

The LMA add-on and Flash Estimates

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Flash Estimates on Income

LABOUR



eurostat



POLICIES



AROP:
at-risk-of-poverty rate

experⁱmental

For the European Semester

FE 2019 (earlier estimates of SILC 2020)

> Read more

PDF Methodological note

Access the statistics

PDF Flash estimates 2019: experimental

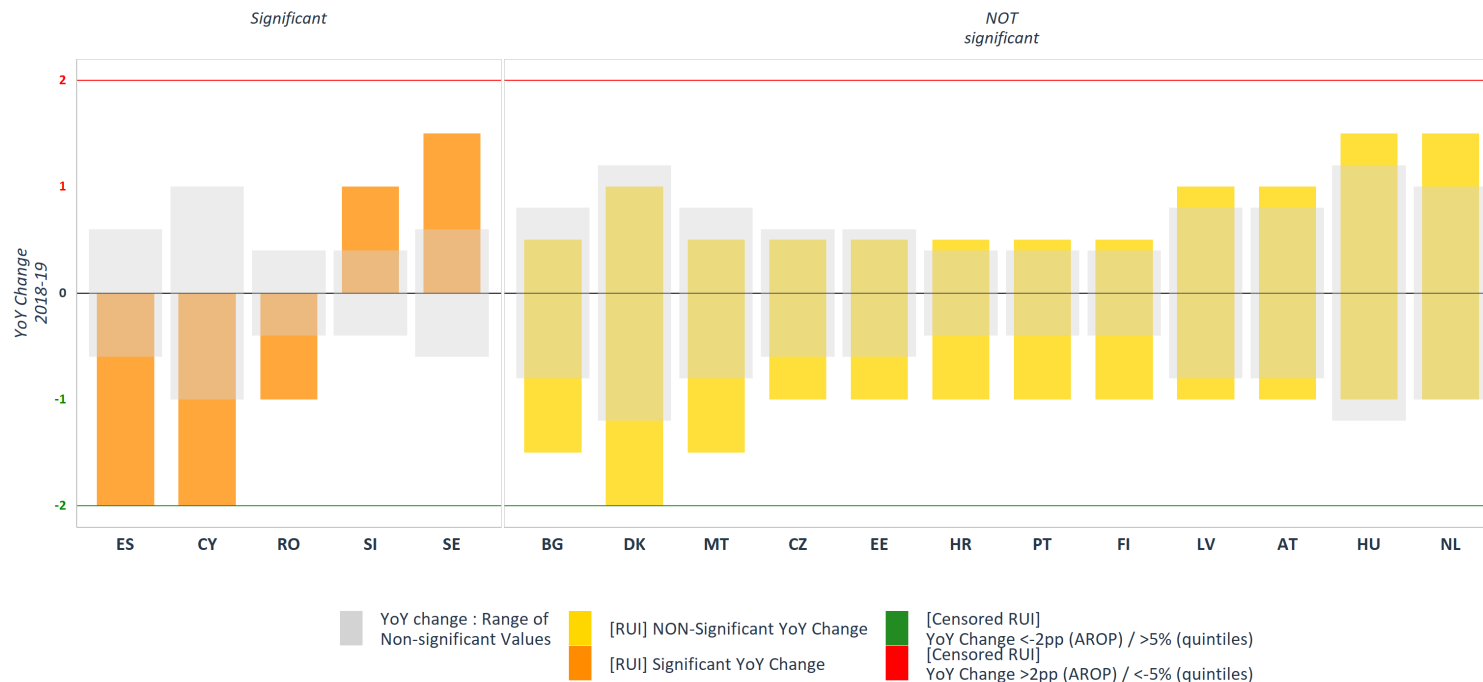
For more information see also:

Country profiles and time series

X Main tables

At-risk-of-poverty rate (AROP)

Flash Estimates (FE) for income year 2019 as Rounded Uncertainty Interval (RUI)



