

An Alternative to Layoffs...

Employment Development Department WorkShare Program



Erik Vaughn
State of California EDD

California EDD

Work Sharing Program

**Best
Kept
Secret**



**First
Program
of it's kind
in the Nation**



History of California's Work Sharing Program

- Established in 1978, Senate Bill 1471
- The first to pass Work Sharing Legislation
- Administered by the Employment Development Department's Unemployment Insurance Division



Employer Benefits of Work Sharing

- Reduce Payroll Obligation
- Retain a Skilled Work Force
- Minimize or Eliminate the Need for Lay Offs
- Avoid the Expense of Recruiting, Hiring, and Training
- Immediately Meet Fluctuating Business Needs



Benefits for Employees

- Job Retention
- Can still work for employer
- Not required to Seek Work
- Partial Unemployment Insurance Compensation (does not replace \$ for \$ wage loss)



Employer Eligibility

Employers Begin by Submitting a Work Sharing Application Plan

Minimum Requirements

- No less than 2 individuals
- 10% of the workforce / affected unit must be effected
- AT LEAST 10% of their hours must be reduced for WorkShare purposes AND
- 10% of their wages must be reduced

Plan Approval

Plan is Effective for six months and employer has an option to renew

Approval is sent in 15 days with:

- Employers Work Sharing Handbook
- Employee's Work Sharing Handbook
- Initial Claim Forms
- Continued Claim Forms
- Contact Phone Numbers



What is the Dollar Value?

In this example (each claim is different!):



- Employees work 40 hours a week – earning \$500
- Employee work week reduced to 32 hours and earning \$400 (a 20% reduction in wages)
- The WS benefits for this employee is 20% of the weekly UI benefits award amount
- If Weekly Benefit Amount (WBA) is \$400, the employee will receive \$80 in Work Sharing benefits. Which equates to \$400 in earned wages and \$80 in Work Sharing benefits.
- Employee reduction in wages in this example is ONLY \$20 a week!


Benefits of the Work Sharing Program

- Reduce payroll obligation
- Retain a skilled work force
- Minimize or eliminate the need for lay offs
- Avoid the expense of recruiting, hiring, and training
- Immediately meet fluctuating business needs



How has Work Sharing Changed During California's Recession?

