

# Dual vocational education and training: Costs & benefits

VET in  
Germany



Funded by



on the basis of a Decision  
by the German Bundestag

German Office for international Cooperation in  
Vocational Education and Training



1. Funding of the German dual system
2. Types of cost and return at a glance
3. What does training cost?  
What are the benefit aspects?
4. Is recruiting a new worker cheaper than training?
5. Vocational training in the dual system – a worthwhile model

Appendix: Special provision in the construction sector



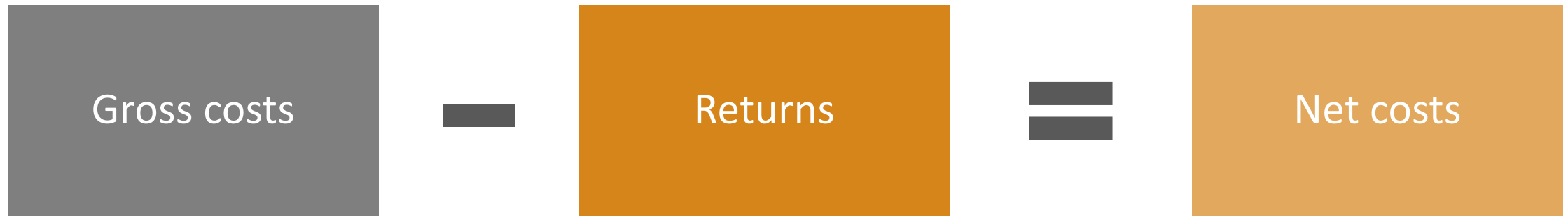


# 1. Funding of the German dual system

- a) Why do companies provide training?
- b) How do employers calculate costs?
- c) Who pays for which costs?
- d) How are the costs distributed?



## 1.b) How do employers calculate costs?



# 1. c) Who pays which costs?

Two learning locations – shared responsibilities



## Training in the work process

Legal basis: Training contract

- ▶ Company puts in place the requirements for on-the-job training (training personnel, training workshop...)
- ▶ Company pays training allowance to trainees
- ▶ **The company pays for this**

## Teaching in the vocational school

Legal basis: Educational laws of the federal states

- ▶ Cities and municipalities fund the vocational schools (buildings, teachers, teaching materials)
- ▶ The teaching is free for the trainees.
- ▶ **The government pays for this**





## 1. d) How are the costs distributed?

### Company



- ▶ **19.1% (= 416,700) of German companies provide training.** The majority are small and medium-sized enterprises
- ▶ **The economy provides €8.4 bn for vocational education and training** (this is total net costs; gross costs = €27.2 bn)
- ▶ Businesses train more than **500,000** new trainees each year, **72%** of which they take on.
- ▶ They invest around **€20,855 per trainee per year** (45% of which is training remuneration)
- ▶ **69%** of the funding invested is recouped through the productive contributions of trainees during the training.

### Government



- ▶ **Public expenditure** on dual vocational education and training in 2022: **approx. €4.63 bn**
  - €3.465 bn on 1,500 vocational schools
  - €1.165 bn on management, monitoring and support measures

### Trainees



- ▶ **receive** an average training remuneration of approx **€1028 (gross) per month** (2019)
- ▶ attend vocational school **free of charge**

Sources: BIBB Data Report to accompany the Report on Vocational Education and Training (2020 and 2023), Federal Statistical Office

