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Fact Sheet:
Work Sharing: A Win-Win Solution for Workers and Employers

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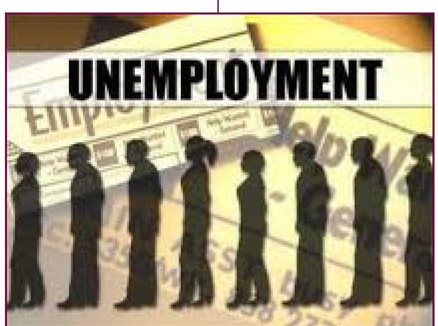
Governor Snyder has signed a work-sharing bill (SB 1094) that will help employers avoid laying off workers. Both legislative chambers passed the bill with unanimous or near-unanimous support. Michigan is now the 24th state to adopt a work-sharing program. Work sharing, also called short-time compensation, is an Unemployment Insurance program that provides an alternative to layoffs for businesses that need to reduce their payroll hours due to reduced demand for their products or services. It allows qualifying employers to reduce the payroll hours of a large pool of employees by 15%-40% rather than eliminate some workers altogether.[1] The employer informs the state UI agency of the percentage of payroll hours that will be reduced, and upon approval from the agency, each employee would be eligible for a proportional percentage of the UI benefits he or she would receive if laid off entirely.

Who benefits from work sharing?

Workers benefit from work sharing because they will have less disruption in their household income than if they were laid off. While UI benefits never replace 100% of lost wages, the wage loss is lower for workers with reduced payroll hours than for those with no payroll hours at all. For some workers, it will mean not getting laid off; for others, it will mean "sharing the sacrifice" through a reduced income so that their co-workers will not be laid off. Workers also benefit because they can continue receiving health insurance and other benefits without disruption (this is a requirement of the law). Participating in work sharing does not count against a worker's available weeks of Unemployment Insurance, nor is the employee required to participate in job search activities (since it is expected that the employee will in the future be working full time again for the employer).



Employers benefit from work sharing because it enables them to keep their skilled workers rather than having to search for, hire and train new workers when business improves. This reduces unpredictability, administrative costs and training costs. It can also help maintain positive morale in the workplace, as workers are likely to prefer spreading the sacrifice around rather than fearing the loss of their jobs entirely.

Which employers can participate?

Employers can participate in work sharing if they are up to date on their employment reports and UI taxes, have good experience ratings, and have paid wages during the preceding 12 months of

[1] The reduction percent must be the same for all participating employees and shall not be changed unless the plan is modified with the Unemployment Insurance Agency.

application. Employers must provide assurance that they:

- will not hire new employees in (or transfer employees to) the affected work unit while participating in work sharing;
- will not lay off participating employees, or reduce their hours by more than the agreed amount, during the work-sharing period; and
- have attained the approval of any appropriate collective bargaining representative.

Which employees can participate?

If an employer has been approved for a work-sharing plan, employees designated by the employer who have worked for the employer at least three months can participate.

How long can a work-sharing plan be in effect?

The time period for an approved work-sharing plan can be up to one year.