
STATE STRATEGIES FOR IMPLEMENTING A SHORT-TIME COMPENSATION PROGRAM

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INTRODUCTION

What is Short-Time Compensation?

The Short-Time Compensation (STC) program, also known as Work-Sharing or Shared Work, is a state program designed to help employees preserve their jobs, and allow employers to maintain their trained and skilled workforce during times of economic downturn. Rather than lay off employees, STC provides employers with the flexibility to reduce work hours until business demand increases. During this time of reduced work, employees may apply for a portion of their unemployment compensation to offset the impact of lost wages. Employees will also continue to receive health and retirement benefits, throughout the duration of their modified work schedule.

Real State Strategies To Use!

In order to accurately capture and elevate the most successful strategies that states have used to implement STC programs, nine states participated in phone interviews conducted by the firm Maher & Maher, over the course of two weeks. The U.S. Department of Labor, Employment and Training Administration (ETA) would like to acknowledge and thank the states of Florida, Missouri, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, Texas, and Washington for participating in these interviews and providing their invaluable insight, experiences, and recommendations to the development of this paper.

During the state interviews, representatives from each state's Unemployment Insurance agency were asked a series of questions that unveiled successful practices in planning and implementing state programs, building partnerships, providing training to staff and key partners, promoting STC to employers and employees, and evaluating their STC program. These conversations resulted in the strategies and recommendations contained in this paper that are relevant to any state wishing to implement an STC program or improve an existing program. ETA welcomes and encourages you to leverage these recommended strategies and make them your own!



Look for the  symbol next to state strategies where federal funding may be used to implement and improve state STC programs or to promote state STC programs and enroll employers.

Federal Funding Available to States for STC

Before the discussion of state strategies begins, there is one vitally important piece of information every state should know! The Middle Class Tax Relief and Job Creation Act of 2012 included federal funding to reimburse states for the STC benefits paid and to implement and support STC programs. This funding won't be around forever, so ETA encourages states to investigate the parameters below, and visit the links to federal guidance to understand the opportunities available to them.

Get 100% Reimbursement of STC Benefits Paid:

Note: The reimbursement of STC benefits is subject to sequestration. Please [contact ETA](#) for the percentage of reimbursement for the applicable Fiscal Year.

If your state was already administering an STC Program on February 22, 2012:

- If your state **was** already administering an STC program on February 22, 2012, and the state's STC law does not conform to the new federal definition of STC, your state can still receive 100% reimbursement of STC benefits paid. Reimbursement is available for up to 130 weeks and, for most states, until the week ending on August 23, 2014.
- Your state can continue to receive the 100% reimbursement if your state amends its STC law to conform to the new federal definition of STC by August 22, 2014. Your state can receive up to 156 weeks of reimbursement (which includes the weeks reimbursed prior to conformity), in most states, until the week of unemployment ending August 22, 2015.
- Your state must enter into an agreement with the Secretary of Labor to receive the 100% reimbursement.

For more information on the 100% Reimbursement, see Unemployment Insurance Program Letter (UIPL) No. 22-12 on the [STC Guidance and Model Legislation](#) webpage.

For information on the Model Language refer to UIPL No. 22-12, Change 1 on the [STC Guidance and Model Legislation](#) webpage.

If your State was not administering an STC Program on February 22, 2012:

- If your state was not administering an STC program at the time of the Act, your state can enact a law **conforming** to the new federal definition of STC and then receive 100% reimbursement of STC benefits paid. Reimbursement is available for up to 156 week and, in most states, until the week of unemployment ending August 22, 2015.
- Your state must enter into an agreement with the Secretary of Labor to receive the 100% reimbursement.

For more information on the 100% Reimbursement see UIPL No. 22-12 on the [STC Guidance and Model Legislation](#) webpage.

For information on the Model Language refer to the UIPL No. 22-12, Change 1 on the [STC Guidance and Model Legislation](#) webpage.

Implement, Improve, Promote, and Enroll Employers in your STC Program with DOL Grants:

Grant funds are available for the implementation or improved administration of an STC program or to promote and enroll employers in an STC program if:

1. State STC law conforms to the new federal STC definition;
2. State STC program is not subject to discontinuation; and
3. The conforming STC law is scheduled to take effect no later than 12 months from the Secretary's certification of grant approval.

Find out how much [grant funding is available](#) for your state!

For complete grant funding information, see UIPL 27-12. See also, UIPL 22-12, page 12, section 9 on the [STC Guidance and Model Legislation](#) webpage.

