Work Sharing:
A Win-Win-Win Strategy for Avoiding Job Loss

Indiana Institute for Working Families
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About the 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/iiwf.html.

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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.

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Table of Contents

Table of Contents

Table of Figures and Tables

Introduction

As the nation's economic recovery remains weak, a growing number of businesses are searching for ways to weather the economic downturn and retain their workforce. Work sharing (also known as Short-Time Compensation), available in 22 states, is an unemployment insurance (UI) benefit that explicitly targets job preservation and allows businesses to retain their skilled workforce during times of temporary decreased demand. Currently, a business that sees a decrease in demand needs to reduce production and layoff workers.

A work sharing program allows an employer to have the option of reducing the hours and wages of all employees or a particular group of employees (such as a department) instead of laying off a portion of its workforce to cut costs. Workers with reduced hours and wages are eligible for partial UI benefits to supplement their paychecks.

For example, if a business sees a 20 percent decrease in demand, and therefore needs to reduce production, they might layoff one-fifth of their workforce. If a work sharing program was available, the business could retain its entire workforce by reducing the hours of all its employees from 40 hours a week to 32 hours a week, reduce production by the required amount, and could achieve the same amount of cost savings while retaining all of its employees. The affected employees would receive wages based on four days of work. The 20 percent reduction in wages would then be supplemented by a portion of UI benefits—typically equal to half of lost wages. Under work sharing, an employee who made $300 per week—and would normally receive $150 a week in unemployment benefits if they were laid off—would receive $240 in wages and $30 in work sharing benefits. Like regular UI benefits, work sharing benefits do not fully cover lost income, but they help mitigate the loss.

Work sharing is a win-win-win strategy. A work sharing program benefits the state by mitigating further job losses. The employer benefits by reducing the high costs associated with turnover and maintaining continuity within the firm. And the employee benefits by maintaining wages and reducing the effects associated with long-term unemployment.

Work sharing benefits are paid from the state UI trust fund. Most employers pay taxes based on the size of their workforce and their experience with workforce reductions over time (called experience-rating).Work sharing benefits must be charged to employers who pay taxes or attributed to employers who reimburse the trust fund in the same manner as regular UI benefits. As a result, work sharing does not appear to have any significant impact on state UI trust funds. According to a U.S. Department of Labor study, work sharing benefits are experience-rated at least as well as regular unemployment benefits.[1] In other words, an employer that participates in a work sharing program is likely to pay back the trust fund through unemployment taxes or direct reimbursements.

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. This widespread support should not be a surprise considering the success, and thereby, the benefits realized in 22 states (and Washington D.C.) across the nation and in multiple countries worldwide.

Work sharing programs particularly benefit the manufacturing industry. Yet, Ohio, Michigan, and Indiana who have manufacturing as a large sector of their states economies do not have work sharing programs. Indiana has lost 194,000 jobs from December 2007 to October 2011, of which 89,800 were manufacturing job losses.[2] In addition, Indiana's unemployment rate for October 2011 was 9.0 percent—up from 8.2 percent in May 2011.[3] Work sharing could assist Indiana in coping with continued job losses, growing numbers of unemployed workers, and provide a proactive tool for future economic downturns.

In the following report, the Institute will address the following: what is work sharing and how does it work; the costs and benefits associated with working sharing programs; work sharing programs in the U.S and best practices; work sharing outside of the U.S. and successes; and recommendations for implementation of a work sharing program in Indiana.

Chapter 1: Basics of Work Sharing

What is Work Sharing?

Work sharing (also known as Short-Time Compensation) is an unemployment insurance (UI) benefit that explicitly targets job preservation. A work sharing program 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, usually by about 20 to 40 percent, to cut costs. Because work sharing is voluntary, employers can make decisions about participation in the program based on their unique circumstances. Workers with reduced hours and wages are eligible for partial UI benefits to supplement their paycheck. Working sharing programs are temporary and usually last six months.

How is it Different than Job Sharing?

Unlike work sharing, job sharing is not related to the UI benefits. Job sharing is a voluntary agreement in which two employees share one full-time job, whereas both employees would be employed part-time, receiving part-time wages. Job sharing is not used as a measure to increase employment or avert layoffs.

How Does a Work Sharing Program Work?

A typical work sharing program has an employer file a plan certifying that reduced hours are in lieu of a temporary layoff and that addresses other state requirements. State agencies administering the work sharing program, usually the state UI agency, will typically assess the employer's UI fund to make sure it is positive, the employer's tax status, and whether they meet the program's requirements. If the employer's plan meets that state's work sharing program requirements, the state UI agency approves the plan. Employees can then apply for and receive pro-rated benefits if they meet regular UI eligibility requirements. How various states' programs have been set-up and work will be discussed further in **Chapter 3** of this report.

How is Work Sharing Funded?

Work sharing benefits are paid from the state UI trust fund. Most employers pay taxes based on the size of their workforce and their experience with workforce reductions over time (called experience-rating). Work sharing benefits must be charged to employers who pay taxes or attributed to employers who reimburse the trust fund in the same manner as regular unemployment benefits. As a result, work sharing does not appear to have any significant impact on state UI trust funds. An employer that participates in a work sharing program is likely to pay back the trust fund through unemployment taxes or direct reimbursements.

Work Sharing is Not a New Idea

The United States is no stranger to work sharing. During the Great Depression, President Roosevelt, through the President's Reemployment Agreement (PRA) of 1933 directed firms to reduce workweeks in order to spread the availability of jobs to additional employment opportunities. At the same time, hourly wage rates were increased to minimize the impact shorter workweeks would have upon take-home pay. Similarly, work sharing policies have been implemented across Europe in the past three decades in hopes of reducing unemployment.[4]

According to a study done in 2009 by *Economica* of this depression-era initiative, the simultaneous increase in wage rates and the association of businesses (also known as cartelization) offset some of the gains, but estimates of the number of jobs saved, with all other things being equal, were near 2.47 million by the end of 1933—the first four months of program implementation.[5]

Work Sharing has Support from a Full Range of Economists

Economists from all spectrums of the political aisle support and encourage the measure. According to Kevin Hassett from the American Enterprise Institute for Public Policy Research, work sharing is the "best option" to improve the employment outlook and mitigate the permanent damage that this long-lasting recession has on the "careers of a generation of workers." Hassett continues by saying it is a "proven cost-effective program that promises significant—and timely—results." [6] And, in a recent article in the Wall Street Journal, Hassett states that he hasn't "encountered any hostility when he raised the topic with fellow Republicans."[7]

Mark Zandi of Moody's Economy.com recommends the program as a way to help small business due to its "large bang for the buck" (that is, $1.69 in Gross Domestic Product (GDP) spending for every dollar spent on work sharing) in order to "minimize job losses."[8]

The Center for American Progress describes it as a "job strategy that works."[9] Additionally, in 2002 the National Governors Association promoted work sharing as a "best practice" for assisting workers in an economic downturn.[10]

The New America Foundation also cites the long-term negative ramifications of extended periods of unemployment, and states that work sharing is a way to "mitigate layoffs, keep more workers attached to the labor market, and help businesses remain solvent during extended periods of economic downturn."[11]

However, work sharing is not a cure-all; rather, it should be seen as a "piece of the puzzle." Most studies, however, do show that participation can effectively mitigate job losses. Additionally, if programs are properly designed, the burden of a troubling economy is shared among workers, employers, and state government, which can result in a "win-win-win" strategy: allowing workers to keep their jobs; allowing companies to be well-positioned to prosper when growth returns and to retain their skilled workforce; and allowing the state to reduce job losses and minimizing the cost of social transfer payments through a decrease in the number of people drawing full unemployment insurance benefits.[12]

Cautions about Work Sharing Programs

Despite the overwhelming support of work sharing programs, there are also concerns that should be noted. Most importantly, work sharing is only a temporary solution and should be designed as such. Work sharing is not appropriate for every employer or situation—especially those who are not likely to see an increase in demand once the economy rebounds. Work sharing is most useful for companies and industries in which it is possible to reduce hours and modify work schedules.

Others express concern that work sharing programs can be complex to administer both for the employer and the state. However, if the program is set-up properly (see recommendations and best practices of how to overcome these issues are covered in **Chapter 5** of this report),these issues can be avoided and the work sharing program should run seamlessly within the state's existing UI system.

Finally, there are concerns about the unintended consequences in that the natural migration of labor will be impeded, and thus, creating a less flexible economy. However, these are not typical times. Workers are not moving into new industries; they're moving into the ranks of the long-term unemployed. In fact, according to the Congressional Research Service, chronic unemployment is worse now as a percentage than it was at the end of the Great Depression (data does not exist for long-term unemployment during the Great Depression).

