The Short-Time Compensation (STC) program averts layoffs. The program is great when business is slow, such as what employers are currently experiencing. The program saves employers the cost of rehiring and training employees by keeping current staff attached to their jobs. In addition, the program cushions income for employees who are experiencing reduction in their usual workweek hours. The STC home page includes a wealth of helpful information on the STC program. It, also, includes program administration and promotion of useful articles from states operating the program. Below is an interesting article written by Paul Evans for those who are interested in reading about the program’s benefits. The author is a partner in the Employment & Compensation Practice Group in Baker McKenzie’s New York office. The article can be found at https://www.theemployerreport.com/2020/04/short-time-compensation-work-share-programs/.

Short Time Compensation (Work Share) Programs

By Paul Evans on April 20, 2020

Posted in California, Coronavirus, Handbooks & Policies, Layoffs and Restructurings, Massachusetts, New York, Texas, US, Wage & Hour

Are They Right For You?

As the COVID-19 pandemic continues to wreak havoc on the global economy, United States employers are continuing to examine ways to reduce costs while at the same time both limiting the financial impact on employees and preserving their ability to ramp back up when circumstances allow. State short time compensation programs, also known as work share programs, provide one avenue for cost savings that may be appropriate for some employers.

Where available, these programs provide pro-rated unemployment compensation benefits to groups of workers whose hours are reduced by their employer on a temporary basis in lieu of layoffs. In addition, the recently passed Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) provides a federally-funded $600 per week unemployment compensation supplement to those who participate in such programs through July 31, 2020.

This Alert provides additional details about state short time compensation programs and answers frequently asked questions about the pros and cons of participation.

Where are short time compensation programs available?

Currently, the following 27 jurisdictions have short time compensation programs in place: Arizona, Arkansas, California, Connecticut, District of Columbia, Florida, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Washington and Wisconsin. The CARES Act provided federal funding for other states to enact short time compensation programs, so additional states may do so in the near term.

How do short time compensation programs work?

The specific terms vary by state, but generally speaking, short time compensation programs are available to employers who engage in hours and pay reductions (between 10% and 60% of normal weekly hours worked, with the exact permissible ranges varying by state) for defined groups of employees in lieu of layoffs. To be eligible, employers must apply with the state