

Job retention schemes in Europe

Germany

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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)
Name of the scheme	<i>Kurzarbeitergeld</i> (Short-time work allowance)
Start date of the implementation of the special Covid-19 JRS rules	<p>An early incarnation of short-time working (STW) existed in 1910 to regulate compensation for lost work and earnings in potash mining. STW in its current form was introduced in 1927, based on the Law on Job Placement and Unemployment Insurance. Later, STW was based on the German Social Code. In general, it is possible to distinguish three types of short-time allowance:</p> <ul style="list-style-type: none"> – Cyclical STW allowance (according to § 96 <i>Sozialgesetzbuch</i> (SGB) III) is granted for economic and cyclical reasons if there is a temporary significant loss of work with loss of pay and certain personal and company requirements are met. – Seasonal STW allowance (according to § 101 SGB III) is only paid to companies in the construction industry (main construction, roofing, scaffolding, gardening and landscaping) during the bad weather period in the event of an economically induced loss of work, and for other weather-related reasons. The bad weather period lasts from December to March; in the scaffolding trade it begins in November. – Transfer STW allowance (according to § 111 SGB III) can be applied for in the context of a restructuring process that entails a reduction of staff in order to avoid redundancies and to improve the employees' placement prospects during employment in a transfer company. The prerequisite is a permanent, unavoidable loss of work. <p>The following analysis refers only to cyclical STW, because in quantitative terms transfer STW is negligible, and seasonal STW can be considered a special form of cyclical STW. The special Covid-19 STW rules were introduced in March 2020 and then amended in April and September 2020. The new rules in March 2020 essentially facilitated access to the scheme and extended its scope by also including temporary agency workers. The legislative changes in April 2020 increased the level of the STW allowance; and the new rules introduced in September 2020 essentially extended the scheme to 24 months.</p>

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<p>Eligibility</p>	<p>According to the German Social Code III (SGB III, §95-§111) STW compensation can be paid if:</p> <ol style="list-style-type: none"> (1) there is a substantial loss of working hours with loss of pay for economic reasons or an unavoidable event and if it is temporary; (2) in the respective calendar month (entitlement period) at least one-third of the workforce in the enterprise is affected by a loss of remuneration of more than 10% of their monthly gross remuneration in each case. <p>STW needs to be based on a collective agreement, a works agreement or an individual employment contract. In companies with a works council, the latter has to agree to the use of STW in a works agreement (<i>Betriebsvereinbarung</i>). Such an agreement should at least include the scope of the working time reduction/short-time work, as well as the beginning and the expected end of the working time reduction/short-time work.</p> <p>Working time does not have to be reduced equally for all employees. It is possible to introduce STW for specific sections/departments of the establishment. Differences must be objectively justified, however.</p> <p>Legislation adopted in March 2020 and valid until December 2021 facilitated access to STW stating that compensation will be paid once 10% of the workforce is affected (in contrast to one-third under the normal scheme). Legislation introduced in September 2020 furthermore states that there is no longer a requirement for employees to have a negative balance in their working time account.</p> <p>The approval of the works council is another prerequisite. In companies without a works council and without collective agreements on STW, all affected employees must agree to it. According to the Works Constitution Act (<i>Betriebsverfassungsgesetz</i>), the works council has a right of codetermination in the introduction of STW; this means that if the employer and the works council cannot agree on whether and how to introduce STW, both the employer and the works council can appeal to the conciliation board. The decision of the conciliation board replaces the agreement between the employer and the works council.</p>
<p>Exceptions (category of workers or companies excluded from support)</p>	<p>Self-employed and marginally employed employees who are not covered by social insurance (that is, so-called mini-jobs with earnings of less than €450 a month or less than three months/70 days of employment per year)</p> <p>Temporary agency workers are normally excluded. After the adoption of legislation in March 2020 such workers are now also included.</p>
<p>Duration of support (maximum duration for which JRS support is paid)</p>	<p>Under the normal scheme the duration is 12 months. Legislation adopted in September 2020 extended the scheme to 24 months. The deadline for applications is 31 December 2021.</p>
<p>Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)</p>	<p>Under the normal scheme the level of STW support is 60% of the net wage lost due to the working time reduction for employees without children and 67% for employees with at least one child.</p> <p>On 23 April new legislation was adopted which increases the level of statutory STW allowance depending on the duration of STW pay:</p> <ul style="list-style-type: none"> – first three months of STW: 60% (without children) and 67% (with children) of net wage; – between fourth and sixth month of STW: 70% (without children) and 77% (with children) of net wage; – between the seventh and twelfth month of STW: 80% (without children) and 87% (with children) of net wage. <p>The higher rates after the fourth month are paid only if working time is reduced by at least 50%.</p> <p>For wages earned during STW, the employer and the employee continue to jointly pay social security contributions. For working time lost due to STW and for which STW allowance is paid, the employer bears the social security contributions alone – that is, the employer part as well as the employee part of the social security contributions. In the period from 1 March 2020 to 30 June 2021, however, the social security contributions to be borne solely by the employer will be reimbursed in full by the Federal Employment Agency.</p> <p>The new law in September 2020 extended full payment of social security contributions by the state from 31 December 2020 until 31 June 2021; after that until 31 December 2021 the state covers only 50%, unless the employee spends time off work on training, in which case the state continues to cover 100%.</p>