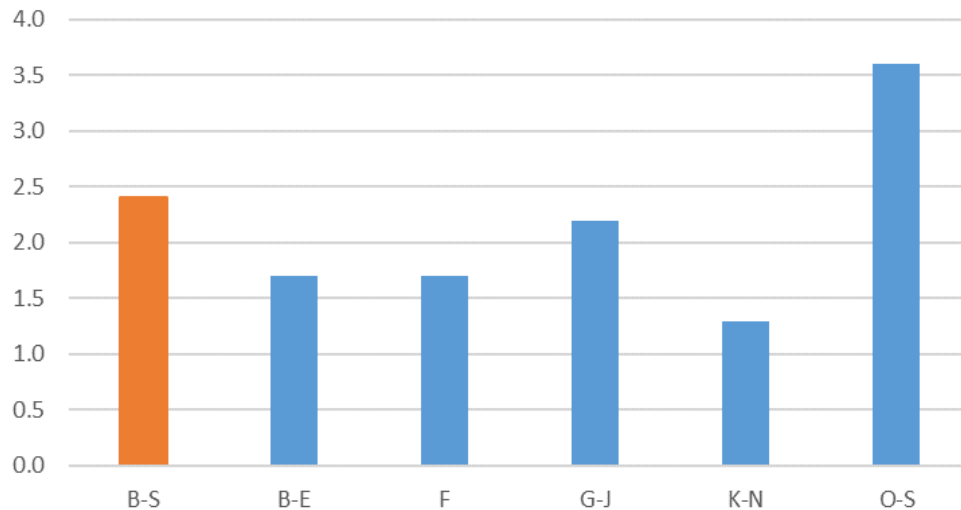
<https://ec.europa.eu/eurostat/web/experimental-statistics/income-inequality-and-poverty-indicators>

Consultation with NSIs in the ESS



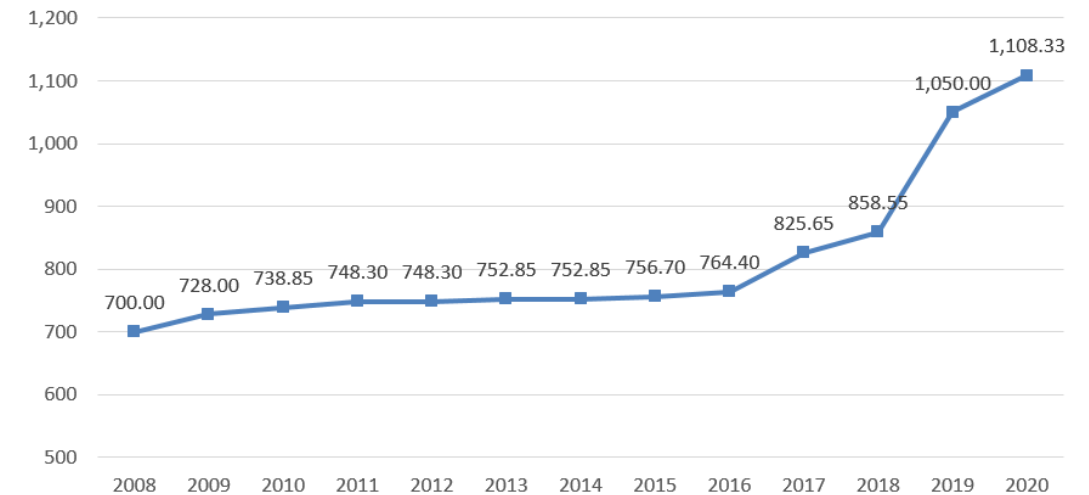
LABOUR (e.g. ES)

Uprating factors by main economic sector



Source: Eurostat- Labour cost index (table lc_lci_r2_a)

Uprating – minimum wage earners



Source: Eurostat – minimum wage statistics (table earn_minw)



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POLICIES (e.g. IT)



