

EUROMOD I3.0+

Public Release

What's new?

NEW POLICIES AND FUNTIONALITIES

- **2020 Policy system, including COVID-19 related policies.**
- **Possibility to account for labour market transitions (Experimental).**
Consistent with standard EUROMOD practice, baseline simulations do not modify the labour market structure observed in the underlying input datasets. This prevents the simulation of policies that depend on changes/transitions in the labour market status of individuals. Consequently, wage compensation schemes or new COVID-19 related unemployment benefits are not simulated in the EUROMOD baseline settings. EUROMOD I3.0+ has new features allowing users to relax this constraint and to model labour transitions by “moving” individuals from employment into unemployment and/or monetary compensation schemes. The new features hence allow the simulation of these policies.

Labour market transitions can be modelled by either modifying the EUROMOD input datasets, or by modifying the policy **TransLMA_cc**. In both cases, EUROMOD needs to be run with the Labour Market Adjustment (LMA) Add-on. See the document **Simulating labour market transitions in EUROMOD: EUROMOD LMA Add-on and COVID-related policies** for more information.¹ It should be noted that:

- The selection of individuals undergoing labour market transitions, as implemented in the model, is based on provisional statistics provided either by EUROMOD National Teams or by EUROSTAT on the basis of Labour Force Survey or administrative data. These values can be easily modified by users.
- The labour transition functionality and the related possibility to simulate COVID-19-related monetary compensation schemes and unemployment benefits are experimental. Users are kindly invited to contact the Joint Research Centre for comments or questions (JRC-EUROMOD@ec.europa.eu).

DATA

- **New input data: 2018**

NEW/UPDATED Add-Ons!

- **New Labour Market Adjustments (LMA) Add-On for 2020 systems.**
Previous versions of the Add-On are available upon request.
- **Net Replacement Rate (NRR) Add-On (2015-2020)**
NRR allows users to estimate Effective Participation Tax Rates (actual decrease/increase in disposable income from discrete changes in the working status of individuals, considering the influence of the tax-benefit system). The Add-On is designed to work with EUROMOD baselines.

OTHER & RELATED DOCUMENTATION

¹ Due to data issues, the modelling of labour market transitions in the UK module of EUROMOD follows a different approach. For more details, please consult the aforementioned document.

- An advanced Policy Effect Tool (Advanced PET), allowing users greater flexibility in PET analyses. This tool extends the functionalities of the basic Policy Effect Tool and can be used to disentangle the contribution of market incomes, population characteristics and tax-benefit policies in explaining changes of household disposable income over time. The plug-in and related documentations are available upon request.
- Hypothetical Household Tool (HHoT) updated to 2020.
- Documentation for the NRR Add-On, the new LMA Add-On and COVID-related policies.