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Waking up to the Reality of Welfare Recipiency?
Migrants in Germany's Minimum Income Benefit System ("Hartz IV")

Presentation for the 60th International Study Congress of AWR
"Migration as a Challenge for the Social Welfare State"
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The 'Hartz' reforms

- 'Modern Employment Services':
  - more service orientation towards jobseekers and clients
  - better profiling of jobseekers' competencies and needs for help
  - better targeting of interventions
  - more rapid job placements, services closer to the labour market

- merging of Unemployment Assistance and Social Assistance for able-bodied adults (2005) into a uniform minimum income benefit scheme:
  - 'enabling and demanding' = more intensive and consistent activation of the long-term unemployed
  - unintended creation of a 'second tier' of public employment service ('consortia' and 'licensed municipalities' = 'jobcentres')

- major argument gaps in the Hartz reform discourse:
  - poor health as a barrier against employment
  - migrant background as characteristic of a relevant proportion of the target population
The project "Effects of the minimum income benefit scheme on clients with migrant backgrounds"

- commissioned by Ministry for Labour and Social Affairs (2006)
- focused on migrants in the minimum income benefit scheme (not on unemployment insurance; not on migrants in general)
- research consortium comprising 5 institutes and 1 legal expert
- empirical research from 2007 to 2009:
  - case studies of 25 client families with migrant backgrounds
  - analyses of administrative data and representative surveys of IAB
  - 'migrants' modules' added to 'Hartz IV' evaluation customer and jobcentre surveys
  - 16 jobcentre case studies
Who is eligible for ‘Minimum Income Benefits for Jobseekers’ (SGB II)?

- age 15 to 65
- in need of financial support
- not eligible for other means of social security (namely, social insurance type benefits)
- physically able and legally allowed to work
  - German nationals
  - resident EU citizens
  - EU and third country citizens who have entered the country for the purpose of job search and have not previously worked in Germany excluded during the first three months
  - ‘legally allowed to work’: possibility or reality of work permit?
- asylum seekers referred to different (and lower) provision
- illegal immigrants excluded
- Hybrid status of SGB II in European legal perspective: social assistance (poverty relief) or labour market related benefit?
Definition of 'migrant background'

- non-nationals (no German citizenship)
- nationals born abroad with at least one parent also born abroad
- nationals born in Germany with at least one parent born abroad and dominant family language not German

<table>
<thead>
<tr>
<th>nationality</th>
<th>own country of birth</th>
<th>parents' country of birth</th>
<th>family language other than German</th>
<th>benefit recipients with migrant backgrounds total</th>
</tr>
</thead>
<tbody>
<tr>
<td>non-German</td>
<td>A 15.5</td>
<td>A* 15.5</td>
<td>11.3</td>
<td>&gt;0.0*</td>
</tr>
<tr>
<td></td>
<td>G 2.5</td>
<td>G** &gt;0.0*</td>
<td>&gt;0.0*</td>
<td></td>
</tr>
<tr>
<td>German</td>
<td>A 10.0</td>
<td>A* 9.8</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>G 72.0</td>
<td>G** 0.8</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>100.0</td>
<td>99.9</td>
<td>19.0</td>
<td>28.6</td>
</tr>
</tbody>
</table>

A – abroad, G – Germany; * - at least one parent born abroad, ** - both parents born in Germany; * value based on < 30 cases and ≤ 0.05 per cent; - values missing due to questionnaire filtering

Source: customer telephone survey, extrapolated for the whole of Germany, own calculations
Groups of origin / benefit recipiency rates

<table>
<thead>
<tr>
<th>Nationality / Region of Origin</th>
<th>Non-Germans</th>
<th>Born Abroad*</th>
<th>Family Language Other than German**</th>
<th>Benefit Recipiency Rates with Migrant Backgrounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>28.3</td>
<td>20.5</td>
<td>27.5</td>
<td>23.0</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>16.0</td>
<td>7.9</td>
<td>9.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Ethnic German Repatriates</td>
<td>0.7+</td>
<td>18.7</td>
<td>16.1</td>
<td>16.5</td>
</tr>
<tr>
<td>Middle and Eastern Europe / CIS</td>
<td>35.5</td>
<td>33.8</td>
<td>32.5</td>
<td>30.2</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>19.6</td>
<td>19.1</td>
<td>14.2</td>
<td>19.4</td>
</tr>
<tr>
<td>Total</td>
<td>100.1</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Recipiency Rates:

- **Southern Europe**: 15%
- **Rest of the World**: 15%
- **Turkey**: 25%
- **Middle and Eastern Europe, CIS (incl. repatriates)**: 30%
Vocational and academic degrees

Source: customer telephone survey, extrapolated for the whole of Germany, own calculations
Effects of non-recognition of degrees

Average take-up rate: 22.6 per cent

- Without vocational or academic qualification: 20.0%
- Qualification obtained abroad and not recognized in Germany: 21.2%
- Qualification obtained abroad and recognized in Germany: 31.9%
- Vocational or academic qualification obtained in Germany: 31.6%
How are jobcentres prepared for dealing with clients of migrant backgrounds?

- statistically, only nationality is known ⇒ no monitoring with regard to migrant background
- until 2008 nationality not used as a monitoring variable
- fundamental philosophy: equal treatment and non-discrimination – 'positive action' virtually unknown in German administrations
- 'migrants' commissaries' in jobcentres only with co-ordinating and information-brokering functions, often only informal, in most cases in addition to normal caseload
- jobcentres not responsible for recognition of vocational and academic qualifications; too complicated for frontline staff to understand
- percentage of frontline-staff with migrant background unknown, estimated at only 3%
- "Diversity" as staff policy mentioned in headquarter documents but unknown on the ground
- trainings in 'intercultural competency' increasingly sought for and frequented by jobcentre staff
'Activation' of migrants compared to non-migrants ('0' baseline)

Counselling interviews

Source: customer telephone survey, own calculations, socio-demographic characteristics controlled
Sanctions: threatening, Imposing, and non-acceptance by clients (migrants compared to non-migrants) (+ significantly more, – significantly less frequent)

<table>
<thead>
<tr>
<th></th>
<th>Turkey</th>
<th>Southern Europe</th>
<th>repatriates</th>
<th>CEE/CIS</th>
<th>rest of world</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>threatened with sanction</td>
<td>+</td>
<td></td>
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<td>--</td>
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<tr>
<td>sanction imposed</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>--</td>
</tr>
<tr>
<td>&quot;sanction unjustified&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>--</td>
</tr>
</tbody>
</table>

Source: customer telephone survey, own calculations, socio-demographic and contextual characteristics controlled:
- age
- child under 3
- lone parent? single?
- in schooling or vocational training?
- skills level
- regional labour market situation
Selection from policy recommendations

- define overcoming of disadvantages resulting from migrant background as a legal target
- develop a pro-active human resource diversity policy
- make migrants' ombudsmen mandatory for jobcentres with above-average share of clients with migrant backgrounds
- extend the Hartz reforms' alleged service orientation to migrants' language barriers
- Jobcentres should play more active roles
  - in 'steering' migrant clients into the appropriate language courses
  - in case management with regard to recognition of qualifications
- using experience from 'Perspective 50plus' programme: launch Federal Programme "Regional Alliances for Employment and Vocational Training for Jobseekers with Migrant Background'
Arbeitsmarktintegration und Integrationspolitik – zur notwendigen Verknüpfung zweier Politikfelder

Eine Untersuchung über SGB II-Leistungsbeziehernde im Migrationshintergrund