

# **Studying access to the German Basic Safety Net - *potentials and limitations of the microsimulation approach***

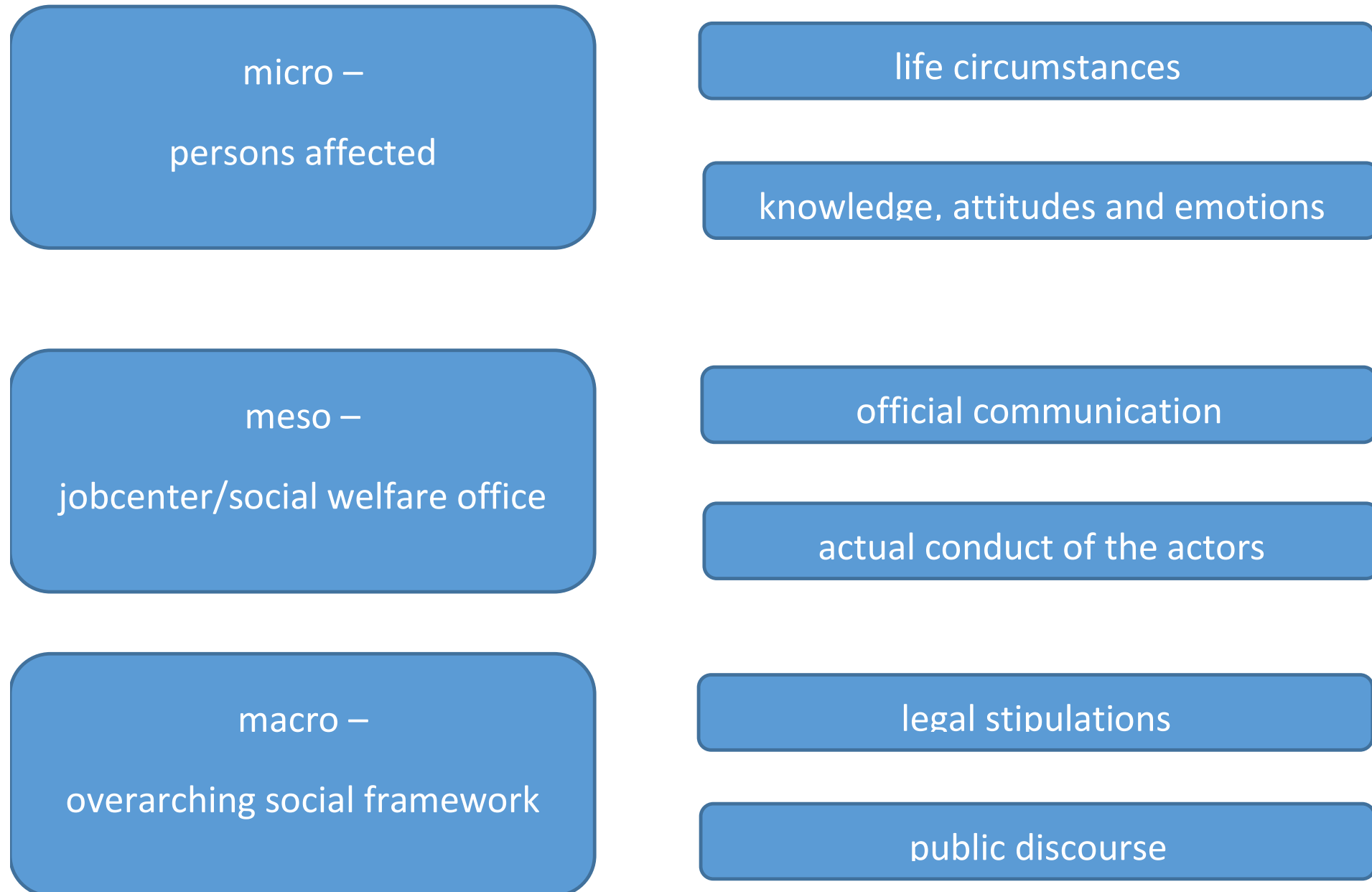
Expert workshop on non-take-up and coverage (InGRID Call 28)  
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Figure 1: factors influencing take-up behaviour