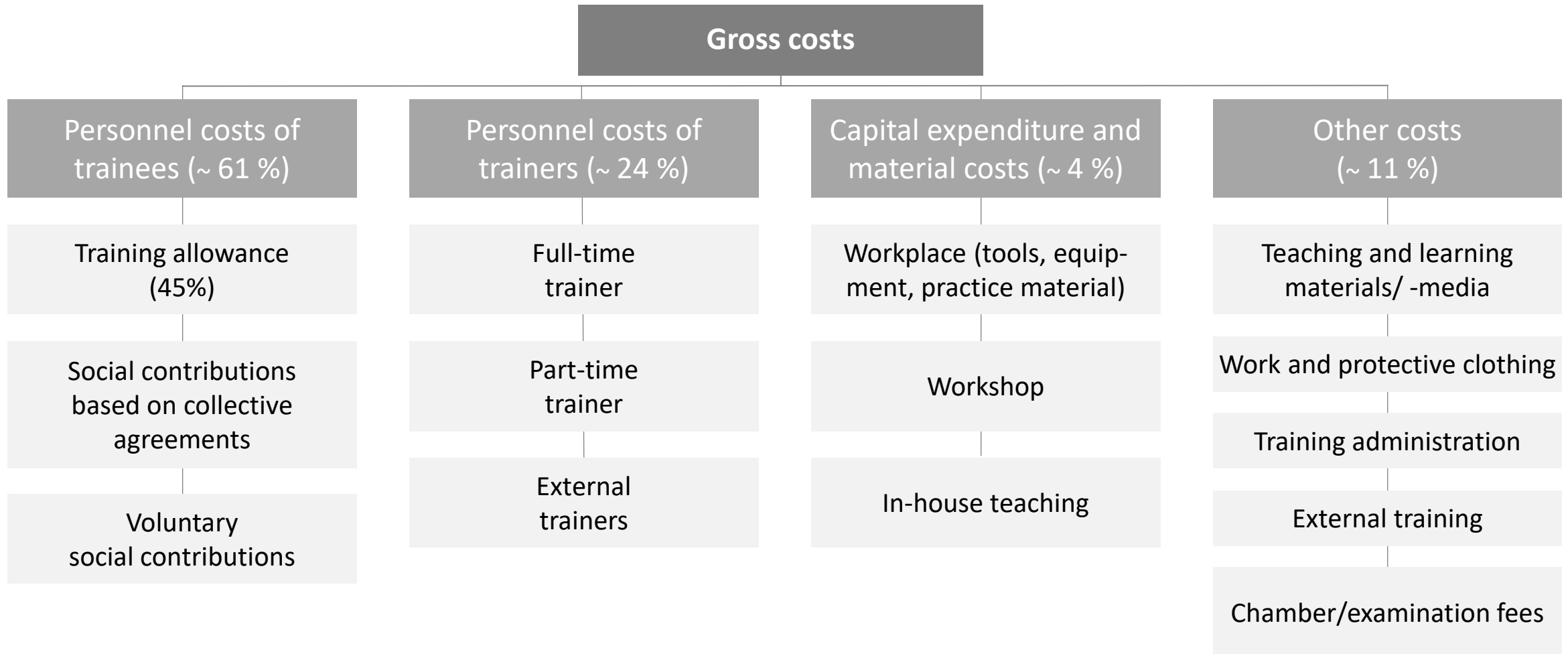


## 2. Types of cost and return at a glance

- a) What gross costs are incurred by trainees?
- b) Where do the returns come from?



## 2. a) What gross costs are incurred by trainees?

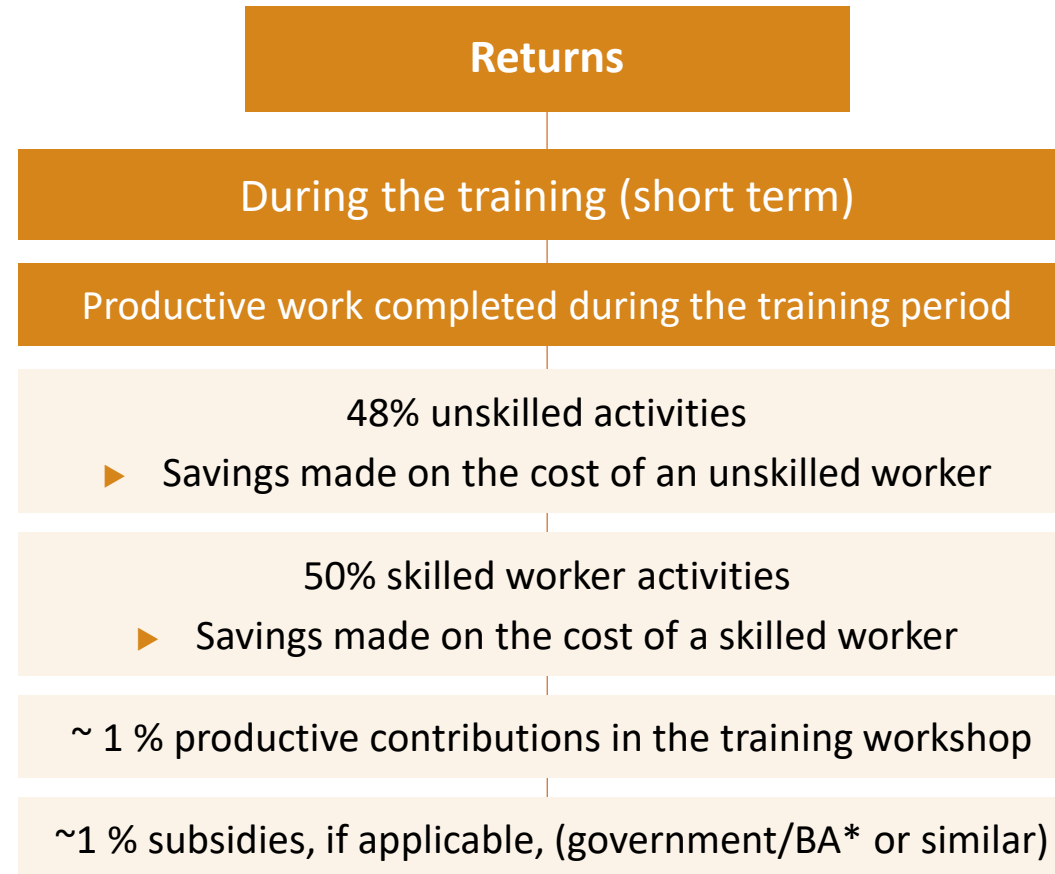


Source: Schönfeld, Gudrun; Wenzelmann, Felix; Pfeifer, Harald; Risius, Paula; Wehner, Caroline: Training in Germany – an investment to counter the skilled worker shortage, BIBB Report 1/2020.





