

Shared-Work Program

Pennsylvania's
**SHARED-
WORK**
PROGRAM

An Innovative Alternative
to Employee Layoffs

Shared-Work Program

What is Shared-Work?

Pennsylvania's Shared-Work Program allows an employer to temporarily reduce the work hours of a group of employees as an alternative to a lay-off. Employees covered by the plan receive a percentage of their UC Weekly Benefit Amount, while they work the reduced schedule.

➤ Shared-Work Program

Advantages to Employers

- Maintain full staff for future business growth
- Reduce future hiring and retraining costs
- Retain experienced, loyal employees
- Maintain employee productivity
- Protect employees from the hardship of full layoff
- Keep employee morale high



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Advantages to Employees

- Employees will receive more benefits during the weeks of reduced hours than they would be eligible for under regular UC requirements for the same reduction in work hours.
- If the employees have additional employment, the wages from the other employer do not reduce the Shared-Work benefits.
- No mandatory work registration.
- No mandatory work search requirement.

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Example – Shared-Work

An employee's weekly hours are reduced by 20%.

The employee's average gross weekly wage is \$800.

The employee's UC Weekly Benefit Rate is \$400 ((50% of the average gross weekly wage).

The employee would receive $\$400 \times 20\% = \80 weekly (before any deductions)

*Under regular unemployment compensation rules, if the same employee would have his/her hours reduced and then apply for benefits, the employee would be required to report his/her gross earnings (from all employers) and may not be eligible to receive any benefits (unless the weekly work hours were reduced by at least 62%).**

**Assuming the claimant's wages have been consistent over 18 months.*

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Example - UC

An employee's weekly hours are reduced by 20%.

The employee's average gross weekly wage is \$800.

The employee's UC Weekly Benefit Rate (WBR) is \$400 (50% of the average gross weekly wage).

The employee's Partial Benefit Credit would be \$120 (30% of the WBR).

The employee's weekly wage, reportable to UC would be \$640 ($\800×0.80).

The employee would be ineligible for UC benefits for the week because he/she earned over his/her WBR plus PBC ($\$400 + \$120 = \$520$).

What are the Qualifications to Participate?

- Filed all UC tax reports and paid all amounts due under the PA UC Law.
- Have a positive reserve account balance (contributory employers)
- Paid wages for the last 12 consecutive quarters

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How does a Shared-Work plan work?

- Each Shared-Work plan applies to one affected unit (a department, shift or other organizational unit of two or more employees).
- The “**Reduction Percentage**” is determined by the employer.
- The employee receives a percentage of his or her UC benefits equal to the Reduction Percentage.



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Shared-Work Plan Requirements



- Minimum of two participating employees.
- Reduction Percentage = 20 - 40 percent
- There must be a corresponding reduction in wages.
- Approval in writing by any collective bargaining representative.
- Fringe Benefits may not be affected.
- No more than 52 consecutive weeks, and no more than 104 weeks out of 156 week period.

Shared-Work Plan Contents

- Affected unit (or units) covered by the plan.
- Number of full-time or part-time employees in the unit.
- Percentage of employees in the unit that could be laid off if the plan is not approved.
- Estimated number of layoffs that would have occurred absent the Shared-Work plan.
- Social Security Number and name of employees in the affected unit.
- Employer's unemployment tax account number.

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Shared-Work Plan Contents (cont.)

- How the employer will notify employees in the affected unit.
- Usual weekly hours of work for employees in the affected unit.
- The specific percentage by which their hours will be reduced during all weeks covered by the plan. (Percentage must be between 20 – 40%).
- Any week which the employer regularly provides no work (due to a holiday or other plant closing).
- The first date that hours will be reduced for the employees.
- The number of weeks that the hours are expected to be reduced.
- Any other information required by the Office of UC Benefits.

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Shared Work Certifications

- The employers agrees not to hire new employees in, nor transfer employees to the affected during the plan period.
- The employer agrees not to lay off participating employees or reduce participating employees' hours of work by more than reduction percentage during the plan period.
- If the employer provides health and retirement benefits to any employee such benefits will continue to be provided under the same terms and conditions as though the usual weekly hours of work for the employee had not been reduced or to the same extent as other employees not participating in the program.
- The aggregate reduction in work hours is in lieu of layoffs.

Shared Work Certifications (cont.)

- The employer will furnish reports for the proper administration of the Shared-Work plan and allow access to all necessary records to approve or disapprove the plan application, and to monitor and evaluate the plan.
- The employer will follow any other directives the Office of UC Benefits deems necessary for the agency to implement the plan which are consistent with the requirements for the Shared-Work plan application.
- The participation and implementation of the plan is consistent with the employer's obligation under applicable federal and state laws

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What are my responsibilities as an employer participating in a Shared-Work plan?

- Distribute UC applications and cover letters to all participating employees.
- Collect the applications from the participating employees and submit them to the department, maintaining confidentiality.
- Complete Biweekly Claim forms for benefits on behalf of the participating employees on a biweekly basis.
- Communicate any changes to the of terms of employment to the department.



May I Change my Shared-Work plan?

- An employer may request approval to modify a Shared-Work plan, when there is a change in the employer's circumstances.
- An employer may terminate an approved Shared-Work plan by written notice.

How will Shared-Work Affect Your Bottom Line?

- Contributory Employers – the experienced rated portion of your UC contribution may increase based on the benefits paid.
- Reimbursable Employers – will be responsible for the portion of the UC benefits which are attributable to the employee's service with your company.

Which Employers Will be Charged for the Benefits Paid?

Shared-Work UC will be charged the same way that regular UC is charged, that is, to each employee's base year employer(s)

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Where do I Apply?

You may apply on-line through the Unemployment Compensation Management System (UCMS):

www.uctax.pa.gov

Or you may fill out the application available on the Unemployment Compensation website:

www.uc.pa.gov/sharedwork

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QUESTIONS?

For additional information please visit our website:

www.uc.pa.gov/sharedwork

Or you may contact us via email at SharedWork@pa.gov.