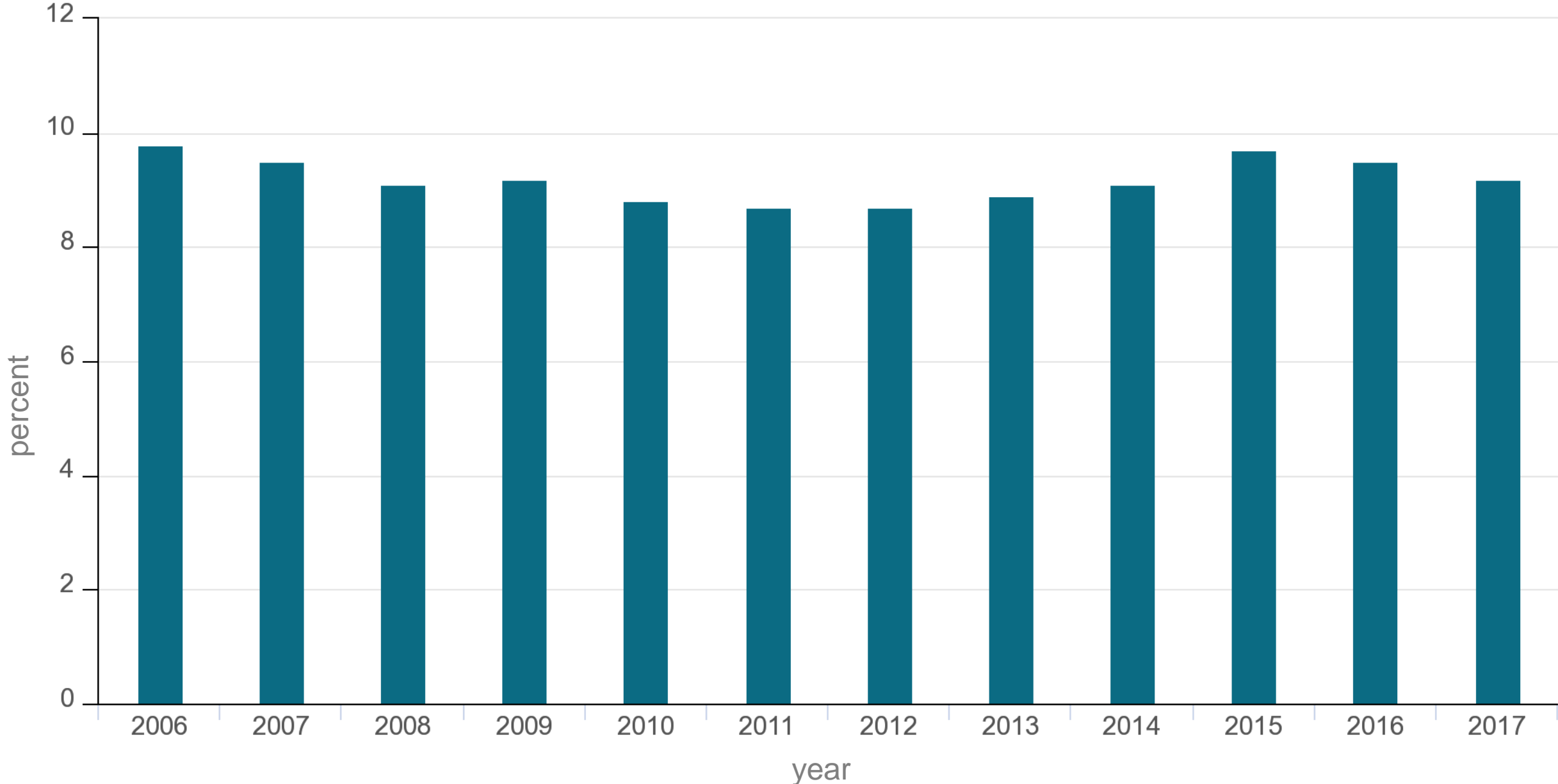


- 1. Brief overview: *The German Basic Safety Net***
- 2. Researching NTU using general population surveys**
  - 1. methodology**
  - 2. findings**
- 3. Three problems**
  - 1. representativeness**
  - 2. validity of the microsimulation**
  - 3. explanatory power**
- 4. Qualitative interviews as an alternative approach**

sources of income in modern societies:

