PES REVIEW
Germany
Country case studies
Germany

Bundesagentur für Arbeit

BA

Public agency responding to the Ministry of Labor and Social Affairs

The BA follows a dual organizational structure: 1) the Federal Employment Agency (BA), which services the unemployment insurance beneficiaries; and 2) the Jobcenters, responsible for serving means-tested benefit recipients.

The BA and municipalities jointly manage most Job centers. However, the responsibility has been fully devolved to the municipalities in some cases.

~ 65 Unemployed per caseworker

Headquarters, 10 Regional Directorates, and 156 Local Employment Agencies with about 600 branch offices. 303 joint and 108 "opt out" job centers.

Funded mainly by contributions with small additional amounts from the Government Budget, ESF, and others.

The BA and the Jobcenters

Governance

- The National legislation sets the broad outlines of German employment policy and specifies labor market policy instruments to be applied nationally by the PES. However, the BA is relatively autonomous in determining its internal structures, processes, and priorities.

- The Executive Board heads the Federal Employment Agency, the Regional Directorates, and managing boards manage local Employment Agencies.

- The central institution of self-governance is the Board of Governors. Each employment agency has an Administration Council that acts on the local level. These bodies supervise the work of the Executive Board.

- The BA follows a dual organizational structure: the Federal Employment Agency (BA) and the Jobcenters. The format follows the two different types of unemployment benefits:

  1. Unemployment insurance benefit: local PES offices of the Employment Agency are responsible for offering services for unemployment benefit recipients and jobseekers not eligible for benefits.

  2. Means-tested unemployment benefit: jobcenters are responsible for providing services for these beneficiaries. Jobcenters can be jointly managed by BA and the municipality or exclusively by the municipality.

- Regarding the means-tested benefit, the BA does not act as a self-administering body. Instead, it answers to the Ministry for Labour and Social Affairs. The joint Jobcentres are externally single organizations but are staffed by employees and are accountable separately to the PES and municipality.

The BA and the Jobcenters

Management by objectives

- A three-member management board oversees the BA and appoints the Executive Board, which is responsible for management at regional and district levels.
- Within the BA, minimum standards and operational guidelines are defined centrally, minimizing regional and local variation. In the joint agencies, the Jobcentres’ targets are negotiated between the Ministry for Labor and the PES and then between the PES and local authorities.
- Each year the BA’s offices and the joint Jobcentres are required to assess their local labor market (LM) and jobseeker populations and publish an integration and LM plan which outlines local strategies and targets. The model for service provision adopted in most joint Jobcentres resembles strongly the service delivery provided in BA offices.
- Performance management and service delivery in the joint Jobcenters is embedded in the federal PES system of national targets and service standards and is monitored through their integrated IT system.
- In the “opt out” Jobcenters Municipal Advisory Boards oversee local delivery.

Latest reforms

- During the period of 2002-2005, the Hartz reform took place. This led to a new framework for the integrated provision of benefits and labor market services to the long term unemployed and other employable social assistance recipients. A central element of the post-Hartz reforms was the reorganization of BA offices into new customer-oriented service centers, serving as one-stop shops.

Most services are provided in-house

The PES provides 80% of the services. Subcontracting is implemented mainly for training and placement, and they are often outsourced through a voucher system.

Source: Finn. European Commission (2011)
The BA provides general information, LM statistics and develops strategies to reach out to NEETs.

General information is available at the offices, online and through a call center.

Labor market monitoring, analysis, and research. The BA also produces reports and labor market statistics.

Special strategies to reach out to young people, including NEETs
- Specialized youth centers
- Partnerships to ensure that young people have full information and support available
- Awareness-raising events and campaigns
- Mobile PES services
- Other tools including movie clips on occupations and printed versions of the online portals for occupations and choice of studies.

The BA targets employers and encourages their integration in the process through outreach activities and by offering a variety of specialized services.

