

Job retention schemes in Europe

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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>Mesures pour le chômage partiel pendant la période de relance économique</i> (Measures for short-time working during the period of economic recovery)
Start date of the implementation of the special Covid-19 JRS rules	In mid-March 2020 a crisis scheme supplementing the existing STW rules was adopted with three months duration. It has been extended several times (with upfront payments instead of reimbursements). For 2021, the crisis scheme has been extended until 30 June 2021 (no more upfront payments). It will, however, be divided into two distinct time units with specific rules. Time unit 1 will run from 1 January 2021 to 31 March 2021, and time unit 2 will run from 1 April 2021 to 30 June 2021. Applications for STW support for January 2021 had to be submitted between 1 December and 12 December. The following description concerns 2020 and time unit 1 only regarding 2021. Rules have changed for time unit 2.

1. Chambre des salariés (CSL).

Eligibility

From Mid-March 2020: companies under lockdown (following the government decision) were exceptionally directly eligible for STW. All other companies remaining open and suffering a decline in activity were admitted to short-time work (force majeure) upon agreement from the Comité de conjoncture. Temporary employment companies were also eligible with regard to their employees whose contract was running but who could no longer work. So were apprentices.

From July 2020: Companies in the Horeca, tourism and events sector can benefit from accelerated access to structural STW, without limits as to the number of entitled employees. In case of a proven need, these companies were allowed to lay-off max. 25% of their employees until December 31 2020. In case of a return to better fortune, companies which had made redundancies were, if recruitments were applicable, to rehire as a priority their former redundant employees. Other companies affected by the health crisis were also granted quick access to STW provided, however, that they did not make any redundancies and that the number of employees covered by STW did not exceed 25% of the workforce for July and August, 20% for September and October and 15% for November and December. Potential requests from companies in "vulnerable sectors" to lay-off more than 25% of their workforce (as well as those from all other companies wishing to make redundancies) were submitted through the "traditional" STW channel, i.e. only granted if a recovery plan (in the case of small businesses with fewer than 15 people) or in the form of a job retention plan (for companies employing more than 15 employees) were drawn up.

January-March 2021: Four types of company may benefit from the STW scheme during time unit 1:

1. industrial companies suffering from upheaval in international markets (for example, supply problems) and that commit to no dismissals for economic reasons;
2. companies in so-called vulnerable sectors (tourism, events sector and accommodation and food services) benefit from a fast-track procedure. They are allowed in case of demonstrated need to lay off, for economic reasons, a maximum of 25% of their workers until 31 March 2021. If the company's situation improves, the dismissed workers must be rehired on a priority basis;
3. other companies than those mentioned under points 1 and 2 and affected by the health crisis may also benefit from the fast-track STW scheme provided that they do not implement any dismissals. In this case, the number of working hours lost may not exceed 15% of the company's total normal monthly working hours. Normal working hours may not exceed 40 hours per week per employee;
4. companies in a vulnerable sector that lay off more than 25% of their workers, and companies in other sectors affected by the crisis that have to implement dismissals or reduce total monthly working hours by more than 15% may be able to benefit from STW if they provide an employment retention plan (companies with more than 15 employees); companies with fewer than 15 employees will have to draw up a recovery plan.

Exceptions (category of workers or companies excluded from support)	All workers with a permanent or temporary employment contract can benefit from the support. Up to June 2020, temporary workers and apprentices were admitted. They were excluded once the nature of STW was acknowledged as "structural", from July 2020. The new partial lockdown from November 26 2020 included everyone for the duration of the legal closure.
Duration of support (maximum duration for which JRS support is paid)	In 2020, from Mid-March to end of December. The duration of the extended scheme is 6 months from 1 January 2021 to 30 June 2021, but the regular rules and regulations will be applicable again afterwards. The latter usually involve industry but not exclusively. Specific agreements might still play a role until the end of 2021.
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	Employees continue to receive their wage up to 80% of the original wage during downtime. The wage is adjusted but companies may continue paying the extra 20% to maintain the full wage. The STW allowance covers 80% of the original gross wage and the threshold – the minimum amount paid – is the statutory minimum wage for unskilled workers. The STW allowance covers 90% if the employee is in a training measure.
Cap on support (maximum amount of JRS support payable)	The maximum amount paid is 250% of the statutory minimum wage for unskilled workers.
What share of the support is covered by the state and by the employer?	The state covers 80% of lost wage; 100% if necessary to guarantee the statutory minimum wage. The employers' social security contributions remain covered by the company. It is still possible for companies to pay the full salary, but only 80% of it are covered by the allowance.