- **labour market** (human capital, performance, labour contracts)
  - **capital market** (capital endowment)
  - **private transfers** (family norms, sympathy, ...)
  - **welfare state** (bureaucracy, rights)
    - insurance-based income replacement (maintaining prior standards of living)
    - **minimum income schemes / social assistance (need)**
- Minimum income schemes are integral part of modern welfare states

# Share of population receiving Basic Safety Net Benefits



source: Ministry of Labour and Social Affairs (administrative data)

# Why study non-take up (of Basic Safety Net Benefits)

NTU ...

1. is a sign of welfare state ineffectiveness
2. can be considered unjust
3. begs for sociological explanations (beyond the utility maximisation paradigm)

# The Basic Safety Net in Germany

- **bottom layer of the state-administered social security system**
  - financed via taxes
  - subsidiary/residual
  - aim: facilitating a minimum level of participation in society
- **Access to Basic Safety Net Benefits is conditional on three criteria:**
  1. Being part of the target population
  2. Being 'in need of help'
  3. Complying with the social administration's requirements and demands

# The Basic Safety Net in Germany

## eligibility criteria

1. target population

2. 'in need of help'

3. compliance

Sub-system	Basic Safety for Jobseekers  (Grundsicherung für Arbeitssuchende)	Basic Safety for the elderly and the incapacitated  (Grundsicherung im Alter und bei Erwerbsminderung)	Social Assistance  (Hilfe zum Lebensunterhalt)
Target group	employable persons and persons in the same household	persons older than 66 + permanently incapacitated	persons temporarily incapacitated
Authority responsible	Jobcenter	Social welfare office	Social welfare office
Regular allowance period	6 months	12 months	12 months
Legal basis	SGB II	SGB XII (4 <sup>th</sup> chapter)	SGB XII (3 <sup>rd</sup> chapter)



# The Basic Safety Net in Germany

## eligibility criteria

1. target population

2. 'in need of help'

3. compliance

Groups explicitly **not** covered by the Basic Safety:

- **students**, for whom a separate scheme exists (that takes into account parents' income)
- **asylum seekers**, who are likewise subject to another scheme, with effective benefit levels below the Basic Safety Net
- other foreigners
  - if they do not have a **residence permit**
  - if they **recently** moved to Germany (banned for the first three months)
  - if the **sole purpose** of moving to Germany is **job seeking**

# The Basic Safety Net in Germany

## eligibility criteria

### 1. target population

- determined by **means-testing**
- **needs unit:** all persons living in a household
- **income test:**

- **basic need:** 432 EUR for a single person, less for partners and minors
- **additional needs:** for single-parents, pregnant women, disabled persons
- **housing costs:** actual rent + heating costs

vs.

- all income (*but wage income tapers apply*)

- **wealth test:**

- age-specific wealth limits

vs.

- all assets (*excluding: flat/house, a car, certain savings for retirement ...*)

### 2. 'in need of help'

### 3. compliance

# The Basic Safety Net in Germany

## eligibility criteria

1. target population

2. 'in need of help'

3. compliance

- appear at the jobcentre/social welfare
- provide information and supporting documents for all persons in the household
- report changes regarding income and household composition
- being reachable via post
- notify case worker of extended holidays

further conditions and obligations (for employable persons):

- comply with the overall objective of overcoming their situation
- contract between claimant and jobcenter outlining duties and supporting measures

non-compliance → (part of) benefits are cut for up to three months (,sanctions')

# The Basic Safety Net in Germany

## eligibility criteria

1. target population

2. 'in need of help'