Jobseekers must register at the different agencies depending on their benefit claims.

**Clients**
- **Jobseekers**
  - Mandatory registration at their respective agency:
    - Local BA agencies for unemployment insurance recipients and jobseekers not eligible for benefits
    - Jobcenters: for means-tested unemployment benefit recipients
- **Employers**
  - No obligation to register.
  - BA is responsible for the approval of layoffs by employers.

**Registration of jobseekers**
- An initial benefit claim is made by phone or online. The person must register no later than the first day of unemployment
- Pre-profiling is based on age, level of qualification, and other characteristics.
- Claimants are then allocated a 15/30/45-minute slot with a counselor to conduct the profile. After the profiling, claimants enter an ‘integration agreement’ containing their obligations and integration strategy.
- An individual action plan is usually set up, but it is only mandatory for recipients of means-tested minimum income.

The BA uses caseworker-based profiling to segment jobseekers and determine the range of services needed.

Caseworker-based profiling, 4-Phase profiling model (4PM)

- This tool is based on a software program that helps the placement officer to assign each jobseeker to one of six different profiles by analyzing their expected duration of unemployment and need for services. However, counselors have discretion in how they treat individual claimants.
- Data source: general characteristics (age, level of qualification, etc.) for the pre-profiling and then an interview.
- Measurement: distance to the labor market.
- Outcome: customers are segmented into six different profiles.

The profiling tool reflects barriers to employment and takes a wholistic approach to each jobseeker’s particular circumstances affecting the labor market entry. The 4 PM process:

1) Defining the jobseeker’s challenges and creating a work profile.
2) Determination of integration goals.
3) Planning and setting a strategy.
4) Consistent implementation and regular check of strategy.

Each profile is linked to a specific service strategy.

Segmentation according to profiling: distance to the labor market

Jobseekers in categories 1 to 3 are deemed closer to the labor market or job-ready.

Jobseekers in categories 4 to 6 are considered complex profiles requiring some stabilization, employability enhancement support, and intensified counseling.

More employable jobseekers are assigned to placement counselors, while young people or adults with greater barriers are assigned to specialized case managers for intensive support.

Counselors provide services following the 4-Phase Model.

The Jobcenters and BA centers follow the same framework for delivery of employment services, starting with a comprehensive profiling of the jobseeker.

- The 4 PM service model is supported by a Virtual Labor Market platform (JOBBÖRSE) comprised of various virtual tools, including an online job portal for jobseekers and employers.
- The advice and support given to clients are focused on taking individual needs and strengths into account. If a job is found, the employees will continue to be looked after for about six months to stabilize the employment relationship.

Employers are also profiled according to their potential vacancies and whether they are influential in their industry.

Three main groups:

• Target clients: clients with great potential for creating employment in jobs subject to social security, clients who have a particularly strong multiplier effect, and clients who help shape opinions among other employer clients (20,000 in 2013).

• Standard clients: employers who operate in the market (5,200,000 in 2013).

• Others/non-specified (780,000 in 2013).

*Most PES offices have advisers with specialization by sector of the companies.

*It is also possible to tailor approaches to the special characteristics of private personnel providers by way of three different levels of service standards.

Sources: PES database, European Commission (2014)
The BA is responsible for the administration of the unemployment benefits.

Unemployment insurance benefit (Arbeitslosengeld I - SGB III)

- Contributory, not means-tested, and not taxable
- Person must be below the retirement age, be registered as unemployed, and be available and looking for work. Those earning less than €450/month do not qualify for UI contributions.
- Claimant must have worked at least 12 months to be eligible. Contributions must have been made for at least 12 months in the last two years
- No waiting period. However, if a person has terminated their employment contract without good reason, a waiting period of up to 12 weeks may apply.
- Amount calculation is based on previous earnings net of tax and social security contribution. The replacement rates are 60% of prior earnings and 67% for a person with at least one dependent child. The monthly ceilings are 60% and 67 % of EUR 6.700 (west Germany) and 6.150 (east Germany) of the monthly gross earnings.
- Additionally, contributions to the pension insurance, health insurance and long-term care insurance are fully paid by the PES.
- The duration of payment depends on age and employment record. The maximum duration is generally 12 months, 15 months for employees over the age of 50, 18 months for employees over the age of 55, and 24 months for employees over 58.

