working, flexible work schedules)? Are these flexibility forms accompanied by 'security' measures which may soften the negative impacts of flexibility/insecurity? Has the recent crisis provoked the need for an overhaul or incremental change in the previous institutional mix? In other perspective (P. Hall, 1993) were there first order, second order and third order changes (adjustment of the instruments, new instruments, new objectives respectively) at place?

Commented [s25]: For question 3, please see also answer to question 1.
Annex

Table 1 - Employment rate by gender and age, Germany

<table>
<thead>
<tr>
<th>Jahr</th>
<th>15 bis unter 20 Jahre</th>
<th>20 bis unter 25 Jahre</th>
<th>25 bis unter 30 Jahre</th>
<th>30 bis unter 35 Jahre</th>
<th>35 bis unter 40 Jahre</th>
<th>40 bis unter 45 Jahre</th>
<th>45 bis unter 50 Jahre</th>
<th>50 bis unter 55 Jahre</th>
<th>55 bis unter 60 Jahre</th>
<th>60 bis unter 65 Jahre</th>
<th>65 Jahre und älter</th>
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<tbody>
<tr>
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<td>81.3</td>
<td>76.8</td>
<td>71.7</td>
<td>67.3</td>
<td>63.5</td>
<td>59.8</td>
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</tr>
</tbody>
</table>

Source: Bundesagentur für Arbeit 2015a
Table 2 - Financial development of the Federal Employment Agency, 2005 and 2014

<table>
<thead>
<tr>
<th>Financial development of the Federal Employment Agency²</th>
</tr>
</thead>
<tbody>
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<td>Source: Deutsche Bundesbank 2015: 18</td>
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Table 3 - Number of participants (under 25) in career choice and vocational training measures

<table>
<thead>
<tr>
<th>Policy instruments / year</th>
<th>Sep 15</th>
<th>Sep 14</th>
<th>Sep 13</th>
<th>Sep 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career choice and vocational training measures, including²</td>
<td>159,689</td>
<td>149,041</td>
<td>155,672</td>
<td>180,107</td>
</tr>
<tr>
<td>Career entry support</td>
<td>55,512</td>
<td>38,954</td>
<td>39,223</td>
<td>33,706</td>
</tr>
<tr>
<td>Assisted vocational training (AsA)</td>
<td>2,625</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prevocational education schemes (BvB)</td>
<td>27,510</td>
<td>29,313</td>
<td>29,377</td>
<td>34,931</td>
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<tr>
<td>Introductionary training (EQ)</td>
<td>4,074</td>
<td>4,098</td>
<td>4,533</td>
<td>5,249</td>
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<tr>
<td>Assistance during training (abH)</td>
<td>34,016</td>
<td>35,998</td>
<td>32,735</td>
<td>38,233</td>
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<tr>
<td>Vocational training in off-the-job institutions (BaE)</td>
<td>28,777</td>
<td>33,086</td>
<td>39,903</td>
<td>49,775</td>
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<tr>
<td>Training allowance subsidies for disabled persons in vocational training</td>
<td>7,069</td>
<td>7,445</td>
<td>8,085</td>
<td>8,638</td>
</tr>
</tbody>
</table>

The final values can only be stated after a waiting period of 3 months; Comparisons with previous years and months are biased.
Source: BA 2015b, BA 2013a

