



Personal and Household Services in Germany

Surveys & Economic Analysis
Forsa & Prognos 2019

Promotion of PHS in Germany

CONTEXT



- Coalition treaty of government:
*„By promoting PHS, we support the reconciliation of family and work, the participation of spouses and life partners in the labor market and at the same time create more jobs subject to social insurance. We facilitate the use of Personal and household services **through allowances and a voucher system and the option of accompanying tax-free employer subsidies.***



- 83% of parents want PHS to spend more time with their family.
- Employers have a hard time find skilled workers in all parts of the economy due to low unemployment rate.



- Price difference makes black market attractive
- Loss of taxes and social security contributions for the state
- No safeguarding for workers in case of accidents or illness



- Current promotion measures not enough (20% deductibility of costs)
- Household needs to prefinance
- No specific target groups

Overview

Price¹

- ▶ Gross wage / h: ca. 11-14 €
- ▶ Price / h for household: ca. 27-34 €
- ▶ black market / h: ca. 11-15€

Other information

- ▶ Black market represents 80% of supply
- ▶ 83% of workers are female
- ▶ Current legale employment
 - 47.000 workers subject to social security
 - 300.000 minijobs
 - 20.000 self-employed

Demand

- ▶ 18% of households use PHS
 - of that 75% without children
- ▶ 67% of households with children are interested in PHS in order to
 - spend more time with the family (83%)
 - have more time for the job (30%)
- ▶ Households wish about 2h/week of support through PHS

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FINANCING OF THE PHS VOUCHERS

Coalition treaty

1. Employer voucher

- ▶ Employer pays for voucher
- ▶ Voucher is exempt from income tax as an incentive for employer and employees
- ▶ 52 % of companies in Germany consider to grant a voucher for PHS to their employees:
 - 62 % bis zu 100 €; 26 % bis zu 200 € pro Monat
 - Big and small companies show similar interest
 - Employers want to help employees, especially with children & relatives in need of care

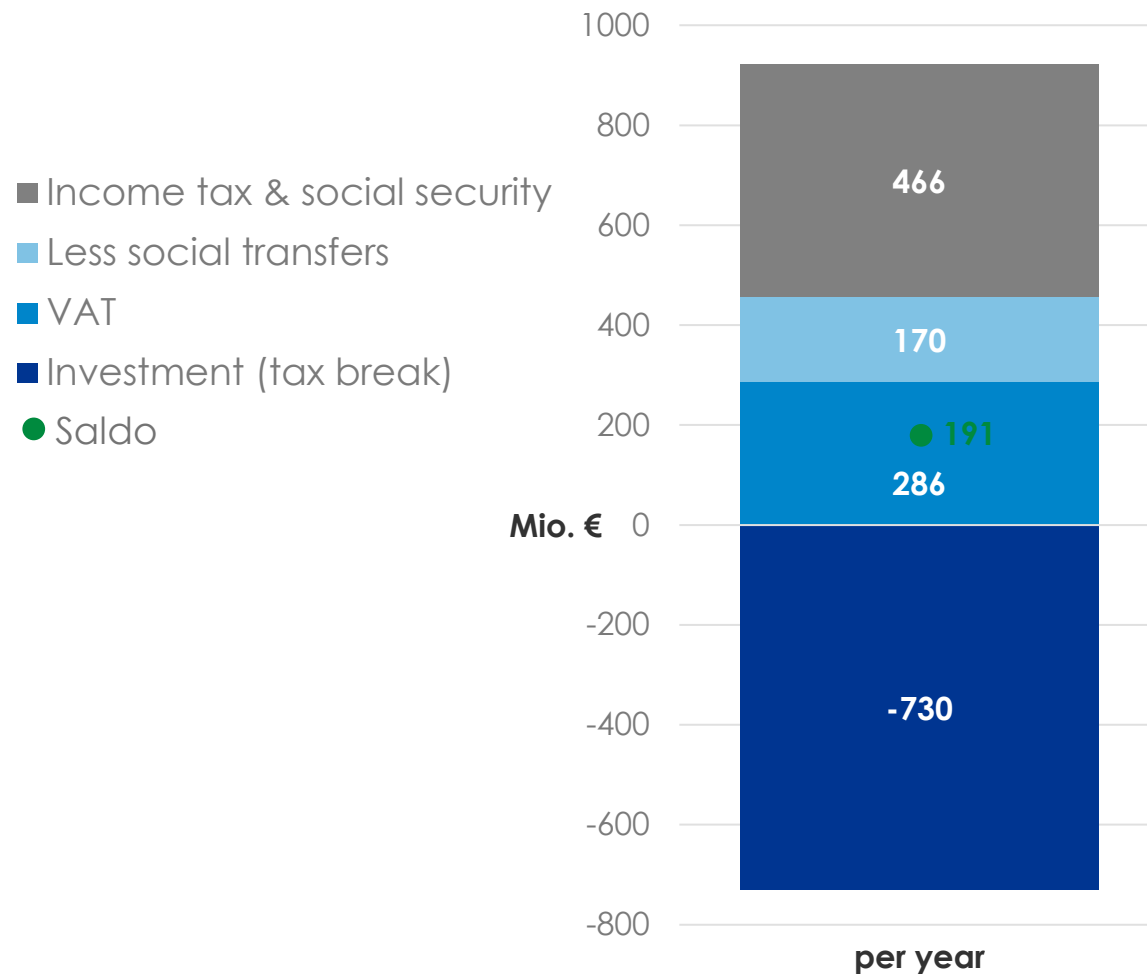
2. Public voucher

- ▶ Public entity (e.g. labor agency) pays for voucher
- ▶ Voucher is financed by public funds
- ▶ In a first step (2023) for
 - Single parentes
 - Households with children
 - Households with people in need
- ▶ In a second step (from 2024) all households

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ECONOMIC

Employer voucher



- Voucher can only be redeemed at agencies that employ their staff subject to social security
- 1,55 million employees would receive monthly / 100€
 - Based on interested of employees & willingness of employers
- Macro economic effect: 20€ voucher

Investment by state (tax incentive)	- 8€
Return for state	
- Income tax & social security	
- VAT	+ 9€
- Less social transfers	
Balance	+ 1€

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ECONOMIC EFFECTS

Public voucher from the state

- ▶ Public investment 2023: 400m €
 - single parents
 - families
 - persons with relatives in need
- ▶ Public investment from 2024: 1,6bn €
 - all households
 - up to 2.000 Euros/household

Both estimates by the Federal Ministry for Labor and Social Affairs

▶ Macro economic effects: 20€ voucher

Investment by state	- 20€
Return for state	
- Income tax & social security	+ 9€
- VAT	
- Less social transfers	
Balance	- 11€

▶ Additional positive effects

- Better jobs chances for women
- Less lack of skilled workers
- More purchasing power for households

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SUMMARY



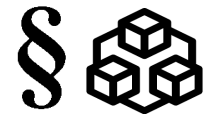
- ▶ Ca. 1,55 m employees would receive a PHS voucher from their employer.
- ▶ Certain groups of people / all households will receive a public voucher.



- ▶ Public investments lead to returns:
 - Income tax
 - Social security contributions
 - VAT
 - Less social transfers
- ▶ Fight against black market
- ▶ Higher quality of legal services



- ▶ Better conciliation of family & work life
- ▶ Better jobs chances for women
- ▶ Less lack of skilled workers
- ▶ More purchasing power for households



- ▶ Employer voucher in income tax law
- ▶ Public voucher in SGB (Social Security Code)
- ▶ Online portals & vouchers as efficient instrument to distribute the funding