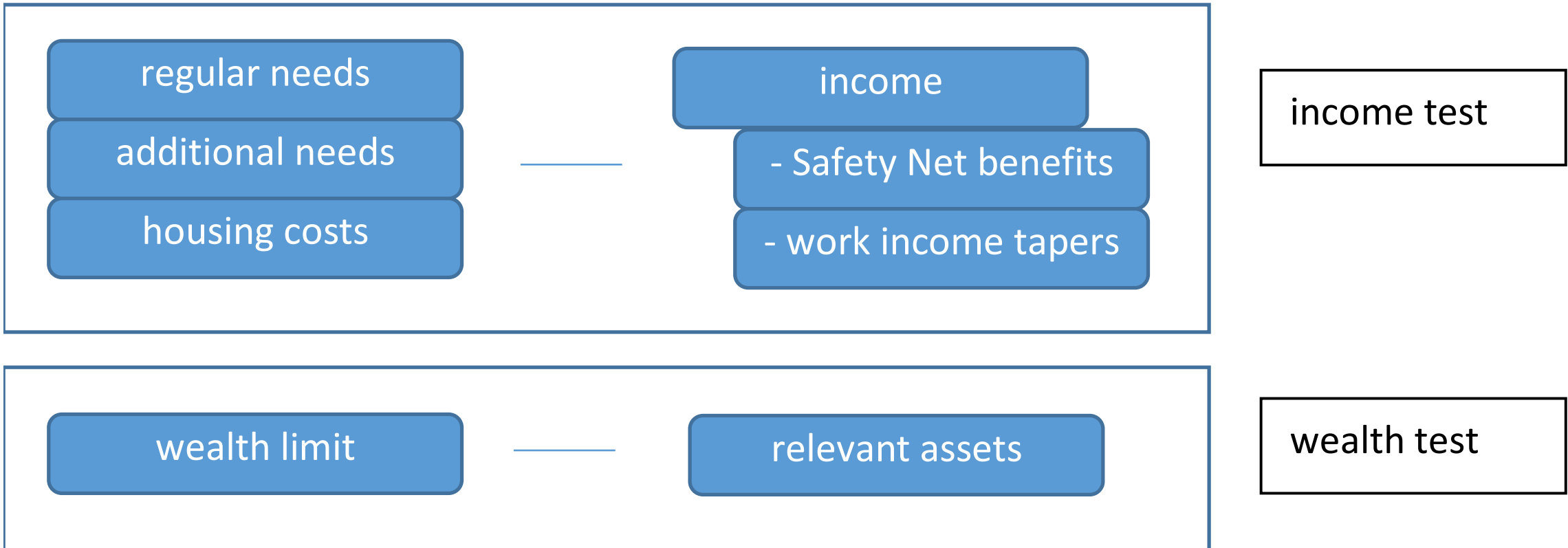
3. compliance

## What do Basic Safety Net recipients get?

- **monetary benefit**: the share of the needs not covered by one's income
- **health insurance** costs are covered
- **additional monetary benefits**: reimbursement of job application costs and cost related to children's school and social activities (subject to additional application)
- **services**: counselling, (re-)training (subject to the case worker's discretion)

- data: general population survey
- hypothetical scenario:  
*all survey participants put in a claim at the jobcenter/social welfare office*
- steps:
  1. determining if household members are ,in need of help‘ or ,not in need of help‘ via a simulated means-test (→ eligibility)
  2. distinguishing those taking-up and not taking-up benefits amongst those ,in need of help‘
  3. calculating the rate of non-take-up  $RNTU = \left(1 - \frac{\text{persons receiving benefits}}{\text{persons in need of help}}\right) * 100$
  4. further analysis determining socio-demographic correlates of non-take-up

