
STEPS FOR DEVELOPING A STATE SHORT-TIME COMPENSATION PROGRAM

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CONGRATULATIONS!

Your state has decided to embark on creating a Short-Time Compensation (STC) Program – a commitment to saving jobs.

Steps for Developing a Short-Time Compensation Program is designed primarily to provide assistance for those states that were not operating an STC program before Feb 22, 2012 – the date that the Middle Class Tax Relief and Job Creation Act of 2012 took effect. Step-by-step instructions, tools and resources to help walk you through the development process are below. States with existing programs may wish to review the recommendations and materials for the purpose of improving your STC program; however the following steps outline the basic strategies that apply to states that are at the STC “starting gate”.

Learn about STC and funding available.

The purpose of the STC program is to save jobs. The program does this by allowing employees to receive a portion of their weekly unemployment compensation (UC) when employers reduce their hours and it also allows an employer to retain their skilled workers and avoid the expense of recruiting, hiring and training new employees when business demand increases. The program benefits both employers and employees and is a Win-Win for Everyone!

Also, the Federal government provides funding. Take a look at the details:

Under the Middle Class Tax Relief and Job Creation Act of 2012 (the Act), the Federal legislation that provides the new federal definition of STC, when your state implements a program in conformity with Federal STC requirements, your state can be eligible for 100% reimbursement of STC benefits until the week ending August 22, 2015 (in most states) (see **Unemployment Insurance Program Letter No. 22-12**; and grant funding to support STC program administration and outreach to employers (see **UIPL No. 27-12**).

To view more details about the Federal funding available visit [STC Guidance & Model Legislation](#).

Learn about how states implemented their STC programs.

Take a look at the *State Strategies in Implementing a Short-Time Compensation Program* on the [Developing a State STC Program](#) webpage to see what your peers and state leaders are saying about their experience with STC. Then briefly scan the extensive list of resources on this site –examples of forms and materials from states with existing programs, templates, STC outreach materials, model legislation -- all available to help you get your program up and running; see [State Examples Resource Library](#). Your employer and worker constituents will be glad you did!

The backbone of any state STC program is the state legislation upon which it is based. The STC section(s) of the state's UI law will establish the parameters of the STC program. When drafting the provisions of state STC law, it is important to review UIPL No. 22-12, Change 1 and use this model legislation as the basis for the state's STC law. All the materials located on the [STC Guidance & Model Legislation](#) webpage will help with this task.

Creating conforming STC legislation often entails finding a champion(s) or leader(s) to get STC legislation introduced and passed. One or more state agency or department head, legislators, committee chairs, labor or business leaders may be the appropriate person(s) to lead the charge.

You also may want to consider using the following materials located on the [Business Outreach Toolkit](#) and the [Developing a State STC Program](#) webpages to demonstrate to leaders the benefits of STC:

- **A Viable Layoff Aversion Strategy** presentation for employers and **An Alternative to Layoffs** presentation for employees
- **STC 101: Engaging Partners and Stakeholders** presentation
- **An Overview for Business: Fact Sheet for Business**
- **How Does the STC Program Work?: Fact Sheet for Business**
- **Why is Short-Time Compensation Important to the Work I Do?**
- **State Strategies to Implementing a Short-Time Compensation Program**

Identify partners that will contribute to a successful STC program. Participating partners often include: Rapid Response Teams, Business Service Representatives, and/or American Job Centers (One-Stop Career Centers). See also **Other Helpful Resources** at the bottom of the [STC Guidance and Model Legislation](#) webpage for a link to Training and Employment Notice (TEN) No. 9-12 listing partners to consider when looking for help with layoff aversion.

Set up your STC organization.

If you haven't already done so, we recommend that you determine where in your state agency's organizational structure the STC unit will be located. Since claims for STC benefits may, in general, follow the procedures for regular UC, it is likely STC will become a specialized unit of the benefits operation. You can see suggestions from states with existing programs and find many useful suggestions on staffing the STC operation in **State Strategies in Implementing a Short-Time Compensation Program** on the [Developing a State STC Program](#) webpage.

We also recommend that you negotiate and execute a written agreement or Memorandum of Understanding (MOU) with participating partners (i.e., Rapid Response Teams, Business Service Representatives, and/or American Job Centers (One-Stop Career Centers). Consider including the following in your written agreement/MOU: the names of all parties to the agreement; a brief description of the collaboration process jointly developed; identification of those partners/agencies that will provide the specific services; description(s) of how feedback will be provided; and, description(s) of the role of the service provider(s).

