

Short-Time Compensation

A Valuable Resource for the Rapid Response Toolkit

Short-Time Compensation (STC), also known as Work Sharing or Shared-Work program, is an alternative to layoffs for employers experiencing a reduction in available work. STC preserves employees' jobs and employers' trained workforces during disruptions to a firm's regular business activity. STC allows employers to reduce hours of work for employees rather than laying off some employees while others continue to work full-time. Those employees experiencing a reduction in hours are allowed to collect a percentage of their Unemployment Insurance (UI) benefits to replace a portion of their lost wages. STC cushions the adverse effect of the reduction in business activity on workers by averting layoffs and ensures that these workers will be available to resume prior employment levels when business demand increases.

Please see the [list of states with active programs](#) and links to their sites.

Layoff Aversion

In recent years, workforce development practitioners have increasingly recognized layoff aversion as a critical component of Rapid Response. As stated in Training and Employment Notice (TEN) 9-12, *Layoff Aversion in Rapid Response Systems*, "Layoff aversion is a central component of high-performing Rapid Response, requiring a shared responsibility among numerous partners at the state and local level." The TEN, as well as the subsequent Final Rule for the Workforce Innovation and Opportunity Act (WIOA) Section 682.320(b)(5)(i), specifically highlight the STC program as a valuable resource for Rapid Response in its layoff aversion mission.

There are many clear and measurable benefits of layoff aversion strategies, such as:

- For workers - retaining an existing job maintains financial stability and allows workers to continue to build experience with fewer gaps in employment.
- For employers - retaining a known and reliable worker can save costs associated with severance, recruiting, training, and orienting a new employee, , and mitigate intangible costs, such as avoiding a plunge in post-layoff morale among remaining workers.
- For states and local workforce areas - averting layoffs demonstrates critical value within a transitioning economy and provides support to economic development. Jobs are saved while helping employers during difficult economic times.
- For communities - averting layoffs is far less disruptive and costly compared to providing food, health care, and other emergency services to financially strained residents; the loss of revenues from lower spending; and even the loss of property taxes associated with high home foreclosure rates that may result from dislocation. Workers continue to work and earn wages, and local businesses benefit from workers' continued purchasing.

In states that are operating the STC program it is especially important that the Rapid Response and Unemployment Insurance teams form a meaningful partnership to maximize resources and eliminate duplicative efforts.

STC SHORT-TIME COMPENSATION

Eligibility

To receive benefits under the STC program, employers must have an approved STC plan in place with the appropriate state workforce agency. The STC application process is initiated by the employer and not the employee(s). For employees with reduced hours to potentially be eligible for STC, the employer must submit a written plan to the appropriate state agency and the state must approve the employer's plan.

In order to qualify for STC, employees must first be determined to be eligible for UI. While receiving UI benefits under an STC plan, STC employees meet the availability for work and work search test requirements while collecting STC benefits, by being available for their work week, as required by the State agency. Also, states may require that employees, who are eligible to participate in an employer's STC plan, serve a mandatory "waiting week," which is a non-paid week.

Benefits

An individual's weekly benefit amount (WBA) is a pro rate portion of the regular UI weekly benefit amount which would otherwise be payable to the employee if such employee were unemployed.

For example: An employee normally works a 40-hour work week. The employee's work week is reduced by eight hours, or 20 percent. If the employee had been laid off and fully unemployed and determined eligible for UC, the individual would have received a weekly benefit amount of \$270.00. The employer submits an STC plan and the plan is approved. Under the STC plan, the employee would receive \$54.00 of benefits (or 20 percent of \$270), in addition to the 32 hours of wages earned from the employer.

Learn More

Visit the [STC Collection](#) on WorkforceGPS for more information about setting up and operating a successful STC program. The site also provides examples from states operating similar programs.

Visit your state's Unemployment Insurance agency website for state-specific information on eligibility, applications, and benefits.