

Assisted contracts in 2017

Assisted contracts, via direct or indirect aid, reduce the costs to employers of hiring or training certain employees. These assisted contracts are usually aimed at groups furthest removed from the labour market or young people. At the end of 2017, not including Alternance training contracts, the vast majority of those on assisted contracts were on a Single integration contract (CUI), more often in the non-market sector (231,000 in France excluding Mayotte) than in the market sector (17,000). Market sector integration contracts (in the form of a Single integration contract - Employment initiative contract, or CUI-CIE) and their non-market sector equivalent (Single integration contract - Employment support contract, or CUI-CAE) are offered to a broad spectrum of people experiencing problems finding employment (e.g. job applications constantly rejected, etc.), irrespective of age or place of residence¹.

"Future jobs" contracts (including Future jobs "teachers") were created in November 2012, and their numbers grew considerably in the course of the next two years. They are aimed at young people with few or no qualifications, living primarily in sensitive urban areas (ZUS) or rural regeneration areas (ZRR). These contracts are mainly in the non-market sectors (46,000 by the end of 2017), but they can also be awarded in market sectors (16,000 by the end of 2017) such as ecology, digital technology and tourism, with lower subsidies.

1. Since July 2014, recruitment by integration workshops and sites (ACI) no longer takes the form of CUI-CAE contracts but instead uses CDDI contracts (fixed-term integration contracts). Nonetheless, in order to focus our analysis of subsidised employment within a constant scope, the CUI-CAE data presented here include ACI figures.

Assisted contracts are usually used countercyclically: when economic activity slows, assisted contract numbers can be increased rapidly to mitigate job losses and the resulting increase in unemployment.

In the short term, however, the effect these contracts have on employment depends on whether the jobs are in the market or non-market sectors. In the non-market sector, it is generally assumed that the number of jobs created is equivalent to the variation in the number of beneficiaries (i.e. the difference between contracts signed or renewed and those that are completed in the course of the year) multiplied by the rate of contracts covered by the State (e.g. 70% for CUI-CAE signed until the end of 2017, a rate that is lowered to 50% in 2018, taking into account the reduction in numbers decided in the Finance Bill). In the market sector, however, assisted contract jobs would have been created even if this scheme had not existed, so in this case there is a windfall or substitution effect, which can vary in scale from one contract to another. The effect of assisted contracts on market sector employment is therefore considerably lower than the variation in the number of beneficiaries. This effect is estimated from empirical studies, and from the extent of the decrease in the cost of labour as a result of these contracts (DARES, 1996). These assessments involve considerable uncertainty and they are only valid in the short term. A long-term assessment would need to take into account:

- the consequences of these measures on the labour market (wage adjustment, labour force participation rate, etc.),
- the effects on human capital, especially on the beneficiaries' ability to integrate the labour market,
- the impact on the economy of the way these schemes are financed.

Subsidised employment initiatives: flows and number of beneficiaries

In thousands, not seasonally adjusted

| | New beneficiaries (including contract extensions) | | | | | Number of beneficiaries (total at end of year) | | | | |
|---|--|------------|------------|------------|------------|---|------------|------------|------------|------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Subsidised jobs in the non-market sectors | 481 | 431 | 452 | 477 | 383 | 261 | 355 | 388 | 378 | 277 |
| Non-market-sector integration contracts (CUI ¹) | 408 | 355 | 388 | 419 | 350 | 195 | 256 | 287 | 300 | 231 |
| Future Jobs contracts ² | 73 | 76 | 65 | 59 | 32 | 66 | 98 | 102 | 78 | 46 |
| Subsidised jobs in the market sector³ | 513 | 516 | 591 | 583 | 538 | 653 | 647 | 687 | 684 | 673 |
| Lowering wage costs | 73 | 80 | 122 | 98 | 37 | 54 | 65 | 97 | 75 | 37 |
| Market-sector integration contracts (CUI) | 54 | 53 | 96 | 79 | 28 | 37 | 36 | 61 | 44 | 17 |
| Future Jobs contracts | 14 | 22 | 21 | 16 | 6 | 12 | 24 | 31 | 28 | 16 |
| Exemptions from social security contributions (ZRR ⁴ et ZRU ⁵) | 5 | 5 | 5 | 3 | 4 | 4 | 5 | 4 | 2 | 4 |
| Work-study training | 440 | 436 | 469 | 484 | 500 | 599 | 582 | 590 | 609 | 636 |
| Apprenticeship | 270 | 263 | 283 | 289 | 295 | 414 | 395 | 394 | 402 | 412 |
| Professionalization | 170 | 174 | 186 | 195 | 205 | 185 | 188 | 196 | 207 | 224 |