Don't forget to include training on STC for staff in all the partner agencies; the return on your training investment will be better than you think! Training is covered in detail below.

Develop STC program operational procedures and processes.

When developing an STC program you will want to consider operational processes and procedures such as, setting up a process to establish STC program claimant eligibility and establishing eligibility requirements for employer participation in the STC program. You will also want to consider the process to review, approve/disapprove, modify and revoke, as necessary, STC employer plans, and procedures related to STC employer appeals. Plus, it is important to develop procedures and processes for STC initial and continued claims taking and processing as well as monitoring to ensure STC payments are made promptly and properly. Also, it will be necessary to develop procedures for required reporting of STC program/activities information in accordance with the Department of Labor's (Department) guidance, and develop state operating instructions and training for staff to ensure timely and proper payments of STC benefits.

Create and implement a state STC business outreach plan.

The effort to get employers engaged is important to a successful STC program. Here are some considerations for successful outreach and resources that can be found in the [Business Outreach Toolkit](#).

- Develop the state STC outreach strategy using the **How-To Engage Employers Guide** for suggestions.
- Conduct an analysis of your state's economy and use the results to target industries (such as those that are likely users of STC) and include those business entities in your outreach plan. Section 1 of the **How-To Engage Employers Guide** provides suggested tools. Even if your analysis identifies certain industries or employer groups that are likely to use STC, don't rule out other employers: Interviews with staff in states with existing programs noted instances where industries/employers that traditionally have not used the program in the past (e.g., a doctor's office) applied for and successfully used STC.

- Develop your STC outreach materials. See the many state examples and templates ready for you to customize in the [Business Outreach Toolkit](#) including:
 - » Employer brochures and outreach materials
 - » Employer and employee presentations
 - » Fact sheets for business
- Implement a coordinated enrollment and outreach strategy with potential state partners (i.e., Rapid Response teams, American Job Centers (One-Stop Career Centers), Business Services representatives, and Labor Organizations) to educate appropriate parties and encourage eligible employers to participate in STC to avert layoffs;
- Implement and operate the STC Outreach plan (see the How-To Guide for Engaging Employers in the Business Outreach Toolkit for suggestions).

You may think of other actions to get employers to participate. Check the [State Strategies in Implementing a Short- Time Compensation Program](#) on the [Developing a State STC Program](#) tab for ideas from your state peers who are successfully engaging employers.

Develop your state's STC program materials.

As your state develops materials to operate its STC program, refer to the [Business Outreach Toolkit](#) for examples and resources to help you get started developing these materials:

Employer application and instructions. Every state will need an employer application and accompanying instructions. The application requests information from the employer which are necessary to determine if the employer's application/plan meets the STC program requirements (e.g., affected unit(s) covered by the plan, number of full- or part-time workers in the unit, percentage of workers in the affected unit covered by the plan, employees participating in the STC plan, etc.). The employer must also certify on the application certain STC program requirements (e.g., reduction of hours is in lieu of layoffs, health and retirement benefits will continue etc.). Instructions will help ensure that the employer completes the form correctly and completely so that your state has all the information needed to decide whether STC program requirements are met.

Employer Guide. A well designed guide will give employers a step-by-step process for getting you the information to pay affected workers timely and accurately. Putting together a comprehensive guide will save time and resources for STC staff and employers. Information commonly found in a guide include: defining what the STC program is, program requirements, how an employer applies, how to modify an STC plan, the approval process, and the effective date and duration of the plan, the employee UI application process, employer responsibilities, what an employer should do next once the plan is approved, and the impact on the employer's UI tax rate.

Employer Orientation and Training materials. Providing orientation and training materials can assist employers in understanding what is required of them.

Worker Application for STC Benefits Form and Instructions. The application for STC benefits form can be adapted from your regular UI benefits application.

STC Continued Claim Form and Instructions. You may be able to adapt your STC continued claim form from your regular UI benefits forms, too.

Develop and deliver training for STC and partner agency staff.

You'll want staff in your STC unit to know your STC operation thoroughly. A short orientation may get them started, but a well-considered curriculum and specific training session(s) will provide continued success. Your STC staff can then adapt and deliver the training for staff in your partner agencies, which will solidify your staff's learning and also develop important relationships with those partner agency staff. There are some great materials in this website to help you develop your training materials including:

- Examples of State orientation materials in the [State Examples Resource Library](#).
- **State Strategies in Implementing a Short-Time Compensation Program** on the [Developing a State STC Program](#) webpage
- **FAQs for States** and **STC 101: Engaging Partners & Stakeholders** in the [Business Outreach Toolkit](#)
- Model Legislative language and Federal instructions on the [STC Guidance & Model Legislation](#) webpage

Implement and operate the STC program.