STATE STRATEGIES

Global Strategies

Throughout the interviews with participating states, two recommendations were heard over and over again. Staff interviewed in all states felt strongly about the following suggestions and agreed that they are critical to the implementation of a successful STC program.



Automate processes. Many states are currently managing all processes associated with their STC program manually. Employers must complete paper applications and forms and STC staff must manually enter this information into their databases. To improve and streamline these processes, states recommend the following:

- » Integrate all STC processes into the state's computer system. These processes may include filing claims, reporting hours, and submitting benefit payments. The nine states that participated in interviews agreed that automating these processes saves time, demands fewer staff hours, helps ensure timely payments to employees, and prevents documentation errors.
- » When developing automated processes, ensure that IT personnel have an understanding of the STC program and all activities that relate to documentation.
- » Coordinate STC benefit payments with the payment system for unemployment compensation. States that have automated their processes have found success when they integrate the STC payment system into their existing benefit payment system for regular unemployment compensation.
- » Soft-launch automated systems prior to going live.



Staff your program with knowledgeable people. States explained that staff members are the liaison for the STC program and those participating in the program (employers and workers) or those wanting to learn about the program. As such, states recommend the following considerations when staffing the STC unit:

- » Staff should be knowledgeable, dedicated, and recognize the value of the STC program to both employers and employees.
- » Staff should have excellent communications skills and the ability to convey complicated concepts in a clear and concise manner.
- » Staff should have a thorough understanding of the entire UI program and the role STC plays within that framework.
- » Staff should be able to articulate the potential impact that participation in the STC program might have on employers, such as effect on the employer's UI tax rate.
- » Staff must be nimble and responsive to employer questions or concerns. Since the role of STC staff is much like that of an account manager, they must have the ability to build and maintain a solid rapport with employers.
- » Training of staff is necessary!

Considering and Planning State Legislation

The motivation to consider a state STC program may arise from many factors. It may be driven by:

- Difficult economic conditions
- Employers or employer advocacy groups who wish to utilize STC
- Labor unions or other employee advocacy groups who are concerned with the welfare of employees
- Leaders in the state legislature, executive branch, or within the state UI agency who recognize the advantages of the program for their state

STC staff from one state noted that, during the early planning stages for their STC program, their state's UI agency created a task force to survey customers and stakeholders, and gain their support for implementation of the program. This task force was so effective that it remained intact and directed the implementation of the state's STC program when it began in 1983.

Several states indicated that many employers are concerned about entering into an STC agreement because of the negative impact participation might have on their UI tax rate. UI rates, however, may be higher for the employer if the employer had laid off the workers and they were totally unemployed. Also, if state law provides for non-charging, the employer may not be charged for the STC benefits that are reimbursed by the federal government.

Providing employers with flexibilities within your state laws can have a profound effect on employer participation and satisfaction with the program. The flexibilities reported by the states include:

- Provide up to 52 weeks of participation for employers in the STC plan.
- Offer the ability for a plan to include non-consecutive weeks (i.e. weeks out of sequence), this allows the employer to respond to business demand by utilizing STC for the weeks when a reduction of hours occur and not for weeks of full employment of workers in the affected unit.
- Allow for employers to enter into new plans once they have successfully completed an STC plan.
- If your state requires a large number of participants per unit, a lower number of minimum employees per unit can allow for participation by small employers. (Federal law requires that the affected unit must include at least two employees.)
- Permit plan modifications as warranted by fluctuations in business demand.

Starting and Implementing an STC Program

The early phases of planning and implementing an STC program are likely to be met with many questions about where to begin, who to involve, and how to best meet the needs of employers. The following strategies may help you get started:

- **Use other state programs as models.** Before your state embarks into the planning and implementation of an STC program, reach out to other states to understand the practices and strategies that worked best for them as they planned and implemented their own STC programs. For information on how to contact state STC staff visit the [Contacts](#) webpage.

- **Consider operational questions prior to implementing your STC program.** These questions might include:
 - » Is the state going to seek the Federal funding available to assist the state's operation of the STC program?
 - » What can the state afford in terms of staffing, training, and promoting the STC program?
 - » How will STC staff be trained?
 - » What type of program does the state's IT capability support?
 - » Has your state committed the staff and other resources required so that the STC program can be implemented, refined, and brought to scale within projected timeframes in order to meet the expectations of the Governor, legislature, or agency executives?