These concerns also assume that the problems firms face in the current downturn are due to their individual or industry performance, rather than a collapse in demand. Even in a situation where extended unemployment is possible, the cost incurred to human capital, or the workers skills—both resulting from turnover policy—can be inefficient as well.

Chapter 2: Costs and Benefits of Work Sharing Programs

In this chapter, we examine the win-win-win impact of work sharing programs. Work sharing programs costs and benefits are examined from the perspective of state government, employers, and employees. Overwhelmingly, the research shows that the benefits outweigh the costs if the program is implemented and utilized appropriately. Additionally, the example below highlights an actual example of how a work sharing program was used by a business in Rhode Island. Each section of this chapter will highlight this work sharing experience from the perspective of all three parties (state government, employer, and employee).

Work Sharing Example

Facing potential layoffs, Pilgrim Screw Corporation in Providence, Rhode Island decided to participate in the state's work sharing program. As a result, in September the business directed 11 of its 65 employees to cut their workweeks by one day. The move meant nobody at the small manufacturer lost jobs, while those with fewer hours now get a check from Rhode Island representing one-fifth of what they would make under full-fledged unemployment insurance. It's a pay cut for those workers, to be sure, but they prefer that to the alternative: joblessness. The state's current unemployment rate is 10.4 percent.

Source: Lahart, Justin. "*Cutting Hours Instead of Jobs Rhode Island, Other States Offer Partial Unemployment for Shortened Workweeks*." Wall Street Journal (November 21, 2011): http://online.wsj.com/article/SB10001424052970204517204577046371607150502.html.

State Government

Work sharing reduces the number of layoffs and therefore the number of unemployed. Additionally, work sharing programs particularly benefit manufacturing—an important sector of Indiana's economy, accounting for 16.5 percent of job losses since the recession began in December 2007.[13] Avoiding job losses also eases the impact on local businesses that depend on workers' spending on goods and services. This helps in maintaining consumption through continued wages and minimizing the domino effect of secondary job losses that inevitably result from layoffs. Thus, the state is able to maintain revenues earned from taxes such as income and sales tax.

Work sharing is not heavily used compared to the regular UI program. But program participation tends to increase sharply when the economy weakens. Beneficiaries under work sharing increased from 32,498 in 1997 to 111,202 in 2001 before falling back to 40,238 in 2005.[14] According to a number of states who administer the program, they are able to operate the program with limited staff, often incorporating existing staff from the state UI agency. A few states, with larger work sharing programs, such as California and Washington, have staff of up to 20 employees or more.

Work Sharing Example: Department of Labor Perspective

Rhode Island, which adopted work sharing in 1992, is one of the few states were it has been widely embraced. The state processed more than 12,000 initial claims for work sharing in 2010.

The state's unemployment is 10.4 percent, but would be higher without work sharing, according to the state's labor department. In 2009 and 2010 work sharing averted a total of 9,550 layoffs, the department calculates. Rhode Island lost 14,400 jobs in the same period—3 percent of the state's workforce.

Source: Lahart, Justin. "*Cutting Hours Instead of Jobs Rhode Island, Other States Offer Partial Unemployment for Shortened Workweeks*." Wall Street Journal (November 21, 2011): http://online.wsj.com/article/SB10001424052970204517204577046371607150502.html.

There are concerns that work sharing programs can cause market inefficiencies also known as deadweight loss. These inefficiencies occur when work sharing benefits are paid to employers for jobs they would have retained even in the absence of the subsidy. However, research shows that if the work sharing program is structured properly, states can negate this risk. According to the research done by the International Labor Office, limiting the duration of the program and establishing these types of well-defined targets is the key to avoiding this deadweight loss—Canada and Germany both extended and shortened their programs on multiple occasions.[15]

Additionally, there are concerns that this program may stifle job growth in some industries. But these are not typical times and workers are not moving into new industries; they're moving into the ranks of the long-term unemployed. In fact, according to the Congressional Research Service, chronic unemployment is worse now as a percentage than it was at the end of the Great Depression (data does not exist for long-term unemployment during the Great Depression).

In response, the Frum Forum[1] described work sharing as a "jobs stimulus the GOP (and Dems) can back."[16] In response to concerns that mass hiring trends would be impeded, the Frum Forum stated: "the overall number isn't necessarily what matters; if Americans feel less affected by the economic downturn, then the relative nominal rate of recovery won't be as salient." Any efficient leveraging of Indiana's resources, in order to prevent additional job losses, should be considered by the state.

As demonstrated in **Table 2.1** below, despite these concerns, the benefits of work sharing far outweigh the costs to state government.

TABLE 2.1

Costs and Benefits of Work Sharing for State Government

Costs	Benefits
• Possible administrative burden for states that use a paper-based process for UI.[2]	• Reducing the cost of unemployment and the cost of social transfer payments.
	• Reducing the possibility of future layoffs.
	• Mitigating the effects and possibility of extended unemployment.

Employers

Work sharing helps employers endure a business slowdown by reducing the work hours of their full-time employees. The program helps employers temporarily reduce their payroll costs, retain skilled workers, and avoid turnover costs including the expenses of recruiting, hiring, and training new employees when the economy improves.

Work Sharing Example: Employer Perspective

Pilgrim Screw makes specialized screws and fasteners for the aerospace and defense industries. To operate the machines that shape the hundreds of fasteners, workers must get the knack of how different metals respond to various conditions. "It would take years for someone else to come and learn this stuff," said Reuben Hendricks, 59 years old, who operates a pair of high end machines for the company.

[1] FrumForum.com is a site edited by David Frum, dedicated to the modernization and renewal of the Republican party and the conservative movement.

[2] At the same time, work sharing participants do not have to check in weekly, reducing overall costs. And employees may collect compensation under work sharing for less time than traditional UI as well.

At Pilgrim Screw the program is viewed as a good way to avoid the cycle of layoffs and hiring that might leave the company shorthanded when the need arises. "That allowed the company to hang on to valuable workers," said Pilgrim Screw Chief Executive Geoffrey Grove. The company first used the program in early 2009 when orders plunged after the financial crisis.

Source: Lahart, Justin. "*Cutting Hours Instead of Jobs Rhode Island, Other States Offer Partial Unemployment for Shortened Workweeks*." Wall Street Journal (November 21, 2011): http://online.wsj.com/article/SB10001424052970204517204577046371607150502.html.

The employer perspective above is echoed in a recent study of California workers that showed that the average cost for replacing a non-exempt worker was $2,335.[3] Replacing an exempt worker costs as much as $7,548.[17] Additionally, when an employer has a stable workforce, they tend to pay fewer taxes.[18] Again, work sharing is a tool to respond to falling demand, but it is not designed to avert permanent layoffs or business closings. However, as employers become familiar with and participate in a work sharing program over time, they may adopt more thoughtful and responsible approaches to layoffs. As shown in **Table 2.2** below, the benefits for work sharing for employers far outweigh the costs.

Table 2.2

Costs and Benefits of Work Sharing for Employers

Costs	Benefits
• Increased administrative costs of rescheduling and submission of claim.[4]	• Avoid the cost of employee turnover.[5,6]
• Hourly fringe benefits may be higher with work sharing, in part because benefits are often being paid to more senior and higher paid staff.[7]	• Increases morale and job security among employees.
	• Temporarily reduces payroll costs.
	• Business retains skilled workers and maintains continuity in its workforce.
	• Ability to bounce back during economic recovery periods.

[3] According to the Fair Labor Standards Act, an exempt worker does not receive overtime pay and therefore is not required to keep records of specific hours worked. A non-exempt worker does receive overtime pay after 40 hours and does need to record specific hours worked.

[4] According to AARP, this can happen because employers may have to process more claims. However, employees may collect compensation under Work Sharing for less time than traditional UI as well.

[5] The following link is an interactive tool for HR professionals and business owners to calculate the cost of turnover(similar results for cost are seen through this tool): www.cepr.net/calculators/turnover_calc.html.

[6] Berkeley Planning Associates and Mathematica, as part of their 1997 study of STC, surveyed 500 employers who used work sharing in combination with STC and found that the ability to retain valued employees was a major attraction. Additionally, most employers who used the STC program reported that they were satisfied and would use it again, according to the same 1997 survey. In fact, many firms used STC repeatedly, with some firms using it in every quarter over a three year period.

[7] According to AARP, this may be true for state's that require employers to maintain full benefits. However, these costs may be offset by the cost of re-hiring.

