

Developing Your WorkShare Plan: What You Need to Know

A Guide for Employers in Massachusetts



A Smart Alternative to Layoffs

If your company needs to reduce payroll costs because of a temporary decline in business, the WorkShare Program is your alternative to layoffs. WorkShare allows an employer to reduce the hours of work for employees in an entire company (or a small unit or department), and the employees receive UI benefits to supplement their reduced wages.

Your Business Advantage- A Program with Multiple Benefits

When you develop a WorkShare Plan, you:

- Keep your skilled, trained workers
- Reduce future hiring and retraining costs
- Avoid disruption in your business operations
- Remain prepared for future business growth
- Maintain worker productivity

WorkShare: Who's Eligible to Participate

All Massachusetts employers are eligible to participate in the WorkShare Program, including large corporations, businesses with only two employees, non-profits, and even governmental entities.

What You Need to Know to Develop a WorkShare Plan

Follow this checklist when you develop your WorkShare Plan:

- ✓ Specify the department (or departments) that will participate in your WorkShare Plan. The employees from the department that you choose to participate in your WorkShare Plan must all work in a clearly defined group (e.g., Secretarial, IT, a shift, job function, or another definable department with at least two employees).
- ✓ Certify that the reduction in work hours is in lieu of layoffs, and give the reason for the expected duration of the work reduction. You will need to decide in advance what the duration of your WorkShare Plan will be (a Plan can range from 1 to 26 weeks, but you must be able to specify the beginning and end dates for your plan at the time that you submit your application).

- ✓ Identify the employees in the affected department by name, Social Security Number, the normal weekly hours of work, and the proposed reduction in working hours. All employees in the affected department must be included in the WorkShare Plan and all of the employees must have the same reduction in hours. The reduction in hours may range from 10% to 60%.
- ✓ Apply the WorkShare Plan to only full-time and permanent part-time employees. Seasonal employees may not participate in your WorkShare Plan.
- ✓ If the employees are covered by a collective bargaining, the union must agree to your WorkShare Plan. It is best to consult with the union early in the process. When you file your application to participate in the WorkShare program, you will need to have the signatures of the appropriate union officials.
- ✓ Continue to provide the same health insurance benefits to the employees that are participating in your WorkShare Plan and their health insurance benefits cannot be changed/reduced because of the reduction in hours worked.
- ✓ Continue to provide retirement benefits (under a benefit pension plan as defined in Section 3 (35) of the Employee Retirement Income Security Act of 1974) to any employees participating in your WorkShare Plan. If you make any changes to the retirement benefits for employees that are participating in your WorkShare Plan you will need to explain those changes when you apply to participate in the program.
- ✓ Be up-to-date with your Unemployment Insurance contributions, payments in lieu of contributions, and interest or penalty charges that you owe to the Department of Unemployment Assistance.
- ✓ Agree to provide the DUA with any reports, records or other information that is necessary for the administration, verification and evaluation of your WorkShare Plan.

How WorkShare Works

Your employees avoid layoff. While working reduced hours, they will be able to receive Unemployment Insurance benefits as well as their reduced wages. For example:

Your company needs to cut payroll by 20%:

- Participating in a WorkShare Plan allows you to reduce your employee's hours by 20% (a four-day work week) instead of laying off 20% of your workforce.
- Your employees receive a 20% of their regular Unemployment Insurance benefits, largely offsetting their lost earnings.
- Your employees continue to receive regular wages for the hours that they work in addition to the WorkShare Plan unemployment benefits that they receive.
- During their participation in WorkShare, your employees:
 - Receive a percentage of their regular salary. If they work 80% of their regular work week, they receive 80% of their salary.
 - Receive Unemployment Insurance benefits in addition to their reduced wages. Their Unemployment Insurance benefits as a percentage of their benefit rate equal to the percentage of the reduction in their hours. For example, if hours and wages

are reduced 20%, employees are eligible for 20% of their Unemployment Insurance benefit rate. Each employee's benefit rate is calculated based on past earnings.

- Receive a percentage of dependency allowance under certain conditions. An allowance of \$25 per dependent child is available for workers who are the whole or main support for any children who are:

- Under the age of 18;
- Under the age of 24 and a full-time student at an educational institution;
- Over the age of 18 and incapacitated due to a mental or physical disability.

Participating in a WorkShare Plan allows an employee whose work hours are reduced 20% and who has dependent children to receive 20% of the regular dependency allowance, along with the 20% of their Unemployment Insurance benefits:

- Receive their regular health insurance benefits.
- For employees who are working a part-time second job, there is also a generous disregard of part-time earnings before any deductions are made from the employee's WorkShare Plan benefits.

Applying for Participation in the WorkShare Program

To apply for a WorkShare Plan, modify a plan that is pending approval, or to request weekly WorkShare Plan unemployment benefits for your employees:

- Log into your UI Online Employer Account
- Click on the "Account Maintenance" link on the Employer Home page.

If you have questions about activating your UI Online employer account or registering for an Employer Account Number (EAN), please call 617-626-5075.

If you have questions about the WorkShare Program's application process, or if you need assistance with applying for the Program, please contact the Department of Unemployment's WorkShare Department at 617-626-5521.

Changing or Discontinuing Your WorkShare Plan

You can discontinue an approved WorkShare Plan at any time.

The Department of Unemployment Assistance can revoke an active WorkShare Plan with good cause.

Examples of good cause are:

- Failure to comply with the assurances given in the Plan.
- Unreasonable revision of the productivity standards for the affected department.
- Conduct or occurrences that are intended to defeat the purpose and effective operation of the Plan.
- Violation of the criteria on which the plan was approved.