

Beckmann, Fabian; Heinze, Rolf G.; Schad, Dominik; Schupp, Jürgen

**Article**

## From Hartz IV to Bürgergeld: Reform preferences of the long-term unemployed

DIW Weekly Report

**Provided in Cooperation with:**

German Institute for Economic Research (DIW Berlin)

*Suggested Citation:* Beckmann, Fabian; Heinze, Rolf G.; Schad, Dominik; Schupp, Jürgen (2022) : From Hartz IV to Bürgergeld: Reform preferences of the long-term unemployed, DIW Weekly Report, ISSN 2568-7697, Deutsches Institut für Wirtschaftsforschung (DIW), Berlin, Vol. 12, Iss. 29/31, pp. 183-192, [https://doi.org/10.18723/diw\\_dwr:2022-29-1](https://doi.org/10.18723/diw_dwr:2022-29-1)

This Version is available at:

<https://hdl.handle.net/10419/263224>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

AT A GLANCE

## From Hartz IV to *Bürgergeld*: Reform preferences of the long-term unemployed

By Fabian Beckmann, Rolf G. Heinze, Dominik Schad, and Jürgen Schupp

- German government plans to replace Hartz IV with *Bürgergeld*, improving the system to the benefit of recipients
- Study based on a random-based survey of the long-term unemployed at eight job centers in North Rhine-Westphalia
- Majority of recipients positively assess reform plans, such as higher standard rates, more assets exempt from income testing, and more liberal supplemental income opportunities
- A full ban on sanctions is viewed with skepticism; 65 percent of respondents agree “completely” or “somewhat” with the statement that many Hartz IV recipients exploit the system
- Inflation is making higher standard rates necessary in the short and medium term; the current lack of sanctions can be used as a model project to assess their effectiveness

### Yes to more financial assistance, no to a ban on sanctions: The long-term unemployed differ in their assessments of the Hartz IV reform



Source: Survey of the long-term unemployed at eight job centers in North Rhine-Westphalia from March 21 to May 16, 2022.

© DIW Berlin 2022

### FROM THE AUTHORS

“A large share of Hartz IV recipients, 42 percent, are ashamed of receiving it. Over half of them have the feeling that they are not proper members of society. The new *Bürgergeld* must overcome this stigmatized image of welfare recipients.”

— Jürgen Schupp —

### MEDIA



Audio Interview with Jürgen Schupp (in German)  
[www.diw.de/mediathek](http://www.diw.de/mediathek)

# From Hartz IV to *Bürgergeld*: Reform preferences of the long-term unemployed

By Fabian Beckmann, Rolf G. Heinze, Dominik Schad, and Jürgen Schupp

## ABSTRACT

The German government is planning to reform Hartz IV by replacing it with a simpler and more accessible system known as *Bürgergeld*. Using a random-based survey of eight job centers in North Rhine-Westphalia, this Weekly Report considers the perspectives of the long-term unemployed: What do they think about the reforms? How do they perceive their situation? What are their daily lives like? The findings reveal the long-term unemployed have mostly positive, yet differentiated assessments of individual reform aspects. For example, a large majority of the long-term unemployed are in favor of improving opportunities for supplemental income and many are skeptical about a general ban on sanctions. Over 40 percent of the long-term unemployed report feeling "very" or "somewhat" ashamed of receiving means-tested basic security benefits, while nearly two thirds completely or somewhat agree with the statement that other benefit recipients are exploiting the system. According to their own statements, many benefit recipients are active in volunteer work and work around the neighborhood. Improving support for such informal work in the future can help strengthen the long-term unemployed's social participation beyond gainful employment. Moreover, due to inflation, a noticeable increase in the standard rate will be needed to mitigate poverty risks in the short and medium term. In addition, prolonging the sanctions moratorium could serve as a model project of sorts and provide insight into the effects of sanctions as well as an evidence-based assessment of the controversial topic. This opportunity should not go unused.

Reforming Hartz IV, the long-term means-tested welfare assistance system in Germany, is the central social policy project of the current German government, known as the traffic light coalition. The legislative procedure for the *Bürgergeld* draft law is expected to begin in fall 2022 and the first reforms should come into effect from January 1, 2023. A one-year sanctions moratorium began in July 2022 and introduced milder sanctions for the failure to report or personally show up for job center appointments and temporarily suspended sanctions for non-compliance (such as not accepting reasonable work). How the *Bürgergeld* design will look in the future remains controversial and there are comparatively few findings available on the preferences of benefit recipients and the possible effects of a Hartz IV reform.<sup>1</sup> This study is based on a quantitative survey of long-term unemployed (according to Section 18 of the SGB III) Hartz IV recipients that was conducted from March 21 to May 16, 2022, at eight job centers in North Rhine-Westphalia (Box). The survey also examines how the long-term unemployed assess key reform aspects of the *Bürgergeld*, how they perceive their own situation, and how they use their time.

## Despite labor market boom, long-term unemployment is entrenched

The labor market in Germany has been characterized by virtually unbroken upward momentum for over a decade. However, this trend has not developed equally upward for all groups. In particular, persistent long-term unemployment remains on the labor market. Although the number of the long-term unemployed has declined over the course of the labor market upturn since 2010, various problematic developments are converging in this area as of 2022.

<sup>1</sup> Cf. studies by Fabian Beckmann et al., "Erzwungene Modernisierung? Arbeitsverwaltung und Grundsicherung in der Corona-Pandemie," *DIW Politikberatung kompakt*, no. 161 (2021) (in German; available online; accessed on July 11, 2022. This applies to all other online sources in this report unless stated otherwise); Fabian Beckmann, "Hartz-IV Reformvorschlag: Weder sozialpolitischer Meilenstein noch schleichende Einführung eines bedingungslosen Grundeinkommen," *DIW aktuell*, no. 58 (2021) (in German; available online); and Fabian Beckmann et al., "Klima der Angst oder Respekt auf Augenhöhe? Erfahrungen von Hartz IV-Beziehenden mit Jobcentern im Zuge der Corona-Pandemie," *Sozialer Fortschritt* 70, no. 10–11 (2021): 651–669 (in German; available online; accessed on June 14, 2022); as well as Jonas Beste, Mark Trappmann, and Jens Wiederspohn, "Vereinfachter Zugang zur Grundsicherung: Wer von einer Schonfrist bei Vermögensanrechnung und Aufwendungen für die Unterkunft profitieren würde," *IAB-Forum* (2021) (in German; available online).