## 2. b) Where do the returns come from?



\* European Social Fund, Bundesagentur für Arbeit (Federal Employment Agency)

Source: Schönfeld, Gudrun; Wenzelmann, Felix; Pfeifer, Harald; Risius, Paula; Wehner, Caroline: Training in Germany – an investment to counter the skilled worker shortage, BIBB Report 1/2020.





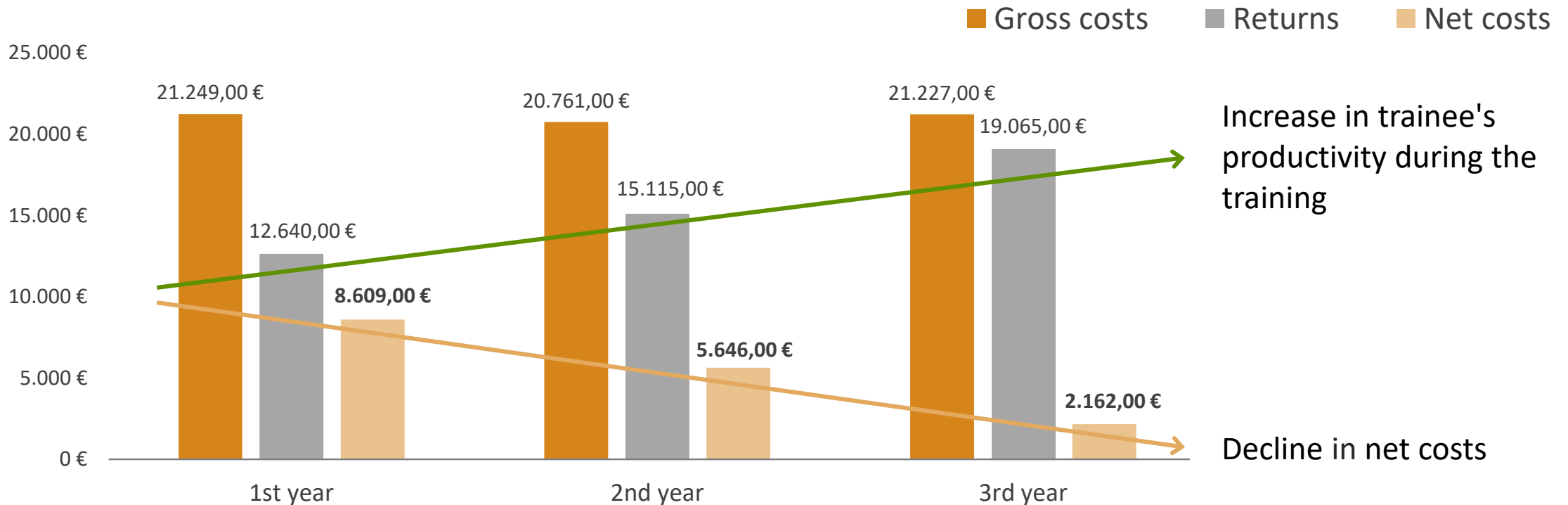
### 3. What does training cost? What are the benefit aspects?

- a) What is the average cost of a three-year training course?
- b) What is the yearly cost of a training position?
- c) What are the long-term benefits?



