

# Workshare Programs

*An alternative to layoffs,  
furloughs, salary reductions, etc.*



# Introductions



**Christine Ippolito, SPHR, SHRM-SCP**  
Founder and Principal



**Domniki Demetriadou, PhD**  
Sr. Consultant



# Agenda

- ❖ What are Workshare Programs
  - States with workshare programs
- ❖ Workshare & PPP Loans
- ❖ How do they work
  - Typical requirements and plan elements
- ❖ What are the benefits of participating
  - Employer Benefits
  - Employee Benefits
- ❖ What are some drawbacks and considerations
- ❖ When does it make most sense to use them

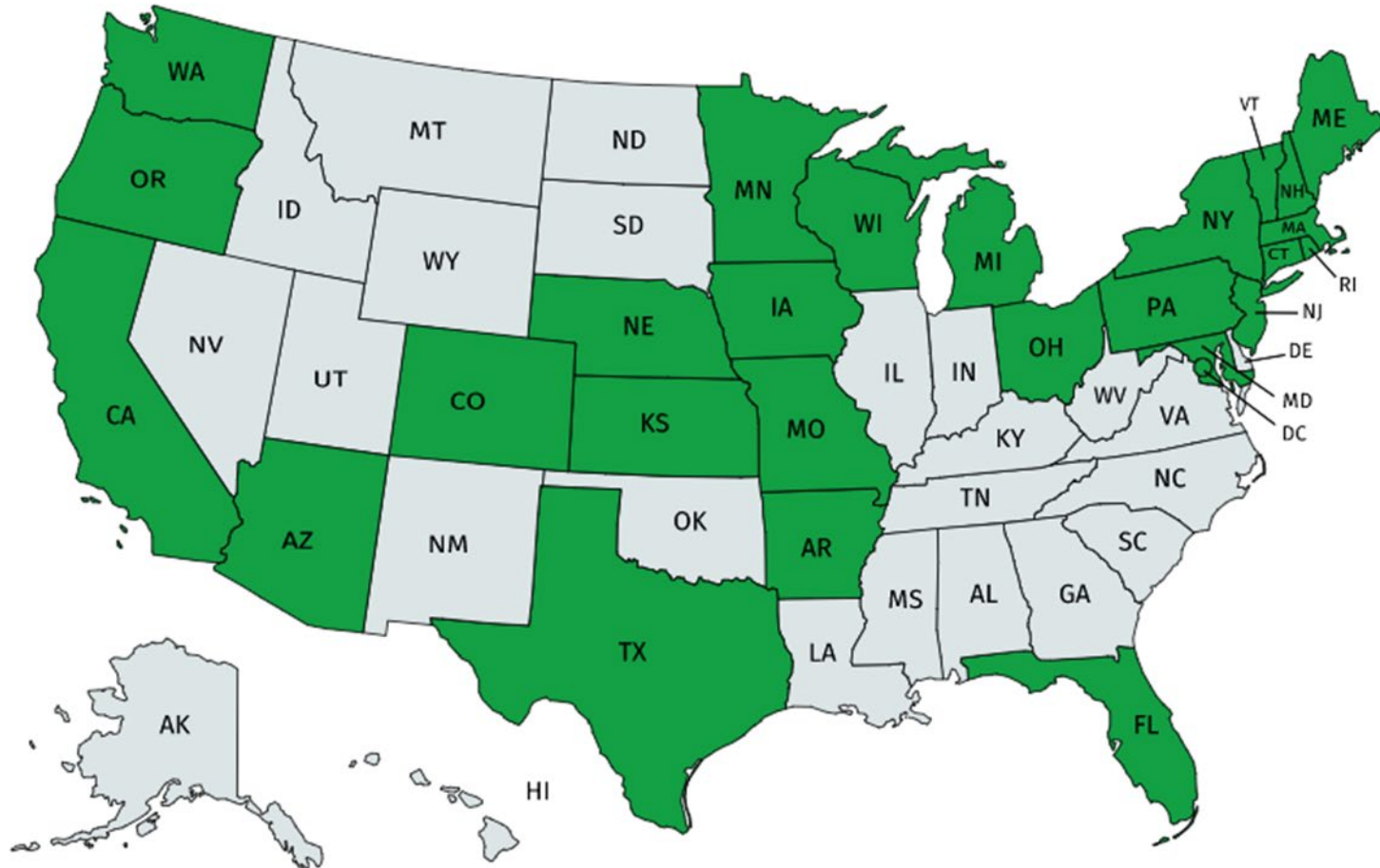


# What are Workshare Programs (WSP)?



- ❖ A variation of the Unemployment Insurance (UI) program
  - Commonly known as Short-Time Compensation (STC) or Shared Work Programs
  - Designed to avert layoffs
  
- ❖ An optional arrangement offered by some states
  - Administered by the state agency handling unemployment benefits
  - 26 states and DC offer such programs (*as of early May 2020*)

