

Immediate Release

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Implementing Work Sharing Could Help Both Business and Workers During Economic Downturns

In times of economic uncertainty, employers are sometimes forced to lay-off their workers to cut costs and stay profitable. Lay-offs hurt employees and can cause businesses to lose experienced workers. Instead, companies can use work sharing, a voluntary program that allows employers to use unemployment benefits to retain their workers and avert lay-offs. Work sharing has already been adopted in 24 states and the District of Columbia. If implemented in West Virginia, work sharing could be particularly helpful to the mining and construction industries which have both faced employments ups and downs during this past recession.

Today, the West Virginia Center on Budget and Policy is releasing *Reducing Layoffs: How Work Sharing Can Help Workers and Businesses in West Virginia* which describes how work sharing could help industries in West Virginia.

"Work sharing would allow West Virginia to use its unemployment insurance system to prevent layoffs, helping both businesses and their employees during economic downturns. With the new federal incentives available, adopting work sharing is a no brainer for West Virginia," stated Sean O'Leary, Policy Analyst with the West Virginia Center on Budget and Policy and an author of the report.

Work sharing allows employers to reduce the hours and wages of their employees who can then augment their paychecks with unemployment insurance. By doing so, employers avoid laying off employees and workers can continue to receive more pay than had they been laid off. Employers still cut costs during economic downturns without losing valuable trained employees. Employees remain attached to the workforce.

State unemployment funds are used to pay for this benefit. In addition, the 2012 Middle Class Tax Relief and Job Creation Act provides temporary federal financing of state work sharing benefits to encourage and promote program adoption and use. If West Virginia were to adopt work sharing, it would be reimbursed one-half of the amount of benefits paid to individuals, with participating employers paying the other half, for two years.

Work sharing is a voluntary program for employers so if it were to become law in West Virginia, only employers wanting to opt in would be enrolled.

The West Virginia legislature is studying work sharing during the 2012 interims.

The full report is available at www.wvpolicy.org or by calling [304-720-8682](tel:304-720-8682).

The West Virginia Center on Budget and Policy (www.wvpolicy.org) is a public policy research organization that is nonpartisan, nonprofit, and statewide. The Center focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families.