### 3. a) What does the training cost?

**Change in costs** by training year over a three-year training course\*



► **€16,417 = total average net costs**

\*Information per trainee for the 2017/18 training year



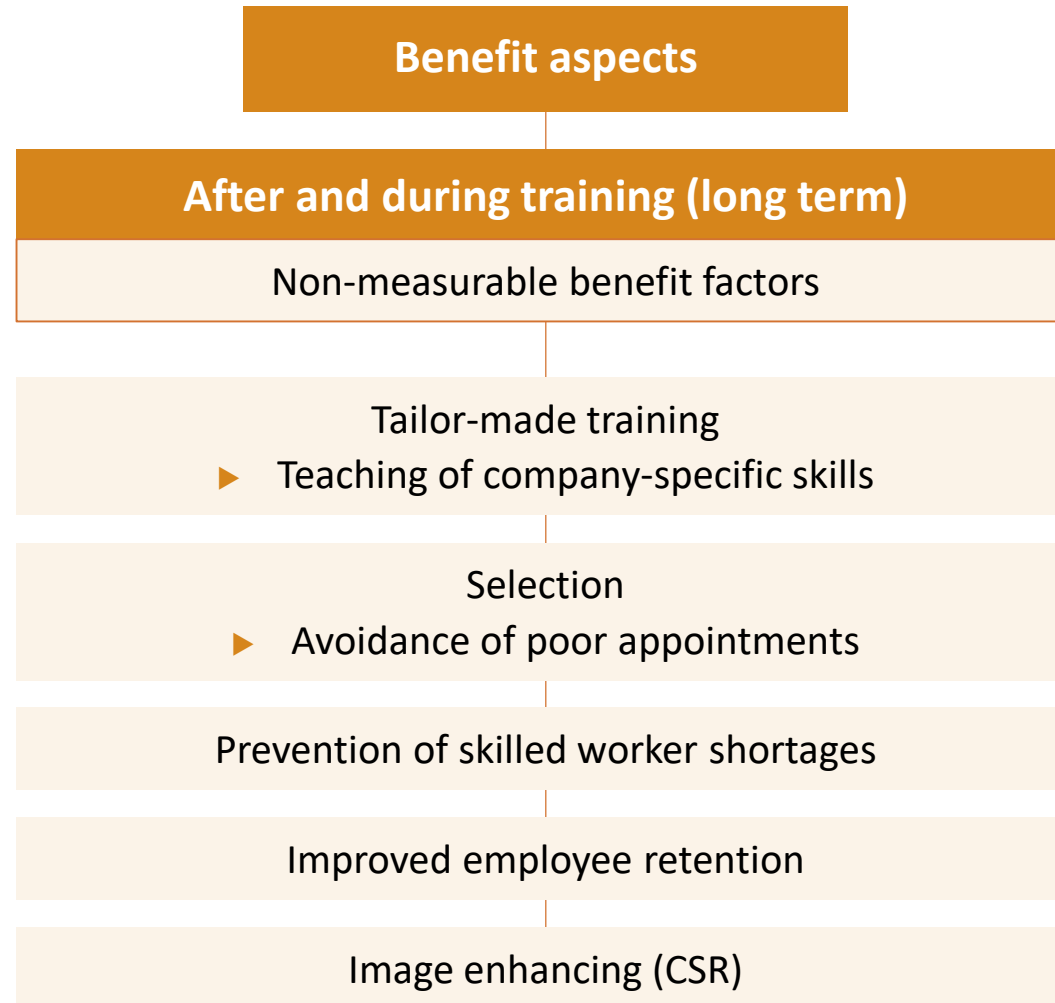
### 3. b) What does a trainer cost each year?

Occupation	Gross costs	Returns	Net costs	Duration of training in years
<b>Average</b>	<b>€ 20,855</b>	<b>€ 14,377</b>	<b>€ 6,478</b>	<b>2–3.5</b>
Information technology specialist	€ 24,127	€ 16,092	€ 8,035	3
Motor vehicle mechatronics technician	€ 16,238	€ 11,286	€ 4,952	3.5
Forwarding and logistics clerk	€ 18,758	€ 20,491	- € 1,732	3
Specialist food salesperson	€ 16,228	€ 15,709	€ 519	3
Painter and varnisher	€ 15,517	€ 16,425	- € 909	3

- **28 %** of businesses achieved a positive gross margin as early as the training phase



### 3. c) What are the benefit aspects?





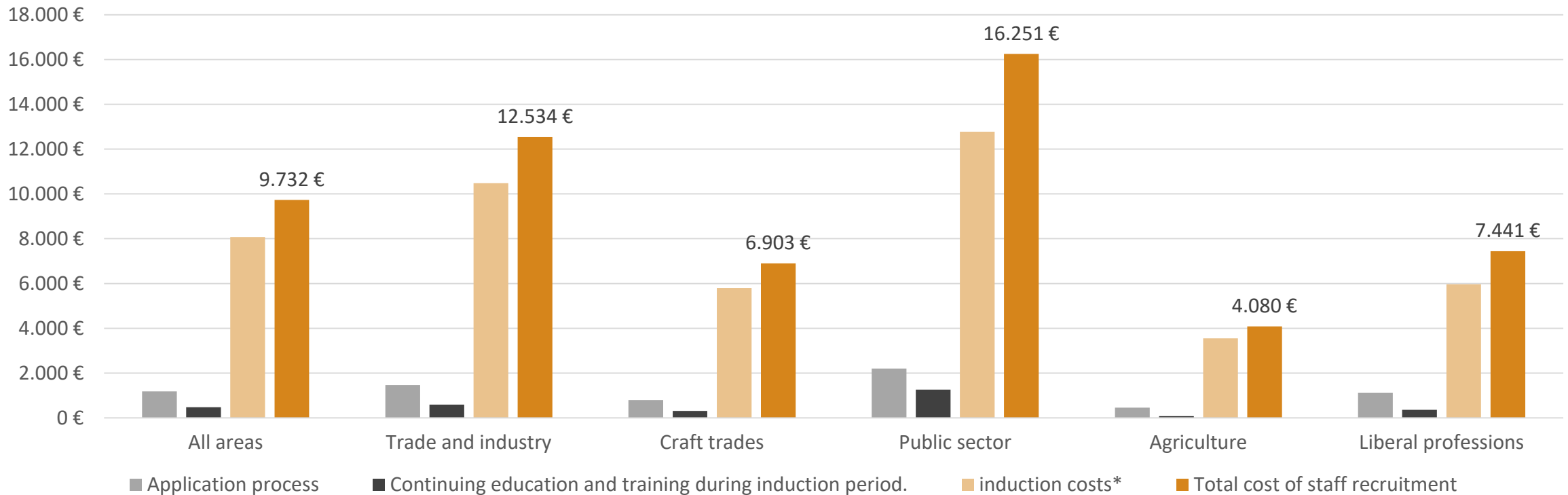
## 4. Is recruiting a new worker cheaper than training?

