

Job retention schemes in Europe

Bulgaria

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Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Short-time work scheme (STW): '60-40' short-time work Wage subsidy (WS): support programme for tourism, hospitality and transport sectors
Name of the scheme	'60/40' short-time working (STW) scheme and specific support programme for the tourism, hospitality and transport sectors
Start date of the implementation of the special Covid-19 JRS rules	In July, the so-called '60/40' STW scheme set up in March 2020 and intended to expire on 30 June 2020 (first stage) was extended for another three months, until the end of September 2020 (second stage). With Council of Ministers Decree (CMD) 278 of 12 October, the measure was again extended until the end of 2020 (third stage). In 2021, the measure continues until 31 May 2021 (fourth stage until 31 March and fifth stage until 31 May), and then will probably be extended once more, until 30 September 2021. The key changes involved in the extensions are as follows: During the second stage (1 July–30 September), the companies in the hotels and restaurants sector had no obligation to retain seasonal workers after the end of the compensation period. In the third stage of the measure (from 1 October 2020) there was relief not only for the companies in the hotels and restaurants sector, but also for those in passenger land transport. They have no obligation to preserve the jobs of seasonal workers after the end of the winter tourist season. Companies that received funds under the measure also before October enjoy administrative relief with regard to submitting documents.

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Eligibility	<p>The extended scheme increased its scope by including companies in sectors previously left out of the scheme – NACE 85.10; 85.5; 86.23; 86.90 and 88.91 (2008) – and by dropping the requirement that firms have to be up to date with their tax payments and mandatory contributions.</p> <p>In addition to the STW scheme there is a specific programme for the tourism, hospitality and transport sectors. Under this scheme, companies and self-employed persons receive a monthly subsidy of BGN 290 (approximately €148) for each job preserved, starting on 1 July 2020 for a period of up to six months. The amount is gross inclusive social security contributions.</p>
Exceptions (category of workers or companies excluded from support)	<p>Under the 60/40 scheme, funds for retaining employment are not paid to employees:</p> <ul style="list-style-type: none"> – who were not in an employment relationship with the employer before 13 March 2020, pursuant to Art. 1, para 1, items 1–4 of the Council of Ministers Decree; – insured in sectors A (agriculture, forestry and fisheries), K (financial and insurance activities), O (general government), R (education, excluding economic activities under code 85.10 – private sector and code 85.5), Q (human health and social work, excluding economic activities with code 86.23, code 86.90 and code 88.91 – private sector), T (activities of households as employers), and U (activities of extraterritorial organisations and services according to the Classification of Economic Activities – NACE-2008); – who, during the period of payment of the funds, take unpaid leave, leave for temporary incapacity for work, for pregnancy and childbirth, in case of the adoption of a child up to 5 years of age or raising a child up to 2 years of age; – employees for whom the employer receives financing for remuneration and social security contributions from the state budget, pursuant to Art. 71 of the Public Finance Law (state delegated activities); – for whom the employer receives funding for remuneration and social security contributions from the state budget with funds from the European Structural and Investment Funds or other public funds.
Duration of support (maximum duration for which JRS support is paid)	<p>The state of emergency was introduced on 13 March 2020, but after its repeal on 14 May, it was replaced by an emergency epidemiological situation by order of the Minister of Health. The maximum duration of compensation for each of the three periods was three months.</p>
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<p>The STW allowance is 100% and ensures that workers receive their full actual wage in the base month preceding the use of compensation under the 60/40 scheme (see below the base months for each of the stages).</p>
Cap on support (maximum amount of JRS support payable)	<p>The total amount of support may not exceed 80% of the individual insurable income for the base month – January (first stage), May (second stage), August (third stage) and the insurance contributions that the employer is obliged to pay. The maximum insurable income to be taken into account for the calculation of STW wage support is BGN 3,000 (approximately €1,533 in 2020). Hence the actual cap of STW support is 60% of BGN 3,000 = BGN 1,800 (approximately €920).</p> <p>State support granted under EC Decision C 4950/2020 may be combined with support under CMD 55/2020, CMD 151/2020 or other employment measures approved by the Commission under Section 3.10 of the Temporary Framework, provided that the total amount of support does not exceed the maximum level of support of 80%. The monthly wage subsidy per person may not exceed 80% of the individual monthly gross wage (including social security contributions to be paid by the employer) of the employee or self-employed person who benefits from the measure or combination of two measures (for example, scheme 60/40 + monthly subsidy of BGN 290 (approximately €148), see Eligibility). In this way, the combination of the two measures in the tourism, hospitality and transport sectors is transformed into a maximum of 80/20.</p>