Cap on support (maximum amount of JRS support payable)	The maximum amount of the monthly gross wage taken into consideration for the calculation of the STW allowance is €7,100 in western Germany and €6,700 in eastern Germany. This is not the maximum amount paid!
	The calculation of STW allowance is based on the difference between actual gross remuneration in the month of STW and the gross remuneration which the employee would have earned in the month of entitlement without the loss of work. From this gross difference a net difference is calculated, which in turn provides the basis for the calculation of the actual STW allowance. Because the STW allowance is a percentage of the net wage lost due to the working time reduction, however, the amount of the STW allowance depends on: the original gross wage; the reduction of working time which determines the wage lost due to STW; the tax bracket; whether or not the employee has children; the duration of STW; and the part of Germany in which the employee lives. The maximum amount of STW allowance paid is approximately €3,900 for an employee in western Germany with at least one child, an original gross wage of €7,100, a working time reduction of 100%, a classification in tax bracket 3 and at least 7 months duration of STW.
What share of the support is covered by the state and by the employer?	The state/Federal Employment Agency covers 100% of the STW allowance . The employer only pays for the time worked. From March 2020 until 31 June 2021 the state/Federal Employment Agency also covers all the social security contributions.
Dismissal protection	No dismissal protection is provided for in the law, but collective agreements often provide for protection against dismissal.
Role of collective bargaining in the adoption and implementation of JRS support	<p>The introduction of STW needs be based on a collective agreement or a works agreement. Since 17 March 2020, several industry-level collective agreements have been concluded between trade unions and employers' associations topping up the statutory STW allowance (in many cases with a higher increase for lower wage groups). In practice, this means that in addition to the statutory STW allowance paid by the Federal Employment Agency, the employer covers an additional part of the net wage lost due to the working time reduction. Examples include: film industry (100% of net wage); metalworking (80–97% of net wage); local government (90–100% of net wage), insurance (90–95% of net wage); theatre and orchestras (90–100% of net wage); chemicals (90% of net wage); automotive craft (<i>Kfz-Handwerk</i>) (80–90% of net wage); systems-based food catering sector (<i>Systemgastronomie</i>) (90% of net wage); paper industry (90% of net wage); textiles (80% of net wage); glass industry (80% of net wage); banking (75–95% of net wage).</p> <p>There are also a whole range of company-level agreements that improve on the statutory STW allowance. Examples include: Wintershall DEA (100%), Volkswagen (78–95%), Eurowings (90%), Deutsche Telekom AG (85% of gross wage), and Deutsche Bahn AG (80% of gross wage).</p>
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)	No such provisions are provided for in the law.
Special provisions as regards training/requalification/reorientation of employees on JRS	<p>The law adopted in September 2020 includes an incentive for training: after 31 June 2021 the state will continue to cover 100% of social security contributions only if the employee spends time off work on training; otherwise the state will only cover 50%.</p> <p>Furthermore, the Employment Security Act (<i>Beschäftigungssicherungsgesetz</i>) created a special subsidy scheme to support training during STW that is limited until 31 July 2023. Under this scheme, employers can receive subsidies for the costs of training courses for their employees that begin during STW in accordance with § 106a SGB III if:</p> <ul style="list-style-type: none"> – the further training lasts more than 120 hours; – the training and the provider are approved for the subsidy. <p>The amount of the support varies according to the number of employees at the company, from 100% in the case of an employer with fewer than 10 employees to 15% in the case of an employer with more than 2,500 employees (10–249 employees: 50%; 250–2,499 employees: 25%).</p>