- a) What costs are incurred when recruiting new skilled workers?
- b) What does it cost to recruit a new worker?



## 4. a) What costs are incurred when recruiting a new worker?

Cost of staff recruitment for an externally trained skilled worker by type of cost.



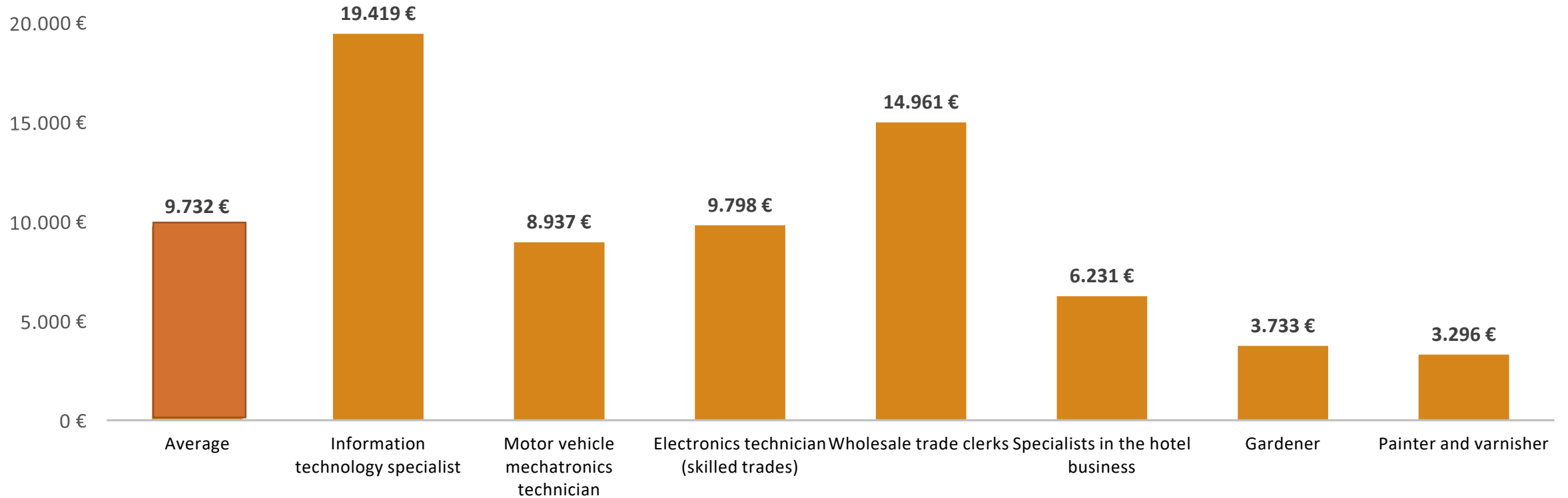
\* **Induction costs** take into account the differences in productivity of new skilled workers as well as effort incurred by other employees in the business when inducting for new colleagues. **On average induction costs are 83% of the cost of recruiting new workers.**

Source: BIBB, Data Report to accompany the 2020 Report on Vocational Education and Training, p. 227.



## 4. a) What costs are incurred when recruiting a new worker?

### Cost of recruiting an externally trained skilled worker



Source: Calculation by BIBB based on Cost-Benefit Survey 2017/18.