² Not listed here are subsidies for severely disabled persons following training and further education due to small numerical values and data protection (BA 2015b).
<table>
<thead>
<tr>
<th>Policy instruments / Year</th>
<th>Sep 15</th>
<th>Sep 14</th>
<th>Sep 13</th>
<th>Sep 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career choice and vocational training measures</td>
<td>159.689</td>
<td>149.041</td>
<td>155.672</td>
<td>180.107</td>
</tr>
<tr>
<td>Share of young people of the total number of participants</td>
<td>96.6 %</td>
<td>96.7 %</td>
<td>96.8 %</td>
<td>97.1 %</td>
</tr>
<tr>
<td>Integration of people with disabilities</td>
<td>57.827</td>
<td>58.451</td>
<td>60.914</td>
<td>64.075</td>
</tr>
<tr>
<td>Share of young people of the total number of participants</td>
<td>77.5 %</td>
<td>76.5 %</td>
<td>79.3 %</td>
<td>80.0 %</td>
</tr>
<tr>
<td>Activation and professional integration</td>
<td>33.788</td>
<td>35.336</td>
<td>34.063</td>
<td>31.686</td>
</tr>
<tr>
<td>Share of young people of the total number of participants</td>
<td>21.7 %</td>
<td>21.3 %</td>
<td>21.8 %</td>
<td>21.6 %</td>
</tr>
<tr>
<td>Professional development and further training</td>
<td>9.982</td>
<td>10.587</td>
<td>11.704</td>
<td>12.224</td>
</tr>
<tr>
<td>Share of young people of the total number of participants</td>
<td>6.3 %</td>
<td>5.7 %</td>
<td>7.8 %</td>
<td>8.6 %</td>
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<tr>
<td>Share of young people of the total number of participants</td>
<td>8.3 %</td>
<td>8.1 %</td>
<td>9.1 %</td>
<td>7.3 %</td>
</tr>
<tr>
<td>Promotion of dependent employment measures</td>
<td>8.940</td>
<td>8.945</td>
<td>9.671</td>
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<td>Share of young people of the total number of participants</td>
<td>10.1 %</td>
<td>9.8 %</td>
<td>11.1 %</td>
<td>8.5 %</td>
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<td>Promotion of self-employment measures</td>
<td>941</td>
<td>1.146</td>
<td>880</td>
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<td>Share of young people of the total number of participants</td>
<td>3.0 %</td>
<td>2.6 %</td>
<td>3.1 %</td>
<td>4.6 %</td>
</tr>
<tr>
<td>Job creation measures</td>
<td>4.404</td>
<td>5.702</td>
<td>6.853</td>
<td>12.383</td>
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<tr>
<td>Share of young people of the total number of participants</td>
<td>4.5 %</td>
<td>4.5 %</td>
<td>4.4 %</td>
<td>6.9 %</td>
</tr>
<tr>
<td>Other “voluntary promotion” (freie Förderung)</td>
<td>3.314</td>
<td>3.707</td>
<td>3.271</td>
<td>3.881</td>
</tr>
<tr>
<td>Share of young people of the total number of participants</td>
<td>24.3 %</td>
<td>21.4 %</td>
<td>24.7 %</td>
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<tr>
<td>Total number of instruments including single benefits</td>
<td>278.885</td>
<td>272.915</td>
<td>283.028</td>
<td>315.940</td>
</tr>
</tbody>
</table>

The final values can only be stated after a waiting period of 3 months; Comparisons with previous years and months are biased.
Source: BA 2015b; BA 2013a
Table 5 — Unemployment and social benefits; young people under 25

<table>
<thead>
<tr>
<th>Year</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Share of young unemployed (column 1)</th>
<th>Share of unemployed social benefits receivers in % (column 2)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Young unemployed</td>
<td>Social benefits receivers (UB I and II)</td>
<td>Among them unemployed</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>339.852</td>
<td>1.056.618</td>
<td>276.076</td>
<td>81.2 %</td>
</tr>
<tr>
<td>2009</td>
<td>375.801</td>
<td>1.054.936</td>
<td>314.850</td>
<td>83.5 %</td>
</tr>
<tr>
<td>2010</td>
<td>325.378</td>
<td>997.365</td>
<td>274.454</td>
<td>84.3 %</td>
</tr>
<tr>
<td>2011</td>
<td>276.278</td>
<td>891.534</td>
<td>236.774</td>
<td>84.9 %</td>
</tr>
<tr>
<td>2012</td>
<td>274.144</td>
<td>847.870</td>
<td>231.262</td>
<td>84.4 %</td>
</tr>
<tr>
<td>2013</td>
<td>276.278</td>
<td>840.326</td>
<td>232.171</td>
<td>84.0 %</td>
</tr>
<tr>
<td>2014</td>
<td>258.301</td>
<td>819.514</td>
<td>218.087</td>
<td>84.4 %</td>
</tr>
</tbody>
</table>

Unemployment benefit I (unemployment insurance), SCB III

<table>
<thead>
<tr>
<th>Year</th>
<th>UB I</th>
<th>Among them unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Young people receiving UB I</td>
<td>Share of social benefits receivers (c. 2)</td>
</tr>
<tr>
<td>2008</td>
<td>125.216</td>
<td>11.9 %</td>
</tr>
<tr>
<td>2009</td>
<td>170.625</td>
<td>16.2 %</td>
</tr>
<tr>
<td>2010</td>
<td>139.815</td>
<td>14.0 %</td>
</tr>
<tr>
<td>2011</td>
<td>104.461</td>
<td>11.7 %</td>
</tr>
<tr>
<td>2012</td>
<td>102.289</td>
<td>12.1 %</td>
</tr>
<tr>
<td>2013</td>
<td>104.969</td>
<td>12.5 %</td>
</tr>
<tr>
<td>2014</td>
<td>94.887</td>
<td>11.6 %</td>
</tr>
</tbody>
</table>