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 STW ^{(1)*}	STW quota (% of workforce ^{(2)*})	Employment equivalent ^{(3)*}	Applications for STW ^{(4)**}
	March 2020	2,579,665	7.7	867,967	2,638,662
	April 2020	5,995,428	17.9	3,049,142	8,024,313
	May 2020	5,714,841	17.1	2,433,427	1,139,664
	June 2020	4,452,285	13.4	1,680,619	387,382
	July 2020	3,305,887	9.9	1,239,707	254,334
	August 2020	2,537,053	7.6	912,938	184,104
	September 2020	2,229,430	6.6	803,719	106,658
	October 2020	2,020,651	6.0	752,339	148,401
	November 2020	2,386,194	7.0	1,114,622	627,624
	December 2020	2,695,968	7.9	1,229,831	781,247

Note:

- (1) Data on the actual number of workers on STW are available from the Federal Employment Agency (Bundesagentur für Arbeit) only with a five-month time lag.
- (2) The STW quota represents the share of workers on STW of the number of employees subject to social insurance contributions.
- (3) The employment equivalent is based on the (projected) actual STW and is a measure that indicates for how many workers per month a 100% loss of work would have resulted from STW.
- (4) Figure refers to new applications submitted each month. Since an application for STW can cover several months, the number of applications submitted per month can be substantially lower than the actual number of workers on STW because the STW in that particular month can be covered by an application already submitted in the previous months.

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)

Actual number of workers on STW by sector

NACE	Mar. 2020	Apr. 2020	May 2020	Jun. 2020	Jul. 2020	Aug. 2020	Nov. 2020	Dec. 2020
Total STW	2,834,310	5,995,429	5,714,842	4,452,285	3,305,887	2,537,053	2,386,194	2,695,968
A: Agriculture, Forestry and Fishing	4,230	7,082	5,610	4,193	2,923	2,237		
B: Mining and Quarrying	535	3,399	3,940	4,235	3,981	3,567		
C: Manufacturing	658,167	1,869,069	2,027,961	1,773,324	1,390,025	1,037,376	732,121	618,001
D: Electricity, Gas, Steam and Air Conditioning Supply	871	4,848	6,030	3,750	2,234	1,535		
E: Water Supply; Sewerage, Waste Management and Remediation Activities	3,790	12,733	12,825	8,869	5,905	4,338		
F: Construction	260,081	150,741	122,262	88,711	64,878	52,134	45,752	26,829
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	457,239	1,035,969	841,670	594,690	403,587	302,377	280,539	468,529

H: Transportation and Storage	134,886	331,524	319,738	256,269	200,354	172,921	142,985	149,435
I: Accommodation and Food Service Activities	490,001	665,678	634,970	445,667	321,536	253,639	494,759	549,746
J: Information and Communication	32,914	130,998	151,255	135,588	111,346	90,256	60,082	54,256
K: Financial and Insurance Activities	10,180	41,581	45,503	31,015	17,486	13,664		
L: Real Estate Activities	10,957	27,192	25,654	17,346	11,941	9,237		
M: Professional, Scientific and Technical Activities	173,761	454,831	409,409	321,646	238,737	191,182	153,645	194,364
N: Administrative and Support Service Activities	213,661	424,609	400,852	321,515	248,913	203,578	178,684	191,773
O: Public Administration and Defence; Compulsory Social Security	2,275	9,156	21,714	20,098	11,648	7,952		
P: Education	38,830	87,520	87,274	54,154	37,042	26,117	20,967	29,603
Q: Human Health and Social Work Activities	136,347	397,383	331,901	189,644	103,713	64,728	43,587	60,470
R: Arts, Entertainment and Recreation	72,120	129,786	135,714	81,732	53,850	40,403	111,398	130,415
S: Other Service Activities	132,236	209,663	129,195	99,159	75,353	59,520	82,784 (S and T combined)	156,387 (S and T combined)
T: Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use	440	923	757	533	378	261		
U: Activities of extraterritorial organisations and bodies	8	8	15	10	14	8		
Not specified	781	736	593	137	43	23		

