Shared Work Programs Can Help Employers and Employees Navigate COVID-19 Business Disruption

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In the past few weeks, much attention has been focused on programs established as part of The CARES Act to assist employers and employees suffering from the business disruption caused by COVID-19. In addition to the new programs that have been created, existing unemployment programs can also benefit employers and employees in managing the current environment.

Shared work programs are unemployment programs that allow businesses to reduce employee wages and hours as an alternative to layoffs. Under a shared work program, employees can receive partial unemployment benefits to offset a portion of their reduced wages. Employers benefit by retaining skilled employees, eliminating the need to hire and train new employees, and possibly saving recruiting fees when the period of disruption ends. Employees benefit by receiving partial compensation for lost wages while continuing employment and maintaining health insurance and other benefits. This article will discuss some of the specifics of the New York State Shared Work Program, although many states have similar programs.

General Requirements of a Shared Work Program

Employers must file a Shared Work Plan (the “Plan”) with the Department of Labor identifying the employees included in the Plan. Employers are required to estimate the number of layoffs that would occur in the absence of the Plan and to certify that the reduced hours for employees included in the Plan are equal to the hours that would be lost due to layoffs. Reductions in hours and wages must be between 20% and 60% and the Plan cannot exceed 53 weeks. Once approved, a Plan can be modified due to changing business conditions but must not exceed 53 weeks. Employees may receive unemployment benefits for up to 26 weeks during the 53 week period. These 26 weeks do not have to be consecutive.

A shared work plan covers all employees, or a particular group of employees, which can be a business unit, a shift or a department. The reduction in hours must be equal for all employees in a group. An employer can develop different plans for different groups within the business. If employees are covered by a collective bargaining agreement, the collective bargaining agent must approve the Plan prior to submission to the NYS Department of Labor.

Employee benefits must be maintained during the effective period of the Plan, unless those benefits are eliminated or reduced for the entire workforce. No new employees can be hired for any group covered by the Plan, unless they are replacing employees covered by the Plan who voluntarily resigned.

Shared Work Plans are another resource to consider when trying to navigate through the current business environment caused by COVID-19, as well as any other downturn in business.

Helpful Resources

https://labor.ny.gov/ui/dande/sharedwork1.shtm

https://labor.ny.gov/ui/claimantinfo/sharedworkclmtfaq.shtm

https://labor.ny.gov/ui/employerinfo/shared-work-program.shtm

Please contact your Anchin Relationship Partner or our COVID-19 Resource Team at covid19@anchin.com for more information.

Disclaimer: Please note this is based on the information that is currently available and is subject to change.