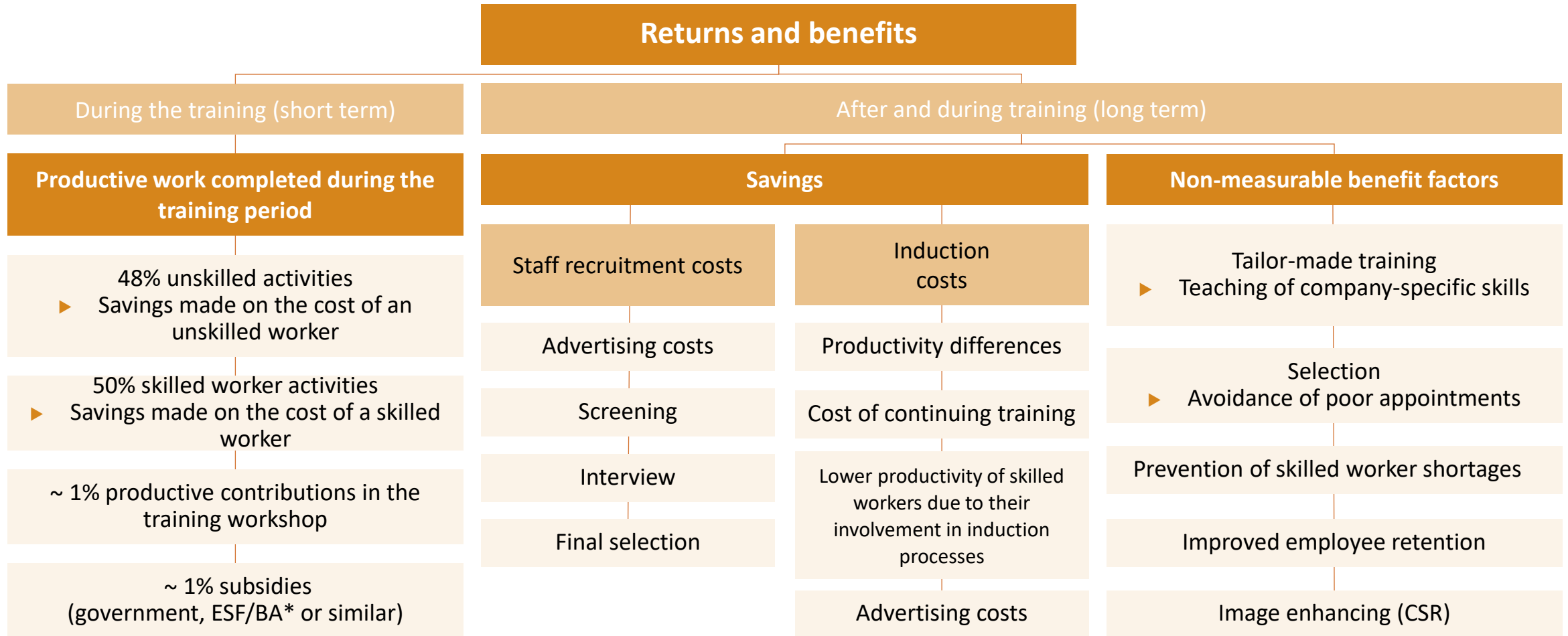


## 5. Vocational training in the dual system – a worthwhile model

- a) Returns and benefits at a glance
- b) Weighing up the costs and benefits.
- c) Summary of benefit aspects for the business
- d) Social and economic aspects



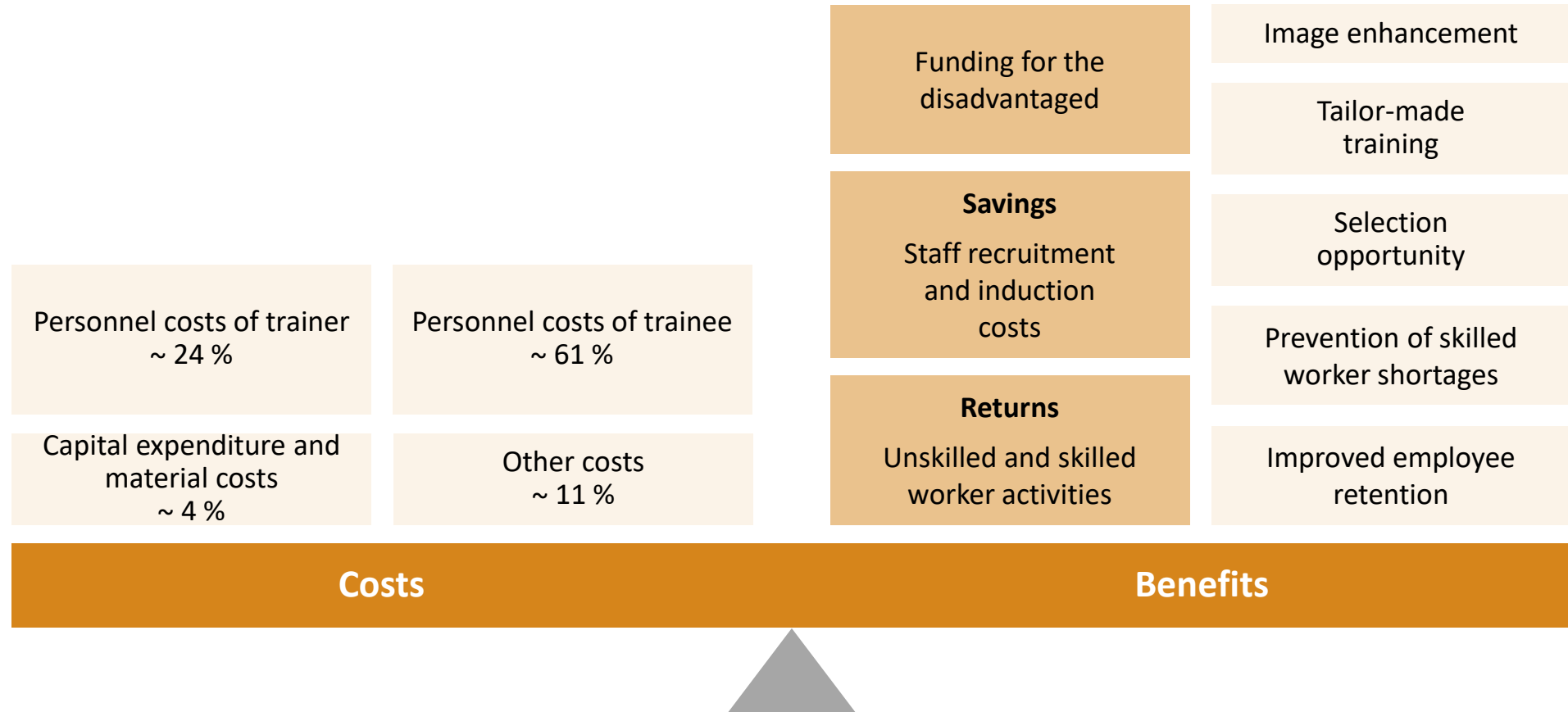
## 5. a) Returns and benefits at a glance