Figure 2: Microsimulation Model



Year of analysis	RNTU	Benefit	Data source	Study
1998	45 % - 50 %	Social Assistance	EVS GSOEP	Becker & Hauser 2005
2001	60 %		GSOEP	Jacobi 2003
2002	63 % - 73 %		GSOEP	Frick & Groh-Samberg 2007
2005	49 %	Basic Safety Net (SGB II / SGB XII)	GSOEP	Bruckmeier & Wiemers 2011
2006	42 %			
2007	41 %			
2007	35 % - 42 %		GSOEP	Becker 2012
2008	34 % - 43 %		EVS	Bruckmeier et al. 2013
2008	47 %	GSOEP		
2005 - 2014	54 % - 58 %	Basic Safety Net (persons younger than 67)	GSOEP	Harnisch et al. 2019
2010-2015	62 %	Basic Safety Net (persons older than 66)	GSOEP	Buesli et al. 2019
2007	46 %	Basic Safety Net (SGB II / SGB XII)	GSOEP	own calculations (preliminary)
2012	42 %			
2017	40 %			

## Results

- At least 40 % of persons ,in need of help‘ do not receive Basic Safety Net Benefits
- factors correlated with take-up:
  - high level of potential monetary benefit
  - living in Eastern Germany
  - low qualifications
  - unemployed
  - number of children in household
  - sick or in need of care

### **factors correlated with non-take-up:**

- old-age
- owning one's home
- living in a metropolitan area
- highly qualified



# Problems

## representativeness:

- persons in **communal housing** are not taken into account
- **homeless** persons are not taken into account
- persons shying away from take-up or being over-burdened may shy away from **participating in surveys**

## validity of the simulated means-test:

- microsimulation relies on strong assumptions
- some aspects of means-test are subject to the **discretion** of the case workers
- over- or underestimations of population ,in need of help‘
  - **beta error**
  - **discrepancy** between reported and calculated benefits

## explanatory power

## Problems in regard to the explanatory power of the quantitative approach

- no possibility to distinguish between different **types** of non-take-up:

### primary NTU

- *no application is made*

### secondary NTU

- *application is made, but benefit is not received*

### tertiary NTU

- *benefit is denied because of non-compliance*

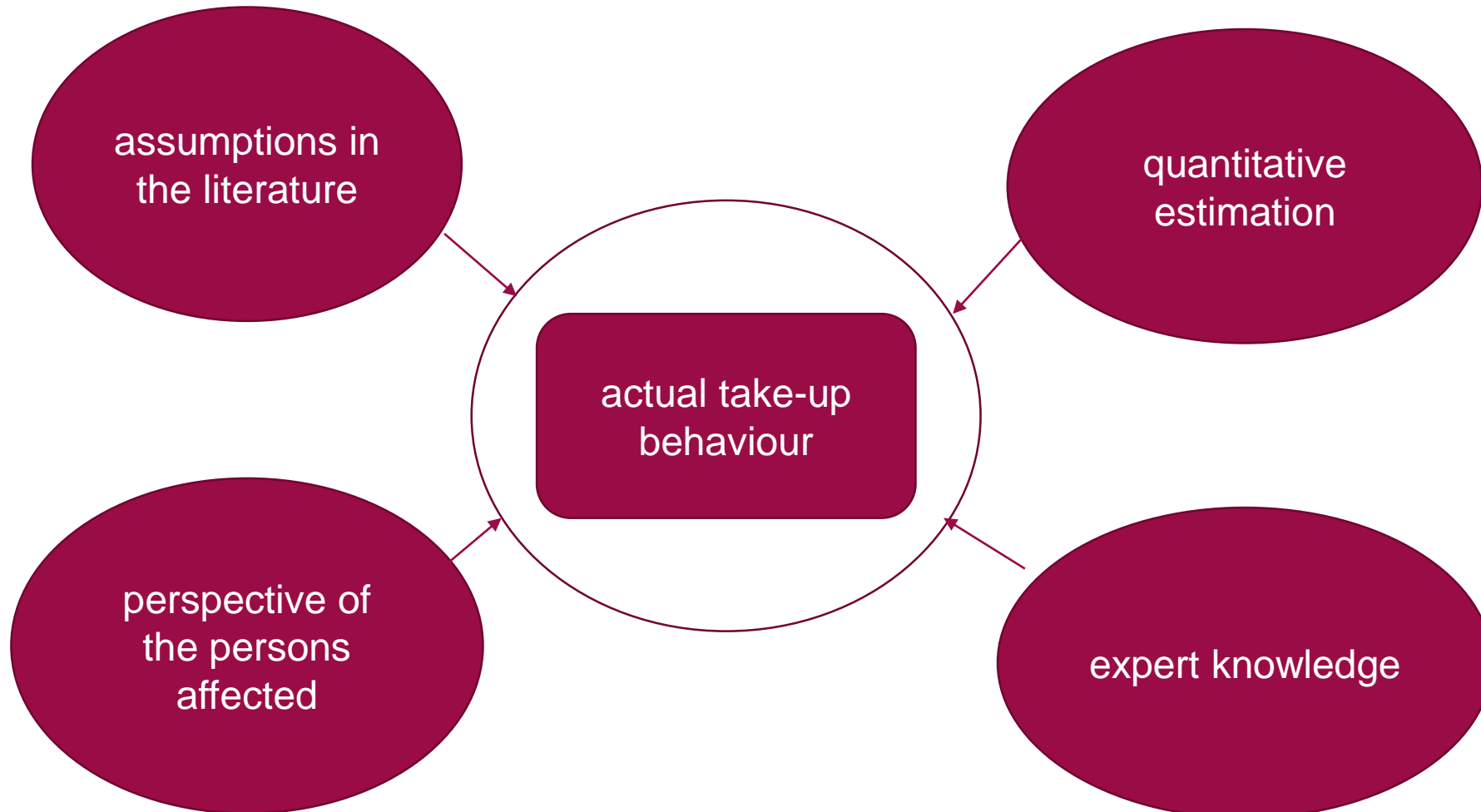
- no possibility to determine which assumed **drivers** really play a role:

