

# EUROMOD 14.0+

## What's new?

### POLICIES AND FUNCTIONALITIES

- **New policy systems: 2021.** Updated in relation to previous beta versions.
- **Updated updating factors up to 2021 and correction of errors/bugs.**
- **Change in the system/data configuration.** Each EUROMOD input database (e.g. 2019) is set to be available, by default, for the simulation of the best-match policy system (2018) and three subsequent years (2019/20/21). This is to ensure good quality simulation results. However, users are free to manually change this configuration and use any data-system combination.
- **Updated COVID-19-related policies and “TransLMA\_cc” (experimental labour market transitions) for 2020-2021.** COVID-19-related policies are not included in the baselines and can only be simulated with the LMA Add-on, which requires either a modified input file or the activation of the TransLMA\_cc to account for labour market transitions.
  - **Updated statistics:** the selection of individuals undergoing labour market transitions, as it is modelled in TransLMA\_cc, is based on *statistics provided either by EUROMOD National Teams or by Eurostat on the basis of the Labour Force Survey or administrative data*. Statistics for 2020 were updated. Most of the statistics for 2021 are still n/a, so they are set to zero. However, users can easily modify these values.<sup>1</sup>
  - **Shocks in self-employment income:** the *TransLMA\_cc* now also allows the possibility to *simulate a shock in self-employment income* in countries where monetary compensation schemes for self-employed are not simulated (BG, EE, HU, IE, LU, NL, SE).

### DATA

- **New EUROMOD input data for 2019** (income reference year: 2018). Updated in relation to previous beta versions.
- **Eurostat EMSD databases.** The EUROMOD 2019 input data for 10 countries (AT, BE, BG, CZ, ES, FR, HR, HU, MT, NL) is based on the EUROMOD SILC database (EMSD) generated by Eurostat. The extension to the remaining countries expected for the upcoming years. The EMSD includes all UDB (User Database) variables, as well as national SILC data supplied by National Statistical Institutes and EUROMOD variables created and imputed by Eurostat because of restricted data access or in-house knowledge.<sup>2</sup>

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<sup>1</sup> The labour transition functionality and the related possibility to simulate COVID-19-related policies such as monetary compensation schemes and unemployment benefits are experimental. Users are invited to read the related documentation included in the EUROMOD release: “EUROMOD Labour Market Adjustment (LMA) Add-on - technical note” and “Simulating labour market transitions in EUROMOD: EUROMOD LMA Add-on and COVID-related policies”. Country-specific information on the features and statistics used for the implementation of the COVID-19-related policies is available in the 2018-2021 country reports.

<sup>2</sup> Some of the EUROMOD variables produced by Eurostat are created and/or imputed with PDB (Production Database) variables. The reason being that the modalities of the PDB variables are more detailed than in UDB. According to the agreement between the NSI and Eurostat, the national team was allowed to use the more detailed information coming from the PDB to derive some EUROMOD variables or to use them as intermediate variable to impute other EUROMOD variables.

- **New DRD codebook:** in addition to the DRD files for each dataset, a single codebook gathers all the variable names and definitions in the latest datasets (2019) for all EUROMOD countries..

## ADD-ONS

- **Labour Market Adjustments (LMA):** updated to work with 2021 systems. Changed assumption for the calculation of “lunmy” variable (months in unemployment).
- **Net Replacement Rate (NRR):** updated for all systems. In EUROMOD I3.0+ only 2015-2020 systems were enabled. Now all systems are active, except a few cases and only for 2005/6, where the variable “ysemy” (months of work for self-employed) is not available..
- **Tax Compliance Adjustment (TCA):** no changes, it works with the new 2021 systems.
- **Marginal Tax Rate (MTR):** updated to work with 2021 systems.

## PLUG-INS AND EXTENSIONS

- **In-depth analysis:** available from software version 3.4.3, it allows users to analyse with great flexibility the outcome of policy reforms.
- **Hypothetical Household Tool (HHoT):** updated to work with 2021 systems.
  - Introduction of 2021 data and average wages
  - More example households: now coinciding with those included in the [EUROMOD-JRC Interface](#).

## SOFTWARE

- **Software version 3.4.7** with the following improvements:
  - New visual identity, which affects the desktop icon, the icon in the windows tool bar and the EUROMOD software background.
  - HHoT: new version 1.2.9.

## DOCUMENTATION

- All the technical documentation included with the model has been updated and harmonised.
- Updated EUROMOD Country Reports 2018-2021.

## OTHER CHANGES

- From model I4.0+ onwards, the UK model will not be part of the JRC release. However, it is available in all previous versions released by the JRC up to I3.86+ (<https://euromod-web.jrc.ec.europa.eu/access-euromod>). For updated versions of the model, CeMPA develops and maintains UKMOD, a EUROMOD-based country-specific microsimulation model for the UK (<https://www.iser.essex.ac.uk/research/projects/ukmod>).