What share of the support is covered by the state and by the employer?	The state covers 60% of the STW allowance plus 60% of the social security contributions normally covered by the employer. The other 40% of the STW allowance is covered by the employer.
Dismissal protection	The duration of protection against dismissal is twice as long as the period of the STW allowance. This means that, if, for instance, the duration of STW was three months the protection against dismissal is six months covering the three months of STW plus three additional months after the end of STW.
Role of collective bargaining in the adoption and implementation of JRS support	As this support scheme is being used for the first time, there are no traditions and no connection with collective bargaining. There is no information that it has been subject to collective agreements at company and sectoral level since the beginning of the implementation of the measure.
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	There are no special conditions of this kind. A number of trade union experts have noted that this is a significant flaw in the regulation.
Special provisions as regards training/ requalification/ reorientation of employees on JRS	No such provisions are foreseen in the law.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)			Actual number of workers on STW ²		Applications for STW ³		
	March 2020		89,296		–		
	April 2020		142,167		–		
	May 2020		129,727		–		
	June 2020		78,995		–		
	July 2020		132,773		–		
	August 2020		137,058		–		
	September 2020		131,765		–		
	October 2020		135,641		–		
	November 2020		135,842		–		
	December 2020		126,202		–		
	Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS) ⁴	March–June		July–September		October–December	
		1. Manufacturing industry	44.1%	1. Manufacturing industry	42.6%	1. Manufacturing industry	39.3%
2. Wholesale and retail trade and repair of motor vehicles and motorcycles		15.8%	2. Hotels and restaurants sector	22.4%	2. Hotels and restaurants sector	18.3%	
3. Hotels and restaurants sector		13.2%	3. Transportation, warehousing and postal services	10%	3. Wholesale and retail trade and repair of motor vehicles and motorcycles	11%	
4. Transportation, warehousing and postal services		8.1%	4. Wholesale and retail trade and repair of motor vehicles and motorcycles	7.7%	4. Transportation, warehousing and postal services	10.8%	
5. Construction		4.0%	5. Mining industry	4.6%	5. Mining industry	5.1%	

2. The data are based on payments made as of 12.1.2021. In this sense, until all payments under the measure have been made, all submitted applications have been processed by the Employment Agency and all lists of approved employers have been sent to NSSI and the relevant funds paid, the data should be considered preliminary.
3. NSSI does not have information on the total number of applications submitted to the Employment Agency by month. As of 11 January 2021, according to the data of the Employment Agency, the total number of applications submitted under Council of Ministers Decree No. 55 in 2020 was 16,970 employers for 296,638 employees; under Council of Ministers Decree No. 151 of 2020, the total was 5,997 employers for 164,909 employees; under CMD No. 278 of 2020, it was 6,860 employers for 140,970 employees. The deadline for submitting applications under CMD No. 55 of 2020 and CMD No. 151 of 2020 has expired, and that of CMD No. 278 of 2020 had expired by 20 January 2021. In this sense, the data should be considered preliminary.
4. Sectors are identified based on the information submitted by the employers upon their registration. Where such information is missing, a crosscheck was performed in the Personal Register of Insured Persons for each individual employer to ensure consistency between the main economic activity according to Annex No. 1 of the 2020 State Social Security Budget Law and the code under NACE-2008.

Is there any data on how many workers lost their jobs after STW expired?

There is additional protection for employment retention for a period equal to that for which the compensation is used (for example, if a worker has been on STW for 3 months, they cannot be dismissed for another three months after expiry).

The NSSI is not able independently to estimate how many workers have lost their jobs – rather than accepting voluntary redundancy – after expiry of participation in the measure and/or after the period of protection from dismissal.

Furthermore, it is too early for such assessments, at least as regards CMD No. 278 of 2020 (third stage), as not all potentially due funds have yet been paid (and applications are currently being collected from employers), but for CMD No. 151 of 2020, the deadlines for maintaining employment are still coming to term. For some sectors (hotels and restaurants, passenger land transport), on the other hand, there are no such commitments.

An indirect indicator of the measure's effectiveness is a comparison between the proportion of all those included in it, who are insured for a certain period. The data show that a total of 258,100 people have been included in the '60/40' measure for at least one month for the period from March 2020 to the present. Of these, in October 2020, 232,800 people were insured; that is, nearly 90% of the participants are still employed. A total of 214,200 people are employed by the same employer, that is, 83% of all those included in the measure and 92% of all those currently employed.

Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)

As of 31 December 2020, a total of BGN 648,684,363 (approximately €331,667,000) has been paid out, including:

- BGN 186,064,432 (approximately €95,133,200) under CMD No. 55 of 2020 (first stage);
- BGN 343,400,258 (approximately €175,578,000) under CMD No. 151 of 2020 (second stage);
- BGN 119,219,673 (approximately €60,956,100) under CMD No. 278 of 2020 (third stage).