- **Anticipate and plan for a range of employer participation.** States interviewed noted that participation in STC ebbs and flows according to the condition of the economy and outreach efforts. As such, STC managers can expect the need for staff in the unit to vary as well. States experienced remarkable spikes in participation during the recent recession. For example, one state had 5,700 workers participating in STC in 2008 (300 employer plans) and in 2010 almost 44,000 workers were participating in the program (3,000 employer plans). The level of outreach states perform to promote their program can also have a dramatic impact on the level of employer interest. For example, one state sent a letter that highlighted the many benefits of the STC program to all employers. The spike in employer participation as a result of that letter was significant and immediate. Another state experienced a significant surge in interest after a national news network featured their work share program.

States explained that the changes in participation levels also resulted in substantive swings in the level of staff required to support their STC operation. States implementing STC programs, therefore, might consider planning for moving staff with STC expertise in and out of the unit as demand dictates and be prepared to add or train staff as necessary.

- Develop and launch an STC presence on the State's website prior to the start of your program. This can be either on the existing UI website or a website dedicated to STC. It is recommended that the STC webpage convey complete information for employers and employees about your program. The webpage is a valuable platform for promoting your program. Important information to make available on the state STC webpage(s) includes:
 - » A “Getting Started” packet for employers with forms and instructions for completing the employer application, and the forms and instructions for reporting STC hours worked and wages earned by employees and other required reporting elements in the affected unit.
 - » Desk aids for participating employers to assist with their administration of their plan.
 - » A claimant packet for employees that describes what they can expect and their responsibilities. This material might include a flowchart of next steps, instructions for filing claims and completing forms, a chart or other graphic to display STC payment calculations, and answers to frequently asked questions.
 - » Access to training opportunities and materials for employer representatives. For example, one state conducts live, virtual training sessions with employers via a virtual tool twice every week.
- **Provide staff instructions and desk aids.** Provide STC staff with clear instructions/desk aids at hand to facilitate smooth and consistent operations and answer any questions or concerns that are raised.
- **Review employer plans regularly.** Ensure compliance with state and Federal requirements. States shared examples of issues found during their review; e.g., one state discovered misreported hours of salaried employees. Regular STC program reviews may also help the state reduce improper payments.

Establishing Key Partnerships

Establishing partnerships that help support the development, implementation, and maintenance of state STC programs was identified as critical to their long-term success. The following chart identifies potential partners.

| Partners | Role Recommendations |
|---|--|
| STC Staff | <ul style="list-style-type: none"> • Provide guidance to impacted employers and employees. • Serve as a single point of contact for employers and partners. • Address concerns and solve issues that employers may present. Promote the STC program at every opportunity. |
| State and Local Workforce Investment | <ul style="list-style-type: none"> • Publicize and promote the program among state and local area employers. • Use STC data to target services to employers and employees. |
| American Job Center Staff (One-Stop Staff) | <ul style="list-style-type: none"> • Promote the program. • Provide information to employers and employees. • Collaborate with STC staff regarding how to appropriately represent the program at business and job fairs. |
| UC Field Service Representatives | <ul style="list-style-type: none"> • Promote the program. • Provide program information to employers. |
| Business Services Unit/ Team | <ul style="list-style-type: none"> • Develop and implement employer outreach strategies. • Promote STC as a viable alternative to staff layoffs. • Collaborate with STC staff regarding how to appropriately represent the program at business and job fairs. |

| Partners | Role Recommendations |
|--|---|
| Rapid Response | <ul style="list-style-type: none"> • Serve as key point of contact for businesses that are considering layoffs. • Offer STC as a viable layoff aversion strategy. • Collaborate with STC staff regarding how to appropriately represent the program at business and job fairs. • Serve as points-of-contact at business, job fairs, and related events. |
| Unions and other employee advocacy groups | <ul style="list-style-type: none"> • Promote program. • Embrace STC as a viable alternative to staff layoffs. • Disseminate program information among membership. |
| Business advocacy groups, including: <ul style="list-style-type: none"> • State human resource organizations • Industry and industry sector councils and organizations • Chambers of Commerce | <ul style="list-style-type: none"> • Promote program. • Embrace the use of STC as a business strategy during economic downturns. • Disseminate program information among membership. |
| Advisory council (consists of employers who represent the interests of business) | <ul style="list-style-type: none"> • Advise the state in the development and operations of the STC program. • Provide feedback about the effectiveness of STC policies and procedures. |
| Governor and state legislature | <ul style="list-style-type: none"> • Promote program. • Publicly discuss STC as a business strategy, layoff aversion strategy, and an economic development tool. • Disseminate program information among constituents. • Support the passage of legislation and subsequent modifications to statute. • Influence state STC policies. |



Training Unemployment Insurance and Workforce System Staff

While each state interviewed takes a unique approach to training, the following strategies resonated among the interviewees and have been met with success: Provide training to staff that work closely with employers.