cost-benefit-rationale

no conscious and deliberative decision-making (lack of *knowledge* and *capabilities*, the adherence to socio-cultural *frames*, individual *beliefs*, *habits* and *routines*)

fear of stigmatisation

thresholds to overcome ... overburdening



# Interviews with Social Workers

## Expert interviews with social workers working in social counselling

**method:** expert interviews

**sample:**

- social workers working in social counselling (organised by the third sector)
- in two cities and two municipalities
- size: 12 interviews (6 conducted)

**why?**

- social counsellors have an impact on the take-up of benefits
- **social counsellors are an indicator /source of information for phenomena of non take-up**
- social counsellors as potential intermediaries for the procurement of interview partners (narrative interviews)

# Interviews with Social Workers

## topics

- 1. kinds of support and counselling offered**
- 2. information about those seeking advice**
- 3. The clients' knowledge of the Basic Safety Net**
- 4. experiences with NTU**
- 5. reasons for NTU**
- 6. how do the clients cope with situations of NTU**
- 7. ideas regarding the reduction of NTU**
- 8. quality of contact with the social administration**

- Persons in 'need of help' draw on the knowledge of their **peer groups** when it comes to the Basic Safety Net
- **Misconceptions** about the eligibility criteria and additional requirements abound.
- The jobcenters and welfare offices are often perceived to be an **unwelcoming** place, in some cases **dissuading** persons to take up benefits and regularly **failing to point out** rights to take up additional benefits.
- (Potential) claimants often **fail to understand** the welfare officers' decisions and the demands they are confronted with.
- **Errors** in benefit calculations occur and documents have been reported to disappear.
- **Delayed take-up** seems to occur regularly.
- **Shame and fear of stigmatisation** seems to be an issue more common to older persons.
- The **administration seems ill-prepared** to deal with cohabitation and unusual and fast-paced changes of individual circumstances.
- Eligible persons doing without Basic Safety Net benefits often **cope** by resorting to the financial resources of families and friends, drawing on savings and running into debt.

- at least 40 % of persons 'in need of help' do not receive Basic Safety Net benefits
- take-up is inequally distributed in the group of the persons 'in need of help'
- approach is afflicted by problems of representativity and validity
- approach cannot identify reasons for individual non-take-up
- expert knowledge and other qualitative data can help paint a fuller picture