Unemployment benefit II (“Hart IV”), SCB II

<table>
<thead>
<tr>
<th>Year</th>
<th>UB II</th>
<th>Among them unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Young people receiving UB II</td>
<td>Share of social benefits receivers (c.2)</td>
</tr>
<tr>
<td>2008</td>
<td>956.085</td>
<td>90.5 %</td>
</tr>
<tr>
<td>2009</td>
<td>913.173</td>
<td>86.6 %</td>
</tr>
<tr>
<td>Year</td>
<td>Registered young unemployed not receiving social benefits</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total number</td>
<td>Share of young unemployed in per cent (c.1)</td>
</tr>
<tr>
<td>2008</td>
<td>63.775</td>
<td>18.8 %</td>
</tr>
<tr>
<td>2009</td>
<td>60.951</td>
<td>16.2 %</td>
</tr>
<tr>
<td>2010</td>
<td>50.925</td>
<td>15.7 %</td>
</tr>
<tr>
<td>2011</td>
<td>42.112</td>
<td>15.1 %</td>
</tr>
<tr>
<td>2012</td>
<td>42.774</td>
<td>15.6 %</td>
</tr>
<tr>
<td>2013</td>
<td>44.107</td>
<td>16.0 %</td>
</tr>
<tr>
<td>2014</td>
<td>40.214</td>
<td>15.6 %</td>
</tr>
</tbody>
</table>

Source: BA 2010, 2012, 2013a, 2016b

Table 6 - Child benefits and child allowances 2008-2016

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>5.808</td>
<td>6.024</td>
<td>7.008</td>
<td>7.008</td>
<td>7.008</td>
<td>7.008</td>
<td>7.008</td>
<td>7.152</td>
<td>7.248</td>
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<tr>
<td>Tax-free child</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child allowance for</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the care and</td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>educational or</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>professional training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>needs</td>
<td>2.160</td>
<td>2.160</td>
<td>2.640</td>
<td>2.640</td>
<td>2.640</td>
<td>2.640</td>
<td>2.640</td>
<td>2.640</td>
<td>2.640</td>
</tr>
<tr>
<td>Child benefit for the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>first child</td>
<td>154</td>
<td>164</td>
<td>184</td>
<td>184</td>
<td>184</td>
<td>184</td>
<td>184</td>
<td>188</td>
<td>190</td>
</tr>
</tbody>
</table>

Source: sozialpolitik-aktuell.de 2016
Table 7 - At-risk-of-poverty or social exclusion\textsuperscript{28} in Germany, percentage of total population

<table>
<thead>
<tr>
<th>Age group</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 to 54 years</td>
<td>19,4</td>
<td>19,0</td>
<td>18,9</td>
<td>19,1</td>
<td>18,9</td>
<td>19,7</td>
<td>20,3</td>
</tr>
<tr>
<td>15 to 24</td>
<td>24,8</td>
<td>24,8</td>
<td>23,8</td>
<td>23,0</td>
<td>24,1</td>
<td>24,4</td>
<td>23,3</td>
</tr>
<tr>
<td>20 to 24</td>
<td>27,1</td>
<td>28,4</td>
<td>25,8</td>
<td>26,3</td>
<td>27,4</td>
<td>27,6</td>
<td>27,6</td>
</tr>
<tr>
<td>20 to 29</td>
<td>28,3</td>
<td>29,1</td>
<td>25,7</td>
<td>26,8</td>
<td>27,8</td>
<td>27,6</td>
<td>28,4</td>
</tr>
</tbody>
</table>

Source: Eurostat 2016b

\textsuperscript{28}At-risk-of-poverty or social exclusion „refers to the situation of people either at risk of poverty, or severely materially deprived or living in a household with a very low work intensity. The AROPE rate, the share of the total population which is at risk of poverty or social exclusion [...]“ (Eurostat 2016a).
Figure 1 - Unemployment rates by age in Germany

Source: Bundesagentur für Arbeit 2015b

Figure 2 - NEET rate by gender

Source: Eurostat 2016c
Figure 3 - German educational system

Source: Autorenguppe Bildungsberichterstattung 2014, adapted
Figure 4 - Full-time schools in primary and secondary education

Source: Autorenguppe Bildungsberichterstattung 2014
Figure 5 — New entries to initial vocational education by sectors, 1995-2013

