

## **IOWA WORKFORCE DEVELOPMENT**

### **VOLUNTARY SHARED WORK PROGRAM FACT SHEET**

#### **The Voluntary Shared Work Program**

The Voluntary Shared Work Program (VSW) is an alternative to layoffs during declines in regular business activity. Under VSW, work reductions are shared by reducing employees' work hours and Unemployment Insurance (UI) partially replaces lost earnings. By avoiding layoffs, employees stay connected to their jobs and employers maintain their skilled workforce for when business improves.

#### **VSW vs. Unemployment Insurance**

Currently, laid off employees can receive UI benefits for up to 26 weeks at a maximum of \$511.00 per week. This amount is charged against an employer's UI tax account. With VSW, employees receive a fraction of regular UI benefits equal to the percent of their work hour reduction.

The employer sets the duration of the plan (with agency approval), along with the percent of the full weekly UI benefit payment the employee receives. Workers can receive a portion of their UI benefits even if hours are reduced by as little as 20 percent.

#### **How does it work?**

Employers wishing to participate in the VSW program must complete a short VSW Plan Application. The plan must include:

- Affected work unit designation
- Number of affected employees (minimum of five employees)
- Planned percent of work hour reduction (must be between 20 percent and 50 percent and be the same for all affected employees)
- Estimate of the number of layoffs that would occur without VSW
- Impact (if any) on employees' fringe benefits
- Expected number of weeks reduced work will be needed
- Whether affected employees are covered by a collective bargaining agreement

IWD staff can help with completing the application. Employers must fully understand and commit to following the plan as outlined. If affected employees are covered by a collective bargaining agreement, written approval by their representative is also required.

#### **VSW Requirements**

To participate in VSW, the employer must:

- Be current in filing quarterly UI reports
- Have paid all UI taxes owed in full
- Not use VSW for seasonal work reductions

To be eligible to participate in VSW, affected employees must:

- qualify for UI benefits
- not have an existing UI claim in another state
- be able and available to work their usual hours of work for the VSW employer

#### **What is the cost?**

UI benefit payments for VSW and UI are charged to employer accounts in exactly the same way. Employers should be aware that, just as when laid off employees collect regular UI, use of VSW may affect the employer's UI tax rate.