What is Work-Sharing?

Work-Sharing (aka Short-Time Compensation)

- Voluntary program which serves as an alternative to layoffs during a temporary decline in business.
- Employers may reduce the hours and wages of all or some employees.
- Employees may then receive pro-rated unemployment benefits to supplement lost wages under a formula not otherwise available under regular UI rules.

ABC Corp. – One Day Reduction

- ABC Corp. employee normally works a 40-hour work week (and earns $500).
- Under a work-sharing plan, the worker's schedule is reduced by 20%.
- Assuming a UI weekly benefit rate of $250, the employee may receive a work-sharing benefit of $50 (20% of benefits) in addition to the 32 hours of wages earned.
- $400 (wages) + $50(UI) = $450

Benefits to Employees

- Retention of job and economic security (financial impact minimized).
- Retention of health insurance and retirement benefits.
- Avoid financial hardship of unemployment and economic disruption associated with starting over with new employer.
- Avert psychological and emotional consequences associated with layoff.

Benefits to Employers

- Retain qualified workers.
- Maintain continuity in workforce.
- Remain in ready mode and avoid need to hire and retrain employees when a business upswing occurs.
- Increased morale and job security among employees.
- UI tax consequences generally same as layoffs.