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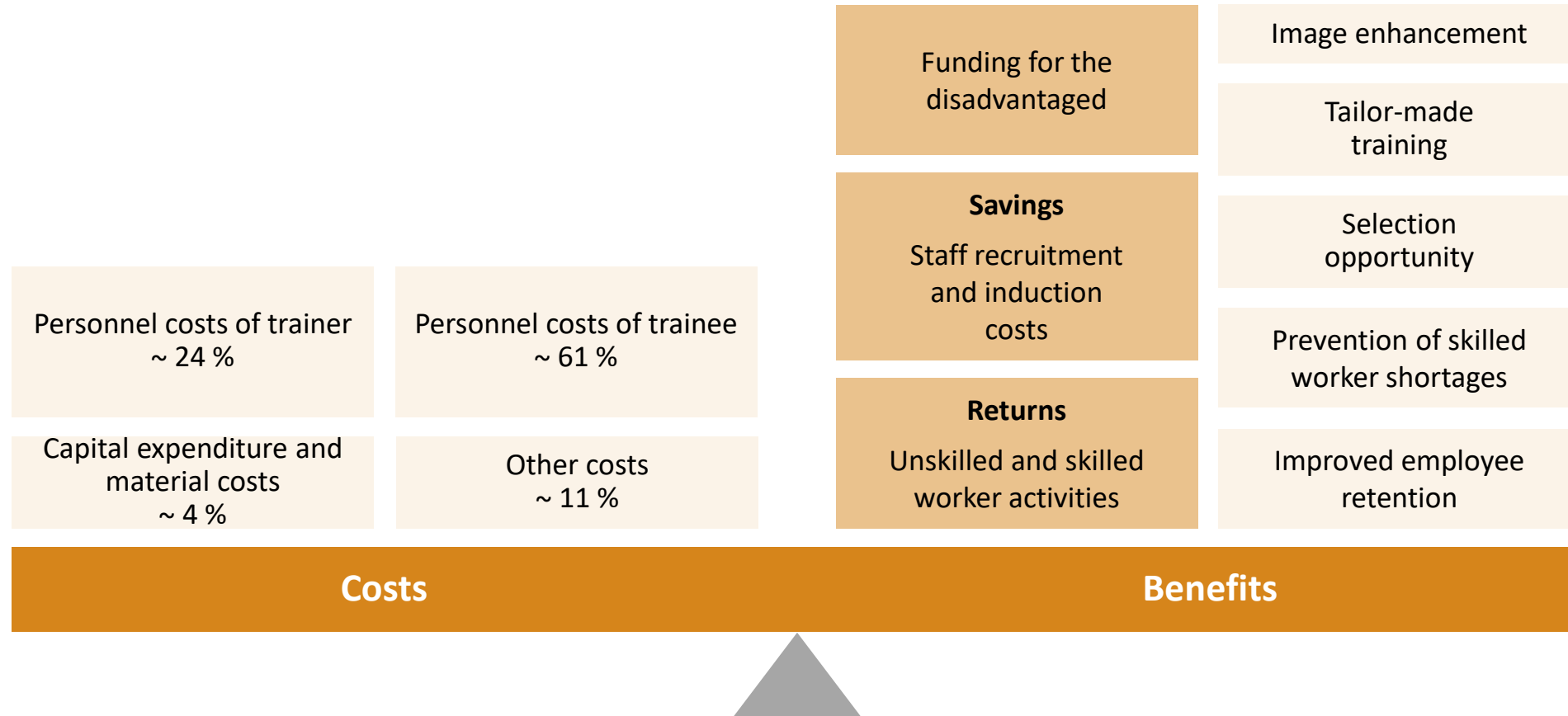
## 5. b) Weighing up the costs and benefits.



