Short-Time Compensation (STC) is a win-win program. Whether it is a recession or a detour in traffic caused by construction, the program helps companies, large or small, avoid total layoffs. In addition, it helps employers avoid hiring and training expenses; and it allows employers to respond quickly to any increase in demand by recalling employees to their full-time positions. For employees, it keeps income coming and employers’ paid benefits, such as health insurance, preserved.

In the most recent recession between 2008 and 2010, many employers experienced decline in revenues, which led to massive layoffs. Based on STC data provided on the Claims and Payment Activities report ETA-5159 (workshare), the use of STC was at an all-time high during this recession. Many employers used the program to keep their employees on reduced hours instead of laying them off. Employees used the program to supplement the shortfall in their income by collecting partial unemployment benefits. In 2012, the President signed the Middle Class Tax Relief and Job Creation Act to encourage additional states to adopt the STC program. The Act included a definition specifying the elements of the STC program. In addition, the Act provided financial incentives to states to help implement or expand their existing programs. Because of the STC enactment in the Federal law, reporting STC claim activities became a requirement to those states that are operating the program.

To monitor the growth and effectiveness of the program, the Department of Labor requires states operating the program to submit five ETA reports. For the purpose of this article, I am going to discuss data on three of those five reports. Those reports are the Weekly Claims ETA-539, Claims and Payment Activities ETA-5159 (workshare) and First Payment Time Lapse ETA-9050 (workshare). The number of saved jobs and the number of participating employees in the employers’ STC plans measure the growth of this program. Workshare Equivalent Initial Claim on the ETA-539 reflects the number of saved jobs. First Payments on both the ETA-5159 (workshare) and ETA-9050 (workshare) reflect the number of participants in the employers’ STC plans. The first electronic submission of STC data was in 1982. From 1982 to present, 2,300,751 employees participated in employers’ STC plans; 1,337,369 jobs were saved and close to 2.5 billion dollars were paid in UI benefits.

The highlights of the STC program are to save jobs and to keep experienced employees attached to their jobs during economic downturns. During the recent recession, employer participation in the STC program grew dramatically. Between 2008 and 2010; 532,920 employees participated in employers’ STC plans (23% of the total participants since 1982); and 323,313 jobs were saved (24% of the total saved jobs since 1982). During this same time $903,835,490 in STC benefits were paid (36% of the total benefits paid since 1982). In the peak of the recession in 2009 alone, there were 166,629 saved jobs and 288,618 employees participated in employers’ STC plans.

In conclusion, the STC program helps both, employers and employees. It helps employees to keep paychecks coming; and it helps employers retained experienced employees and avoids cost of hiring and training. It is a win-win situation for all.