This is 0.54% of projected GDP for 2020 (BGN 119.089 million).⁵

Additional expenditure in 2021:

- By January 2021, BGN 143,681,276 (approximately €73,463,100) had been paid for employment retention in previous periods/stages of 2020.
- From 01.02.2021 to 25.02.2021, BGN 79,161,279 (approximately €40,474,500) was paid, including BGN 34,140,453 (approximately €17,455,700) under CMD No. 416 of 2020 for the fourth stage (from January to March 2021). The rest was paid for previous periods in 2020.

For 2021 (fourth stage of the scheme), the 2021 State Social Security Budget Law allocates BGN 300 million under the NSSI budget, which represents 0.24% of projected GDP for 2021 (BGN 124,500 million).⁶ The expectations are that this amount will be fully absorbed.

These reporting and forecast data clearly show that the European Commission loan of €511 million (BGN 999 million) granted under SURE covers the costs of the four stages of '60/40'. In other words the loan provides liquidity for already covered costs and the continuation of '60/40' until March 2021.

5. Ministry of Finance, Autumn Macroeconomic Forecast 2020. Available at: https://www.minfin.bg/upload/45702/MacroForecasting_Oct_2020bg.pdf

6. Ministry of Finance, Autumn Macroeconomic Forecast 2020. Available at: https://www.minfin.bg/upload/45702/MacroForecasting_Oct_2020bg.pdf

Information on non-standard workers and JRS⁷

<p>Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?⁸</p>	<p>Some categories of non-standard workers (workers with a temporary work contract, seasonal workers, part-time workers) have access to '60/40', but not the self-employed.</p>		
	<p>Support schemes for the self-employed</p>		
	<p>Support for freelance actors and creators</p>	<p>Interest-free loans</p>	<p>Monthly subsidy of BGN290 for the self-employed in tourism, hospitality and transport</p>
<p>What are the eligibility criteria?</p>	<p>Being without income because of a ban on exercising the activity in the Covid-19 emergency.</p> <p>Monthly income declared for the previous year should not exceed BGN 1,000 (approximately €511).</p> <p>If the declared income exceeds BGN 1,000 (approximately €511) they can resort to an interest-free loan.</p>	<p>In May, a measure for granting interest-free loans of up to BGN 4,500 (approximately €2,300) was launched, which also includes self-employed people. The conditions are:</p> <ul style="list-style-type: none"> – the person must have had to halt their usual activity as a self-insured person; – and/or have suffered at least a 20% drop in income for Q1 2020, compared with the first quarter of 2019; – a declaration that social security contributions have been paid before the occurrence of the event; – a declaration that the person does not receive remuneration for their work under another legal relationship. 	<p>Support for enterprises and self-insured persons whose economic activity is directly affected by the pandemic, by decision of the National Assembly of 13 March 2020. In order to retain employment in enterprises in hospitality, transport and tourism, specifically listed in the annex of Council of Ministers Decision No. 429 of 26.06.2020, the project supports employers, self-employed and municipal enterprises established in virtue of Art. 52 of the Municipal Property Law.</p>
<p>How is the financial support for non-standard workers calculated?</p>	<p>Three months' national minimum wage (3 x BGN 610 – approximately €312) and social security contributions.</p>	<p>Interest-free loans from BGN 1,500 to BGN 4,500 (approximately €767–2,300).</p> <p>The maximum amount of the interest-free loan for one person was increased from BGN 4,500 (approximately €2,300) to BGN 6,900 (approximately €3,528) by decision of the Council of Ministers on 10.12.2020. The application period has been extended until 30 June 2021, or until expiry of the guarantee provided by the commercial banks that are partners under the Programme. As of January 2021, over 40,000 individuals had applied for interest-free loans, and another 1,240 applications are still pending. The total amount of approved loans at present is about BGN 110 million (55% of the total amount provided), and the average value of these loans is about BGN 4,200 (approximately €2,147).</p>	<p>The measure applies to both enterprises and self-employed persons. Compensation is provided for part of the wage and the tax and social security contributions due at the expense of the insurer and the insured person in the amount of BGN 290. The employment of the supported employees, as well as the activity of self-employed persons should be maintained for the entire period of payment of compensation, as well as for an additional period equal to half the period for which the compensation has been paid.</p>

7. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
8. The following questions refer to any existing schemes for non-standard workers.

Which sectors were most affected in terms of providing support to non-standard workers?	1,200 freelance creators and actors	Self-employed from all sectors	Since 1 July to the end of 2020 in hospitality, tourism and transport – the number of companies included was 1,831, the number of workers 26,199, of whom 151 were self-employed. The total amount of funds spent under the measure by the end of 2020 (absolute amount and as a percentage of GDP) is BGN 23,810,800 (0.02%).
Are there any measures for training/ requalification/ reorientation for non-standard workers?	No.	No.	No.

Sources

Employment Agency <https://www.az.government.bg/>Ministry of Labour and Social Policy <https://www.mlsp.government.bg/>National Social Security Institute <https://www.noi.bg/>