First, long-term unemployment has not declined nearly as much as the rest of unemployment: On average, around one million people were long-term unemployed in 2021, roughly the same number as in 2012. Second, the placement rate for the long-term unemployed into the (primary) labor market is extremely low. In 2021, it was just 1.7 percent of all long-term unemployed.<sup>2</sup> Third, related to the second point, it is difficult to determine long-term unemployment statistics accurately because the long-term unemployed are excluded from the statistics if they are 1) only unable to work temporarily according to Section 18 of the SGB III or 2) participate in job center measures. Thus, the exit rate from long-term unemployment tends to be overestimated and the actual persistence of long-term unemployment underestimated. Fourth, the odds of reintegration into the labor market—which are already low—vary widely among the long-term unemployed and are halved with each placement obstacle encountered.<sup>3</sup> Such obstacles include health problems, a lack of educational or professional qualifications, the length of time spent in unemployment, a migration background, and caretaking requirements for family members or children.<sup>4</sup> Fifth, if an individual is placed in gainful employment on the primary labor market, success often does not last long: Many of the long-term unemployed do not integrate into the labor market successfully or sustainably. In particular, a lack of qualifications and an older average age impact integration negatively.<sup>5</sup> Sixth, the extent of long-term unemployment differs from region to region in Germany, with some regions having a significantly higher unemployment rate than others. However, unemployment rates do not simply diverge considerably from region to region; long-term unemployment is a problem in structurally weak regions with a limited capacity to absorb local and regional labor markets in particular.

Accordingly, the Ruhr region is considered a problem region for long-term unemployment. Of the ten cities and counties with the highest unemployment rate in 2021, six were in the Ruhr area: Gelsenkirchen, Duisberg, Hagen, Dortmund, Herne, and Essen. In May 2022, around 40 percent of all unemployed individuals Germany-wide were considered to be long-term unemployed. At over 47 percent and around 49 percent, this figure was significantly higher in North Rhine-Westphalia and at the eight job centers in this Weekly Report, respectively (see Box).

## Crises accelerating reforms

Long-term unemployment has increased and become more entrenched over the course of the coronavirus pandemic.<sup>6</sup> In March 2020, 708,730 people were registered as unemployed with the Federal Employment Agency; one year later, the number had increased by around 300,000 to 1,031,330.<sup>7</sup> The share of long-term unemployed of all unemployed also increased from 28 percent in March 2020 to 42 percent at the end of 2021.<sup>8</sup> Over the same period, the number of non-long-term unemployed decreased by nearly 17 percent, while the number of long-term unemployed increased by 38 percent. Although the number of long-term unemployed has been declining since the beginning of 2022, it was still well above the pre-coronavirus pandemic level in May 2022 at about 916,000.<sup>9</sup> It is questionable whether the pre-pandemic level will ever be reached again, as the pandemic is intricately intertwined with a number of crises and systemic transitions and cannot be viewed in isolation. Currently, the economic outlook, like the pandemic, is characterized by uncertainty due to the Russian invasion of Ukraine, rising energy and living costs, and supply chain problems. As a result, issues concerning current basic social security are becoming increasingly hostile across party lines. It is no coincidence, for example, that the unconditional basic income debate has been experiencing a resurgence since 2020.<sup>10</sup>

Basic unemployment benefits are a core component of the welfare state. They must provide the population with security while also remaining resilient in the face of major transitions and crises. In this context, the coronavirus pandemic was and is an accelerator for basic welfare reform. In March 2020, far-reaching relief for benefit recipients was passed, which had often been considered unimplementable in the reform discourses of previous years.<sup>11</sup> Thus, all sanctions were suspended completely for a short period. Subsequently, the Federal Constitutional Court's November 2019 ruling was so influential that actual sanctions remained lower than previously following reintroduction.<sup>12</sup> A transitional solution for dealing with sanctions, as was announced in the coalition agreement, was adopted with the sanctions moratorium passed on May 19, 2022. According to the moratorium,

<sup>2</sup> Cf. DGB, "Verfestigung der Langzeitarbeitslosigkeit während der Corona-Krise," *arbeitsmarkt-aktuell*, no. 1 (2022) (in German; available online).

<sup>3</sup> Jonas Beste and Mark Trappmann, "Erwerbsbedingte Abgänge aus der Grundsicherung. Der Abbau von Hemmnissen macht's möglich," *IAB-Kurzbericht*, no. 21 (2016) (in German; available online).

<sup>4</sup> See Fabian Beckmann and Florian Spohr, *Arbeitsmarkt und Arbeitsmarktpolitik* (UVK: Munich, 2022): 4ff (in German).

<sup>5</sup> Katharina Dengler, Katrin Hohmeyer, and Cordula Zabel, "Erwerbslose in der Grundsicherung: Welche Faktoren begünstigen die Aufnahme stabiler Beschäftigungsverhältnisse," *IAB-Forum* (2021) (in German; available online).

<sup>6</sup> Cf. Kerstin Bruckmeier et al., "Entwicklungen in der Grundsicherung seit 2010: Die Corona-Krise hat den positiven Trend vorerst gestoppt," *IAB-Forum* (2021) (in German; available online).

<sup>7</sup> Cf. Bundesagentur für Arbeit, *Langzeitarbeitslosigkeit (Monatszahlen). Deutschland, Länder, Kreise und Jobcenter* (May 2022) (in German).

<sup>8</sup> Cf. DGB, "Verfestigung der Langzeitarbeitslosigkeit während der Corona-Krise."