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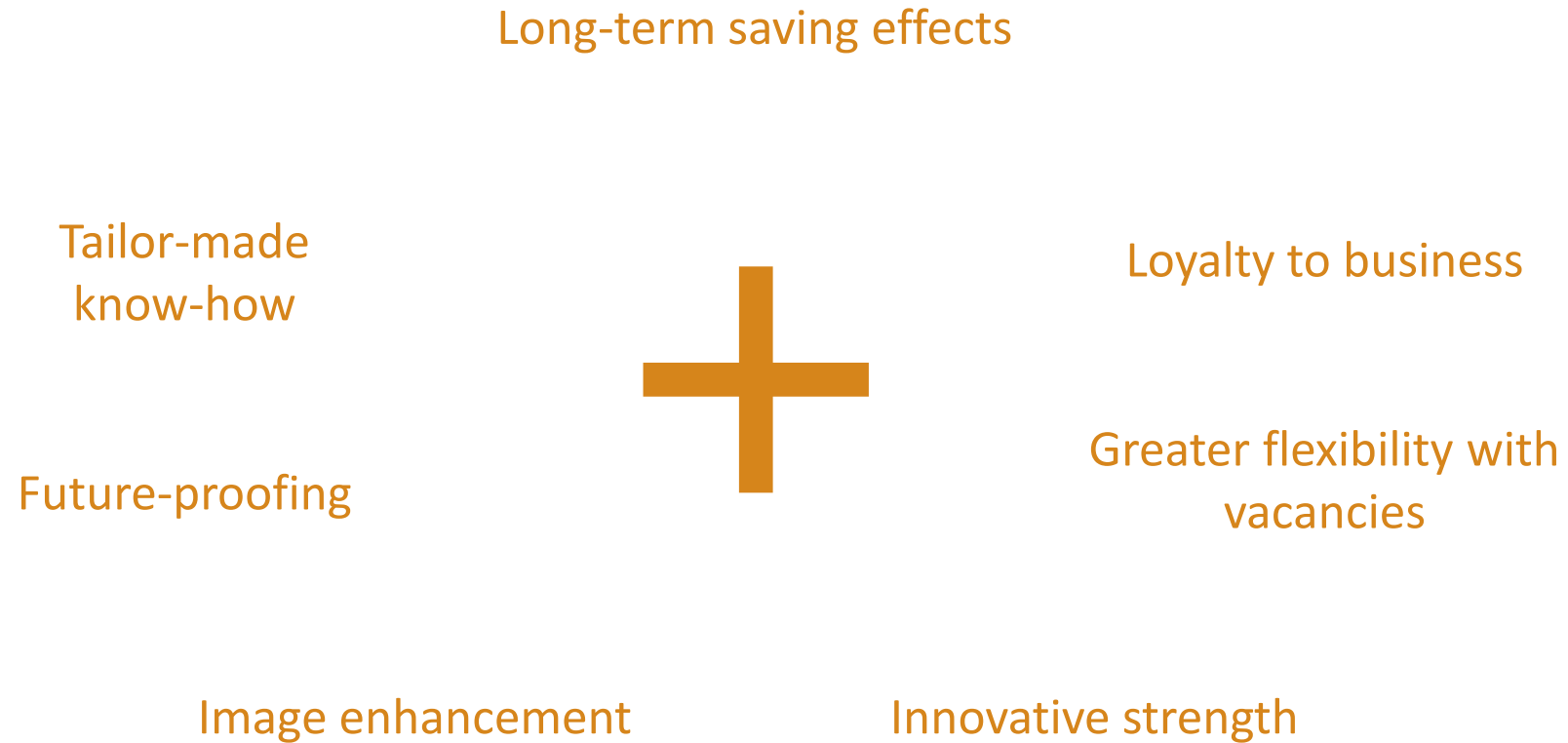
## 5. b) Weighing up the costs and benefits.



\* European Social Fund, Bundesagentur für Arbeit (Federal Employment Agency)



## 5. c) Summary of benefit aspects



## 5. d) Social and economic aspects

### Professionalisation – qualifications for VET personnel

- ▶ Easier for young people to transition from the education system into the world of work compared to skilled workers with academic training (dependent on the labour market situation)
- ▶ Contribution to social stability as a result of low (youth) unemployment
- ▶ Large pool of qualified skilled workers
- ▶ High flexibility and mobility of skilled workers as a result of high level of qualification and standards which apply throughout Germany
- ▶ Strong productivity growth as a result of qualified skilled workers
- ▶ Increase in economic competitiveness of a country
- ▶ High level of social acceptance of vocational education and training



# Appendix: Special provision in the construction sector

## VET levy

**All companies  
in the construction sector pay**

**2.1%**

of the gross salary amount  
into a training fund, regardless of whether they provide  
training or not

**Training companies  
are reimbursed:**

- ▶ Majority of the cost of training in-house or in inter-company vocational training centres.
- ▶ Costs covered in commercial or technical occupations e.g.:
  - for 10 months in year 1
  - for 4 or 6 months in year 2
  - for 1 month in year 3
  - in line with increasing productivity

\* Reimbursement of training remuneration and social welfare costs



“There is only one thing in the long run more expensive than education: no education.”

John F. Kennedy





This presentation, further presentations and information on German vocational education and training and international VET cooperation are all available on our website at:

[www.govet.international](http://www.govet.international)

### Sources

- BIBB Data Report ([link](#))
- KMK ([link](#))
- BMBF Data Portal ([link](#))
- Destatis statistics on VET personnel ([link](#))



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