Table 1 (Italy): Policy effects in 2018-2019, using CPI inc

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employ SIC
1	0.00	0.01	23.30	0.01	0.00
2	0.00	0.05	0.38	0.01	0.00
3	0.00	0.05	-0.29	0.01	0.00
4	0.00	0.05	-0.15	0.00	0.00
5	0.00	0.04	-0.18	0.00	0.00
6	0.00	0.03	-0.11	0.00	0.00
7	0.00	0.02	-0.05	0.00	0.00
8	0.00	0.01	-0.06	0.00	0.00
9	0.00	-0.01	-0.03	0.00	0.00
10	0.00	-0.06	-0.01	0.00	0.00
Total	0.00	0.00	0.49	0.00	0.00

“In 2019 the Reddito di Cittadinanza (RdC) was introduced as the new policy instrument to support family income, replacing the Reddito di inclusion (REI) – itself introduced a year before – as the guaranteed minimum income.”

EUROMOD (2020): Effects of tax-benefit policy changes across the income distributions of the EU-28 countries: 2018-2019, EUROMOD Working Paper Series EM15/20, Institute for Social and Economic Research, University of Essex

Flash estimates 2020

Forthcoming (Nov 2020): Advanced income estimates 2020

A. Individual labour transitions to 2020 (*Eurostat*)

➤ *more suitable in case of crisis* (Dekkers and Liégeois, 2012)

1) Into/out of Employment (standard)

- *Nowcasting* → partly forecasting...
- *New models*: account for COVID specific risks that drive unemployment

2) Temporary lay-offs (new)

- *NEW data and indicators*: identify employed people in temporary lay-offs or working reduced hours

B. LMA add-on (*JRC*)

(NEW)

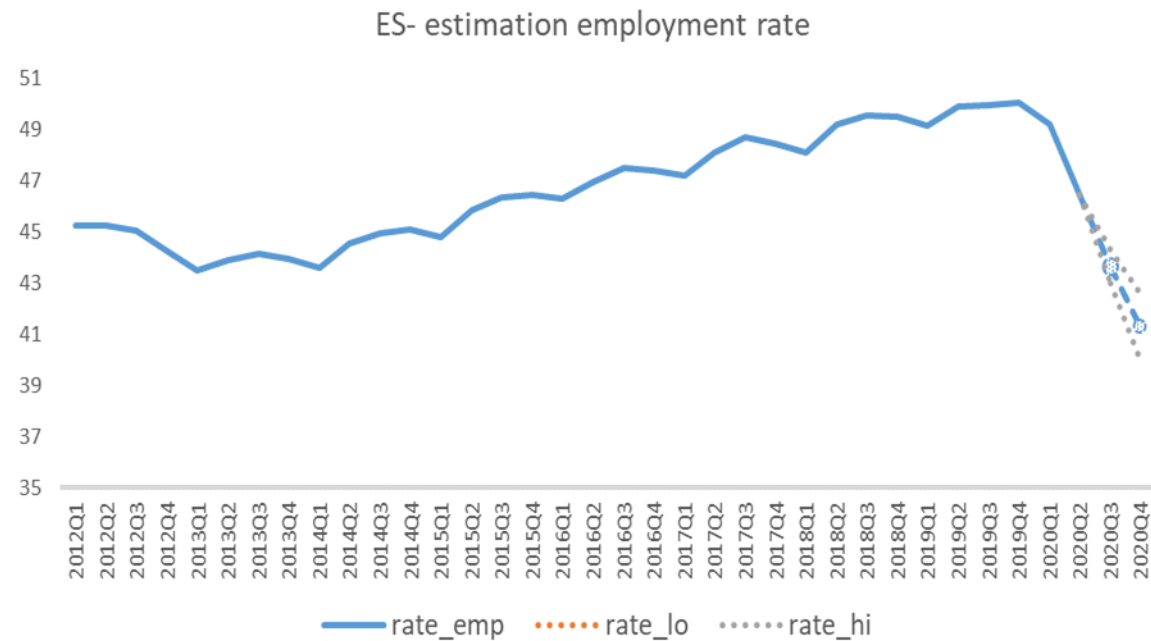
Include simulation of wage compensation schemes for employees