<sup>9</sup> Cf. Bundesagentur für Arbeit, *Langzeitarbeitslosigkeit (Monatszahlen)*.

<sup>10</sup> Cf. Rolf G. Heinze and Jürgen Schupp, "Bürgergeld und Kindergrundsicherung als Einstiege ins bedingungslose Grundeinkommen?" *Gesellschaft, Wirtschaft, Politik* 71, no. 1 (2022): 37–50 (in German; available online; accessed on June 14, 2022); and for information on the thesis of a slow transition to a welfare state: Rolf G. Heinze and Jürgen Schupp, *Grundeinkommen – Von der Vision zur schleichenden sozialstaatlichen Transformation* (Wiesbaden: Springer VS, 2022) (in German).

<sup>11</sup> Cf. Bundesagentur für Arbeit, *Weisungen zum Gesetz für den erleichterten Zugang zu sozialer Sicherung und zum Einsatz und zur Absicherung sozialer Dienstleister aufgrund des Coronavirus SARS-Cov-2 (Sozialschutz-Pakete)* (2022) (in German) as well as supplemental regulations as of June 8, 2022 (in German); cf. Beckmann et al., "Erzwungene Modernisierung? Arbeitsverwaltung und Grundsicherung in der Corona-Pandemie."

<sup>12</sup> Cf. Bundesagentur für Arbeit, *Sanktionen Deutschland, West/Ost und Länder* (2022) (in German; available online).

Box

**Data and methodology**

The present findings are based on an empirical survey that was conducted by the InWIS Institute, a part of the Ruhr University Bochum. The study was commissioned by eight job centers: Bochum, Dortmund, Duisburg, Essen, Gelsenkirchen, Ennepe-Ruhr-Kreis, Oberhausen, and Recklinghausen. Data collection occurred in the form of a standardized, approximately 20-minute phone call (known as a computer-assisted telephone interview, or CATI) with long-term unemployed individuals. Following appropriate data protection checks and approval by the Ministry of Labor, Health, and Social Affairs of North Rhine-Westphalia (MAGS) and the Federal Ministry of Labor and Social Affairs (BMAS), the eight participating job centers provided InWIS with client contact data. Each job center randomly identified 500 non-employed, long-term unemployed individuals in their registers and provided approximately four equally sized groups of 125 individuals, both in terms of gender distribution as well as duration of long-term unemployment (twelve months to less than 36 months as well as 36 months and longer). The 4,000 individuals were contacted between March 21 and May 16, 2022. During the field period, 563 complete interviews were conducted, an average response rate of 14.1 percent. In light of the short field period, this is a comparatively good rate. To be able to relate the data to the total number of the long-term unemployed in the eight job centers and generalize the results, a weighting framework for their characteristics, such as gender and duration of unemployment, was created (Table).

In March 2022, a combined total of 79,864 people were registered as long-term unemployed at the eight participating job centers. This is 28.5 percent of all registered long-term unemployed individuals in North Rhine-Westphalia, or 9.5 percent of all registered long-term unemployed individuals in Germany.

The share of long-term unemployed individuals in these eight job centers has increased over the past years and, at the time of the survey in May 2022, was 48.6 percent. This figure is slightly higher than the overall figure for North Rhine-Westphalia and markedly higher than the total figure for Germany (Figure).

**SGB II Comparison Typing of the Eight Surveyed Job Centers**

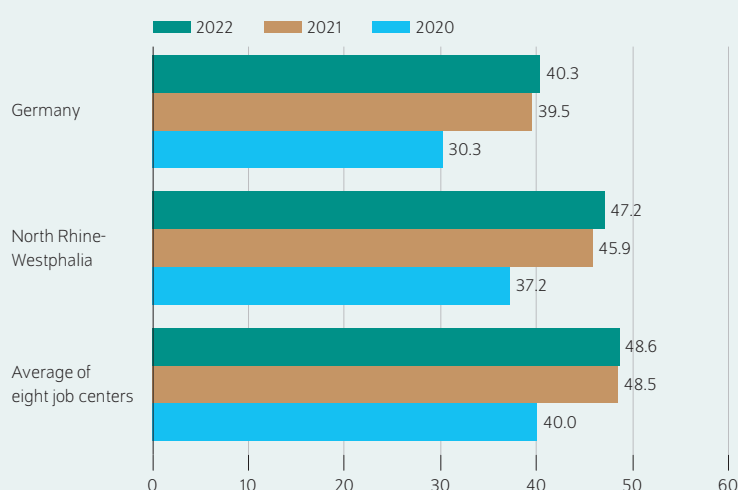
In accordance with the typification of all job centers in Germany, the Federal Employment Agency has drawn up comparative types based on regional characteristics to be able to compare and classify the performance of the 408 job centers in Germany. According to this typology,<sup>1</sup> almost all of the job centers in this study are type IIC and have comparable characteristics with regard to:

- The labor market's absorption capacity of Hartz IV job seekers
- The structure of individuals eligible for benefits
- The structure of the communities in need
- Population and social structure
- The geographical location of the job center

Generally, they can be described as: "cities or (high-)density districts predominantly in the Rhine-Ruhr urban area with very low job density and low seasonal dynamics combined with high employment potential in simple jobs and a high share of migrants."

The exception is the Ennepetal Job Center (Ennepe-Ruhr-Kreis), which is classified as type IID: "Predominantly districts with a focus on North Rhine-Westphalia with rather average general conditions and low seasonal dynamics."

**Figure**  
**Comparison of long-term unemployment rates**



Note: Long-term unemployed rates in May 2022, May 2021, and May 2020. The increase from 2021 to 2022 is not attributable to Ukrainian war refugees, as SGB II did not apply to most of them as of May 2022.

Source: Federal Employment Agency, Nuremberg.

© DIW Berlin 2022

The long-term unemployment rate of the eight surveyed job centers has been significantly above the national average for years.

