

FAQS FOR STATES

Before embarking on a Short-Time Compensation (STC) Program, it is important to take a look at considerations that will impact the initiative's long-term success. Once you understand what is involved in implementing and administering your STC program, you will be better-equipped to hit-the-ground-running. Take a look at the questions and answers below to help you create and maintain a strong STC program.

What will state layoff data tell you in relation to creating and implementing an STC Program?

Understanding the cost of layoffs in your state will help your agency justify the implementation of an STC program. As such, you might:

- Confirm your state's layoff numbers and trends. Begin by looking at data available from the [Bureau of Labor Statistics](#) for your state.
- Quantify the cost of these layoffs against the state's economy and the impact on your state's UI trust fund.
- Consider the impact total unemployment can have on workers.
- You might also consider researching some published materials relating to the cost of layoffs. Review [research and reports](#) related to STC and Shared Work Programs.

What are the benefits of an STC program?

The STC program benefits both employers and employees. When employers retain their skilled trained workforce, they can maintain production and quality levels. Also, when business demand increases, the employer's skilled workers can respond to the increased demand. The employer can also avoid the time and expense of hiring and training new employees as business increases. Employees continue to work and earn wages while collecting a portion of their unemployment benefits and workers continue to receive their health and retirement benefits.

If the state enacts an STC law, how does the payment of STC benefits impact an Employer's UI Account?

STC benefits must be charged to employers' experience rating accounts in the same manner as unemployment compensation is charged under the state law, and employers who reimburse UC, must reimburse the STC costs.

What are states saying about the STC Program?

Many states have been operating these programs for years. Check out the testimonials below to see what states and employers think about these programs.

STC, Worksharing, or Work Share — Employers agree that these programs make an important contribution to growing their state’s economy and protecting their workers!

–Rhode Island Department of Labor and Training

In a 2012 Washington state survey, 850 participating employers were asked to rate their satisfaction with the state’s STC program. **Approximately 85% rated the program as “Very Positive.”** Employers were also asked, “Has the Shared-Work Program helped your business survive the current economic recession?” A total of 68% of those same employers responded “Yes” and another 20% said “Probably.”

–Washington State Employment Security Department

“We experienced record profits in 2011, and we ended up hiring about 35 people. The Shared Work Program contributed to our success because when you can keep employees that have been working here for years and years and years and give them something to offset the time when there isn’t work to do, you don’t have to retrain people and it makes it a lot easier for the company. The program is also easy to administer; there wasn’t a whole lot of work to do on HR’s part.”

–Sunnen Products, St. Louis, MO

What should states consider when implementing an STC Program?

Please review the [Steps to Developing a State STC Program](#) for nuts-and-bolts activities that states should consider, which include:

- Learn about STC.
- Learn about how states implemented their STC programs.
- Determine how to launch state STC legislation.
- STC organizational structure.
- Develop STC program operational procedures and processes.
- Create and implement a state STC business outreach plan.
- Develop STC program materials.
- Develop and deliver training for STC and partner agency staff.
- Implement and operate the STC program.
- Report STC program activities as required.
- Use performance data and customer feedback.
- Examine Other Steps Necessary to Develop Your STC Program.

What operating procedures are necessary for states participating in STC?

When developing an STC program you will need to consider operational processes and procedures such as, setting up a process to establish STC program claimant eligibility and establishing eligibility requirements for employer participation in the STC program. You will also need to consider the process to review, approve/disapprove, modify and revoke, as necessary, STC employer plans, and procedures related to STC employer appeals. Plus, it is important to develop procedures and processes for STC initial and continued claims taking and processing as well as monitoring to ensure STC payments are made promptly and properly. Also, it will be necessary to develop procedures for required reporting of STC program/activities information in accordance with the U.S. Department of Labor's (Department) guidance, and develop state operating instructions and training for staff to ensure timely and proper payments of STC benefits.

Once our state says "yes" to enacting an STC law, are there other key decisions we still need to make about our STC Program?

Yes. Even though the state's STC law must be consistent with the new federal definition of STC, as states enact their own conforming STC legislation there remain areas where states have flexibility to implement elements of the program tailored to meet their own particular needs. The Department's guidance provides that states may need to change provisions of the model legislation to meet their own statutory formats and requirements. For additional information see [UIPL No. 22-12, Change 1](#).

While the Department does not provide model legislative language for some optional provisions, it does give examples of state laws containing these provisions. Additionally, a state wishing to add these provisions may request individual technical assistance from the Department or consult with other states that have such provisions in their STC laws before adding them to their own new state STC law. See [UIPL 22-12, Change 1, Attachment 1](#) (Section K. Optional Provisions) and [UIPL 22-12, Change 2](#)

Where can we go for examples of on-the-ground, STC program operations materials?

Check out the [resources](#) on this website. Materials are available for your adaption and use. From model legislation and developing a state STC program to business outreach, you will find information you need to create an exceptional program that can yield positive results.

Want to learn more?

Layoff Data

Bureau of Labor Statistics (BLS) for [mass layoff statistics](#): Drill down for your state-level data. (Note: BLS indicates the MLS report availability may be affected by sequestration).

National Bureau of Economic Research, "[Recessions and the Cost of Job Loss](#)"

Legislation

[UIPL 22-12](#) for a discussion of STC provisions in the Middle Class Tax Relief and Job Creation Act of 2012 (the Act)

[UIPL 22-12, Change 1](#) for model legislation for states to use in implementing the provisions in Subtitle D of the Act

[UIPL 22-12, Change 1, Attachment 1](#) includes Draft Language and Commentary to Implement a Short-Time Compensation Program

[UIPL 22-12, Change 2](#) for additional provisions that are approved for STC laws.

[Subtitle D of the Layoff Prevention Act of 2012](#)