

Work Sharing

**An Alternative
To Layoffs**

**A Guide For
Employers**

**WORK SHARING
A GUIDE FOR EMPLOYERS
SEEKING AN ALTERNATIVE TO
LAYOFFS**

Dear Maryland Employer,

In 1984 the Maryland General Assembly enacted legislation establishing the Work Sharing Unemployment Insurance Program. This voluntary program provides employers confronted with a temporary decline in business with an alternative to layoffs. The principle behind Work Sharing is simple; instead of laying off a percentage of the work force to cut costs, an employer can reduce workers' hours by the same percentage and keep the entire work force on the job.

Work Sharing offers many benefits to both employers and workers. Using Work Sharing, an employer can maintain high productivity and quality because the existing trained work force remains in place. When business improves, the work force is intact, ready to go, and employers are able to avoid the time and expense of rehiring and retraining. Work Sharing enables employers to keep productivity and employee morale high because workers avoid the insecurity, unrest, and "bumping" characteristics of layoffs. Also, firms can maintain affirmative action gains since with Work Sharing they can avoid "last hired-first fired" layoffs.

For workers, the obvious benefit of Work Sharing is keeping their jobs while avoiding the emotional and financial hardships resulting from unemployment. Additionally, because employees remain on the job they can still pursue advancement opportunities and other activities to further their skills. Also, employees are not subject to the same conditions as those on regular Unemployment Insurance such as making an active search for work or accepting offers of suitable work from employers other than the Work Sharing employer.

Thank you for your cooperation in helping us keep Maryland Working.

- Q. When can I participate in Work Sharing?**
- A. An employer who experiences a sharp reduction in activity due to economic conditions may consider using Work Sharing as an alternative to layoffs.
- Q. Can Work Sharing be used for reasons other than lowered activity due to economic conditions?**
- A. No. Work Sharing is not intended to be a means for employers to address problems such as seasonal or cyclical shutdowns, inventory control, model changeovers or equipment maintenance. It also is not the purpose of work sharing to allow an employer to use unemployment insurance benefits to supplement his payroll on a continued basis.
- Q. If I choose Work Sharing, must I use it for my entire business or company?**
- A. No. Work Sharing can be used in one or more departments, shifts or units. You have the flexibility to choose the area involved.
- Q. How many employees are required for Approval of Work Sharing?**
- A. An affected department, shift or unit must project no less than two employees who would have been affected by a layoff as determined by the Assistant Secretary.
- Q. Are there any limitations on which employees may be included?**
- A. Yes. Employees must have been on your payroll continuously for at least three months immediately preceding the date the plan is submitted and they must not be part-time employees.
- Q. If I have union employees, must the union approve Work Sharing?**
- A. Yes. If your employees have a collective bargaining agreement, the concurrence of the union's bargaining agent must accompany the application. If your employees do not have a collective bargaining agreement, there must be concurrence by a representative of the employees or employee's association in the affected unit(s).
- Q. What percentage of reduction in hours is required to participate in Work Sharing?**

- A. You must reduce hours by at least ten percent and by no more than fifty percent. The fifty percent maximum reduction may be waived by the Secretary.
- Q. Can there be different percentages of reduced hours for different individuals?**
- A. No. All employees participating in a unit or department must be treated equally. However, the hours of employees of different departments or units may be reduced at a different percentage if specified and addressed separately in the plan.
- Q. How long can my employees receive Work Sharing benefits?**
- A. Employees may receive Work Sharing benefits for only 26 weeks in a benefit year.
- Q. Can I use Work Sharing as a transition to a permanent layoff?**
- A. Yes, but in that case, you must include a "Reemployment Assistance" plan. A "Reemployment Assistance" plan details the efforts you will make to help the employees designated for permanent layoff find new work. Your "Reemployment Assistance" plan should discuss how you will work with this Department to assist in your employees' job search.
- Q. What are the benefits of having a "Reemployment Assistance" plan?**
- A. The sooner an employee returns to full-time employment, the greater the reduction in an employer's unemployment insurance costs. The employee benefits because the financial and emotional hardships incurred during a total layoff are avoided. Work Sharing gives the employee time to seek new work while still working and earning an income. Using Work Sharing with a "Reemployment Assistance" plan can lessen the impact of a permanent layoff on the community, your business and Maryland workers.
- Q. Can I interrupt Work Sharing to put all of my employees back to full time hours and then return to Work Sharing?**
- A. Yes. One time only for the duration of a plan with exception to times in a contractual agreement or regular situations known to the Claim Center Director.

- Q. Can I interrupt Work Sharing to put a particular unit, section or department back to full time hours for a limited number of weeks and then return to Work Sharing?**
- A. Yes. Only to complete a contract acquired during the duration of a plan.
- Q. Can I lay off some of the workers designated in a plan and continue the plan with the remaining individuals?**
- A. Yes, but the individuals must be permanently laid off.
- Q. Can an employee work for another employer during the time his or her hours are reduced?**
- A. Yes. However, this could affect the employee's eligibility for benefits.
- Q. Does an employee have to actively seek work or accept offers of work while participating in Work Sharing with the exception of the Work Sharing employer?**
- A. No. However, employees who are a part of Work Sharing used as a transition to permanent layoffs should be actively seeking new employment during the period their hours are reduced. Also, all work sharing employees must be available to work for their work sharing employer when additional hours are available.
- Q. What happens if an employee receives holiday or vacation pay?**
- A. Holiday and vacation hours are considered as hours worked and may reduce or eliminate benefits for the week.
- Q. What happens if an employee receives sick pay?**
- A. Sick leave hours for which the employee receives compensation are considered as hours worked and may reduce or eliminate benefits for the week. Sick leave hours for which the employee was not compensated are considered as not working all available hours.

Q. What are the costs of Work Sharing?

A. The cost of Work Sharing is determined the same way as regular unemployment insurance, by way of an experience rate. All Work Sharing benefits paid are charged to the Work Sharing employer; whereas regular unemployment insurance benefits paid may be charged to several base period (last 18 months) employers.

Q. How do I begin the Work Sharing program?

A. The first step is to complete an Application for Approval of Work Sharing Unemployment Insurance Plan. Applications are available from the Work Sharing Coordinator upon request. You can reach the Coordinator by telephone at (410) 767-2671 or by writing to the Department of Labor, Licensing and Regulation, Work Sharing Coordinator, Room 508, 1100 North Eutaw Street, Baltimore, Maryland 21201. The Work Sharing Coordinator is available for guidance while you are developing the plan.

Q. How much lead time is necessary to initiate a plan for Work Sharing?

A. Allow as much time as possible by beginning the application as soon as you know a reduction in the work force is imminent. However, the earliest a plan may be effective is the Sunday prior to the week the plan is approved.

Q. Do I need to specify which employees will be included in the Work Sharing Program?

A. Yes. The Plan must include the names, Social Security numbers, and length of employment of all participating employees whose hours will be reduced.

Q. How will I know if my plan is approved?

A. All plans must be approved or disapproved by the Assistant Secretary within 15 days of receipt. You will be notified by the Work Sharing Coordinator when the plan is approved or disapproved.

Q. Is there a period of time that must lapse between two plans?

A. No. However, no more than 4 plans in one year will be accepted from an employer.

Q. Are reports required while the Work Sharing plan is in effect?

A. Yes. Although the Department wants to make this program as simple as possible, it is necessary for you to submit a weekly list of participating employees, their hours worked and any other pay received for the week.