<sup>1</sup> For detailed information on the typology of job centers in the SGB II, cf. Wolfgang Dauth, Matthias Dorner, and Uwe Blien, "Neukonzeption der Typisierung im SGB-II-Bereich. Vorgehensweise und Ergebnisse," IAB Forschungsbericht, no. 11 (2013) (in German; available online. Accessed on July 11, 2022).

Table

**Individuals considered unemployed according to Book 2 of the German Social Code (SGB II), March 2022**

Absolute figures unless otherwise stated

Region	Total unemployed	of which, long-term unemployed <sup>1</sup>						
		Total	Men	Women	12 to 36 months		36 months or more	
					Men	Women	Men	Women
Germany				369,905	301,309	236,259	167,487	133,051
North Rhine-Westphalia (NRW)	468,030	279,854	151,690	128,164	91,510	76,186	60,180	51,978
NRW share (in percent)	30.7	33.3	32.3	34.6	30.4	32.2	35.9	39.1
Bochum Job Center, city (GE) – Type: IIC	12,745	6,914	3,938	2,976	2,431	1,793	1,507	1,183
Dortmund Job Center, city (GE) – Type: IIC	26,840	15,499	8,507	6,992	5,386	4,320	3,121	2,672
Duisburg Job Center, city (GE) - Type: IIC	24,074	13,383	6,615	6,768	4,407	4,093	2,208	2,675
Essen Job Center, city (zkT) – Type: IIC	23,980	13,622	7,364	6,258	4,634	3,942	2,730	2,316
Gelsenkirchen Job Center, city (GE) – Type: IIC	15,156	8,562	4,624	3,938	3,100	2,524	1,524	1,414
Ennepe-Ruhe-Kreis Job Center (zkT) – Type: IID	7,063	3,700	2,140	1,560	1,453	1,024	687	536
Oberhausen Job Center, city (GE) – Type: IIC	8,339	5,308	2,875	2,433	1,447	1,160	1,428	1,273
Recklinghausen Job Center, (zkT) – Type: IIC	19,269	12,876	6,852	6,024	3,792	3,192	3,060	2,832
Total of the eight job centers	137,466	79,864	42,915	36,949	26,650	22,048	16,265	14,901
Share of unemployed of the eight job centers of NRW (in percent)	29.4	28.5	28.3	28.8	29.1	28.9	27.0	28.7
Share of unemployed of the eight job centers of Germany (in percent)	9.0	9.5	9.1	10.0	8.8	9.3	9.7	11.2
Gender distribution of the subgroups (in percent)								
Total distribution		100.0	55.9	44.1	56.1	43.9	55.7	44.3
NRW distribution		100.0	54.2	45.8	54.6	45.4	53.7	46.3
Distribution in the eight job centers		100.0	53.7	46.3	54.7	45.3	52.2	47.8

<sup>1</sup> The long-term unemployed are persons who have been continuously unemployed for a year or more (Section 18, para. 1 SGB III).

Source: Federal Employment Agency, compilation date: June 2, 2022, Statistik-Service West, order number 330197.

non-compliance sanctions will be suspended until mid-2023 and sanctions for (repeated) reporting failures or missing appointments will be limited to a maximum of ten percent of the standard rate. In addition, since March 2020, actual housing costs have been covered for an additional six months regardless of suitability and cost-reduction procedures are waived for at least the first six months of receiving benefits. In addition, the procedures for determining private assets were significantly relaxed. Since then, the assets exempt from income testing for a single household have been set at 60,000 euros, which is confirmed by a mandatory self-declaration instead of by the job center. Overall, since the coronavirus pandemic, a number of far-reaching relief measures for welfare recipients have been introduced—so far only temporarily—which has spurred on Hartz IV reform discourse.

This quasi-natural experiment revealed two important findings: One, that such changes can be implemented relatively quickly and effectively by the job centers, and two, that the negative (labor market) effects feared due to changes in recipients' behavior have not yet materialized to any substantial extent. At the same time, there is a lack of empirical (evaluation) studies on experiences with simplified access to benefits. The few existing studies indicate, at least for the early phase of the pandemic in 2020, not insignificant reservations

on the part of job center employees, the majority of whom opposed the easing of sanctions and procedures for determining assets as well as the coverage of housing costs.<sup>13</sup> In contrast, benefit recipients tend to assess simplified access more positively, although there was a certain skepticism about a complete lack of sanctions.<sup>14</sup>

### From Hartz IV to Bürgergeld

In its coalition agreement, the traffic light coalition promised a substantial basic welfare reform encompassing multiple pillars. The new *Bürgergeld* should “respect the dignity of the individual, enable social participation, and be digitally and easily accessible.”<sup>15</sup> Aside from removing bureaucracy—the concrete form of which is still largely open—the traffic light coalition does not aim to change all of the basic premises of basic social security, such as certain obligations to cooperate on the part of benefit recipients. Rather, they want to

<sup>13</sup> Cf. Beste, Trappmann, and Wiederspohn, “Vereinfachter Zugang zur Grundsicherung,” as well as Beckmann et al., “Erzwungene Modernisierung? Arbeitsverwaltung und Grundsicherung in der Corona-Pandemie.”