### Unemployment Assistance AND Social Assistance (*Arbeitslosengeld II* - *SGB II*)

- For persons who continue to be unemployed when their claim to UI benefit has expired, or persons able to work and whose income is insufficient to secure their livelihood.
- Non-contributory, means-tested, and not taxable. The income and assets of all members of the household are considered.
- The person must be between 15 years of age and below retirement age, be able to work, and usually reside in Germany. Furthermore, if unemployed, they must be registered at the PES and be available and looking for work.
- The benefit is made up of a basic and several additional allowances. This basic allowance secures the recipients' livelihood (food, household goods, etc.), and it includes a lump sum for non-recurring needs.
- The basic allowance is adjusted annually in line with the weighted average of the increase of the gross salaries (30%) and the prices of relevant goods and services (70%).
- The benefit is granted for an indefinite period if the eligibility criteria are permanently fulfilled. To verify the needs, the benefits are usually only granted for six months.
- Additional allowances include expenses for lone parents, housing and heating, and contributions for insurance for unemployed recipients.

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**Sources:** European Commission (2019), World Bank (2018), OECD (2019), MISSOC
Conditionalities
It may variate with the type of benefit and the individual needs, but most jobseekers must:
• Fulfill the obligations included in their individual plan
• Actively search for a new job
• Attend follow-up interviews
• Accept job offers
• Participate in ALMPs

Sanctions
→ For those covered by UB I (unemployment insurance)
• If the person fails to report to the PES or notifies job search efforts late, benefits are suspended for one week
• If the person exhibits insufficient personal efforts to find work, the payment is suspended for two weeks
• If a person refuses a job offer, vocational integration measure, or any other ALMP, the benefit is suspended for three weeks for a first failure, six weeks for a second failure, and twelve weeks for a subsequent failure.
*These suspensions periods naturally affect the period of entitlement, which is thereby shortened.

Sources: Lagenbucher (2015), MISSOC, BA (n.d.), BA (2020)
Different sanctions depending on the type of benefits

Sanctions

→ For those covered by UB II (unemployment assistance/social assistance)
  o The benefit will be reduced if the person:
    • Refuses to fulfill their duties as stipulated in the integration agreement, in particular, if they refuse to demonstrate sufficient efforts.
    • Refuses to take up or continue a reasonable job, training, work opportunity, or a promoted employment relationship offered to them.
    • Fails to take up, discontinues or gives causes for termination in a reasonable measure for work integration
  * If the person repeatedly violates their duties, their benefit will be reduced by a maximum of 30% of the relevant regular requirements for a maximum of three months.
  • If the person fails to report to the Jobcenter, the benefit will be reduced by 10% of the relevant standard requirement for a period of up to 3 months. If the person repeatedly fails to comply with this obligation, the Jobcenter can add several reductions in overlapping periods. The amount of the added deductions may not exceed 30% of the relevant regulatory requirement.
  *In some instances, the law provides for mitigation in individual cases of once-determined sanctions.
Wide range of services, from which the majority are provided in-house.

- Information and advice online or through call center
- Occupational psychological service: psychological consultations and career guidance tests
- Services to help avoid interruption of education and training
- Counseling and guidance, including group briefing sessions
- Databases with information and opportunities: occupations, education & further training, vocational training
- Vocational guidance
- Medical service: medical opinion on a jobseeker’s ability to undertake a certain job or training course
- Youth centers: to help young people improve their professional and social integration prospects.

The BA has 400 teams of Employer Services working with around 5,000 experts in placement services and consulting.