As mentioned earlier, work sharing is not appropriate for every employer or situation—especially those who are not likely to see an increase in demand once the economy rebounds. Work sharing is most useful for companies and industries in which it is possible to reduce hours and modify work schedules especially the manufacturing industry. **Table 2.3** lists the take-up rates of work sharing programs by private sector employees versus manufacturing production employees and shows that manufacturers disproportionally use and benefit from work sharing programs. This data demonstrates once again how Indiana could benefit from a work sharing program as manufacturing accounts for 16.2 percent of Indiana's total nonfarm employment.[19]

TABLE 2.3

Take-Up Rates of Short-Time Compensation Programs by State, 2009 (avg. % employees covered by STC)

State	All Private Sector Employees	Upper-Bound Estimates, Manufacturing Production Workers
All Work Sharing States	0.17	**2.74**
Arizona	0.11	**2.01**
Arkansas	0.10	**0.70**
California	0.25	**4.55**
Connecticut	0.39	**5.27**
Florida	0.03	**0.91**
Iowa	0.18	**1.54**
Kansas	0.39	**3.69**
Maryland	0.03	**0.75**
Massachusetts	0.18	**2.95**
Minnesota	0.18	**2.12**
Missouri	0.25	**3.16**
New York	0.14	**2.99**
Oregon	0.31	**3.44**
Rhode Island	0.86	**12.35**
Texas	0.06	**0.86**
Vermont	0.37	**4.01**
Washington	0.29	**4.27**

Source: Houseman, Susan. "Labor Market Flexibility: A View from the United States" (presentation prepared by Upjohn Institute for Employment for conference on "Increasing Labor Market Flexibility: Boon or Bane?" Institute for Employment Research, Nuremberg, March 18-19 2011). Retrieved December 7, 2011: http://doku.iab.de/veranstaltungen/2011/ws_flex_Houseman_Presentation.pdf.

Employees

Work sharing is a voluntary program meaning that employees can choose to leave and be laid off, or stay and agree to a reduced number of hours. The employee will evaluate the cost of searching for a new job, including the possibility for unemployment if they leave or the income loss if they chose to stay. Research suggests that employees will choose the latter. If employees chose to participate, a work sharing program helps workers keep their jobs, maintain their benefits (health and retirement benefits), and continue to build their skills and experience while the overall labor market is weak. Work sharing offers distinct advantages for entry-level and less experienced workers who are especially vulnerable if a layoff occurs.

Also, a modest reduction in earnings spread across a large pool of workers is less likely to result in the significant hardships that jobless workers and their families may experience. As the example in the introduction of this report stated, the affected employee would receive wages based on four days of work. The 20 percent reduction in wages would then be supplemented by a portion of unemployment benefits—typically equal to half of lost wages. Under work sharing, an employee who made $300 per week—and would normally receive $150 a week in unemployment benefits if they were laid off—would receive $240 in wages and $30 in work sharing benefits. Like regular unemployment benefits, work sharing benefits do not fully cover lost income, but they help mitigate the loss. Typically, employees receive ninety percent of their income under work sharing—significantly better than the alternative.

Work Sharing Example: Employee Perspective

Pilgrim Screw's employees agreed to take part in the program, which reduced their pay by about 10 percent including the state benefits-a bit less if they had dependents and a bit more if they were highly paid. The company continued to pay health benefits. "You take some hits, but it's not as bad as if you were laid off," said Pilgrim Screw Chief Executive Geoffrey Grove.

This is also the sentiment of employees. "You feel it but you don't lose your job," said Stephen Saravo, 54, who was on work sharing for four months in 2009.

Source: Lahart, Justin. "*Cutting Hours Instead of Jobs Rhode Island, Other States Offer Partial Unemployment for Shortened Workweeks*." Wall Street Journal (November 21, 2011): http://online.wsj.com/article/SB10001424052970204517204577046371607150502.html.

Research shows employees were as productive as, or more productive than non-work share employees.[20] This may be due to the fact that the toll of layoffs and unemployment on employees are extreme and the impacts are long lasting. According to an ABC News/Washington Post poll conducted during the recession in November 2009, three out of ten people said they or someone in their household has lost a job during the past year. Additionally, 62 percent of those who responded reported a serious financial hardship and more than half describe the emotional toll of layoffs (stress, anger and depression). The poll also found that lower-income families are twice as likely as higher-income families to experience job loss.

A study by The Brookings Institution followed individuals who faced long-term unemployment for 20 years. They found that incomes fell by 30 to 40 percent in the year in which they lost their job, and moreover, the incomes remained 20 percent lower 20 years later. During a boom, future earnings fell by approximately $65,000. However, in a recession, it can fall anywhere between $100,000 and $120,000. The study also found that job stability, health, higher mortality, and lower achievements by children were also attributed to job displacement during severe recessions.[21]

The New America Foundation also studied long-term unemployment. The study cites higher incidences of poverty, social exclusion, psychological impacts and an increased reliance on state assistance for the long-term unemployed.[22] Work sharing programs can help thousands of families avoid unnecessary pitfalls simply by giving employers the flexibility to withstand major business downturns without eliminating jobs. The study also showed that work sharing has in fact had an effect on limiting permanent job losses in 2008-2009. It also suggests that while wages were decreased temporarily, it "allowed millions to escape the life-long consequences of joblessness and labor force detachment."[23]

Again, the benefits for employees far outweigh the costs of loss of income and unemployment as seen in **Table 2.4**.

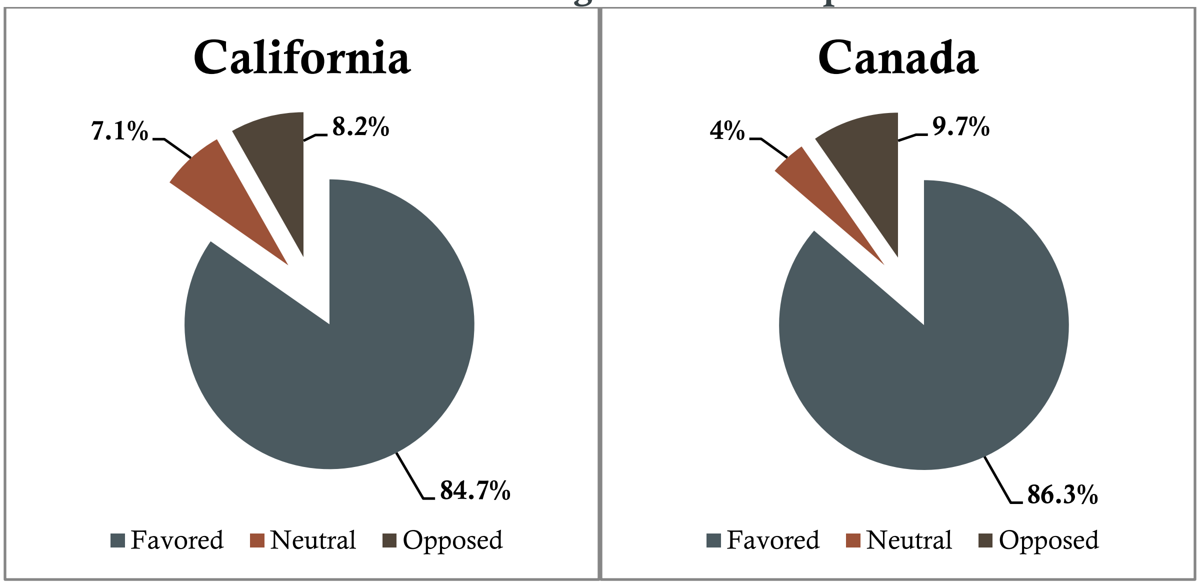
Table 2.4

Costs and Benefits of Work Sharing for Employees

Costs	Benefits
• Loss of income.	• Retain job and financial security from wages.
	• Retain health insurance and retirement benefits.
	• Earn higher wages under work sharing benefits than traditional unemployment insurance benefits.
	• Avoid the loss of skills—while remaining available for advancement opportunities.
	• Avoid the long-term loss of income that is associated with extended unemployment.