# States offering WSPs



# WSPs & PPP



- ❖ If you are part of the Paycheck Protection Program (PPP), you can still participate in WSP, but the program design needs to be considered when the goal is forgiveness of the PPP loan
- ❖ You should review your PPP application carefully as you structure your WSP to ensure you don't jeopardize possible forgiveness of your loan

*“Short-Term Compensation is one of many tools that employers can use to **retain** connection with their employees, ease the financial impact of the crisis on their employees and to be ready to **reengage** quickly as business restarts.”*

John Pallasch  
Assistant Secretary for Employment and Training  
US DOL







## How Do WSPs Work?

- ❖ Participating employers get approval to reduce hours and corresponding wages temporarily for some or all their employees.
- ❖ Affected employees, in turn, become eligible to collect partial UIB, enabling them to recoup some of the lost pay
  - F/T and P/T employees
  - Must be monetarily eligible for benefits
  - the STC weekly benefit amount is prorated based on % reduction in weekly hours of work.
  - Eligibility requirement relating to actively seeking work do not apply
  - The STC weekly benefit is payable regardless of the individual's earnings.




# Workshare Program Earnings Example



Example of Benefits Paid Under the Shared Work Program - NYS		
Employee Situation	Benefits Under Total Unemployment*	Under Shared Work (25% reduction)
Hourly employee working 40 hrs/wk & earning \$20/hr (@\$800/wk)	@ \$400 / week	\$ 600 (wages) + \$ 100 (25% of UI benefit) + \$ 600 (PUC, till 7/31/2020) = <b>\$ 1,300 / week</b>
Salaried employee earning @ \$60,000/yr (@\$1,200/wk)	\$ 504 / week	\$ 900 (wages) + \$ 126 (25% of UI benefit) + \$ 600 (PUC) = <b>\$ 1,626 / week</b>

*\* Under Partial Unemployment, neither of those employees would be eligible for UI benefits since they are above the maximum income requirement*

# What are some typical requirements?



Terms and  
conditions

## ❖ They vary by state

- Impacts a specific “unit”
- Plans approved for 26 to 52 weeks, with ability to renew
- There is a work-hour reduction of a min of 10% and up to a max of 60%
- Affected unit must consist of at least two workers
- Health or specified retirement benefits to individuals participating in the program may not be reduced
- In unionized environments, need explicit approval of union representatives
- Employer needs to certify every 1 or 2 weeks

# What goes into a workshare plan?

- ❖ How many employees will be in an “affected unit”
- ❖ Estimate of # of employees that would be laid off, if a workshare program is not implemented
- ❖ How many hours will be reduced
- ❖ How employees will be notified in advance of the plan
- ❖ Statement that benefits will continue to be provided
- ❖ Certification that affected employees may participate in training to enhance their job skills during the program





## How does it benefit me as an employer?

- ❖ Allows for flexibility while preserving human capital
- ❖ Saves payroll costs
- ❖ Improves morale
- ❖ Improves productivity
- ❖ Helps maintain workplace diversity



## What are the benefits to my employees?

- ❖ Keeps employees on the job (at least for some period after a downturn)
  - Make up for some of the lost income
  - Preserve existing employer-tied health and retirement benefits
  - Need not look for another job
  - Retain their skills
  - Upgrade their skills & make them more marketable





## What are some drawbacks & things to be mindful of?

- ❖ Complexity when operating across multiple states
- ❖ Complexities with exempt employees
- ❖ Costs may not go down\*\*
- ❖ CARES Act, PPP & WSP



## When does it make the most sense to use WSPs?

- ❖ Your business must be at least partially active
- ❖ Your business relies on highly skilled or specialized staff
- ❖ Your workforce consists of loyal, long-tenured and well-performing employees
- ❖ You rely on a large workforce and anticipate a quick uptake once business resumes
- ❖ You won't lose benefits of other programs in which you are currently participating

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## We Love Feedback

Drop us a note at  
[info@compasswfs.com](mailto:info@compasswfs.com)  
to share with us your thoughts  
or ask any questions we may  
have not addressed in today's  
session.

# WSP Earnings Example

**Figure 1: Example of Work-Share Program in Illinois, Male Manufacturing Production Worker, 2020**

Hypothetical Work-Share Example: Male Production Worker in Illinois, 2020	Worker at Full-Time Employment	Laid Off Worker with Unemployment	Work-Share Worker with 40% Fewer Hours	Work-Share Compared to Unemployment
Hourly Wage	\$20.00	\$0.00	\$20.00	<b>+\$20.00</b>
Usual Weekly Hours	40 hours	0 hours	24 hours	<b>+24 hours</b>
Weekly Earnings	\$800.00	\$0.00	\$480.00	<b>+\$480.00</b>
Weekly Unemployment Benefits	\$0.00	\$376.00	\$150.40	<b>-\$225.60</b>
Total Weekly Income	\$800.00	\$376.00	\$630.40	<b>+254.40</b>
Health and Retirement Benefits	Yes	No	Yes	<b>Preserved</b>

Source(s): Authors' analysis using information provided by the Illinois Department of Employment Security ([IDES, 2019](#)) and the National Conference of State Legislatures ([NCSL, 2019](#)).