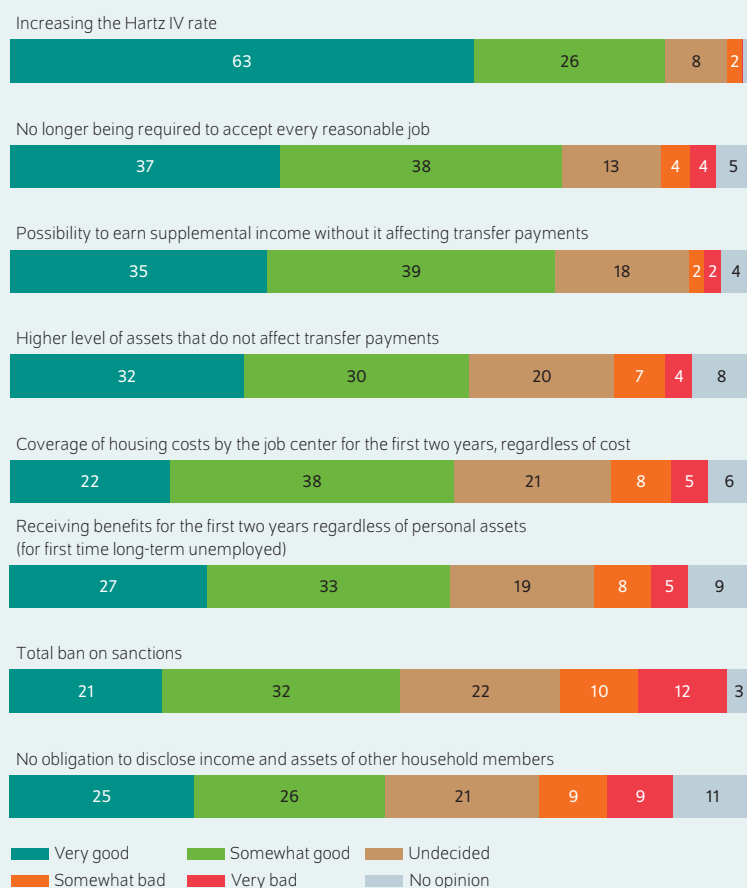
<sup>14</sup> Cf. Beckmann et al., “Klima der Angst oder Respect auf Augenhöhe?”

<sup>15</sup> See Bundesregierung, *Koalitionsvertrag zwischen SPD, BÜNDNIS 90 / DIE GRÜNEN und FDP* (2021) (in German; available online).

Figure 1

### How the long-term unemployed assess Hartz IV reform aspects

Answers to the question “Do you think these new rules are good or bad, and do you think reforming Hartz IV is good or bad?”



Source: Survey of the long-term unemployed at eight job centers in North Rhine-Westphalia from March 21 to May 16, 2022.

© DIW Berlin 2022

The majority of the long-term unemployed is in favor of higher standard rates, while opinions are more divided on a sanctions ban.

rebalance various instruments, processes, and guiding principles. A consensus has not yet been reached on the long-discussed increase in the standard rate, although unions and social policy researchers have been calling for an increase for quite some time. Raising the standard rate would increase the number of eligible recipients.<sup>16</sup> Recently, poverty experiences have also been highlighted in the media. Under the hashtag #IchBinArmutsbetroffen<sup>17</sup> (#PovertyAffectsMe), long-

<sup>16</sup> Cf. for example the brief expert report on determining the standard benefit support levels by the Paritätischer Wohlfahrtsverband from January 19, 2022 (in German; available online) as well as the overview by Irene Becker, “Sicherung des Existenzminimums mit Regelleistungen. Kritische Anmerkungen und Reformüberlegungen zu Hartz IV und zum Familienlastenausgleich,” in *Grundicherung weiterdenken*, ed. Florian Blank et al. (Bielefeld: transcript Verlag, 2022): 61–88 (in German).

<sup>17</sup> See Samira El Quassil’s column for an example: Samira El Quassil, “Warum der Hashtag so wirkmächtig ist,” *Spiegel Online* (May 2022) (in German; available online).

term unemployed people, among others, have been providing insight into the difficulties and financial problems they face and questioning the common Hartz IV stereotype of a supposedly cushy life on government support.

In addition to the basic child security, which is likely to be introduced near the end of the legislative period in 2025, the coalition agreement includes the following key reform points for basic welfare:

- Waiver of asset test
- Residence is recognized as suitable for the first two years of receiving *Bürgergeld*
- Increase in the amount of assets exempt from income testing and easing verification requirements
- Abolition of job placement priority<sup>18</sup>
- One-year moratorium on sanctions
- Bureaucracy-reducing introduction of a de minimis limit of 50 euros for recoveries, etc.
- Making the *Teilhabechancengesetz* (Participation Opportunities Act) permanent (“social labor market with subsidized wage costs”<sup>19</sup>)
- Improved opportunities for earning supplemental income

All in all, the planned reforms make life easier for benefit recipients and tend to strengthen support while lessening the requirements—without utilizing reform aspects based on unconditionality. In essence, the reform covers three key pillars:

- A change in benefit law with less conditionalization of benefits, at least in the first two years of receiving benefits (assets, housing costs)
- Process reforms to cultivate a “culture of trust and consultation” as the baseline for interaction between job centers and benefit recipients (sanctions, being treated as equals, participation agreement)

<sup>18</sup> Under Hartz IV, there is a focus on fast job placement. Recipients are required to accept jobs they were overqualified for instead of prioritizing continuing or further education.

<sup>19</sup> So far, only interim results are available on the effectiveness of the social labor market introduced in 2018. Cf. Frank Bauer et al., “Evaluation der Förderinstrumente nach § 16e und § 16i SGB II – Zwischenbericht,” *IAB-Forschungsbericht*, no. 3. (2021) (in German; available online); and the response of the federal government: Bundesregierung, *Entwicklung des Regelinstrumentes zum sozialen Arbeitsmarkt im Zweiten Buch Sozialgesetzbuch, „Teilhabe am Arbeitsmarkt“* (2021); and the outlook for 2022: Bundestags-Drucksache 20/2520 from June 30, 2022 (in German; available online; accessed on July 7, 2022). At the beginning of July, the Federal Minister of Finance, Christian Lindner, surprised the public with plans to cut multi-year funding for the social labor market in SGB II. See David Böcking et al., “Lindner plant drastische Kürzungen bei Leistungen für Langzeitarbeitslose,” *Spiegel Online* (July 2022) (in German; available online). The IAB points out that such possible savings would also have a social impact: see Martin Schludi, “Einsparungen beim Sozialen Arbeitsmarkt hätten auch soziale Folgewirkungen,” *IAB-Forum* (2022) (in German; available online).