Dismissal protection	<p>For the whole period of STW support, terminations on economic grounds are not allowed. Exceptions can be made for companies in so-called vulnerable sectors in case of proven need. In that case, however, terminations will be limited to 25% of the workforce.</p> <p>Both companies in a vulnerable sector that lay off more than 25% of their workers and companies of any other sector affected by the crisis can benefit from STW if they provide an employment retention plan (companies with more than 15 employees); companies with fewer than 15 employees will have to draw up a recovery plan.</p>
Role of collective bargaining in the adoption and implementation of JRS support	<p>The STW scheme was discussed with social partners and is monitored by a tripartite institution, the Comité de Conjoncture, with representatives from government, trade unions and employers.</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)	<p>No, but allowances have to be returned in case of false declarations and the employer can be excluded from the STW scheme.</p>
Special provisions as regards training/ requalification/ reorientation of employees on JRS	<p>The STW allowance covers 90% of the original gross wage instead of 80% if the employee is in a training measure.</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)	Total number of authorised workers on STW (maximum, not yet effective numbers of beneficiaries, not available*)	Same in FTE (full-time equivalents)	Authorised STW workers % of total employees*	Effective STW hours % of total paid hours (+FL)*
March 2020	142,160	-	32.5% (41.65%)	8.5% (11.3%)
April 2020	150,321	-	34.37%	20.1% (24.2%)
May 2020	66,905	-	15.3%	9.6% (13.4%)
June 2020	32,211	-	7.36%	4.6% (6.1%)
July 2020	-	25,647	-	2.3% (2.8%)
August 2020	-	25,126	-	1.8% (1.8%)
September 2020	-	22,435	-	1.6% (1.6%)
October 2020	-	23,036	-	1.6% (1.6%)
November 2020	-	28,975	± 6% (estim.)	
December 2020	-	35,054	± 7.5% (estim.)	
January 2021	-	32,180		

* In 2009, only 46% of authorised workers (through the Comité de Conjoncture) received benefits at the end of the day. In 2020, a currently estimated two-thirds of applications involved actual spending. If numbers of persons actually receiving benefits are unknown for the moment, numbers of effective hours not worked are recorded (see column 4). It is worth noting that, along with the STW crisis scheme, the existing 'family leave' (FL) was temporarily extended mainly in March/April and covered some 40,338/30,000 parents unable to work, as they had to take care of their children who were off school (see in parentheses columns 3 and 4 for the additional weight of these temporary lay offs).

Note: The numbers in column 1 and 2 refer to the total number of workers per unit admitted to the scheme, not the final effective number of beneficiaries. Only when expressed in hours (column 4) do they refer to effective numbers.

Sources: STATEC, EUROSTAT and IGSS; estim. from CSL.

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)

According to a first estimate given in June, an average of 4.2% of total jobs (expressed in yearly-equivalents) benefited from the two main schemes during the great lockdown: 3% from STW and 1.2% from family leave.

In March/April, 32/34% of employees were theoretically affected (admitted to STW). The top 5 sectors were: construction, in which 84.9/89.1% of the employees were admitted to STW; accommodation and food service activities, 79.1/85.7%; followed by real estate activities (54.2/57.9%); wholesale and retail (49.0/53.0%); and industry (45.2/46.9%).

Compared roughly with overall numbers of workers in March, the top 5 differ slightly: in construction 29.4% of workers were admitted to STW; in wholesale and retail 18.3%; in industry 11.8%; in hospitality 11.7%; in transportation and storage 7.5% (real estate amounting only to 1.3%); a comparison was not possible for October/November.

If transposed in real drawing rights expressed in STW unworked hours as a percentage of overall paid hours in the sector:

- March: industry = 53.5%, hospitality 29.9%, construction 25.2%, real estate 16.1% and arts, entertainment and recreation 15.5%
- April: hospitality 69.3%, construction 49.9%, industry 47.9%, real estate 35.3% and entertainment 34.9%
- September: hospitality 13.4%, entertainment 5.7%, industry 2.7%, transportation 2.4%, administrative and support service activities 1.9%

In October/November as in September, mainly so-called vulnerable activities remained in the scheme (accommodation and food service activities, wholesale food, events/entertainment/culture, sports, transportation). No NACE data are yet available.

At the end of December the scheme was extended to so-called non-essential sectors.

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)

The draft budget for 2021 indicates the following figures (estimates):

- 2020 (expenditures minus reimbursements): €811 million (1.3% of GDP)
- 2021: €150 million (0.24% of GDP)

Nonetheless, if upfront payments were estimated at €850 million between March and June 2020, real expenditure was limited at €445 million. Indeed, a currently estimated two-thirds of applications implied actual spending (in 2009, €134 million was expected due to authorizations but only €64 million was actually spent in the end). It is doubtful whether the June–December period will generate another €400 million. In December, however, the scheme was extended to so-called non-essential activities (second wave of pandemic). The abovementioned extraordinary family leave cost an extra €230 million in 2020.

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 salaried employees have access to the STW scheme (permanent and temporary work contract).

Temporary agency workers can also benefit from the STW scheme up to July 2020: temporary agency workers are eligible as long as their current term of employment (contrat de mission) continues. Nonetheless, Statec does not include them in its data, and it is doubtful whether numerous cases can actually be reported (in March, most of the new arrivals at the job service were agency workers from the construction branch).

Self-employed workers do not benefit from STW but the government has initiated a special aid scheme for them during the crisis.

What are the eligibility criteria?

Temporary agency workers were eligible as long as their current employment (contrat de mission) endures. Apprentices were covered too up to July 2020. The new partial lockdown from November 26 2020 included everyone for the duration of the legal closure.

Self-employed workers are eligible for their special aid scheme if they suffer a (undefined but proven) loss of revenue due to the health crisis.

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

Temporary agency workers benefit from the same financial support as regular employees.

Self-employed can benefit from a unique tax-free allowance based on their revenue in 2020 (first €2,500, then between €3,000 and €4,000 in 2020).

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

The construction sector was affected most (there are many temporary agency workers in this sector), above all during the first lockdown in Spring 2020.

Concerning the self-employed, there are no sectoral statistics.

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

The STW allowance covers 90% of the original gross wage instead of 80% if the worker is involved in training and has the status of employee.

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.