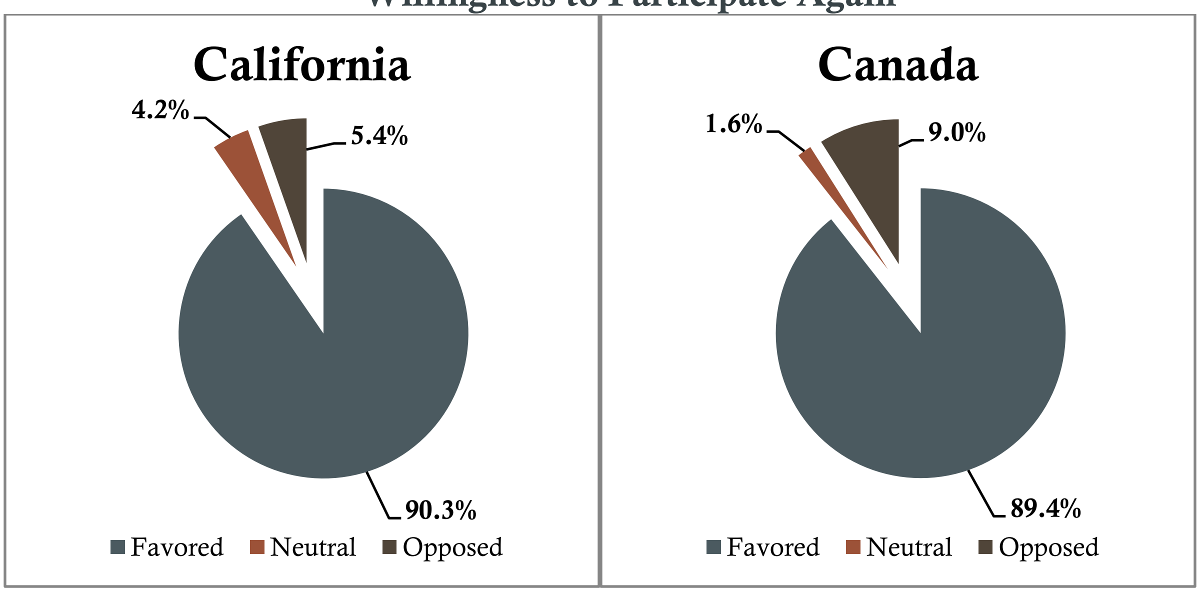
There is not much in the way of employee surveys, aside from a survey done in 1988 evaluating California and Canada's initial work sharing programs. However, the voluntary participation requirement does suggest an equivalent positive response from employers and employees alike (see **Figure 2.1**). The survey also shows a largely favorable view of work sharing by employees, and moreover, employees were also willing to participate in the program again (see **Figure 2.2**).[24]

FIGURE 2.1
Initial Willingness to Participate[8]



Source: Best, Fred. Reducing Workweeks to Prevent Layoffs: *The Economic and Social Impacts of Unemployment Insurance Supported Work Sharing.* (Philadelphia: Temple University Press, 1988), 139.

FIGURE 2.2
Willingness to Participate Again



Source: Best, Fred. Reducing Workweeks to Prevent Layoffs: *The Economic and Social Impacts of Unemployment Insurance Supported Work Sharing.* (Philadelphia: Temple University Press, 1988), 139.

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[8] Note: Opposed responses includes extremely, very, moderately, and slightly opposed. Favorable responses includes slightly, moderately, very much, and extremely favorable. The questions were: When the use of Work Sharing UI was first mentioned, were you in favor or opposed; What about your co-workers, were they opposed, in favor, or neutral and; If your employer had to cut back work again in the future, would you favor or oppose the use of Work Sharing UI in your employee group as an alternative to layoffs?

Chapter 3: Work Sharing Programs in the United States

Work sharing was considered and implemented in the United States in the 1930s during the Great Depression by President Roosevelt. As mentioned earlier, the program was credited with saving 2.47 million jobs. Despite the success of the program, work sharing was rarely discussed or utilized due to the low unemployment rates after World War II.

It was not until the 1974 recession that work sharing was once again revived and initial policy development on the concept began in the Office of the Secretary of Labor. California informally approved the first state work sharing program in the nation in 1978 to help employers and employees during tough economic times. In response, Congress enacted a temporary amendment to the Social Security Act in 1982, which allowed California to formalize the program through legislation. Arizona and Oregon both adopted programs in the same year. These three states have the longest operating work sharing programs in the country. In 1992, Congress made work sharing a permanent program, allowing all states to offer work sharing to the business community as they choose.

According to AARP, the low level of state involvement is partly due to the lack of leadership at the federal level. According to the study, discrepancies between federal UI eligibility criteria and state requirements may be why the U.S. Department of Labor "has not issued work sharing guidance, encouraged state participation, or provided technical assistance."[25]

However, work sharing has now received the attention of the federal government and the Obama administration. In recent efforts to create jobs and reduce long-term unemployment, work sharing has been proposed as part of the American Jobs Act. Within the proposed legislation, states that have approved work sharing programs could receive up to three years of federal funding for implementation and administration. Additionally, the "proposed budget would provide states with the resources they need to jump-start work sharing programs, and deliver their benefits effectively to businesses and their workers."[26]

Work sharing programs are currently available in 22 states including: Arizona, Arkansas, California, Colorado, Connecticut, Florida, Iowa, Kansas, New York, Maine, Maryland, Massachusetts, Minnesota, Missouri, Oklahoma, Oregon, New Hampshire, Pennsylvania, Rhode Island, Texas, Vermont, and Washington. A work sharing program is also available in Washington D.C. Work sharing programs popularity has skyrocketed since the economy tanked in December 2007. Five of the aforementioned states have adopted the program since 2009.

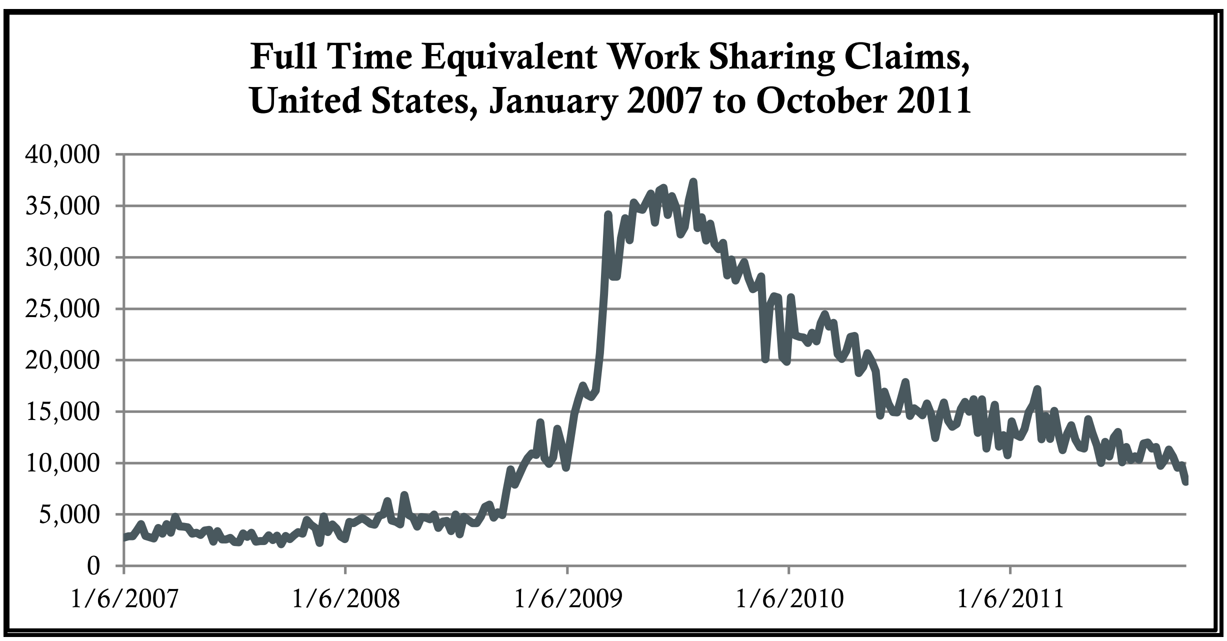
Although each state has the flexibility to set-up their work sharing program as they see fit, prominent features of most work sharing programs include:

- Ten percent of a particular line or department, or two employees, is the average minimum number of employees that must participate in order for the employer to qualify;
- A reduction of 10 to 50 percent hours represents the range of minimum and maximum that states allow for employers to qualify;
- Similar to UI, work sharing typically includes a one week waiting period;
- Participating workers covered by a collective bargaining agreement must have consent of bargaining agent;
- Employers are required to maintain benefits; and
- Most states require the employer to file weekly certification on behalf of the employee.

To see a full listing of features of states' work sharing programs, see the state survey results in **Appendix A** of this report.

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.[27] Work sharing claims average just over ¼ of a job, a measure known as Full Time Equivalent is used to calculate the number of jobs saved. **Figure 3.1** illustrates the number of jobs saved—near 40,000 at its peak. The U.S. Department of Labor also states that a total of 165,000 jobs were saved in all of 2009, across the nation.

FIGURE 3.1



Source: Center for Economic and Policy Research Blog;" Job Creation that Both Parties Can Agree On" blog entry by Nicole Woo, January 7, 2011. Retrieved December 7, 2011: www.cepr.net/index.php/blogs/cepr-blog/job-creation-that-both-parties-can-agree-on.

Additionally, **Figure 3.2** illustrates that 8 of 15 states with the lowest unemployment rate percentage change from 2007 through 2010 have utilized work sharing programs.