- Readjusted parameters and instruments for re-integration into the (primary or secondary) labor market (regulations on supplemental income, the social labor market, sustainable instead of fast job placement, and abolition of the job placement priority)

Even if the *Bürgergeld* reform does not represent a break in social policy, the reform plans nevertheless go far beyond the previous partial readjustments in the eleven SGB II amendments to date. The new reform plans also realign the moral-economic foundations of basic social security, such as reciprocity and solidarity. Often, they are shifted in the direction of recipients, giving them the benefit of the doubt. Therefore, it is hardly surprising that controversial public and expert debates have flared up, and not only with the presentation of the planned bill by the Hubertus Heil, the Federal Minister of Labor and Social Affairs, on July 20, 2022.<sup>20</sup>

However, it is still unclear how the benefit recipients themselves assess the pending reform plans. To investigate this, long-term unemployed persons from eight job centers in North Rhine-Westphalia were interviewed on this and other topics (Box).

### Positive but differentiated assessment of the reforms

As a part of the study, the long-term unemployed were asked to assess individual reform aspects, primarily those mentioned in the coalition agreement. The findings enable both a basic assessment of how long-term unemployed Hartz IV recipients evaluate the reform aspects as well as a relational differentiation of which of these points are primarily evaluated positively.

The highest approval rate among the long-term unemployed is for a reform aspect that does not currently have a majority within the traffic light coalition. As of spring 2022, nearly 89 percent of the long-term unemployed assess an increase in the Hartz IV standard rate as “very good” or “somewhat good,” while only two percent assess it negatively (Figure 1). Two potential reform points that primarily concern the opportunities and conditions for participation and reintegration in the labor market are predominantly viewed positively. Three fourths of the respondents are in favor of not having to accept every reasonable job they are presented with; only around eight percent assess such a change negatively. This majority can be interpreted as clear support for the abolition of the job placement priority planned under the *Bürgergeld*. Moreover, around 74 percent of the long-term unemployed are in favor of reforming the benefit withdrawal rate and being able to earn supplemental income without this reducing their benefits. Only around four percent of the surveyed long-term unemployed are against this (Figure 1).

In addition, a majority of the respondents is also in favor of increasing the amount of assets exempt from income testing. Sixty-two percent of the long-term unemployed assess being allowed to retain more of their own assets without them reducing their benefit payments as “very good” or “somewhat good.” Unlike the standard rate increase, 20 percent of the respondents are ambivalent about increasing the amount of assets exempt from income testing and nearly 11 percent are against it. There are almost identical findings for the respondents’ assessments of housing cost relief: Nearly 60 percent were in favor of the job center paying actual housing costs for two years. Here, too, there is a relatively high number of ambivalent assessments, at one fifth, whereas around 13 percent disapprove. The long-term unemployed’s assessments of having private assets considered in the initial two years of receiving benefits for the first time are similar: Nearly 60 percent of respondents are in favor of basic security benefits being granted for a period of two years regardless of their personal assets. In contrast, 19 percent are ambivalent and nearly 13 percent are against such a reform.

Last but not least, there are two reform points with slightly lower approval and slightly higher disapproval rates. A narrow majority of respondents (53 percent) support a complete abolition of sanctions beyond the currently planned period of 12 months. Nearly 22 percent are ambivalent about this, while 22 percent, or over one fifth of respondents, are in favor of maintaining sanctions. The findings tended to be similar to those in a previous study<sup>21</sup> and indicate that benefit recipients have wide-ranging opinions on the controversial topic. A similar picture emerges in regard to the long-term unemployed’s assessment of the requirement to disclose the income and assets of other household members to the job center. A narrow majority of respondents (51 percent) would be in favor of not having to disclose the income and assets of other household members, while 21 percent are ambivalent and 18 percent are not in favor.

Overall, the findings indicate that various reform aspects are welcomed by a majority of the long-term unemployed. In light of the fact that the reforms would result in relief and improvements for benefit recipients, this was to be expected. However, the long-term unemployed differ remarkably in terms of how they prioritize the individual reform points: Plans that improve the material situation of the long-term unemployed and enable (more favorable) supplemental income have particularly high approval rates. At the same time, the results reveal significant ambivalence toward, and, in part, negative assessments of, individual reform aspects, especially those implying unconditionality. In particular, the comparatively lowest approval rate is for abolishing sanctions permanently and waiving income and asset verification, which indicates that the long-term unemployed are by no means a homogeneous group in terms of their value and justice orientations. They, too, differ in their opinions on fairness and solidarity. However, some of these opinions

<sup>20</sup> Cf. Bundesministerium für Arbeit und Soziales, *Das neue Bürgergeld: Mehr Respekt und Sicherheit, weniger Bürokratie* (2022) (in German; available online. Accessed on July 21, 2022).

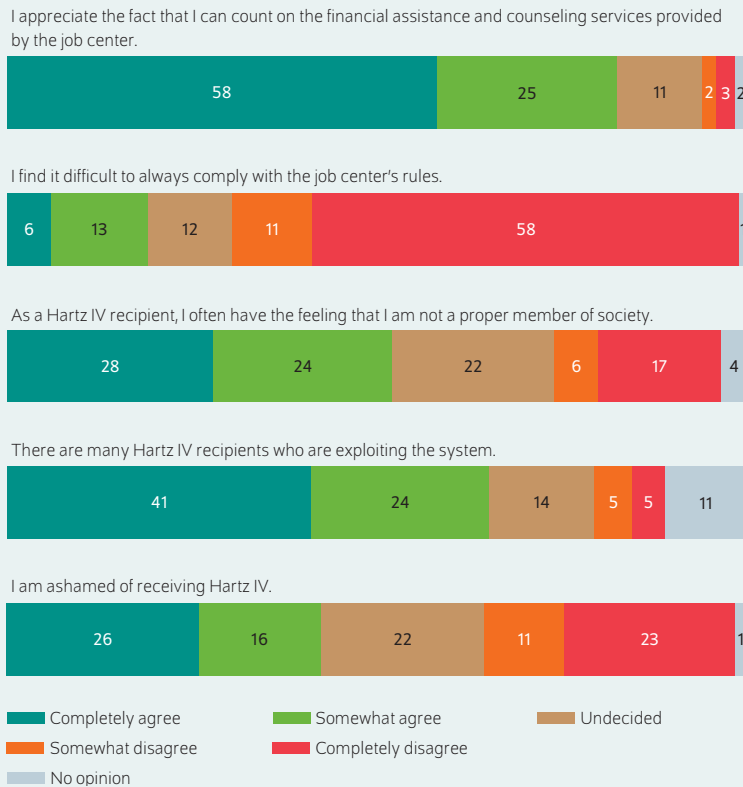
<sup>21</sup> Cf. Beckmann et al., “Hartz-IV Reformvorschlag,” 5f.



