

## Information and Instructions for Employers

### *An Alternative to Layoffs:*

The Shared Work Unemployment Insurance Program is designed to help both employers and employees. It is an alternative for employers faced with a reduction in force. It allows an employer to divide the available work or hours of work among a specified group of affected employees in lieu of a layoff, and it allows the employees to receive a portion of their unemployment insurance benefits while working reduced hours.

### **The Process**

An interested employer may obtain a Shared Work Plan Application by contacting the Kansas Department of Labor at 785-291-6123. To participate, an employer must have reduced the normal weekly hours of work for an employee in the affected unit by at least 20 percent (but not more than 40 percent), and the plan must apply to at least 10 percent of the employees in the affected unit who meet monetary requirements for regular unemployment compensation. If the plan is approved by the Kansas Department of Labor, workers who qualify for unemployment benefits can receive both wages and Shared Work benefits. The Shared Work benefits are the percentage of regular unemployment benefits matching the reduction described in the employer's plan.

### *An Example*

A firm facing a 20 percent reduction in production may lay off one-fifth of its work force. Faced with this situation, a company can retain its total work force on a four-day-a-week basis. This reduction from 40 hours to 32 hours cuts production by the required 20 percent without reducing the number of employees. All affected employees receive their wages based on four days of work and, in addition, receive a portion of unemployment compensation benefits equal to 20 percent of the unemployment compensation weekly benefit amount payable had the employee been unemployed a full week.

An employee normally works a 40-hour week. The employer reduces the work schedule by 20 percent. The employer submits a plan and is approved under the Shared Work Program. The employee qualifies for regular unemployment compensation with a weekly benefit amount (WBA) of \$190.

$20\% \times 40 \text{ hour work week} = 8 \text{ hours}$

Employee works and earns wages for 32 hours

$20\% \times \$190 \text{ WBA} = \$38$

The employee receives \$38 of unemployment benefits in addition to the 32 hours of wages earned during the week.

### *What Happens Once the Application is Filed?*

Once the plan is approved, a certification is mailed to the employer for completion. The certification forms continue to be mailed to the employer for each week the plan is to be followed.

### **The Conditions**

*The Department of Labor may approve a Shared Work Plan if:*

- There is an "affected unit" of two or more employees.
- The normal weekly hours of work and corresponding wages for a participating employee are reduced in the plan by not less than 20 percent and no more than 40 percent.
- The plan applies to at least 10 percent of the employees in the affected unit.
- The plan describes the manner in which the participating employer treats the fringe benefits of each employee in the affected unit.
- The employer certifies that the implementation of a Shared Work Plan and the resulting reduction in work hours is in lieu of a temporary layoff affecting at least 10 percent of the employees in the affected unit and results in an equivalent reduction in work hours.

### *Conditions for Shared Work Benefits:*

- An individual must accept all work offered by the participating employer for the claim period filed.
- An individual is able to work and is available for full-time work with the participating employer.
- An individual is eligible for regular benefits in Kansas.
- No benefits are paid to an individual who works for the participating employer more than the reduced hours specified in the plan.
- No benefits are paid to an individual whose work hours are reduced as a result of seasonal lack of work.

### *Shared Work Plan Application Format:*

- Name and Kansas Department of Labor employer serial number.
- Description of how fringe benefits will be affected by the plan.
- Concurrence of a bargaining representative if one exists.
- Certification that:
  - a. The plan applies to at least 10 percent of employees.
  - b. The reduction is in lieu of temporary layoffs.
- An attached listing of employees showing:
  - Full Names
  - Social Security Numbers

### *Will Participation Affect an Employer's Unemployment Tax Rate?*

Benefits paid under Shared Work Plans are charged against employer's accounts for use in computing (experience) tax rates. Thus, they affect employer's tax rates in the same manner and to the same extent as other benefit charges.