

UNEMPLOYMENT INSURANCE

An Alternative to Layoffs: Work Sharing



Work Sharing Program

Employers can apply for the Work Sharing program as a temporary alternative to layoffs if the business's production or services have been reduced. This program allows for the payment of unemployment benefits to individuals whose wages and hours have been reduced by 10 to 60 percent.

→ The Advantages of Work Sharing.

The Work Sharing program helps employers:

- Minimize or eliminate the need for layoffs in nearly all types of businesses or industries.
- Keep trained employees and quickly recover when business conditions improve.
- Bring back furloughed or laid-off employees at reduced hours as business conditions improve. During the COVID pandemic, previously furloughed and laid-off employees do not have to work a normal schedule for one week without a reduction in hours before they can participate in Work Sharing.

With Work Sharing, employees whose hours and wages have been reduced can:

- Receive unemployment benefits.
- Keep their current job.
- Avoid financial hardships.

Benefits are paid weekly based on the reduction in your hours and wages.

For example:

An employee works a 5-day workweek and is paid \$500. If their workweek is reduced to 4-days, that is a 20 percent decrease in wages and they would be paid \$400.

The Work Sharing program would give the employee 20 percent of what they would qualify for in unemployment benefits **as if they were totally unemployed.**

If their weekly unemployment benefit amount is \$300, they would receive 20 percent of that in Work Sharing benefits which equals \$60. They would only receive a \$40 reduction in their gross wages before taxes per week (\$400 + \$60 = \$460).

→ Who can participate?

Employers with a reduction in production, services, or other conditions.

Specific requirements include:

- Must be a legally registered business in California.
- Must have an active California Employer Account Number.
- A minimum of 2 employees, comprising at least 10 percent of the employer's regular workforce or a unit of the workforce, must be affected by a reduction in wages and hours worked.
- The reduction in weekly wages and hours worked also must be at least 10 percent and no more than 60 percent.
- The plan application identifies participating employees with their full names, Social Security numbers, and other information required by the Department.
- Avoid financial hardships

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- The retirement benefits and health benefits of employees must be continued under the same terms and conditions as prior to the reduction in hours and wages or to the same extent as other employees not participating in the Work Sharing Plan. All reductions in retirement benefits must be applied equally to employees participating in the Work Sharing Plan and to those not participating in the plan during the duration of the plan.
- The collective bargaining agent must approve the Work Sharing Plan by signing the application.
- The employer must agree to furnish the Employment Development Department (EDD) with any necessary reports during application of the plan as well as during the duration of an approved Work Sharing Plan.
- The employer must notify the employees prior to reducing the usual work hours and wages of the intent to participate in the Work Sharing program. If not, the employer must explain why the employees cannot be notified in advance.
- The employer must attest that participation in the program is consistent with their employment obligations under federal and state laws.
- A corporate officer or major stock holder who is deemed to have significant investment in the company may not participate in the Work Sharing program.

→ How to participate

The Work Sharing application and certification process is fully automated online.

The fastest way to apply is online by creating a [Work Sharing Account](http://worksharing.edd.ca.gov/employer/s/login/SelfRegister). (worksharing.edd.ca.gov/employer/s/login/SelfRegister)

Employers can also print the [Work Sharing Application \(DE 8686\)\(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de8686.pdf) (edd.ca.gov/pdf_pub_ctr/de8686.pdf), and mail their completed application to the EDD.

Employees can choose to certify online or by mail.

→ What happens after the application is approved?

The EDD will send an email notification of approval to the employer and mail a letter of approval which includes a sample packet of Initial Claim and Payment Certification, Employers WS Certification, A Guide for WS Employers guidebook, and How to Distribute Work Sharing Forms. A supply of weekly certification forms is shipped thereafter. The supply will vary based on the number of employees approved to participate in the program.

The employer and participating employees must complete the Initial Claim and Payment Certification either online or by mail. After completion, the document is reviewed by the EDD to file an unemployment claim. If the employee qualifies for a claim, during the weeks of reduced hours and wages, the employer and employee must complete the Employers WS Certification on a weekly or bi-weekly basis. After submission, the EDD will review and process the certification.

→ How is an employer charged?

Employers are charged for Work Sharing unemployment benefits in the same manner as for regular unemployment benefits.

→ For additional information on other EDD programs and services, visit edd.ca.gov.