Here are a few of the major activities you can expect as you implement and operate your program:

- Apply for the STC grant funding (see UIPL No. 27-12).
(NOTE: The application for grant funding step can be done as soon as the Department has recognized your state's STC law is in conformity);
- Announce implementation of STC Program to the employer community and the public;
- Carry out your STC program business outreach plan;
- Review, approve, or deny employer STC plan applications;
- Administer STC plans with employers;
- Report STC activities to the Department as required (and to state leadership and other stakeholders); and,
- Use performance data and customer feedback to improve your STC program.

Please see the UI Program Letters on the [STC Guidance and Model Legislation](#) webpage for complete requirements and instructions related to operating your STC program.

Reporting STC program activities as required.

States operating an STC program report STC activities to the Department. Instructions for all STC required reports can be found in [Employment and Training Handbook No. 401](#), including specific line-by-line-reporting instructions for the reports listed below. State reporting for STC includes the following:

- Monthly reporting of claims and payments activities on the work-share specific form, ETA 5159, *Claims and Payment Activities* (note: an additional cell is now included for the number of participating employers);
- Weekly reporting of initial and continuing claims, as well as equivalent, on the form ETA 539, *Advance Weekly Initial and Continued Claims*;
- Monthly reporting of time lapse for first payments on the work-share specific form, ETA 9050, *First Payment Time Lapse*.
- Monthly Reporting of time lapse for continued weeks on the work-share specific form, ETA 9051, *Continued Weeks Compensated Time Lapse*.
- Monthly Reporting of UI financial transactions on the form ETA 2112, *UI Financial Transaction Summary Report*. STC benefits paid for using regular state UTF monies are reported on line 31.

States receiving federal reimbursement for the STC benefits paid will report additional information on the ETA 2112, UI Financial Transaction Summary Report.

For information regarding reporting requirements, see UIPL No. 22-12 (for states receiving 100% Federal reimbursement) on the [STC Guidance and Model Legislation](#) webpage.

If your state applies for and receives STC grant funding, you will have to comply with section 6, STC Required Reporting, in UIPL No. 27-12 on the [STC Guidance and Model Legislation](#) webpage. Also, the state will submit a quarterly progress report (the STC Grant Quarterly Progress Report) tracking its grant activities against the goals set forth in the STC grant application for funding. There are five sections for states to document quarterly STC activities:

- Implementation and/or improved administration;
- Promotion and enrollment;
- Outcomes (i.e., the number of averted layoffs, number of reduced hours, UI payments by sector/firm/size, etc.);
- Success stories; and
- Technical assistance needs.

There will most likely be other indicators of STC progress and/or success which are important to the stakeholders in your STC program, for example you might consider measuring:

- Cycle time on reviewing and approving/disapproving employer STC applications;
- Impact in target industries (number of employers engaged, number of layoffs averted, etc.);
- Customer satisfaction levels (both employer and employee); and
- Progress against any specific goals to which your agency and/or your partner agencies have committed.

Use performance data and customer feedback.

It is important to use performance data to improve your STC program. Therefore, it will be helpful if you can determine the data, measures, and uses of that information early in the development of your STC program. To the extent possible, automate your system to capture the data and produce the reports. Additional suggestions from states with existing STC programs are chronicled in the **State Strategies in Implementing a Short-Time Compensation Program** on the [Developing a State STC Program](#) webpage.

Consider analyzing your STC performance data and sharing those results with stakeholders. It could be useful to report back to a state legislative committee, for example, that the STC program has helped a significant number of employers in your state and saved the jobs of an equally significant number of workers.

Your partner agencies will also be interested in knowing the impact of the STC program. Business representatives on state and local workforce boards will likely be interested in STC program results as well. Once you've done the gathering, analysis, and formatting of your STC performance data, that information can also be helpful in your ongoing outreach strategy.

Examine Other Steps Necessary to Develop Your STC Program

The list above outlines some of the key steps for implementing your STC program. Your state may come up with other steps. We encourage states to develop the steps needed to deliver the best STC program possible.

The details for all required steps are included in the UI Program Letters referenced above. The resource materials, state examples, strategies and tools highlighted in this section are all available on the STC website.

CONGRATULATIONS ON GETTING STARTED ON YOUR STATE'S STC PROGRAM!