



# Work Sharing Program: Alternative to Layoffs



# Work Sharing is a Win-Win for Employers and Employees



Thinking about layoffs? Instead, try the [Work Sharing Program](https://edd.ca.gov/WorkSharing) ([edd.ca.gov/WorkSharing](https://edd.ca.gov/WorkSharing)) and keep your skilled employees. It's now fast, simple, and flexible to participate in. You cut hours and wages while we pay partial unemployment benefits. Work Sharing positively affects employee morale and loyalty. When the economy improves you won't have to hire and train new workers. It also has less impact on your unemployment taxes than a full layoff. Join employers across the state and give Work Sharing a try. It's a win-win.

## Benefits to Employers

- Minimize layoffs.
- Keep trained employees.
- Cut business costs.
- Recover quickly.

## Benefits for Your Employees

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

# What is the Work Sharing program?

The program is an alternative to layoffs if your 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.



## For example:

Instead of laying off five workers, you can reduce the schedules of 25 workers by 20 percent. These employees would be eligible for unemployment benefits to supplement lost wages.

	25 Employees	Layoffs	Schedule	Workforce Reduction
<b>Without Work Sharing</b>		x5	 Reduced 100%	 -200 Hours
<b>With Work Sharing</b>		x0	 Reduced 20%	 -200 Hours

Each employee works a 5-day workweek and is paid \$1,000. If their workweek is reduced to 4 days, that is a 20 percent decrease in wages and they would be paid \$800. In addition to this partial paycheck, we would pay unemployment benefits equal to 20 percent of what they would qualify for as if they were totally unemployed. If the employee's weekly unemployment benefit amount is \$450, that's \$90 paid in unemployment benefits.

## Weekly Pay

$$\begin{array}{r}
 \text{\$1,000} \\
 \text{-- 20\% Schedule} \\
 \text{Reduction}
 \end{array}
 = \text{\$800}
 + \text{\$90} \\
 \text{Unemployment} \\
 \text{Benefits}
 = \text{\$890}$$

As with regular unemployment benefits, the Work Sharing program does not fully cover lost wages, but it does help minimize financial hardship. When your business recovers, your employees can return to their regular work schedule.

# Step 1: Check Your Eligibility

To qualify, your business must meet the following requirements:



- Legally registered business in California.
- 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.
- Must be affected by a reduction in wages and hours worked. The reduction must be at least 10 percent, not to exceed 60 percent.
- The application identifies participating employees with their full names, Social Security numbers, and other information required.
- The retirement and health benefits of employees must continue 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 program. All reductions in retirement benefits must be applied equally to employees participating in the Work Sharing program and to those not participating during the duration of the program.
- Any collective bargaining agent must approve the Work Sharing program by signing the application.
- Provide all necessary reports during the application process as well as during the Work Sharing program.
- Notify employees of your intention to participate in the Work Sharing program before reducing their work hours and wages. If not, you must explain why the employees cannot be notified in advance.
- Show that employment obligations are consistent among employees while participating in the Work Sharing program and adhere to federal and state laws.
- Corporate officers or major stockholders who have a significant investment in the company cannot participate in the Work Sharing program.



## Step 2: Apply

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

Employers can also print the [Work Sharing \(WS\) Unemployment Insurance Plan Application \(DE 8686\) \(PDF\)](https://edd.ca.gov/pdf_publications_ctr/de8686.pdf) (edd.ca.gov/pdf\_publications\_ctr/de8686.pdf), and submit their application by mail.

## Step 3: Review Documents

After your application is approved, you will receive:

- An email notification of approval.
- A mailed letter of approval which includes:
  - Sample packet of claim and payment certification.
  - *Initial Claim and Payment Certification* (DE 4511WS).
  - *Employer's Work Sharing Certification* (DE 4581WS).
  - *Guide for Work Sharing Employers* (DE8684).
  - How to distribute Work Sharing forms to your employees.
- A supply of weekly certification forms, based on the number of employees approved.

You and the participating employees must complete the documents online or by mail. Employees must meet [unemployment guidelines](https://edd.ca.gov/ui_eligibility) (edd.ca.gov/ui\_eligibility) to participate in the Work Sharing program.





## Step 4: Certify

In order for your selected employees to receive unemployment benefits, you must provide us with weekly eligibility information while experiencing reduced hours and wages. This process is known as certifying.

The fastest way to certify is through the [Work Sharing portal](https://worksharing.edd.ca.gov/employer/s/login/) ([worksharing.edd.ca.gov/employer/s/login/](https://worksharing.edd.ca.gov/employer/s/login/)).

Your employees must serve a one-week waiting period before they are paid any unemployment benefits. Learn more about the waiting period on [Unemployment Insurance - After You Apply](https://edd.ca.gov/en/Unemployment/After_you_Filed) ([edd.ca.gov/en/Unemployment/After\\_you\\_Filed](https://edd.ca.gov/en/Unemployment/After_you_Filed)).

You and your employees can also certify by mail:

EDD Special Claims Office  
PO Box 419076  
Rancho Cordova, CA 95741-9076  
1-916-464-3343

## Step 5: Receive Payments

Based on the reduction in hours and wages and how you chose to certify, unemployment benefits can be paid weekly or every two weeks to your employees.

Your employees will receive benefits on a [debit card](https://edd.ca.gov/debitcard) ([edd.ca.gov/debitcard](https://edd.ca.gov/debitcard)) in the mail. Once they activate the card; they can track, use, and transfer their benefit payments.

If they have received unemployment, disability, or Paid Family Leave benefits on a debit card in the last three years, they will continue to receive benefit payments on that card. If the card has expired, a new card will automatically be sent to them once funds are available.

For help or questions about the debit card, speak with a Bank of America customer service representative 24 hours a day, 7 days a week:

### Contact Bank of America

#### Within the United States

1-866-692-9374

#### Outside the United States

1-423-262-1650 (Collect)

#### TTY

1-866-656-5913



# Step 6: Stop Payments

Work Sharing program plans are active for one year and will need to be renewed after that. Payments will end when either:

1. Business has improved, your employees are back to their regular work schedule, and they stop certifying for benefits.
2. Your employees have received all the benefits available to them.

## Questions?

For further information, contact:

EDD Special Claims Office  
PO Box 419076  
Rancho Cordova, CA 95741-9076  
1-916-464-3343

Or visit [Work Sharing Information for Employers FAQs](#)  
([edd.ca.gov/en/unemployment/FAQ\\_-\\_Work\\_Sharing\\_Information\\_For\\_Employers/](http://edd.ca.gov/en/unemployment/FAQ_-_Work_Sharing_Information_For_Employers/)).