Source: see endnote*

Actual number of workers on STW by sector as percentage of STW overall

NACE	Mar. 2020	Apr. 2020	May 2020	Jun. 2020	Jul. 2020	Aug. 2020	Nov. 2020	Dec. 2020
Total STW	2,834,310	5,995,429	5,714,842	4,452,285	3,305,887	2,537,053	2,389,814	2,695,421
A: Agriculture, Forestry and Fishing	0.00	0.12	0.10	0.09	0.09	0.09		
B: Mining and Quarrying	0.02	0.06	0.07	0.10	0.12	0.14		
C: Manufacturing	23.22	31.17	35.49	39.83	42.05	40.89	30.64	22.92
D: Electricity, Gas, Steam and Air Conditioning Supply	0.03	0.08	0.11	0.08	0.07	0.06		
E: Water Supply; Sewerage, Waste Management and Remediation Activities	0.13	0.21	0.22	0.20	0.18	0.17		
F: Construction	9.18	2.51	2.14	1.99	1.96	2.05	1.91	1.00
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	16.13	17.28	14.73	13.36	12.21	11.92	11.74	17.38
H: Transportation and Storage	4.76	5.53	5.59	5.76	6.06	6.82	5.96	5.54
I: Accommodation and Food Service Activities	17.29	11.10	11.11	10.01	9.73	10.00	20.77	20.39
J: Information and Communication	1.16	2.18	2.65	3.05	3.37	3.56	2.52	2.01
K: Financial and Insurance Activities	3.91	0.69	0.80	0.70	0.53	0.54		
L: Real Estate Activities	0.39	0.45	0.45	0.39	0.36	0.36		
M: Professional, Scientific and Technical Activities	6.13	7.59	7.16	7.22	7.22	7.54	6.43	7.21
N: Administrative and Support Service Activities	7.54	7.08	7.01	7.22	7.53	8.02	7.48	7.11
O: Public Administration and Defence; Compulsory Social Security	0.08	0.15	0.38	0.45	0.35	0.31		
P: Education	1.37	1.46	1.53	1.22	1.12	1.03	0.88	1.10
Q: Human Health and Social Work Activities	4.81	6.63	5.81	4.26	3.14	2.55	1.82	2.24
R: Arts, Entertainment and Recreation	2.54	2.16	2.37	1.84	1.63	1.59	4.66	4.84

S: Other Service Activities	4.67	3.50	2.26	2.23	2.28	2.35	3.46 (S and T combined)	5.80 (S and T combined)
T: Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use	0.02	0.02	0.01	0.01	0.01	0.01		
U: Activities of extraterritorial organisations and bodies	0.00	0.00	0.00	0.00	0.00	0.00		
Not specified	0.03	0.01	0.01	0.00	0.00	0.00		

Source: see endnote *

STW quota within selected sectors

NACE	Jun. 2020	Jul. 2020	Aug. 2020	Nov. 2020	Dec. 2020
STW quota across all sectors	17.1	9.9	7.6	7.0	7.9
C: Manufacturing	29.2	20.3	15.1	10.7	9.1
F: Construction	6.4	3.4	2.7	2.3	1.4
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	14.7	9.0	6.7	6.1	10.2
H: Transportation and Storage	17.1	10.8	9.4	7.5	7.9
I: Accommodation and Food Service Activities	25.2	31.3	24.7	49.6	56.3
J: Information and Communication		9.5	7.7	5.0	4.6
M: Professional, Scientific and Technical Activities	7.2	10.3	8.3		
N: Administrative and Support Service Activities		11.4	9.3	7.9	8.6
P: Education		2.8	2.0	1.5	2.1
Q: Human Health and Social Work Activities		2.1	1.3	0.8	1.2
R: Arts, Entertainment and Recreation		10.9	8.5	16.2	24.2
S: Other Service Activities		(Sector R, S and T combined)			
T: Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use					

Source: see endnote *

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)

Money spent in 2020 on short-time working in € billion (including reimbursement of social security contributions)

01-04/2020	05/2020	06/2020	07/2020	08/2020	09/2020	10/2020	11/2020	12/2020	Total
0.484	3.388	4.007	3.815	2.652	2.113	2.016	1.632	1.993	22.1

Source: Bremer Institut für Arbeitsmarktforschung und Jugendhilfe, <http://biaj.de/archiv-kurzmitteilungen/1369-konjunkturelles-kurzarbeitergeld-ausgaben-2007-bis-2020.html>

The overall sum spent in 2020 was €22.1 billion, which is 0.6% of GDP. According to the German Statistical Office GDP in 2020 at current prices was €3,330 billion. (<https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/Tables/gdp-bubbles.html>)

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?³

All non-standard workers (temporary work contract, part-time workers, temporary agency workers) are covered by the STW scheme as long as they are subject to social security contributions, and as long as their company meets the normal eligibility criteria: (1) there is a substantial loss of working hours with loss of pay due to economic reasons or an unavoidable event, and if it is temporary; (2) in the respective calendar month (entitlement period) at least one-third of the workforce in the enterprise is affected by a loss of more than 10% of their monthly gross remuneration in each case.