Number of month in employment

Number of month under the compensation scheme

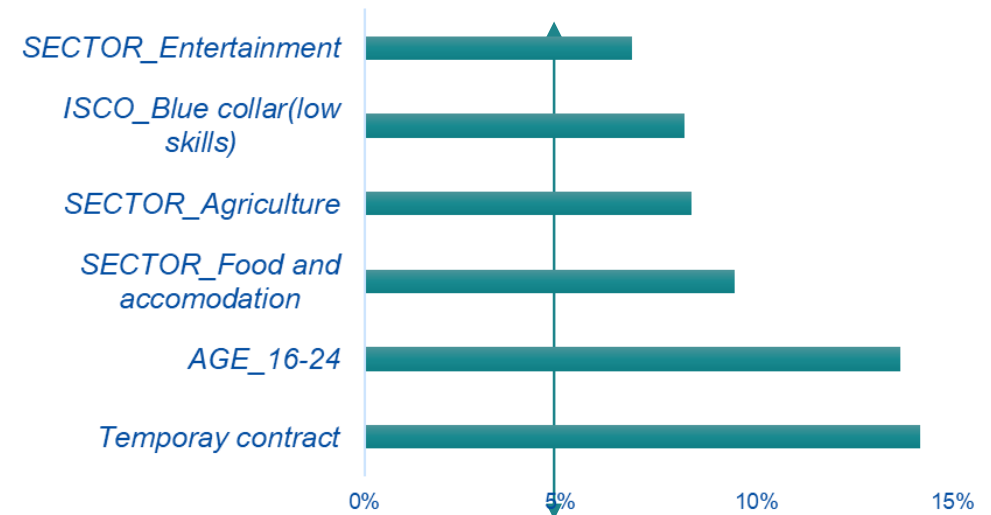
(1) Labour transitions-into out of employment

Step1) Targets for the evolution on the labour market 2019-2020



Step2) Individual “risk” –distribute labour effects

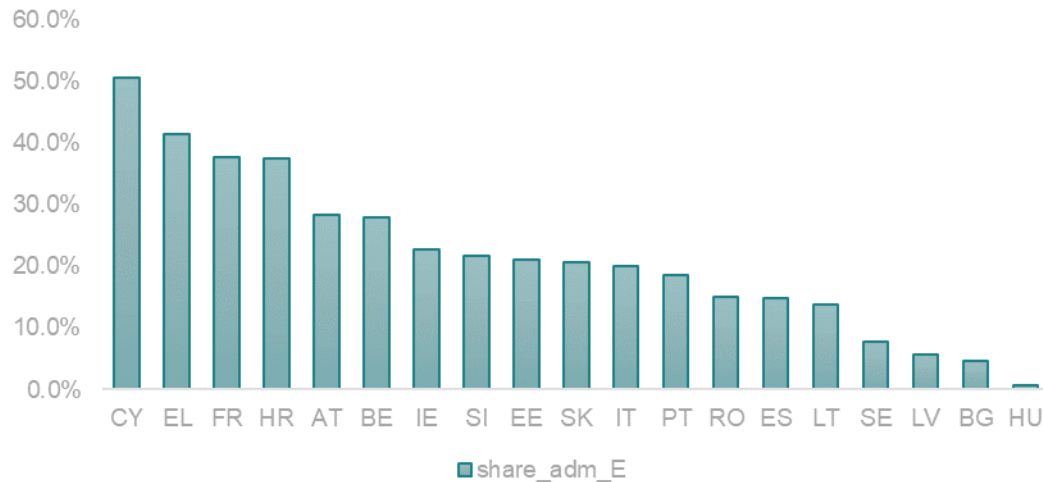
Categories with the highest probability to lose the job (LFS Q2)-ES