Initial Work Sharing Claims



2007	45,276
2008	80,402
2009	219,580
2010	136,991
2011	8,334 as of 01/11



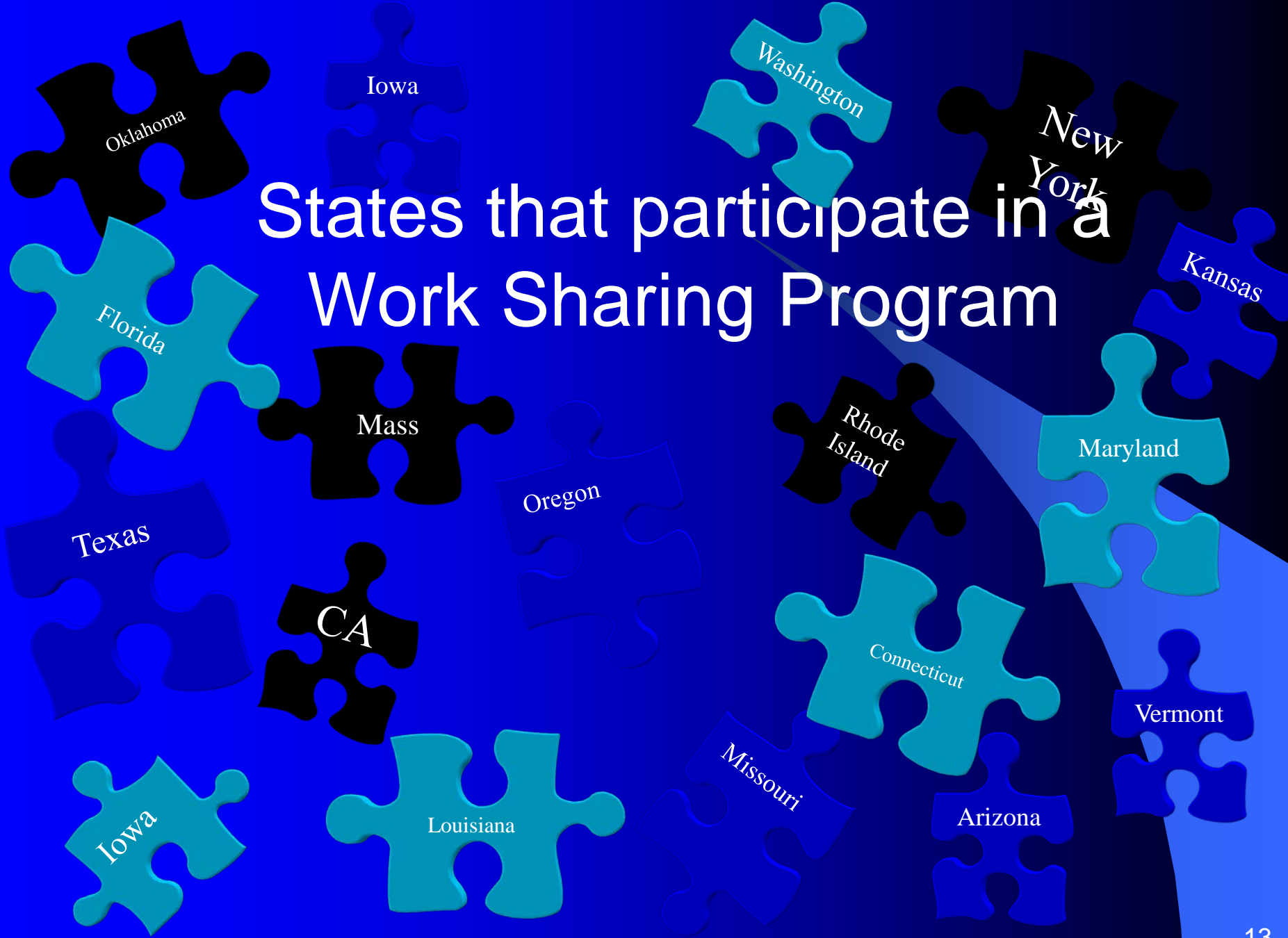
What do employers in California say about Work Sharing?

- Great Way to Save Morale
- No hiring costs !!
- A great way to handle the changes in the economy as they occur
- Work Sharing saved my company
- I was able to accept a large short term project without a doubt that I could get it done
- Kept me from telling my employees, my friends that they were unemployed

Owners feedback

- Never would have survived the inconsistent work load
- After learning the paperwork the administration costs are nearly 2 hours a week for our staff of nearly 500 workers
- Our employees have remained loyal during this recession
- Because the employer applies, the claims are easier than going through regular unemployment

States that participate in a Work Sharing Program



What is being said
about short time
compensation
programs?

“The selflessness of workers who would rather cut their hours than see a friend lose their job, which sees us through our darkest hour.”

President Obama 2009

“Prolonged unemployment can cause or aggravate physical and emotional problems, Work sharing would not have prevented all the job loss however it can save some jobs and thus have a positive effect.”

AARP Public Policy Institute

“Just the ability to hang on to people in tough times and not force them out the door is good for morale”, said David Edgar, Vice President for human resources and Reflexite, a manufacturer based in Avon Conn.

Who's talking Work Sharing?

Boston Business Journal

Employers concerned with too many employees and too little work are turning to an obscure program that helps companies avoid layoffs.

Human Resources News

One way to lessen the impact of a down economy and keep your staff intact.

Canada News Centre

“Our Government knows that, by keeping Quebeckers, and indeed all Canadians, working, we can minimize the impact of this difficult economic time”

Honorable Lawrence Cannon, Minister of Foreign Affairs

New York Times

Even though 17 states have adopted the program, only a fraction of the businesses and workers are actually benefitting .

Factors to consider about Work Sharing



- Only one EDD office that administers the WorkShare program for the entire State of California.
- Not a benefits supplement program
- Does not replace lost wages on a “dollar for dollar” basis
- Paperwork intensive process as compared to the regular Unemployment Insurance program.

- To learn how your company can get started in the WorkSharing Program:
- Visit www.edd.ca.gov
- http://edd.ca.gov/pdf_pub_ctr/de2329.pdf
(info sheet on WorkSharing)
- http://edd.ca.gov/pdf_pub_ctr/de8714bb.pdf
(WorkShare UI program fact sheet)