TABLE 3.1

States with Lowest Unemployment Percent Change, 2007-2010

State	% Change from 2007-2010	State has Work Sharing Program?
North Dakota	0.5%	
Alaska	1.2%	
Nebraska	1.3%	
Vermont	1.5%	**Yes**
Minnesota	1.7%	**Yes**
South Dakota	1.7%	
New Hampshire	1.9%	**Yes**
Iowa	2.1%	**Yes**
Maine[9]	2.5%	
Oklahoma	2.5%	**Yes**
Kansas	2.7%	**Yes**
Massachusetts	2.9%	**Yes**
Arkansas	3.1%	**Yes**
New Mexico	3.1%	
Virginia	3.1%	

Source: Center for Economic and Policy Research, 2010.

Best Practices

States that implement work sharing programs are making the program flexible and innovative in many different ways. In this section, we are highlighting some of the best practices from Missouri, Kansas, Rhode Island, New York, and Washington State.

Missouri – Outreach Campaign

In Missouri, Carol Lucke, Chief of Benefits of Employment Security, stated that up until 2008, only 50 or so employers participated in work sharing. However, at the onset of the recession, Missouri ran a media blitz to promote the program. By 2009, they were registering over 500 employers—representing close to 45,000 employees. According to Ms. Lucke, the program included manufacturing, construction, hospitals, day cares, florists, and other small businesses. The state had initially allowed for a 26 week program. In 2009 businesses approached the legislature to ask for extensions.

By the end of 2010, Missouri saw close to 400 employers still signed up. Of those 400 employers, 245 were renewals and 127 were brand new—representing nearly 32,500 employees. In 2011, Missouri still has 332 employers signed up. Of those 332 employers, 266 were renewals and 66 were new participants—representing nearly 22,000 employees.[28]

[9] Maine passed work sharing legislation in 2010 and is currently in the implementation process.

Kansas – Expanding Eligibility and Access to Training for Employees

Kansas has added language to their work sharing legislation that allows participants to be eligible for additional work sharing benefits if they participate in approved training on their days off. Approved training is defined as, "any vocational training course or course in basic education skills, including a job training program authorized under the federal Workforce Investment Act (WIA) of 1998."[29]

Rhode Island – Development of Key Partnership

Rhode Island has seen the highest participation rates as a percentage of the civilian labor force and was recently mentioned in the Wall Street Journal's article "Cutting Hours Instead of Jobs" due to its tremendous success.[30] Between 2007 and 2008, participation rates soared by 119 percent. At the peak of the recession, in 2009, there were close to 9,000 participants, representing over twenty percent of unemployment claims. This represents 1.54 percent of the civilian labor force.[31] Between 2009 and 2010, "work sharing averted a total of 9,550 layoffs."[32]

According to the Rhode Island Department of Labor and Training, a major factor in Rhode Island's success is their partnership with the Chamber of Commerce, who, by way of informational notices, was able to market the program effectively.

New York – Align Work Sharing Program with Other Workforce Programs

In New York, work sharing program participation increased sixty percent from 2007 to 2008. By the end of 2009, nearly 40,000 beneficiaries were served and 3,000 New York businesses participated in the work sharing program for "needed flexibility in dealing with economic distress" during the peak of the Great Recession.[33]

New York was also able to take advantage of training because they "align their UI and WIA programs to assure that workers participating in work sharing who could benefit from training are referred to the appropriate education and training services."[34]

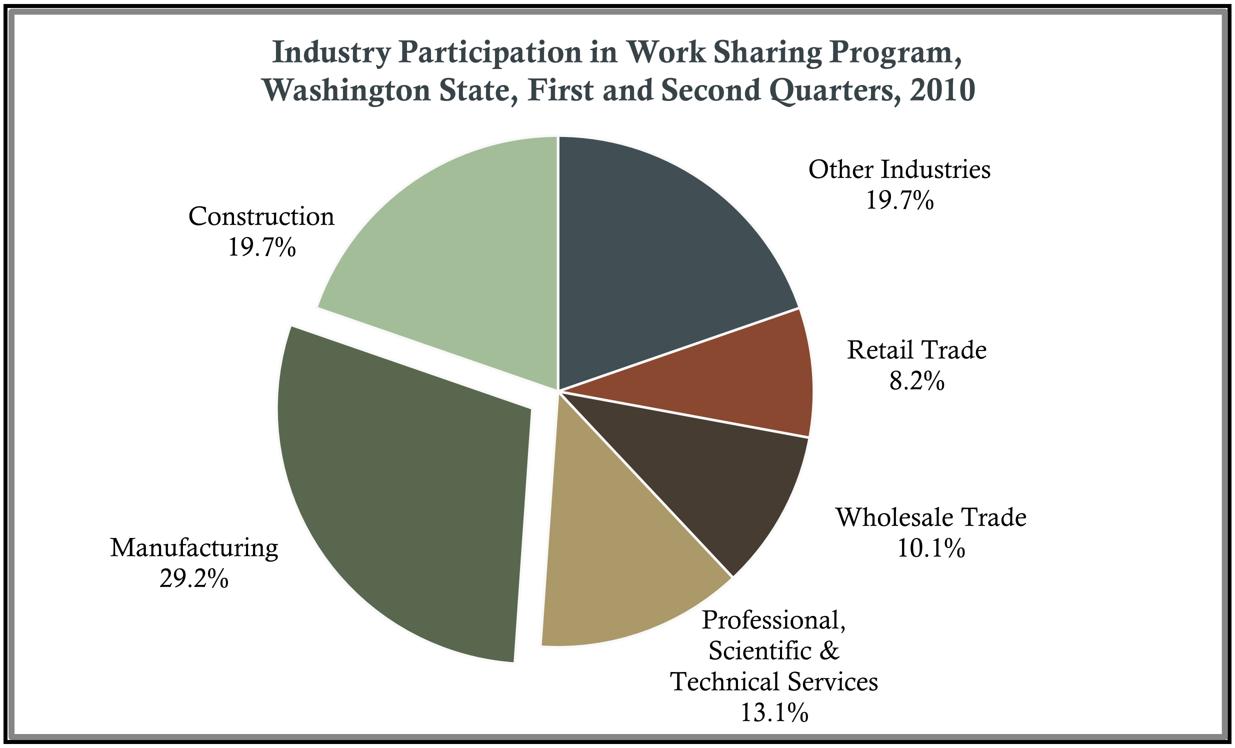
New York's program is similar to Washington State's in that it allows flexibility for employers to set up plans. Under this situation, employers can be on work sharing one week, and off the next, depending on their individual circumstances. Finally, for added flexibility, employers can have a complete shut down for up to two consecutive weeks without their work share program being transferred to regular UI.

Washington State – Program Administration and Operations

Washington State is perhaps the model example of work sharing program success in the United States. At the peak of the recession, in the fall of 2009, Washington State had approved plans for over 2,500 employers—representing over 46,000 employees. Before the recession, manufacturing represented 48 percent of industry participants. However, as evident by **Figure 3.2**, all industries of all sizes eventually participated. In the first two quarters of 2010, 3,243 employers were participating of which 942 were manufacturers.[35]

According to Bill McDonald, Manager of the Shared Work Program in Washington State, a major factor in Washington's success lies in how they administer and operate the program. Specifically, there is flexibility written into their laws, whereas, employers are not locked into the program. It is a yearlong plan that allows week-to-week tweaking of their reduced workweeks so employers can use it for one week, or not at all. It is often difficult for employers to commit to specific hours reductions for specific workers for a set period of time. The sort of flexibility allowed in Washington should be a key component of Indiana's program and should make a big difference in take-up rates.