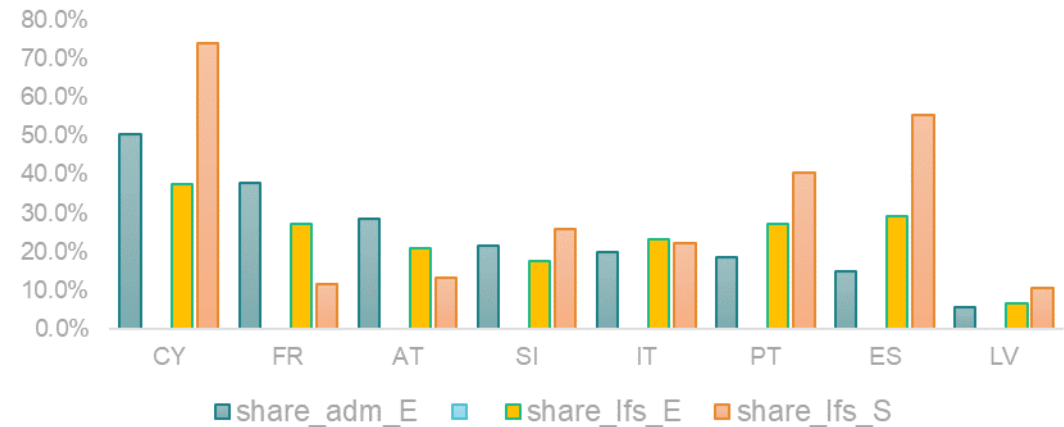
(2) Labour transitions-temporary lay-offs

Step1) Overall targets admin data

April- **employees** affected by lockdown (Admin data)



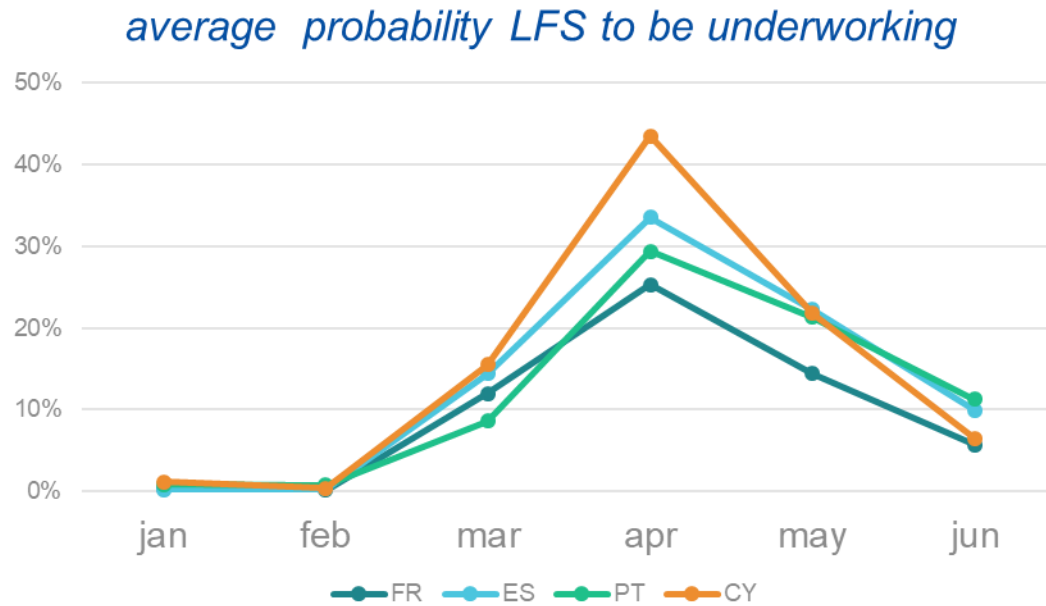
April- **workers** affected by lockdown (Admin -LFS proxy indicator for underworking)