**Services for Employers**

- **Field services, including site visits**
- **Key Account Manager for companies with over 500 employees**
- **Service hotline**
- **Financial support and counselling, including support for employers and entrepreneurs in the event of economic crises**
- **Guidance on regional and national projects**
- **Support with alternative strategies to secure skilled workers and measures to foster employee loyalty**
- **Special package of services to help SMEs boost the quality and productivity of their workforce, e.g. filling job placements & skill counselling**
- **Special support for small and medium enterprises, which do not have a HR department**

Jobcenters and employment agencies offer mostly the same programs, with few exceptions.

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<th>ALMPs</th>
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<tr>
<td>Placement into work trials.</td>
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<td>Wage cost subsidies.</td>
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<td>Job creation measures: entities sponsoring job creation programs can receive a grant.</td>
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<td>Promotion of worker mobility.</td>
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<td>Support for taking up self-employment.</td>
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<tr>
<td>Rehabilitation and support for people with disabilities, including job retention measures (can be outsourced).</td>
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<tr>
<td>Special support and programs for the persons affected by structural changes, the low- or semi-skilled, the long-term unemployed, and those over 55 years old.</td>
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**Training (in-house or outsourced)**
- Training and training vouchers (covered by private provider): including further training and vocational training
- Pre-apprenticeship program
- Support for dual vocational training
- Transitional assistance: training entities can receive transitional assistance for young people who have interrupted training programs

Several intermediation services are also offered.

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<tr>
<th><strong>Public and Private Provision</strong></th>
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<td><strong>Intermediation</strong></td>
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<th><strong>For Jobseekers</strong></th>
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<tr>
<td>Self-service access to job vacancies at PES offices and online through the JOBBÖRSE, jobseekers can register and administer their profile.</td>
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<tr>
<td>Job search assistance and preparation for interviews.</td>
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<td>Job placement voucher is available for those claiming UI benefits for more than six weeks.</td>
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<th><strong>For Employers</strong></th>
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<tr>
<td>Intensive support for recruitment (especially for SMEs).</td>
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<tr>
<td>Counseling for filling vacancies and apprenticeship places.</td>
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<tr>
<td>Jobseekers database and direct contact to candidates through the JOBBÖRSE.</td>
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<tr>
<td>Pre-selection of applicants.</td>
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<td>Assisted placements with in-company follow-up.</td>
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<th><strong>International placement services</strong></th>
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The PES staff uses an internal IT-system, which runs a search process using specific auto-matching technology to find the best fit.

Outsourcing

Contracting of external providers is used as a complementary option for the reintegration of the unemployed.

Delivered mostly by for-profit providers.

Large number of small and short-term contracts based on outcome performance.

Typical services bought from external providers are “soft skill” courses, and courses to prepare for vocational training, and rehabilitation services for people with disabilities.

Once an Employment Agency wants to purchase additional services on the market, a bidding process is organized through five “purchasing centers”, which are connected to the Regional Directorates.

Providers who bid for tenders have to meet quality standards, great emphasis is put on price competition, and most contracts are given on a ‘no cure, no pay’ basis. Providers face a fine if they do not meet their target.

A voucher system is in place for training and job placement; the caseworker issues the vouchers on a case-by-case basis.

- Training: the voucher specifies the objective, content, and maximum duration of the course. Jobseekers can choose one of the certified training courses listed in an online tool (Kursnet).
- Job Placement: the voucher lasts for three to six months but can be renewed. The private agency can claim payments after the person is employed. The amount depends on how long the employment is sustained.

Digitalization

The PES shares information internally through several tools: email, the intranet, and databases for customer care. The data on targets and indicators itself is stored in the Data Warehouse, which controllers use for deep analyses of the performance management process.