FIGURE 3.2

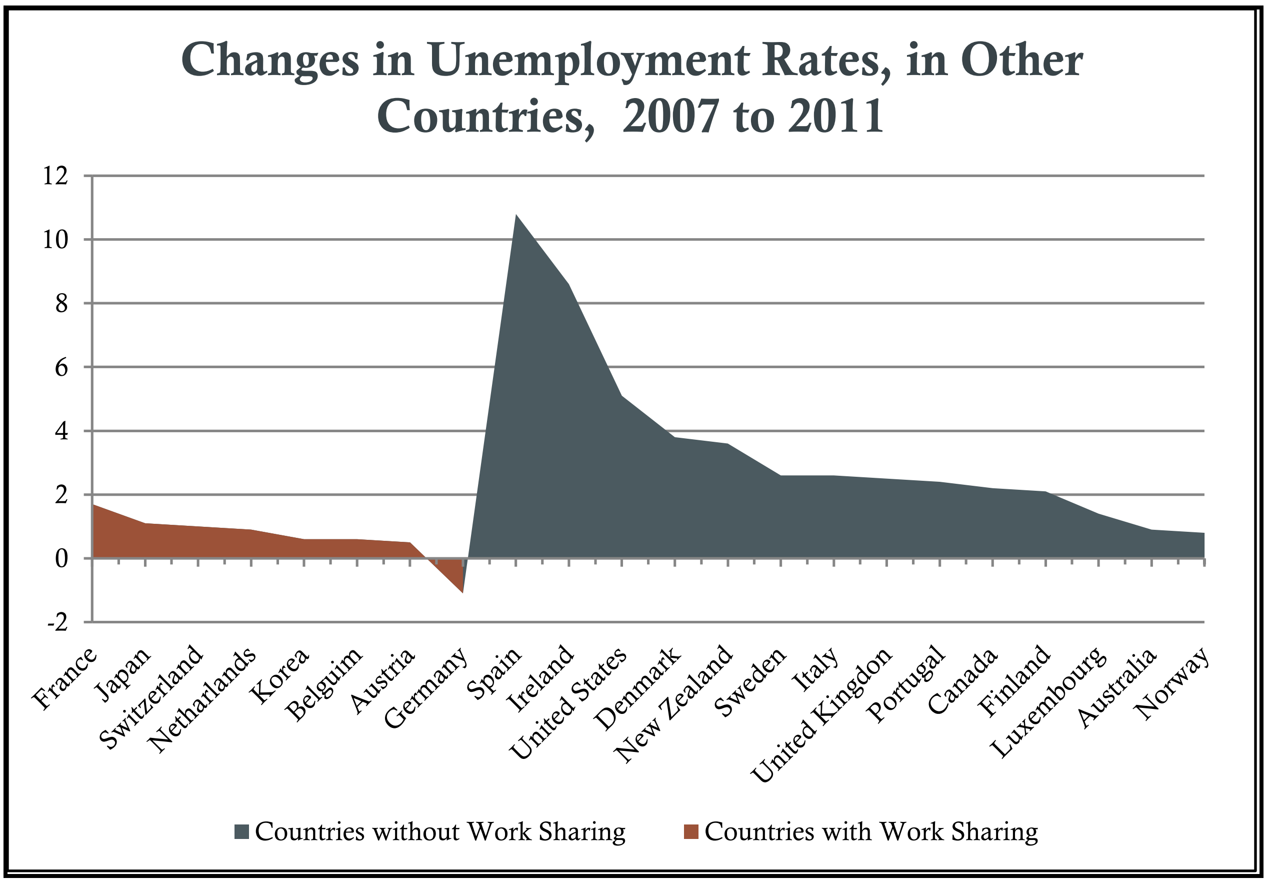


Source: McDonald, Bill. "Short-Time Compensation Program Experience during the Recession Period" (presentation prepared by Employment Security Department, Washington State, October 20, 2010).

Chapter 4: Work Sharing in Other Countries

The widespread bi-partisan support for work sharing programs is largely due to the success this program has seen in other countries. Within the member countries of the Organization for Economic Cooperation and Development (OECD), 25 of 33 countries currently operate some form of a work sharing program.[36] Before the Great Recession, only 18 countries within the OECD had operated work sharing programs. Additionally, the take-up rate was only 0.2 percent (as a percentage of employees) in the fourth quarter of 2007, and jumped to 1.3 percent in the fourth quarter of 2009 among these nations.[37] Most importantly, some of these European nations with robust work sharing programs saw minimal to no increase in unemployment during the Great Recession while Germany actually saw an increase in employment.[38] See **Figure 4.1** for a comparison of countries with and without work sharing programs during the Great Recession. Finally, and similar to the United States' experience with work sharing, manufacturers disproportionally used work share programs in OECD countries (see **Figure 4.2**).

FIGURE 4.1



Source: Center for Economic and Policy Research, 2010.

FIGURE 4.2

Take-Up Rates of Work Sharing Programs, in Selected Countries, 2009

	All Employees	Manufacturing
Austria	0.63	3.41
Belgium	5.6	16.99
Canada	0.34	N/A
Czech Republic	1.44	4.49
Finland	1.67	2.69
France	0.83	0.361
Germany	3.17	12.06
Ireland	1.03	1.34
Italy	3.29	9.95
Netherlands	0.75	5.01

Source: Houseman, Susan. "Labor Market Flexibility: A View from the United States" (presentation prepared by Upjohn Institute for Employment for conference on "Increasing Labor Market Flexibility: Boon or Bane?" Institute for Employment Research, Nuremberg, March 18-19 2011). Retrieved December 7, 2011: http://doku.iab.de/veranstaltungen/2011/ws_flex_Houseman_Presentation.pdf.

Germany

Germany's program, called 'Kurzarbeit' (literally 'short-time'), is the most widely used example of a successful work sharing program. Unemployment in Germany dropped to 6.1 percent, a full percentage point below the rate at the start of the downturn.[39] In regard to Germany's success, economist Kevin Hassett states, it is "clearly and directly attributable to a specific economic policy…a secret medicine that can cure unemployment, or at least minimize its spread."[40] Despite a steep drop in GDP—worse than the U.S. and the European Union—Germany was able to increase employment by 1.9 percent while also bypassing the U.S. in GDP growth, albeit slightly.

It is important to note that the OECD estimates that only 25 percent of Germany's success can be attributed to work sharing. Employer agreements with unions, worker protections, reduced overtime, and work-hour accounts attributed to the majority of nations success. To reiterate, work sharing is not a cure all, only part of a larger commitment to preserving employment.[41]

Canada

Canada has also had success with its work sharing program. In 2009, there were over 160,000 participants per month. According to the OECD Employment Outlook 2010, Canada is expected to emerge from the global recession faster than most advanced economies. In fact, forecasting suggests a 7 percent unemployment rate by the end of 2011—as of September 2011, it stands at 7.1 percent.[42] According to the report, work sharing "has undoubtedly contributed to save jobs during the recession."[43]

At the same time, it should be noted that many of these Canadian workers (nearly half) were let go after 26 weeks of program enrollment. Again, and in accordance with the research on the profound consequences of long-term unemployment and the loss of skills, remaining employed for six additional months provided greater footing when re-entering the job market. In addition, those who remain employed in the long-run, as well as those who only remained employed for six months, due to work sharing benefits, were able to earn 87 percent of their salary.

Insofar as cost, Canada added $11.6 million more per year to their existing unemployment program. However, according to the OECD report, this additional cost was the result of a policy that allows workers to collect normal unemployment benefits for the full duration after being laid off.

Chapter 5: Recommendations for Implementation of Work Sharing in Indiana

While the Institute supports federal legislation to assist Indiana and other states to implement work sharing, Congress remains in gridlock and it is uncertain whether federal legislation will pass. However, given the current economic conditions, Indiana's increasing unemployment rate, and work sharing's particular benefit to the manufacturing sector, **Indiana cannot afford to *not* implement a work sharing program**.

Implementing this program is a "win-win-win" strategy for Indiana as employees maintain wages and are spared the effects of long-term unemployment. The employer benefits by reducing the high costs associated with turnover while maintaining continuity within the firm. And the state mitigates further job losses and the ripple effects associated with long-term unemployment.

The Institute believes a **work sharing program can preserve many jobs in the state of Indiana, now and for future economic downturns**, and has proposed the following recommendations for implementing a work sharing program. [44,45]

- **Require employers to maintain wages and benefits coverage.** One of the conditions of employers participating in a state work sharing program should be that they will not reduce employees' wage rates and will maintain their benefits (health, retirement, etc.).

- **Create links between work sharing programs and training.** States may permit employees receiving work sharing benefits to participate in an employer-sponsored training program to enhance their job skills. Other federal and state training resources may also be available to employees participating in work sharing programs. New York's program, as stated earlier, was able to take advantage of training because they "align their UI and WIA programs to assure that workers participating in a work sharing program who could benefit from training are referred to the appropriate education and training services."

- **Make Program Flexible for Employers.** According to Bill McDonald, Program Manager of Washington State's work sharing program, the flexibility the program affords an employer to reduce individual employee work hours on a weekly basis predicated on business needs is paramount [to the program]." Unlike other states, Washington State allows an employer the ability to reduce weekly work hours (between 10 percent and 50 percent) in varying amounts for each individual employee every week while participating in the program.

- **Establish Program Time Limits.** Most work sharing programs are 26 to 52 weeks. This key element allows a temporary reduction of wages to be just that, temporary. Constant tweaking, as seen in Germany, Canada, and Washington State, allows the program to be only temporary, and limits any displacement effects as a result of labor hoarding. Participating firms should only be experiencing problems due to the business cycle, and not those suffering structural decline.

- **Automation.** The majority of states recommend automation as an effective way to reduce administration costs. New York's work share program has operated as a paper process until recently. The huge influx in applications and claims during the recent economic crisis substantially increased the staff time, leading to the development of a technological solution. In today's environment, New York would recommend that any new programs invest in technological self-service processes which can effectively respond to fluctuations in demand. The overall number of applications and claims represent a relatively small portion of the workload so systems that can be integrated into normal processes would not substantially add to ongoing administrative costs.

