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Work sharing would help reduce layoffs, think tank says

By [Lori Kersey](#)

CHARLESTON, W.Va. -- Employers who reduce employee hours during an economic downturn instead of laying them off would recover more quickly from a recession, a left-leaning think tank says.

A report released Wednesday from the West Virginia Center on Budget and Policy argues that employees in the mining and construction industries who use "work sharing," a program that allows employers who need to reduce payroll costs temporarily to reduce the hours their employees work, would better weather cyclical downturns in the economy.

With work sharing, workers would be eligible to receive partial benefits to supplement their income while their hours are reduced.

Sean O'Leary, a center analyst and an author of the report "Reducing Layoffs: How Work Sharing Can Help Workers and Businesses in West Virginia," said while it's been three years since the recession peaked, the unemployment rate nationally and in West Virginia is hovering around 8 percent.

The number of workers receiving long-term unemployment is even more distressing, O'Leary said.

"When you're unemployed for that amount of time it has a really harmful effect on you, your health, your family's health, your financial security and your ability to get a job later in life," O'Leary said. "It really has terrible long-term, lasting impacts and [the number of people on long-term unemployment] is something that rose during the recession and has not changed during the three years since."

"It kept rising after the recession and more and more workers who are finding themselves unemployed are remaining unemployed."

With a work-sharing program, if an employer needs to reduce payroll costs by 20 percent, instead of paying off 20 percent of the workers, it could reduce the number of hours each employee works by 20 percent. For instance, the employer could cut the workweek for all employees from five days a week to four days a week. Workers would receive benefits for the day they are not working.

Work sharing is similar to partial unemployment insurance in that both offer benefits to workers when hours have been reduced. With work sharing, workers can qualify when their hours have been reduced by as little as 10 percent. Partial unemployment insurance is available only to workers who have had large reduction in their workweek, according to the report, which center policy analyst Paul Miller co-authored.

Work sharing would be a voluntary program for employers.

O'Leary said the program would benefit workers because it would keep them attached to the workforce and allow them to retain their skill. Employers would benefit from not having to recruit, hire and train new employees later when the economy improves.

Twenty-four states and Washington D.C. have implemented work-sharing programs and the federal government has offered an incentive for states to offer such programs.

The federal government, under the 2012 Middle Class Tax Relief and Job Creation Act, would reimburse the state for 100 percent of employee benefits for two years if the state changed its laws to reflect the work-sharing option for employers, Miller said.

If the state didn't change its laws and simply worked out an agreement with the federal government for the work-sharing program, the federal government would reimburse the state half the cost of work-sharing benefits for two years, Miller said.

The Center on Budget and Policy announced its report at a meeting attended by representatives from the West Virginia Chamber of Commerce, Workforce West Virginia and the West Virginia Manufacturing Association, all of which said their organizations have not yet formed opinions on the work-sharing program.

The state Legislature is studying the possibility of work sharing during the 2012 interim sessions.

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