1. Contrat unique d'insertion, or Single Integration Contract

2. "Emplois d'avenir". Including teachers

3. Excluding general measures such as general reductions in social contributions and reduction of working time

4. Rural revitalisation area

5. Urban regeneration area

Scope: Metropolitan France

Sources: DARES, Agence de services et de paiement, INSEE calculations

French developments

The number of beneficiaries of assisted contracts in the non-market sector dropped substantially in 2017

In the non-market sector, 383,000 assisted contracts were signed or renewed in 2017, after 477,000 in 2016. The flow of new "Future job" contracts into the non-market sector was virtually halved in 2017 (32,000, after 59,000 in 2016) while for the first time in four years, the number of beneficiaries of Single integration contracts also fell dramatically (231,000 by the end of 2017 after 300,000). All in all, the number of beneficiaries of assisted contracts in the non-market sector reached 277,000 at the end of 2017, after 378,000 at the end of 2016, a drop of 101,000 people. Earlier changes were smaller in scale (-10,000 in 2016 and +33,000 in 2015).

In the market sector, the number of beneficiaries of Single integration contracts and Future jobs contracts also fell significantly in 2017

At the end of 2017, 648,000 people were beneficiaries of an assisted contract in the market sector, the vast majority on Alternance contracts. These numbers were down 36,000 compared with the end of 2016, after being virtually stable the previous year (-3,000).

This fall concerns both Single integration contracts (CUI) and Future jobs contracts. In 2017, 28,000 CUIs were signed or renewed in the market sector, against 79,000 in 2016. The number of beneficiaries of these contracts therefore decreased by 27,000 compared to the end of 2016 (having already declined by 17,000 the previous year), to reach 17,000 at the end of 2017.

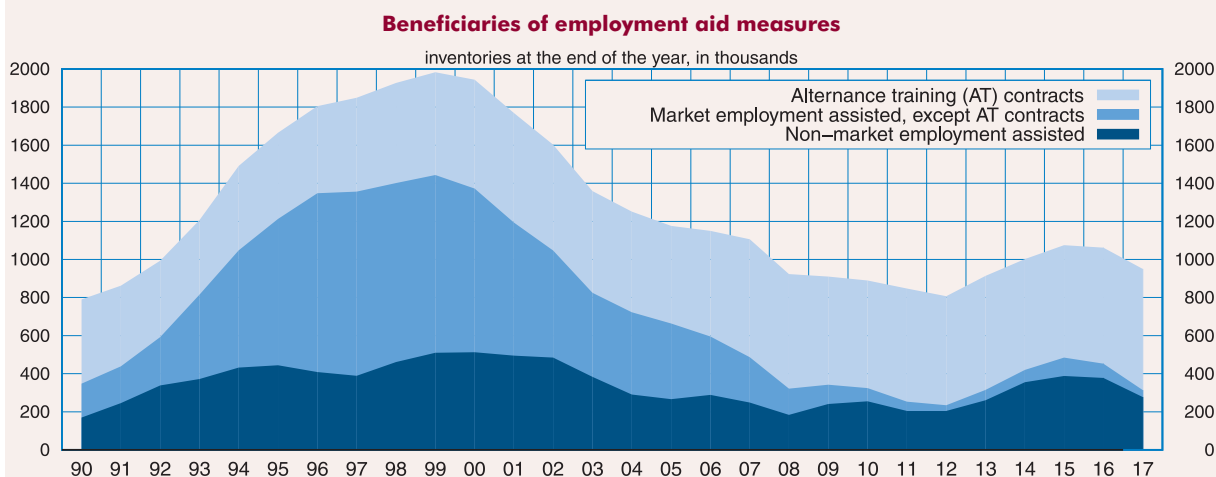
The number of signings or renewals of Future jobs contracts was much lower in 2017 than the previous year (6,000 after 16,000 in 2016) and the number of beneficiaries of these contracts practically halved (16,000 at the end of 2017 against 28,000 at the end of 2016).

At the end of 2017, 636,000 people were beneficiaries of Alternance training contracts, of whom 412,000 had apprenticeship contracts and 224,000 had professionalization contracts. These figures were up slightly compared with the end of 2016 (609,000).

Lastly, the number of beneficiaries of social charge exemption measures in rural regeneration zones (ZRR) or urban regeneration zones (ZRU) increased slightly in 2017 (4,000 by the end of 2017 after 2,000 at the end of 2016). ■

Bibliography

Dares (1996), « 40 ans de politique de l'emploi », La Documentation française.



Scope: Metropolitan France

Sources: Dares, Agence de services et de paiement