- **Make Application Process Easy and Quick for Employers.** Some states require a plan while others require a short one page application to be approved by the state UI agency. Making it easy will allow employers to give their employees time to make the decision that is right for them–to stay or leave. Washington State has the quickest turnaround time for approving applications–7 days.

- **Effectively Market the Program.** Nearly all states, and countries, as well as the United States Department of Labor, claim that the low participation levels are attributed to the lack of knowledge of the program. States such as Washington and Missouri saw vast increases in participation partly due to their marketing campaigns and partnerships. Rhode Island cited the Chamber of Commerce as a key partner to this outreach.

Conclusion

Work sharing needs to be an option in more states and part of the nation's response to unemployment. The need to address long-term unemployment and minimize new job losses must go hand in hand. Of the participating states, it is clear that many employers are still participating and effectively mitigating job losses. As of October 2011, Indiana has had six straight months of increasing unemployment rates and should consider the program to mitigate losses by providing employers with options tailored for their individual needs. As mentioned earlier, **work sharing is a win-win-win strategy Indiana cannot afford to not take advantage of in this time of economic distress as the benefits far outweigh the costs.**

Appendix A: Survey of States with Work Sharing Programs About Program Features

Source: Updated from an earlier survey by the Ohio Department of Job & Family Services, provided by Policy Matters Ohio.

<u>Notes about survey</u>

- Pennsylvania did not respond so they were not included in chart, even though state has work sharing program.
- Rhode Island did not respond to survey questions 16 and 17 so this state was not included on this set of charts.
- Questions that only applied to one state were not included.
- All states responded yes to the question, are participating workers in work sharing programs covered by a collective bargaining agreement required to have the consent of bargaining representative. Therefore it was not included in survey results.

Survey Questions 1-5					
State	**Q1-Does your program exclude seasonal workers?**	**Q2-Does your program exclude part-time workers?**	**Q3-Is there a minimum # (or %) of employees that must participate?**	**Q4-Are there minimum & maximum %s of reduced work hours allowable?**	**Q5-Does your state have a waiting week and, if so, how is it administered?**
Arizona	No	No	Yes (2 employees)	10% to 40%	Yes (1st week hours reduced qualifies)
Arkansas	Yes	Yes	Yes (2 or more)	10% to 40%	Yes (1st week employee is eligible after filing claim)
California	Yes	No	Yes (2 or 10% whichever is greater)	10% to 90%	Yes (1st week employee is eligible after filing claim)
Colorado	No	No	Yes (10% of affected unit such as dept.)	10% to 40%	Yes
Connecticut	Yes	Yes	Yes (4 FTE employees)	20% to 40%	No
Florida	Yes	Yes (less than 32 hours)	Yes (10% of unit or 2 employees for unit of less than 20)	10% to 40%	Yes (must be a week claimant is eligible to receive benefits)
Iowa	No	No	Yes (50 employees)	20% to 40%	No
Kansas	Yes	Yes	Yes (2 employees or 10% of unit)	20% to 40%	Yes (7 days & must be week claimant would be eligible to receive benefits)
New York	No	Yes	Yes (more than 5 employees)	20% to 60%	Yes (First week hours reduced qualifies)
Maine	Yes	No	Yes (everyone in unit, at least 2 employees)	10% to 50%	Yes
Maryland	No	Yes	Yes (2 employees)	10% to 50%	No
Massachusetts	Yes	No	Yes (2 employees)	10% to 60%	Yes
Minnesota	Yes	Yes	No	20% to 50%	Yes
Missouri	No	Yes	Yes (10% or 3 employees)	24 hours to qualify cannot go over 32 hours	Yes
Oklahoma	No	No	Yes (100 employees or 10% of company, or 50 employees of unit)	10% to 40%	Yes (1st week after filing)
Oregon	No	No	Yes (3 employees)	20% to 40%	Yes (1st week claimed and eligible)
New Hampshire	Yes	No	Yes (2 employees)	10% to 50%	Yes
Rhode Island	Yes	No response	Yes (2 employees)	No response	Yes
Texas	Yes	Yes	Yes (10% of unit and must be at least 2 affected employees)	10% to 40%	No
Vermont	Yes	No	No	20% to 50%	No
Washington	Yes	Yes	No	10% to 50%	Yes

Survey Questions 6-10					
State	**Q6-Have employers applied and been denied? If so, for what reason(s)?**	**Q7-Are employers required to maintain benefits at the same level for participating employees as they do for non-STC employees?**	**Q8-Are there limits on the duration an employee can receive work sharing benefits?**	**Q9-Are there requirements for worker attachment to the employer for a certain period of time?**	**Q10-Is there a requirement for availability for all work hours the employer makes available?**
Arizona	Yes (not enough employees or not paying into UI)	No	26 weeks	No	Yes (participant may not refuse hours provided by the employer)
Arkansas	Yes (not having positive UI balance)	Yes	1 year after effective date	No	Yes
California	Yes (requesting benefits for leased employees)	No	6 months (employers can renew every 6 months)	Yes (employee must have worked at firm 1 week)	Yes
Colorado	Yes (for salary employees, program does not cover them and negative UI balance)	Yes	18 weeks	Yes	Yes
Connecticut	Yes (tax delinquency, does not pay UI, strictly seasonal employer)	Yes	No	No	Yes
Florida	Yes (does not pay UI taxes or have UI contribution #)	No	26 weeks (employer plan good for 1yr.)	Yes (employees must be regularly employed by the employer)	Yes
Iowa	No	No	1 year	No	Yes
Kansas	Yes (negative UI balance or not been in business long enough to have experience rating)	No	26 weeks (per employer plan good for 1 year)	Yes (employee must have worked for employer for 12 weeks)	Yes (employee must be available for all work offered by employer)
New York	Yes (insufficient # of employees or hours)	Yes	Plans approved for 53 weeks (20 weeks payable w/o extensions)	No	No
Maine	N/A (program in process of being implemented)	No	2-12 months	No	Yes
Maryland	Yes (not enough employees participating)	No	26 weeks (within benefit yr.)	Yes (employee must have worked for employer for 3 months)	Yes
Massachusetts	Yes (negative UI fund)	Yes	26 weeks	Yes (employee must have worked at firm 5-6 months)	Yes (participant may not refuse hours provided by the employer)

Survey Questions 6-10 (continued)					
State	Q6-Have employers applied and been denied? If so, for what reason(s)?	Q7-Are employers required to maintain benefits at the same level for participating employees as they do for non-STC employees?	Q8-Are there limits on the duration an employee can receive work sharing benefits?	Q9-Are there requirements for worker attachment to the employer for a certain period of time?	Q10-Is there a requirement for availability for all work hours the employer makes available?
Minnesota	Yes (max. rate and high-rated industry employers)	Yes	52 weeks	Yes (employee must have worked at firm 1year)	Yes
Missouri	Yes (negative UI fund or contribution wage reports not up-to-date)	No	52 weeks	No	Yes
Oklahoma	No	Yes	26 weeks	No	Yes
Oregon	No	No	Yes (3 employees)	No	Yes
New Hampshire	Yes	No	Yes (2 employees)	No	Yes
Rhode Island	Yes	No response	Yes (2 employees)	No response	Yes
Texas	Yes	Yes	Yes (10% of unit and must be at least 2 affected employees)	No	Yes
Vermont	Yes	No	No	No	Yes
Washington	Yes	Yes	No	Yes (workers are attached to the STC employer for the length of the one year plan unless the employee specifically requests to be removed from the program.)	Yes

Survey Questions 11-15					
State	**Q11-Describe any special UI tax provisions for participating employers.**	**Q12-Describe the impact of STC on your state's UI Trust Fund.**	**Q13-Are STC participants eligible for extended benefits program?**	**Q14- Describe the magnitude of administrative costs for start-up and ongoing administration of STC.**	**Q15-Does your state use special applications and/or weekly claims certifications for unemployed workers?**
Arizona	No response	None	Yes	N/A	26 weeks
Arkansas	Employer will be charged in the usual manner. A reimbursable employer will be required to reimburse the UI Fund for the cost of benefits paid based on wages paid.	None	Yes (A claimant can only draw 26 weeks and at the end of the 26 weeks if claimant has a balance they may be able to draw partial weeks or total weeks depending upon their employment status.)	The technical unit gets the application approved and the local office processes the claim. The employer submits a weekly log that an interviewer has to key weekly.	1 year after effective date
California	No response	None	Whatever is collected by the employee during STC is deducted from the Maximum Benefit Amount for a 12 month period.	40-50 employees administering the manual STC program	6 months (employers can renew every 6 months)
Colorado	Negative balance employers are not eligible to participate. Otherwise normal charging applies.	None	Yes	Do not know costs at this time	18 weeks
Connecticut	Negative balance employers excluded from participation	No major impact	Yes	Currently7 full-time staff working in the unit, entering new claims and weekly certifications.	No
Florida	STC benefits are charged to the employer's tax account in the same manner as regular UI benefits. However, the maxi. tax rate is 1% higher for STC employers.	Information not available	Yes	N/A	26 weeks (employer plan good for 1yr.)
Iowa	No	No negative impact.	No	Administrative costs are minimal. One FTE who handles STC even with the up-take.	1 year