Training can address:

- » The STC process
- » Program requirements
- » Responsibilities of the employers and workers
- » The benefits for employers and workers participating in STC
- » Instructions for completing applications and weekly certification forms
- » Specific operational strategies that target unique employer situations
- » Changes to state laws or policies



Develop and provide training materials for staff including: A well-considered curriculum and specific training session(s) will provide continued program success. You can provide informational PowerPoint presentations and regularly schedule training opportunities for staff.



Train STC staff members about the critical importance of working one-on-one with employers. State interviewees reiterated that successful employer outreach is directly correlated to committed, dedicated and accessible STC staff.

Offer training in a variety of formats, including:

- » In-person
- » Over the phone
- » Via webinars or other virtual platforms like WebEx
- » On your state website

Outreach and Program Promotion

States affirmed that word-of-mouth is often the best strategy for promoting their STC program, and testimonials from participating employers and employees are their most effective tools. Employers have successfully been promoting STC by speaking with other employers and sharing anecdotal stories about their experience with STC. Some states noted that employees are telling their friends about the program and prompting discussions with employers about how STC might help them. The following are additional strategies states have used to spread the word about the value of the STC program.



Don't let STC be your state's best kept secret! Actively promote STC through:

- » Public service announcements (radio and television)
- » TV news spots and interviews
- » Newspaper articles
- » Electronic newsletters
- » Free and paid advertisements
- » Brochures
- » Flyers
- » Posters
- » Presentations
- » Periodic press releases that highlight the impact STC has had on businesses

Provide comprehensive STC information that will help employers determine whether the program is a viable option. Ensure that your information is comprehensive and clear, and can effectively guide employers through STC processes from start to finish. Details include:

- » Program requirements
- » STC process
- » Employer responsibilities
- » Employee responsibilities
- » Key point(s) of contact
- » Links to your state website for additional program information

In addition, it is a good idea to make available the forms that are required for program participation, as well as instructions for completing those forms. States can also consider providing employer information in an online, downloadable handbook.

Target industries in your state: Reach out to your local economic development and/or commerce agency for potential leads on employers who may be interested in STC. You can direct program promotion to specific industry sectors known to participate in state STC programs (nearly all of the states identified manufacturing as a top user of the STC program) and you can introduce your program to industries that have not previously used STC (for example, states said that they work with doctors' offices, real estate companies, retail operations, and architecture firms). Also, create messaging and materials that are specific to an industry, it can help you effectively pitch your program. Use many outreach methods (e.g., print, e-mail, social media, etc.) to get the word out" about your STC program and reach more potential customers.

Think outside the box. Use non-traditional outreach methods and consider venues where employers may be accessible outside of their normal business environments. For example, one state promoted their STC program by handing out flyers and speaking with employers during a minor league baseball game.



Launch direct mail campaigns. Consider integrating STC materials into quarterly Unemployment Insurance tax mailings or other direct mail sent to employers.



Leverage your website. Interviewees noted that the state website is an employer's front door to the STC program. Use it as a canvas for comprehensive program information, client testimonials, success stories, Frequently Asked Questions, contact information, and other content that will pique an employer's interest in the program and encourage further investigation into its value.

Time your outreach efforts so that employers will reach for STC before they consider reducing their workforce. In other words, find ways to engage employers before they have made the decision to lay off employees.

Leverage social media. States are beginning to integrate tools such as Facebook and Twitter to promote STC. Some states note that they would like to explore social media channels further as employers become more accustomed to using them.

Anticipate employer concerns. Reinforce the value of STC while addressing any hesitancy employers might have about participating in the program. Concerns that states have heard from employers include:

- » “What’s the catch?” (Potential state response: There is no catch! The program benefits both employers and employees.)
- » “How will STC impact my Unemployment Insurance tax rate?” (Potential state response: STC may impact your UI rate, but the benefits can outweigh the costs or some employers UI tax rate may be lower than if the employer had laid off the workers.)
- » “Is there a lot of red-tape and hoops to jump through?” (Potential state response: The program is simple. There is not a lot of red-tape or hoops to jump through.)
- » “The status of our company is a private matter. Will our participation be kept confidential?”(Potential state response: STC participation will be kept confidential -- employers do not need to be concerned about this issue.)

