

Fact Sheet

Work Sharing Unemployment Insurance 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.

How does it help employers?

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.

For example:

- Due to an economic downturn, an employer with 100 employees needs to lay off 20 employees. However, rather than lay off these employees, the employer is approved to participate in the Work Sharing program. The employer keeps all 100 employees on the payroll but reduces their workweek from 5 days to 4 days, thereby achieving the same desired 20 percent reduction in payroll. All 100 employees continue to earn wages for four days and also are eligible for Work Sharing benefits for the fifth nonworking day. The employer retains all trained staff and, when business improves, the employees resume their 5-day work schedule

How does it help employees?

Employees whose hours and wages have been reduced can:

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

Background

This is the first program of its kind in the nation. It was established by the California State Legislature in 1978 under Senate Bill 1471.

The objective of the Work Sharing program is to help employers and employees avoid some of the burdens that accompany a layoff situation. If employees are retained during a temporary slowdown, employers can quickly gear up when business conditions improve. Employers are spared the expense of recruiting, hiring, and training new employees. Employees are spared the hardship of total unemployment.

Who may participate in Work Sharing?

Any employer who has a reduction in production, services, or other conditions that cause the employer to seek an alternative to layoffs may participate in the Work Sharing program.

Some of the specific requirements are:

- 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, not to exceed 60 percent.
- The plan application identifies participating employees with their full names, Social Security numbers, and other information required by the Department.
- 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 stocker holder who is deemed to have significant investment in the company may not participate in the Work Sharing program.

How does an employer apply to participate in Work Sharing?

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)

The advantages in submitting the application online:

- Quick Plan Approvals.
- Ability to update and edit forms.
- Employees can submit forms online.
- Eligible employees receive benefits faster.
- All documents are saved online.
- No paper hassle.
- Save on postage.

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.

What happens after the employer's Work Sharing Plan 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 number of forms provided will vary based on the number of employees approved to participate in the program.

The employer and participating employees must complete the documents either online or by mail. After completion, the claims are reviewed by the EDD to establish an unemployment claim.

Employees approved to participate in the program must meet regular unemployment claim filing requirements.

After the unemployment claim is filed, the employer and participating employees must submit a certification form online or by mail for each week of reduced hours and wages.

Benefits are paid weekly proportionate to the percentage of reduction in hours and wages. For example:

- An employee normally works a 5-day workweek and is paid \$500. If this employee's workweek is reduced to 4 days, the employee's weekly wages would be \$400. This is a 20 percent reduction in wages and hours. The Work Sharing benefits for this employee are 20 percent of the unemployment benefits the employee would receive if the employee were totally unemployed. If the employee's weekly unemployment benefit amount is \$300, the employee would qualify for \$60 in Work Sharing benefits. This results in a reduction in gross wages of only \$40 for that week ($\$400 + \$60 = \460).

How is the employer charged?

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

Questions regarding employer charges may be directed to:

EDD Contribution Rate Group
1-916-653-7795

For More Information

For further information, please contact:

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

For additional information on other EDD programs and services, please visit the [EDD website](http://edd.ca.gov) (edd.ca.gov).

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-866-490-8879 (voice). TTY users, please call the California Relay Service at 711.