SHARED-WORK PROGRAM

THERE’S AN ALTERNATIVE TO LAYING OFF EMPLOYEES
DURING TEMPORARY DECLINES IN BUSINESS
NOW THERE'S SHARED-WORK.

Rather than lay off productive employees during a temporary decline in business, Pennsylvania’s shared-work program offers an alternative. A shared-work plan allows an employer to temporarily reduce the work hours of a group of employees and divide the available hours equally rather than laying off any employees. Employees covered by a shared-work plan receive a percentage of their Unemployment Compensation (UC) Weekly Benefit Amount (WBA), while they work the reduced schedule, if they are otherwise eligible for UC.

Shared-work allows you, the employer, to retain your workforce during a temporary slowdown and then quickly ramp up operations without the expense of recruiting, hiring and training new employees. At the same time, shared-work helps to protect your employees from the financial hardship of a full layoff.

Potential Employer Benefits of Shared-Work:

- Maintains full staff for future business growth
- Reduces future hiring and retraining costs
- Maintains worker productivity
- Retains experienced employees
- Keeps worker morale high

Please Note: Shared-work may increase the amount of UC contributions due.

- If you are an experience-rated employer, the experience rating portion of your UC contributions may increase based on the shared-work benefits that are paid. However, the increase should not be more than what would otherwise occur if you had a full layoff.
- If you are a reimbursable employer, you will be billed for benefits paid to employees. The amount billed will be about the same as if you had a full layoff.

DETAILS

The scope of each shared-work plan:
A shared-work plan must apply to one “affected unit.” An affected unit is a department, shift, or other organizational unit assigned by the employer. An employer may have more than one shared-work plan. There must be at least two participating employees, determined without regard to corporate officers.

Generally, all employees in the affected unit are required to participate in an approved plan. The only exceptions are for employees employed for less than three months or employees who would work 40 or more hours a week. These employees are not permitted to participate.

**HOW WORK HOURS ARE REDUCED:**

The percentage by which each worker’s hours are reduced is called the “reduction percentage.” The employer determines the reduction percentage based on business needs, but it must be at least 20 percent and cannot exceed 40 percent. The reduction percentage must be the same for all employees participating in a shared-work plan. For example, if a worker normally works 40 hours per week, and the reduction percentage is 20 percent, then the worker’s hours are reduced by 20 percent. The worker would work 80 percent of 40 hours, or 32 hours per week. If a worker in the same unit normally works 30 hours per week, then he or she would work 80 percent of 30 hours, or 24 hours per week.

**HOW UC BENEFITS ARE DETERMINED UNDER THE SHARED-WORK PLAN:**

For each week included in the plan, a worker receives a percentage of his or her UC WBA equal to the reduction percentage. For example, if the worker’s WBA is $400 and the worker’s hours are reduced by 20 percent under the plan, the worker would receive 20 percent of $400 or $80 in shared-work benefits.

**EMPLOYER RESPONSIBILITIES AND PROCEDURES**

*As an employer you may participate in the shared-work program if:*
- You have filed all UC tax reports and paid all amounts due under PA UC Law.
- You have a positive reserve account balance (for contributory employers).
- You have paid wages for the last 12 consecutive quarters.

*While enrolled in the shared-work program you agree that:*
• You will not hire new employees in, or transfer employees to, the affected unit during the period of the shared-work plan.
• You will not lay off participating employees during the effective period of the shared-work plan or reduce participating employees’ hours of work by more than the reduction percentage during the effective period of the shared-work plan (except during holidays, designated vacation periods, equipment maintenance or similar circumstances.).
• You must continue to provide fringe benefits to participating employees not covered by a collective bargaining agreement.
• Implementation of the shared-work plan is in lieu of layoffs that would affect at least 10 percent of the employees in the affected unit and would result in an equivalent reduction in work hours.
• The reduction percentage will not change during the period of the shared-work plan unless a modified plan is approved by the department.

The shared-work application should include:
• The name of the affected unit
• The reduction percentage of employees hours
• The beginning date of the reduction in hours
• The end date of the reduction in hours
• Any period of time that the hours of work will be reduced by more than the reduction percentage due to holidays, designated vacation periods, equipment maintenance, or other similar circumstances
• All participating employees’ names, Social Security numbers, normal weekly hours and reduced hours.
• The union’s approval of the proposed plan, if participating employees are covered by a collective bargaining unit

Your application will be reviewed within 15 days of receipt of the application. The decision to approve or disapprove a shared-work plan is a matter within the department’s discretion and is not appealable. If an application is disapproved, you are permitted to submit a new application.

Once your application has been approved:
• You will gather UC applications from participating employees and submit them to the department for processing.
• You will submit biweekly UC claim forms for participating employees.
• You will submit a modified application to the department for review as soon as possible, if there is a change in the reduction of hours.

Termination of a shared-work plan:
• The plan will automatically terminate upon the expiration date provided for in the plan.
• You may terminate an approved shared-work plan prior to the expiration date by providing written notice to the Office of UC Benefits Policy.
• The department may terminate an approved plan at any time for good cause.