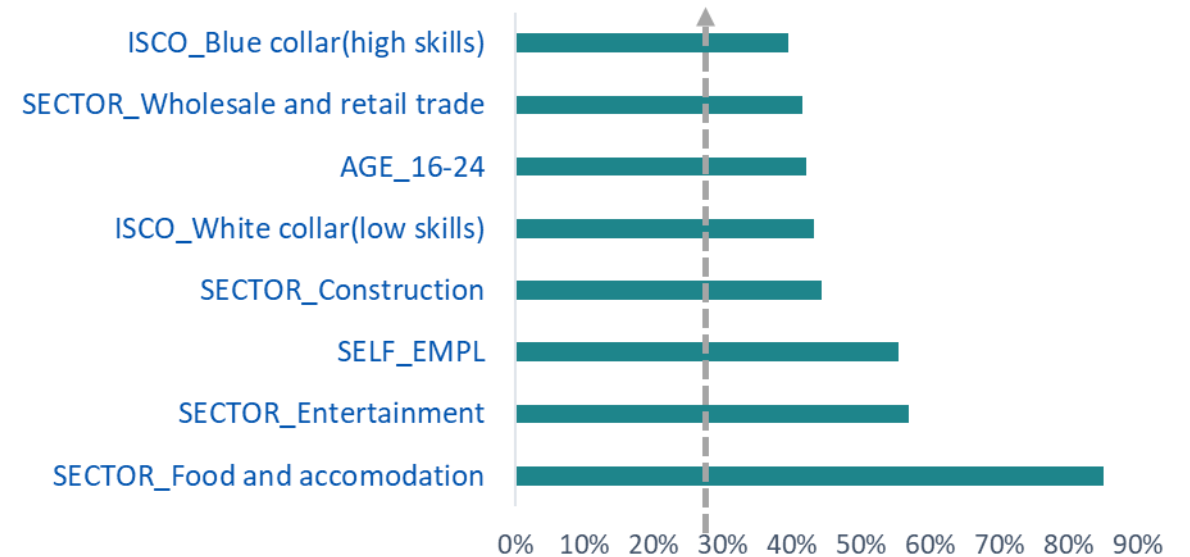
**IE,SK, EE very low coverage in LFS*

(2) Labour transitions-temporary lay-offs

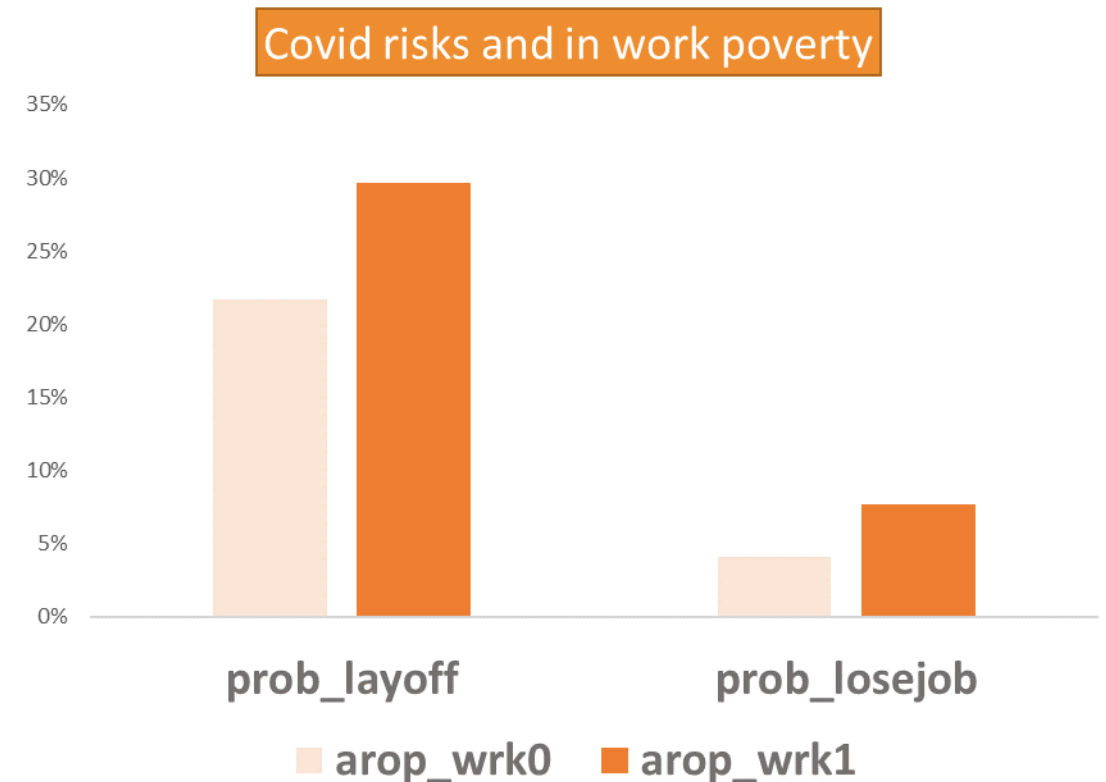