Figure 2

**How the long-term employed perceive problems and their personal situation**

Answers to the question “How much do you agree with the following statements?” in percent



Source: Survey of the long-term unemployed at eight job centers in North Rhine-Westphalia from March 21 to May 16, 2022.

© DIW Berlin 2022

Almost half of the surveyed respondents are ashamed of being dependent on Hartz IV.

are selective and conditional—such as compliance with certain rules when dealing with the job center or individuals who can support themselves in other ways receiving benefits.

**Large share of recipients experience shame for receiving Hartz IV**

Another set of questions was devoted to respondents’ individual situation, their perceptions of the issues facing the long-term unemployed, and how they use their time. They also expressed whether and to what extent they agreed with various clichés and stereotypes about Hartz IV recipients. Forty-two percent Hartz IV recipients agree “completely” or “somewhat” with the statement that they are ashamed of receiving it (Figure 2) and over half of the respondents experience the feeling that as a Hartz IV recipient, they are not a proper member of society. At the same time, over one fifth

of respondents appreciate the fact that they can count on the financial assistance and counseling services provided by the job center. Nearly 69 percent do not agree with the statement that it is difficult to comply with the job center’s rules and regulations; only 19 percent agreed. However, it is surprising that almost two thirds of all long-term unemployed agree “completely” or “somewhat” with the statement that many Hartz IV recipients are taking advantage of the system. It is unclear whether the comparatively high rate of agreement is based on personal experience or unverified reports from friends and the media.

**Long-term unemployed actively participate at home, in volunteer work, and in the informal economy**

The study also focused on how the long-term unemployed use their time (Table), which is significant for two reasons: First, it provides insight into the “activity level” of the long-term unemployed and their social and societal integration. Second, this information can be used to indirectly derive approaches for possible reforms to the basic security system as well as potentials for re-integration measures.

The findings reveal first and foremost that, as expected, typical and necessary daily life activities—such as household chores or private media consumption for entertainment—are very widespread and occur at least three to four work days per week. In contrast, leisure activities, continuing education-related activities, and studying play a lesser role. Nevertheless, 64 percent of respondents participate in a leisure activity such as exercise, a hobby, or games at least once a week, and 62 percent engage in continuing education, studying, or Internet research at least once a week. Around half of respondents indicate they handle matters with public authorities and administrations at least once a week.

Work-related activities that the long-term unemployed undertake are of particular interest for investigating the prospects for labor (market) integration. Nine percent of the long-term unemployed look for employment during the work week and 34 percent look for work at least three to four days per week. Overall, 67 percent of the long-term unemployed indicate they look for work at least one work day per week. The findings make it clear that many of the long-term unemployed are not spending their time “inactively” without contributing to society. For example, nearly 41 percent of respondents stated that beyond gainful employment in the primary labor market, they perform volunteer work or help other people, such as neighbors, at least once a week.<sup>22</sup> Thirty-five percent of respondents earn extra money at least once a week or take on smaller jobs.

<sup>22</sup> This value is higher than in the most recent volunteer survey. Cf. Julia Simonson et al., *Freiwilliges Engagement in Deutschland. Der Deutsche Freiwilligensurvey 2019*. (Berlin: DZA, 2022). This finding can be attributed primarily to high shares of informal work in neighborhoods and among acquaintances and less to formal volunteer work in civic organizations.

This comparatively<sup>23</sup> high share can be interpreted in two ways: On the one hand, it shows that supplemental income in the informal economy seems to be equally attractive to both the long-term unemployed and their clients. On the other hand, the high share is likely the result of the unattractive supplemental income opportunities for Hartz IV recipients. Currently, they are deprived of a large part of supplemental income because earning it reduces their transfer payments. This is consistent with the finding that the long-term unemployed strongly support improving supplemental income opportunities as a part of the reform. Admittedly, the results do not allow for further analyses of when in the process of long-term unemployment such jobs were taken up and whether the long-term unemployed are more likely to want to be left alone by the job center due to pursuing such casual jobs.<sup>24</sup>

### Conclusion: High acceptance rate overall for Bürgergeld reform

The results of the survey of the long-term unemployed at eight job centers in North Rhine-Westphalia indicate a comparatively high acceptance rate of the planned Hartz IV/Bürgergeld reform. The high priority the long-term unemployed place on raising the standard rate emphasizes how much price increases, especially for electricity and energy, are causing hardship, particularly for the poor. While Hartz IV recipients will receive 200 euros each as a federal government measure to provide relief for high energy prices,<sup>25</sup> further relief will presumably be needed in 2022 before the standard benefit support levels are increased on January 1, 2023.

While the Bürgergeld legislation is not expected to improve supplemental income opportunities directly, the federal government has agreed to improve transfer withdrawal rates so that in the future, inclusion of supplemental income of up to 100 percent or more will be excluded. Reform models must still be developed by an (as of publication, not yet appointed) independent commission and will likely not be implemented until the end of the legislative period.