Figure 5 – New entries to initial vocational education by sectors, 1995-2013

Source: Autorengruppe Bildungsberichterstattung 2014

Figure 6 - Gross vocational training quota by educational fields 1990-2012

Figure 6 – Gross vocational training quota by educational fields 1990-2012

Source: Autorengruppe Bildungsberichterstattung 2014
Figure 7 - Education expenditures by educational fields 2011

Source: Autorengruppe Berufsbildungsforschung 2014

Figure 8 - Educational spending by type of education

Source: Autorengruppe Bildungsberichterstattung 2014

Figure 9 – Distribution of students in secondary education by types of schools, in 2012/2013
Figure 10 – Distribution of students’ new entries into vocational training system (3 sectors) by nationality

Source: Autorengruppe Bildungsberichterstattung 2014

Source: Autorengruppe Berufsbildungsforschung 2014
Figure 11 – Distribution of university entrants by third educational pathway and other types of higher education

Source: Autorengruppe Bildungsberichterstattung 2014

Figure 12 - Participation in further education 1994-2012, different age groups (in %)

BSW= Berichtssystem Weiterbildung; AES= Adult Education Survey

Source: Autorengruppe Bildungsberichterstattung 2014
Figure 13 - Unemployment rate by different qualifications 1993-2012 (in %)

Source: Autorengruppe Bildungsberichterstattung 2014

Figure 14 – Share of working population and inactive persons in 2012 by gender, educational attainment level and age

Source: Autorengruppe Bildungsberichterstattung 2014
Figure 15 – Vocational training qualification of people born 1942-1981 by social background

### Abb. E3-11: Beruflicher Ausbildungsabschluss der 1942 bis 1981 Geborenen 2011 nach sozialer Herkunft und Geburtskohorten* (in %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Class (I)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Class (II)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Class (III)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurs (IV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Craftsmen (V, VI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unskilled Workers (VII)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* | *| | | | |

Source: Autorengruppe Bildungsberichterstattung 2014
Figure 16 – Employment forms in Germany by age groups (1996-2011)

Employment in Germany by Age (1996-2011).

Data sources: Microcensus until 2009, ELFS for 2010 & 2011 (second quarter based on yearly and quarterly surveys)

Source: Allmendinger, Hipp and Stuth 2013

Commented [OH26]: It would be nice to have data for this figure.
**Figure 17 - Development of median wages**

![Graph showing development of median wages](image)

Source: Knuth 2014: 60

**Figure 18 - Employees with gross hourly wage below 8,50 € (2014) - in %**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>12.7</td>
<td>4.5</td>
<td>8.7</td>
</tr>
<tr>
<td>25-34</td>
<td>11.7</td>
<td>7.4</td>
<td>10.3</td>
</tr>
<tr>
<td>35-44</td>
<td>8.8</td>
<td>5.4</td>
<td>8.2</td>
</tr>
<tr>
<td>45-54</td>
<td>6.9</td>
<td>4.2</td>
<td>6.2</td>
</tr>
<tr>
<td>55-64</td>
<td>4.5</td>
<td>3.4</td>
<td>3.9</td>
</tr>
</tbody>
</table>

*Source: Amlinger, Bispinck and Schulten 2016*
Figure 19 - Average consistent duration of employment

Source: Rhein and Stüber 2014

Figure 20 - Employees subject to social security contributions by age, 2000-2014

Source: Bundesagentur für Arbeit 2015b
Figure 21 - Social welfare agencies and care providers

Source: Bellermann 2015: 57

Figure 22 - Sanctions rate for beneficiaries who are able to work (eLb) with at least one sanction; all/ under 25 y, SCB II

Source: BA 2016e
Figure 23 - Benefit reductions in % due to sanctions (beneficiaries who are able to work; all people / people under 25 y, SCB II)

Source: BA 2016e

Figure 24 - Newly identified sanctions by reasons 2007-2014

Source: BA 2016e
Figure 25 - Participants in active labour market policy instruments since 2006

Source: IAQ 2015
Figure 26 - Expenditures for social benefits in 2014

Das Sozialbudget nach Sicherungszweigen im Jahr 2014:
Anteile an den Gesamtausgaben einschließlich der Beiträge des Staates

Source: BMAS 2015c
References


-------. 2015a. Arbeitsmarkt 2014, Nürnberg: BA.


------. 2015c. Sozialbudget 2014, Bonn: BMAS.


Knuth, Matthias. 2006. *'Activation' as a Change of the 'Unemployment Regime'. Implications for the German Employment System at Large. Paper Prepared for the Aspen/Etui Conference October 2006.*