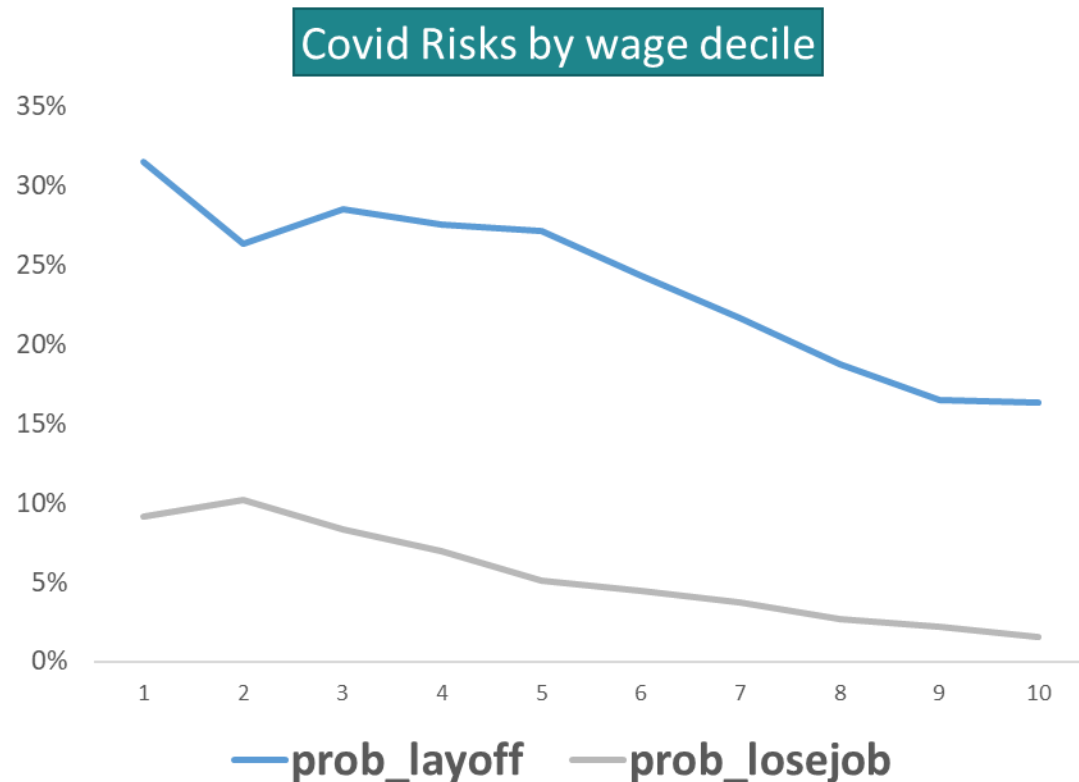
Step2) Individual “risk” –imputed in FE 2019 baseline microdata



Categories with the highest probability to underwork (April pick)