Survey Questions 11-15 (continued)					
State	Q11-Describe any special UI tax provisions for participating employers.	Q12-Describe the impact of STC on your state's UI Trust Fund.	Q13-Are STC participants eligible for extended benefits program?	Q14- Describe the magnitude of administrative costs for start-up and ongoing administration of STC.	Q15-Does your state use special applications and/or weekly claims certifications for unemployed workers?
Kansas	Employers must have filed all reports, must not be delinquent on taxes, must be eligible for a rate computation and must not have a negative account balance. Reimbursin g employers must have filed all reports required and made all payments in lieu of contributions.	**None**	**Yes**	**1 employee**	**No**
New York	Employers are charged in the same manner as other employers. All employers, including negative balance employer are eligible to participate.	Since program inception, total savings to the UI Trust Fund has been in excess of $521 million dollars (as of 2009).	Yes	Overall represents a small portion of the workload so systems that can be integrated into normal processes would not substantially add to ongoing administrative costs. New York Shared Work Program Administrative Costs have declined from $630.000 in 2004 to $515,000 in 2008.	Yes
Maine	Chairing of benefits is charged to the employer.	None	No	1 FTE employee and 2 part-time employees	Yes
Maryland	All STC benefits are charged 100% to the work sharing employer regardless of base period charging rule.	Benefits are paid through UI Trust fund; the employer is charged for the benefits. Benefits are included in employer's experience rating. If the employer is at the maximum rate, taxes would be capped and the benefits socialized by the fund.	No	N/A	No

Survey Questions 11-15 (continued)					
State	Q11-Describe any special UI tax provisions for participating employers.	Q12-Describe the impact of STC on your state's UI Trust Fund.	Q13-Are STC participants eligible for extended benefits program?	Q14- Describe the magnitude of administrative costs for start-up and ongoing administration of STC.	Q15-Does your state use special applications and/or weekly claims certifications for unemployed workers?
Massachusetts	No response	None	Yes	N/A	26 weeks
Minnesota	Employer will be charged in the usual manner. A reimbursable employer will be required to reimburse the UI Fund for the cost of benefits paid based on wages paid.	None	Yes (A claimant can only draw 26 weeks and at the end of the 26 weeks if claimant has a balance they may be able to draw partial weeks or total weeks depending upon their employment status.)	The technical unit gets the application approved and the local office processes the claim. The employer submits a weekly log that an interviewer has to key weekly.	1 year after effective date
Missouri	No response	None	Whatever is collected by the employee during STC is deducted from the Maximum Benefit Amount for a 12 month period.	40-50 employees administering the manual STC program	6 months (employers can renew every 6 months)
Oklahoma	Negative balance employers are not eligible to participate. Otherwise normal charging applies.	None	Yes	Do not know costs at this time	18 weeks
Oregon	If the employee account reserve is positive, UI charges are charged the same as regular charges. If account reserve is negative, the employer will be charged dollar for dollar for benefits paid to the employees. Negative balance employers allowed to participate as reimbursable employers.	None	No	Startup costs are unknown. Oregon has two compliance specialists and one tax technician, all working the program on a part-time basis.	Yes
New Hampshire	If they are positive with UI trust fund (more paid in taxes than received benefits) work share will continue to come out of balance. May effect tax rate as they do taxes on a 3 year avg. If negatively rated, and approved, they would have to refund the STC benefits dollar for dollar.	Has not had negative impact on fund	Yes (STC benefits are deducted from Maximum Benefit Amount)	When it started there were 4 people. Now it is only three-with one person doing most of the work (only 15-20 hours of her week).	Employer files plan online and employee files to pen up UI claim. STC employer is responsible for filing STC claim. Three employers have filed 26 week plans back to back.

Survey Questions 11-15 (continued)					
State	**Q11-Describe any special UI tax provisions for participating employers.**	**Q12-Describe the impact of STC on your state's UI Trust Fund.**	**Q13-Are STC participants eligible for extended benefits program?**	**Q14- Describe the magnitude of administrative costs for start-up and ongoing administration of STC.**	**Q15-Does your state use special applications and/or weekly claims certifications for unemployed workers?**
Rhode Island	All Work Share benefits are charged to the account of the employer. Employers liable for payments in lieu of contributions (reimbursable employers) shall be responsible for reimbursing the employment security fund for the full amount of Work Share benefits paid to their employees.	No response	No response	No response	No response
Texas	We have no special tax provision for STC participation. Benefit charges from claimants participating in the STC program are treated like any other charge to an employer's account in calculating a tax rate.	Employers pay the cost of benefits paid to STC through potential increased tax rates, so there is no net impact on the UI Trust Fund.	Yes	Texas administers the STC program currently with two full-time staff and two temporary staff that our state hired due to increase in the program. We occasionally need assistance from a system analyst.	Yes
Vermont	No	None	Yes	Their UI staff also administer STC program. No additional staff.	N/A
Washington	No special tax provisions. SW benefits are charged to an employer's experience rating account in the same manner as regular unemployment tax.	A previous program study indicated that STC employers do not have a negative impact on the UI Trust Fund. When STC employers began participation in the program, benefit charges exceed taxes paid for that next immediate year and possibly a year after that. Then tax rates increased as the result of these ongoing benefit payments which led to a recapturing of the payments.	Yes	At the height of the recession we had 3,000 employers and around 50,000 eligible workers. At that time we had 23 staff with an estimated administrative cost of $1.425 million which includes salaries, benefits, and non-personnel services costs. Currently we are operating with 18 staff.	Yes (all STC forms are unique to the STC program and not used by other regular unemployment insurance programs.)

Survey Questions 16-17		
State	Q16-Does the employer file the weekly certifications on behalf of the workers and certify the wages?	Q17-Provide any lessons learned and/or recommendations regarding the implementation and administration of STC.
Arizona	Yes	Forecast demand and update systems accordingly to handle increased volume.
Arkansas	Yes	Make sure a weekly certified log sheet is submitted and do not allow claimant to claim thru automation or internet.
California	Yes	Automate the process.
Colorado	We do not require this.	N/A
Connecticut	Yes	If starting new, automate as much as possible.
Florida	Yes	Automate the process.
Iowa	Yes	Make sure the employer is responsible and submit all the information to state workforce agency so that the info can auto process. Again, automation. Even though they are still working with 30 ye old legacy system, using the spreadsheet all the information to auto process. This required the assistance of IT department in implementation.
Kansas	Yes, but the employer certifies hours worked, not wages.	N/A
New York	Yes	Recommend automated claim application filing (IVR and WEB) as well as an automated certification process. Educate your state's employers before inception of program.
Maine	Joint weekly claiming	N/A
Maryland	Yes	N/A
Massachusetts	Yes	N/A
Minnesota	Employers option	We tried to make this a self-service program but some employers made a mess of it by not reporting hours worked and by shifting individuals on and off the program. A plan needs to be fixed to administer it. That means no adding new employees, no deleting employees and very limited changes in hours worked. We allow two plan uniform shutdowns during the course of the plan. A plan can be for as little as 2 months.
Missouri	Yes	hey think it runs well. Every state should have it.
Oklahoma	Yes	N/A
Oregon	Yes	N/A
New Hampshire	Yes	Eliminating surprises, especially for non-computer-using-workers, by providing screen shots and user friendly automation processes.
Texas	Yes	We use a system analyst to try to automate as much as we can of the set up process. Our recommendation would be to make your process as automated as possible. The fact that our process is very manual can become a problem if we have a large company participating.

Survey Questions 16-17 (continued)		
State	**Q16-Does the employer file the weekly certifications on behalf of the workers and certify the wages?**	**Q17-Provide any lessons learned and/or recommendations regarding the implementation and administration of STC.**
Vermont	Yes	They are considering legislative changes that would NOT allow negative balance employees to participate. They do not have time limits. Some employers have used the program for 10 years. Considering much clearer legislation.
Washington	No, however the employer receives a weekly benefit payments report used to cross check against their payroll records.	The STC Program was legislatively adopted in WA State in 1983. I'm not aware of any opposition at that time. The WA State program is highly thought of with an excellent reputation and perception by the statewide business communities and associated unions. Previous employer surveys indicated above the 90 percentile mark in most areas of employer satisfaction. The WA State program has been featured nationally on the NBC Nightly News as the most prolific program in the nation. The Governor (Christine Gregoire) has been on statewide TV and radio promoting the program, the McClatchy newspaper system and other media have published articles on the WA State program, etc.

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