Services for Employers
✓ Job placement platform: employers can post vacancies, announce staffing needs, present their company and manage applicants
✓ Event database
✓ Registered users of the BA website can:
  • Report vacancies, publish and edit job offers, send and receive messages to and from applicants and BA services, view placement proposals and provide feedback
  • Apply for integration grants, short-time work allowance, consult notifications, and view approved benefits and data

Services for Jobseekers
✓ For the BA-website registered users:
  • Register as a jobseeker, claim unemployment benefits, consult notifications and approved benefits
  • View and change personal data, view appointments and deadlines and notify the PES about different circumstances
✓ Without registration: request appointments for career guidance and apply for child benefit
✓ Job placement platform (JOBBÖRSE)
✓ Database on occupations and platform with occupational videos (BERUFE.TV)
✓ Database on training (KURSNET)
✓ E-learning offers (LERNBÖRSE)

Sources: European Commission (2014), BA website
• Unemployment insurance benefits are ended once the person exhausts them or s/he returns to the labor market. After that, the individual is moved to unemployment assistance services, if needed.

• The unemployment/social assistance benefits, which also cover people who work, can go indefinitely until a person reaches the pension age, but they are reassessed every six months. In both cases, the conditionalities are checked with regularity.

• Beneficiaries must report to their caseworker and fulfill the obligations included in their integration agreement; otherwise; they can be sanctioned.

• If clients find a job, the PES will continue to check on them for about six months to stabilize the employment relationship.
Monitoring the PES

• The overall PES performance is judged on verified job entry sustained for a minimum of seven days. This performance management system is designed to deter the agency from ‘parking’ clients who are harder to place.

• The current target structure includes four quality-related output targets and two quality-related process targets. The data on targets and indicators are stored in the Data Warehouse, which controllers use for deep analyses of the performance management process.

• The BA is required by law to conduct an evaluation on the effects of its measures, concerning the efficiency and effectiveness of the resources used; it uses quantitative TrEffeR (Treatment Effects and Prediction) and qualitative methods.

• The local Employment Agency managers meet monthly with their team leaders and a performance advisor from the Regional Directorate to discuss performance, identify risk, and possible measures to address these risks.

Monitoring the PES

• The BA headquarters reviews the progress towards their targets annually. Key Performance Indicators are available for inputs and outcomes of local PES offices.
• Tripartite committees also monitor local PES management and provide insight into the needs of local employers and employees.
• An extensive customer satisfaction survey is undertaken on a quarterly basis. An ‘Index of Client Satisfaction’ is produced based on this surveys. The index also includes evaluations on consulting and placement, cash benefits, employees, and the framework conditions.
• A classification system for Jobcenters and employment agencies has been developed to make benchmarking of outcomes feasible.

Remote unemployment registration and counseling services.
Job search conditionalities were temporarily suspended. Some services were offered online, but any appointments, coaching, or training that required physical presence was suspended.
Extension of unemployment benefits by 3 months.
Further extensions to short-time work “Kurzarbeit” regulations to help employers retain their employees. The extension included a softening of the rules and the coverage of atypical employment. Employees work reduced hours and get 60% of the net salary from the employer for up to 12 months.
Wage subsidy for employees in quarantine, where the Infection Protection Act applied. The employer got a refund from the department of health.
Promotion of advanced training for employees was expanded to upgrade professionals to deal with the coming challenges, e.g., simplified application and approval, higher subsidies, and payment of bonuses.
Easier access to minimum income support for those who declared no substantial assets.
Incentives for firms to offer and for employees to participate in training during periods of short-time work

Sources: BA website, German Government, der Spiegel
General observations

- Large variety of services for both employers and jobseekers
- Very strong partnerships with municipalities to deliver services through the joint Jobcenters
- Strong system of evaluation of the PES and its service deliver, a classification tool is in place for benchmarking
- Strict sanctions are in place for benefit recipients failing to conform with the conditionalities.
- Interesting system to profile, assess the needs, and provide services to jobseekers “4-phase-model”

Sources: WB Analysis