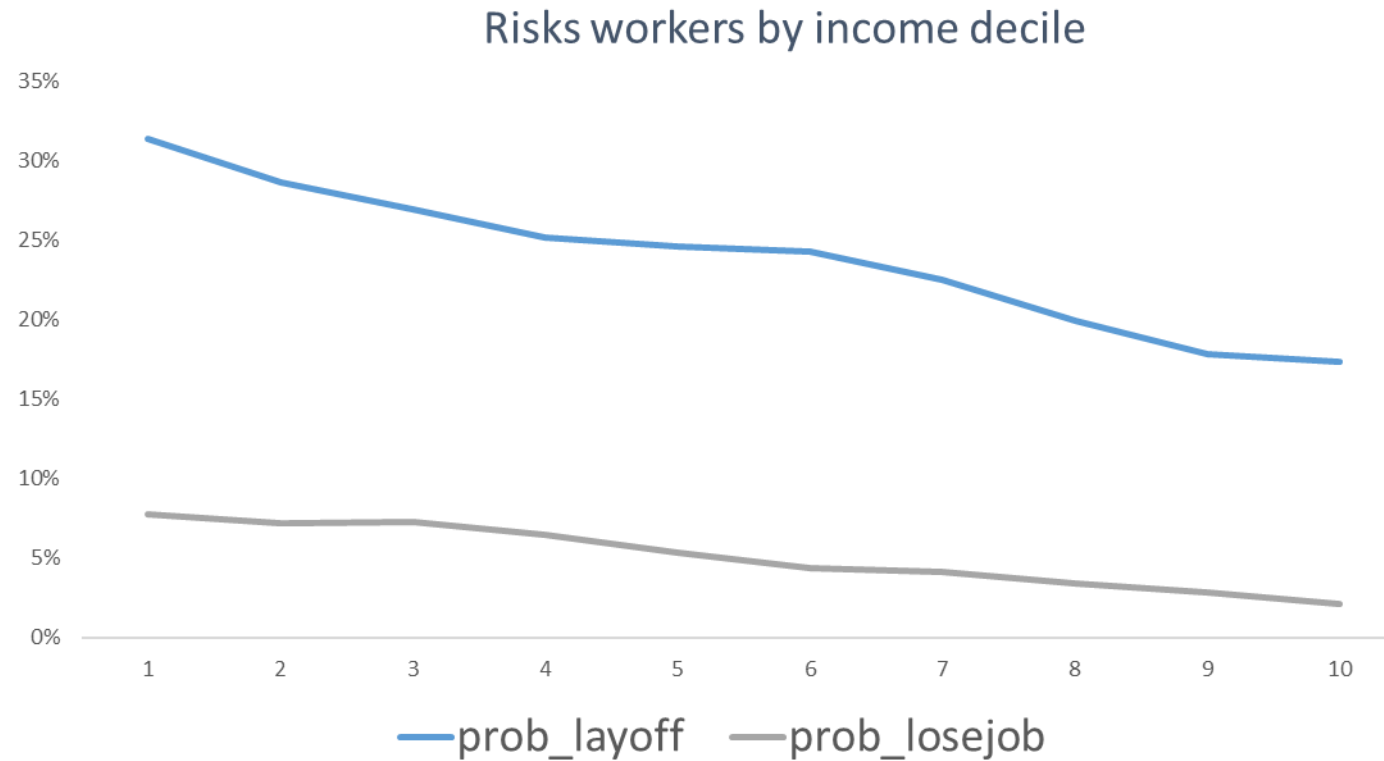
COVID related risks across the income distribution (baseline 2019 income)



→ Higher COVID effects in the left part

- Probability to lose a job is double for workers in poverty

COVID risks higher for workers in the left part of the INCOME distribution



Policies Euromod via the LMA

Standard transitions

- *transitions into-out of employment*
- *wages for newly employed*
- *Simulate unemployment benefits for newly unemployed*
- **NEW:** *number of months worked (yemmy) estimated for 2020*

New transitions (temporary lay-offs)

- *transitions to wage compensation scheme (employees/self)*
- *number of months in the monetary compensation scheme which are deducted from yemmy*
 - *Check against the duration of the policy*
- *share of hours worked*

Open issues

- Admin data on wage compensation schemes:
 - only partial coverage of countries
 - Comparability and delays in registration
- LFS data: proxy indicator works well for several countries
- Duration of absence/compensation scheme
 - → difficulty to take into account latest information
- Forecasts of unemployment after the end of compensation schemes
- Self-employed