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Tuesday, December 13, 2011

PRESS RELEASE

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Indiana Institute for Working Families Releases Report on Work Sharing

Indianapolis, IN — The Indiana Institute for Working Families (Institute), a program of Indiana Community Action Association, released its report, *Work Sharing: A Win-Win-Win Strategy for Avoiding Job Losses*, today. The report, supported by The Joyce Foundation, located in Chicago Illinois, addresses: what is work sharing and how does it work; what are the costs and benefits associated with a work sharing program; what are some of the best practices of existing programs in the U.S.; and work sharing outside the U.S. and success. The report also includes seven recommendations for implementation of a work sharing program in Indiana.

Work sharing (also known as Short-Time Compensation) is an unemployment insurance (UI) benefit that explicitly targets job preservation. Work sharing provides employers with an alternative to layoffs during a temporary decline in business. A work sharing program allows an employer to reduce the hours and wages of all employees, or a particular group of employees (such as a department), usually by about 20 to 40 percent, to cut costs. To participate in work sharing, the employer would certify to the state that reduced hours are in lieu of a temporary layoff. If approved, the plan can last up to 52 weeks.

Work sharing is voluntary, so employees can choose whether or not to participate. Workers who participate will receive partial unemployment insurance benefits to supplement their paycheck. Work sharing programs are temporary and usually last six months to one year. Because work sharing benefits are experience-rated at least as well as regular unemployment benefits, the Institute's research shows that work sharing does not appear to have any significant impact on state UI trust funds.

Work sharing has become a viable alternative to layoffs in states that have these programs in place. It has recently passed unanimously in Republican and Democrat led states, and has the backing of conservative and progressive economists alike. Currently, 22 states, and Washington D.C., have work sharing programs. In total, five states have passed work sharing since 2009.

According to the U.S. Department of Labor, there were over 153,000 participants across the U.S. during its peak week of June 2009, compared to just 12,000 participants in January 2007. In all, work sharing saved 165,000 jobs in 2009 alone.

The report states that work sharing is a “win-win-win” strategy in that it benefits the state by mitigating further job losses; the employer benefits by reducing the high costs associated with turnover policies and by maintaining continuity within the firm; and the employee benefits by maintaining wages and reducing the devastating effects associated with long-term unemployment.

“It’s really simple: this is a jobs program that has proven itself to be successful, is cost effective, and benefits the employer, the employee, and the state”, said Derek Thomas, Policy Analyst at the Institute. Mr. Thomas also stated that “work sharing, unlike traditional UI, pays people to stay on the job.”

The Institutes research also shows that manufacturing has particularly benefited from the program. Mr. Thomas stated: “given Indiana’s large manufacturing sector and the continued increases in unemployment in Indiana, this is a program the state cannot afford to *not* implement.”

Indiana has lost 194,000 jobs from December 2007 to October 2011, of which 89,800 were manufacturing job losses. Also, Indiana saw unemployment rates increase for the sixth straight month in October 2011, an increase to 9 percent—up from 8.9 percent in September. According to the report, work sharing could assist the state in coping with the continued loss of jobs and provide a proactive tool for future economic downturns.

Work sharing is also a component of the American Jobs Act. Under the proposal, states that have approved work sharing programs could receive up to three years of federal funding for implementation and administration.

To view the report in its entirety, please visit: <http://www.incap.org/iwrfRandP.html>.

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TheJoyceFoundation

The Joyce Foundation

The Joyce Foundation supports efforts to protect the natural environment of the Great Lakes, to reduce poverty and violence in the region, and to ensure that its people have access to good schools, decent jobs, and a diverse and thriving culture. The Joyce Foundation is especially interested in improving public policies, because public systems such as education and welfare directly affect the lives of so many people, and because public policies help shape private sector decisions about jobs, the environment, and the health of our communities. To ensure that public policies truly reflect public rather than private interests, we support efforts to reform the system of financing election campaigns. To learn more about The Joyce Foundation, please visit: www.joycefdn.org.

Indiana Institute for Working Families

The Indiana Institute for Working Families (Institute) is a program of the Indiana Community Action Association, Inc. (IN-CAA). The Institute was founded in 2004. The Institute conducts research and promotes public policies to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies, and programs impacting low-income working families with education and outreach. The Institute achieves its work by focusing its activities in the following areas:

Public Policy: Research and Analysis; Education and Outreach; and National, Statewide, and Community Partnerships. To learn more about the Institute, please visit: www.incap.org/iwfw.html.

Indiana Community Action Association (IN-CAA)

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA's members are comprised of Indiana's 23 Community Action Agencies (CAAs), which serve all of Indiana's 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low income individuals attain self-sufficiency. IN-CAA serves as an advocate and facilitator of policy, planning, and programs to create solutions and share responsibility as leaders in the War Against Poverty. IN-CAA's mission is to help the state's CAAs address the conditions of poverty through: training and technical assistance; developing models for service delivery; and providing resources to help increase network capacity. For more information about IN-CAA, please visit IN-CAA's web site at: www.incap.org.