The fact that many of the long-term unemployed participate in volunteer work or provide neighborly assistance could improve the perceived value of such activities. Under Hartz IV, it is possible<sup>26</sup> for recipients to receive a higher basic personal allowance (175 instead of 100 euros) for volunteer work. Job centers could offer the long-term unemployed targeted

Table

### How the long-term unemployed spend the work week Percentage of respondents

	At least one work day per week	of which:				More rarely
		Daily	Three to four days per week	Two days per week	At least once a week	
Looking for work	67	9	34	11	13	27
Clarifying matters with authorities (via mail, phone, or in person)	49	2	13	17	17	46
Learning new things, Internet research	62	13	17	19	13	33
Household chores (taking care of children, cooking, cleaning)	96	75	15	5	1	3
Volunteer work or helping others (e.g., neighbors)	41	9	11	8	13	48
Earning extra money, taking on small jobs	35	5	8	11	11	53
Leisure activities such as sports, hobbies, or games	64	12	25	19	8	28
Media use, primarily for entertainment (phone, TV, computer, streaming services)	88	42	30	12	4	9

Note: Weighted results. The number of respondents is 563; missing shares are accounted for by the response "No response."

Source: Survey of the long-term unemployed at eight job centers in North Rhine-Westphalia from March 21 to May 16, 2022.

© DIW Berlin 2022

opportunities to engage in volunteer work to improve their social integration and recognition. Additionally, it should be investigated to what extent the long-term unemployed can receive more financial support for their volunteer work, for example in the form of expense allowances and income that do not affect their basic benefit payments.

The sanctions moratorium passed in spring 2022 stipulates that no benefit reductions may be imposed for a period of one year. Only failures to report, such as missing appointments, will be sanctioned. A majority of the respondents (53 percent) were in favor of ending sanctions overall, even beyond the one-year period. However, a one-year moratorium is likely not enough time to conclusively and appropriately decide whether sanctions are effective, as the Federal Constitutional Court stated in its November 2019 ruling, calling for evidence-based studies. The hearing in the Bundestag Committee for Labor and Social Affairs revealed fundamental differences on the topic.<sup>27</sup> For this reason, too, policymakers should examine whether it is possible to continue the sanctions moratorium for a longer period as a sort of model project to evaluate the effectiveness of sanctions.

<sup>23</sup> Although the selected group consisted exclusively of long-term unemployed persons pursuant to Section 18 of the SGB III, it cannot be ruled out that a certain share of respondents reported temporary labor market policy measures.

<sup>24</sup> Nearly two thirds of respondents said they do not wish to be "left alone" by the job center. Only 16 percent said they would like to be left alone.

<sup>25</sup> Recipients classified as standard benefit support levels 1 or 2 will receive 200 euros (see Section 73 of the SGB III). A comparative analysis of the 2022 summer relief packages shows that benefit recipients are "significantly relieved." Cf. Sebastian Dullien, Katja Rietzler, and Silke Tober, "Die Entlastungspakete der Bundesregierung – ein Update," *IMK Policy Brief*, no. 126 (2022) (in German; available online).

<sup>26</sup> According to the regulation laid out in Section 11b of the SGB II in connection with Section 3, nos. 26 and 26a of the ESTG (Income Tax Act).

<sup>27</sup> Cf. the various expert votes at the 14th Meeting of the Committee on Labor and Social Affairs from May 16, 2022 (in German; available online).

## BÜRGERGELD

---

**Fabian Beckmann** is a research associate in the Social Sciences Department at the Ruhr University Bochum | [fabian.beckmann@rub.de](mailto:fabian.beckmann@rub.de)

**Rolf G. Heinze** is a senior professor in the Social Sciences Department at the Ruhr University Bochum | [rolf.heinze@rub.de](mailto:rolf.heinze@rub.de)

**Dominik Schad** is Head of the Recklinghausen Job Center | [dominik.schad@vestische-arbeit.de](mailto:dominik.schad@vestische-arbeit.de)

**Jürgen Schupp** is a senior research fellow at DIW Berlin | [jschupp@diw.de](mailto:jschupp@diw.de)

**JEL:** D01, J28, J64

**Keywords:** transfer reform, long-term unemployment, preferences

## LEGAL AND EDITORIAL DETAILS

---



DIW Berlin — Deutsches Institut für Wirtschaftsforschung e.V.

Mohrenstraße 58, 10117 Berlin

[www.diw.de](http://www.diw.de)

Phone: +49 30 897 89-0 Fax: -200

Volume 12 August 8, 2022

### Publishers

Prof. Dr. Tomaso Duso; Sabine Fiedler; Prof. Marcel Fratzscher, Ph.D.;  
Prof. Dr. Peter Haan; Prof. Dr. Claudia Kemfert; Prof. Dr. Alexander S. Kritikos;  
Prof. Dr. Alexander Kriwoluzky; Prof. Dr. Stefan Liebig; Prof. Dr. Lukas  
Menkhoff; Prof. Karsten Neuhoff, Ph.D.; Prof. Dr. Carsten Schröder;  
Prof. Dr. Katharina Wrohlich

### Editors-in-chief

Prof. Dr. Pio Baake; Claudia Cohnen-Beck; Sebastian Kollmann;  
Kristina van Deuverden

### Reviewer

Dr. Björn Fischer

### Editorial staff

Marten Brehmer; Rebecca Buhner; Dr. Hella Engerer; Petra Jasper;  
Kevin Kunze; Sandra Tubik

### Layout

Roman Wilhelm, Stefanie Reeg, Eva Kretschmer, DIW Berlin

### Cover design

© imageBROKER / Steffen Diemer

### Composition

Satz-Rechen-Zentrum Hartmann + Heenemann GmbH & Co. KG, Berlin

ISSN 2568-7697

Reprint and further distribution—including excerpts—with complete  
reference and consignment of a specimen copy to DIW Berlin's  
Customer Service ([kundenservice@diw.de](mailto:kundenservice@diw.de)) only.

Subscribe to our DIW and/or Weekly Report Newsletter at  
[www.diw.de/newsletter\\_en](http://www.diw.de/newsletter_en)