For the self-employed, who are not covered by the STW scheme, there are various support programmes. In March 2020 the government extended the scope of the minimum income scheme to solo self-employed persons who are temporarily out of work because of cancelled orders as a consequence of the pandemic. This measure was part of a broader rescue package adopted by the government to support German businesses, freelancers and micro entrepreneurs, with an overall budget of €50 billion. On 9 September 2020, this measure was prolonged until 31 December 2020.

Other means of support include various schemes such as '**Bridging aid**' (*Überbrückungshilfe*) and in light of the second wave of the pandemic '**November aid**' (fund of €10 billion) and '**December aid**' (fund of €5 billion). The main objective of all these schemes is to cover part of the revenue lost due to the pandemic. Applications can be submitted until 30 April 2021. At the end of November 2020, the government decided to extend Bridging aid until 31 June 2021. The aim of Bridging aid is to cover part of the fixed costs of companies and solo self-employed.

According to news reports, by mid-February 2021 there were applications for €5.14 billion of November aid, of which €3.58 billion has been paid; and applications for €4.66 billion of December aid, of which €2.55 billion has been paid.

What are the eligibility criteria?

November/December aid:

Enterprises, businesses, self-employed persons, associations and institutions directly affected by temporary closures and indirectly affected enterprises are eligible to apply under the following conditions:

- directly affected enterprises: all enterprises (including public), businesses, self-employed persons, associations and institutions that had to cease business operations because of the closure decrees issued by the *Länder* as a result of the government decisions of 28 October 2020;
- indirectly affected enterprises: all companies that demonstrably and regularly generate 80% of their turnover with companies directly affected by the abovementioned measures.

Bridging aid:

Enterprises that have suffered a drop in turnover of at least 40% compared with the respective month of the previous year and that did not have access to November/December aid. In principle, enterprises need to have suffered from a decline in turnover of at least 50% for two consecutive months or 30% since April 2020. The aid is no longer restricted to SMEs. Now all companies with a maximum annual turnover of €500 million in Germany are eligible to apply.

How is the financial support for non-standard workers calculated?

November/December aid:

The subsidy covers 75% of the respective turnover in November/December 2019, per week of closure. Solo self-employed persons may alternatively use average monthly turnover in 2019 as the basis for calculating the support. For eligible applicants who started their business after 31 October/31 November 2019, the comparative turnover may be the monthly turnover in October/November 2020 or the average monthly turnover since the start of the business.

Bridging aid

The Bridging Aid covers a certain percentage of the fixed costs which increases with the loss of turnover; that is 90% in case of a 70% drop of turnover; 60% of fixed costs if the loss of turnover is between 50-70% and 40% of the fixed costs if turnover decreases between 30-50%. In February 2021, the maximum amount of monthly support was increased from the previous €50,000 to €1.5 million.

Special consideration is given to the situation of **solo self-employed** persons. Because they can usually only prove low fixed costs – such as rents or leasing costs – and therefore have to date benefited little from Bridging aid, they will in future be able to apply for a one-off flat-rate operating cost amounting to 50% of comparative turnover – the 'new start-up assistance' (*Neustarthilfe*) – as an alternative to individual proof of fixed costs. In this way, they receive a one-off amount of up to €7,500 as a subsidy.

Which sectors were most affected in terms of providing support to non-standard workers?

No data available yet

2. 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.
3. The following questions refer to any existing schemes for non-standard workers.

Are there any measures for training/ requalification/ reorientation for non-standard workers?

The usual services of the Federal Employment Agency are available.

Sources

* Bundesagentur für Arbeit (2021) Tabellen: Realisierte Kurzarbeit (hochgerechnet) (Monatszahlen), Juli 2021, Nürnberg, Bundesagentur für Arbeit.

** Bundesagentur für Arbeit (2020) Monatsbericht zum Arbeits- und Ausbildungsmarkt, November 2020, Nürnberg: Bundesagentur für Arbeit. https://www.arbeitsagentur.de/datei/arbeitsmarktbericht-november-2020-_ba146741.pdf