Identify outreach opportunities to promote STC, and take advantage of opportunities to meet face-to-face with employers. Speak at town hall meetings, press conferences, workshops, and job/business fairs, and pitch STC as a viable, job-saving strategy.

Use media to promote STC. Issue press releases in a regular basis and make key STC personnel available for interviews. Also, identify employers who are willing to speak with the press about their STC experience.

Collaborate with the Governor’s office and the Unemployment Insurance agency communications office. Keep these entities in the communication loop so they can pitch the STC program to the press, employer groups, and other relevant audiences. One state mentioned that they send the governor’s office data and other evidence of the success and positive outcomes of the program.

Use positive feedback from STC participants when promoting your program. States acknowledged that sharing feedback from satisfied STC participants is an effective strategy for encouraging employers to give the program a try. You can use survey results and testimonials from participants to promote the program.



Apply for Federal funding to promote your program. Once your state law conforms with the 2012 Middle Class Tax Relief and Job Creation Act’s definition of STC, your state will become eligible for Federal funding that can be used to help promote your STC program.

Program Evaluation and Continuous Improvement

States acknowledge there is great value in performing program evaluations for continuous program improvement.

Gather feedback when you can. Some states indicated that they take measures to understand the STC program from the employer's and employee's perspective by using a range of survey methods, including:

- » Online (using tools such as Survey Monkey)
- » Phone
- » Email
- » Downloadable surveys housed on the state's STC website
- » Mail-in

Use employer feedback to drive legislative and policy changes. Nearly all states interviewed said that the anecdotal feedback they receive from participating employers provides a clear indication of how well the program is working. Furthermore, based on anecdotal employer input, states reported modifying state statute(s) to reflect evolving employer needs:

- » Improve flexibility in approved STC employer plans
- » Increase the number of weeks during which STC benefits can be paid
- » Reduce the minimum number of employees per unit to qualify for STC benefits
(Federal law requires that the affected unit must include at least two employees.)

Program Data & Evaluation of program. Determine how your state will gauge the effectiveness of its STC program. Also, identify the data that you will need to evaluate program effectiveness, how that data will be gathered, who will evaluate the data, and how often data will be provided and evaluated. Program data is gathered by many states and used to evaluate program interest, effectiveness, and costs. Such data includes: the number of participating employers, the number of employees covered under employer plans, the number of jobs saved, and the sum of STC benefits paid. States use program data to:

- » **Provide documentation to demonstrate and validate program accomplishments.** States provide program information regarding business participation to State and Local Workforce Investment Boards (WIB) and to organizations representing business such as the local Chambers of Commerce.
- » **Keep key stakeholders informed through tailored evaluation results and data.** States tailor program evaluation results and data to the unique interests of certain stakeholders. For example, one state sends the governor a monthly report and as a result has fostered goodwill between the state agency and the governor's office. Another state sends local WIB information on STC employers.
- » **Used to develop training and layoff aversion strategies.** Some Workforce Investment Boards and American Job Centers (previously called One-Stop Career Centers) utilize STC data, such as the number and type of STC participating employers, number of layoffs averted, and the number of jobs saved to help them develop staff training and layoff aversion strategies.

- » **Continuous improvement.** Consider how you will identify ways to continuously improve your program. For example, several states use information gathered from contact with employers to make changes to forms, processes, and even legislation.

Take Action to Establish or Improve State STC Programs

The strategies identified by states throughout this document are just part of the many tools and resources made available by the Employment and Training Administration on the Short-Time Compensation website. Here is what you can find on the site:

| Resources on the STC website | Description |
|--|---|
| STC Guidance and Model Legislation | Find everything you need to know about Federal grant funding available to states, model legislation, reimbursement of STC benefits paid, and more. |
| Developing a State STC Program | Learn how your state can launch an STC program! Provided is a step-by-step view of strategies to implement and maintain your program. |
| Business Outreach | Find tools and more strategies to launch an effective employer outreach effort, including an interactive How-To Engage Employers Guide, and a variety of outreach templates you can download and customize with your state logo and state specific information. |
| More Resources | Click on the More Resources tab to explore state STC web pages, view STC research and reports, find examples of Chambers of Commerce partner efforts, and discover STC in the news. |
| State and Federal Contacts | Get in touch with staff in states operating STC programs or contact your Federal partners. |