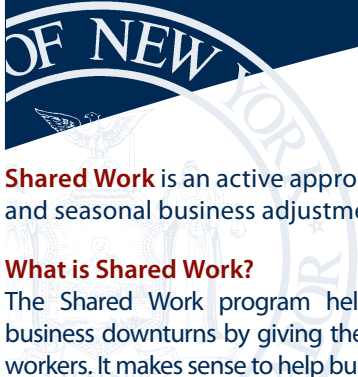


Fact SHEET



Shared Work Program— THE LAYOFF ALTERNATIVE

Shared Work is an active approach to managing business cycles and seasonal business adjustments. It is good business.

What is Shared Work?

The Shared Work program helps employers survive temporary business downturns by giving them an alternative to firing full-time workers. It makes sense to help businesses retain productive workers.

Under this program, instead of cutting staff, an employer can reduce the number of hours of all workers, or just a select group. Under an approved plan, employees may collect partial Unemployment Insurance (UI) benefits for up to 20 weeks. Under the current Federal Extended Benefits plan, the 20 weeks of Shared Work benefits may be extended to 40 weeks.

For example: After filing a Shared Work plan with the State Labor Department, Plant XYZ receives approval to reduce the hours of its sewing department by 40% for ten weeks. These workers can file for UI and may be able to collect 40% of their weekly benefit (after serving an unpaid waiting period of one week).

Why not just lay off workers and then rehire them as needed?

Skilled workers may take other jobs, so you cannot hire them when business picks up again. It is costly to find, hire and train new workers. Direct costs of hiring include advertising; wages for human resources staff to review resumes, conduct interviews, make offers, prepare hiring forms and orient new employees; or contracting with an employment agency. Retraining costs include supervisor's time and possible production errors as new employees learn the job. Direct costs also include overtime paid to employees who work longer hours to make up for people who were laid off.

Layoffs also can damage employee good-will. When you avoid layoffs, workers may understand that you appreciate their individual contributions and want to keep them on despite tough times. Shared Work is a vote of confidence that tells employees they are valued team members.

What does a Shared Work plan require?

The employer must have at least five full-time (35-40 hours/week) employees and file an application to the State Labor Department Liability & Determination Section. The application is due at least two

weeks before they wish to start the program. Also, the employer must have paid UI tax contributions for at least four consecutive calendar quarters before applying. Contact the Liability & Determination Section at 518-457-2635 to request an application.

A Shared Work plan must include:

- a reduction in work hours between 20 and 60%
- benefits may not be used to pay employees who were already part-time
- no reduction in fringe benefits
- no extension beyond 53 weeks
- by the Liability & Determination Section of the State Labor Department UI Division before implementation
- the employer cannot hire more full- or part-time employees for the workgroup covered by the plan
- the plan must be in lieu of a layoff of an equivalent percentage of the workforce
- all employees in an affected unit and reduced their hours by the same extent (you may reduce different units by different percentages)
- if there is a collective bargaining agreement in effect, the collective bargaining unit must agree to participate in the Shared Work Program

What effect will Shared Work benefits have on an employer's unemployment insurance tax rate?

Shared Work benefits will be charged against the employer's experience rating account. Whether these charges will be the same as those for a layoff will depend on the situation. If you have a question concerning how Shared Work could impact your tax rate, call 518-457-2635.

State of New York
DEPARTMENT OF LABOR
Unemployment Insurance Division
Liability and Determination Section
State Office Building Campus
Albany, N.Y. 12240

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CONNECT *Employers and Workers*

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