

### A guide for Workers in Massachusetts: What you need to know about participating in WorkShare



#### **WorkShare: A Win-Win Program for Massachusetts Workers and their Employers.**

The goal of the Massachusetts WorkShare Program is to preserve the jobs of the Commonwealth's workers when it is necessary for their employers to cut payroll costs. WorkShare is designed to help both employers and employees during a temporary slowdown in sales or production.

When an employer participates in WorkShare, it allows workers to:

- ▶ keep their jobs,
- ▶ continue to receive company benefits, and
- ▶ utilize and develop their skills.

Instead of laying off workers, with WorkShare, an employer reduces the work hours of a number of employees. While employees' wages are reduced with WorkShare, they retain health insurance and other benefits—and the decrease in wages is partially offset by Unemployment Insurance benefits.

#### **An Overview of WorkShare**

Under WorkShare, employees collect a percentage of their Unemployment Insurance benefits equal to the percentage of the reduction in their wages and hours. All workers in the unit or units defined by the employer must share equally in the reduction of the normal weekly hours of work.

The reduction in hours may range from 10 percent to 60 percent.

The employees must work in a clearly defined group. The group can be the entire company, a facility, department, shift, job function or another definable unit with at least two employees.

#### **Here's an example:**

Your employer needs to cut payroll costs by 20 percent.

Under WorkShare, your employer reduces workers' hours by 20 percent – perhaps to a four-day workweek – instead of laying off 20 percent of the workers.

The affected employees receive 20 percent of their regular Unemployment Insurance benefits, thereby largely offsetting their lost earnings.

Workers continue to receive regular wages for the hours they work in addition to their WorkShare benefits.





## WorkShare: Who's Eligible to Participate

All Massachusetts employers are eligible to participate in the WorkShare Program. This includes both large corporations with hundreds of workers and businesses with only two employees, non-profit as well as for profit, and even governmental entities.

Any workers who would be eligible to receive regular Unemployment Insurance benefits are eligible to participate in the WorkShare Program.

## Adding Up Your WorkShare Benefits

### 1. On the Job

- ▶ You will receive wages equal to the number of hours you work each week.
- ▶ If you work 80 percent of your regular hours, you will receive 80 percent of your regular wages.
- ▶ You will receive your regular health insurance benefits.
- ▶ If there are changes in any of your other fringe benefits, they will be explained to you.

In order to be eligible for WorkShare benefits, you must work or be paid for all of the hours your employer has established for the WorkShare plan.

For example, your employer's plan may be that all employees will work 32 hours a week, instead of 40 hours.

If you miss any time during a week, working less than 32 hours – and sick leave, vacation leave or any other type of leave does not cover that time; you may not be eligible for WorkShare benefits during that week. For instance, if you are two hours late for work and are not paid for those two hours, you will not receive WorkShare benefits for that week.

Your employer must schedule everyone in the affected unit for the same number of hours of work. If anyone in the unit is scheduled to work or does work more than the hours stated in the plan, the whole unit may be disqualified from receiving benefits for that week.

### 2. WorkShare Unemployment Insurance Benefits

WorkShare benefits are based on regular Unemployment Insurance benefits. The first week of your claim for which you are eligible to collect benefits is your "waiting period". Massachusetts law requires this waiting period and you will not be paid benefits for that week. There are several steps used to determine your WorkShare benefits.

## Your Unemployment Insurance Benefit Rate

Under WorkShare, you will file an Unemployment Insurance claim.

- ▶ The Department of Unemployment Assistance (DUA) will determine your Unemployment Insurance (UI) benefit rate. This is the amount of benefits you would receive if you were totally unemployed.
- ▶ To do this, DUA will need information on your earnings during the 15 months prior to filing your claim.
- ▶ The earnings during your two highest quarters will be added together, and divided by 26 (the number of weeks in two quarters) to determine your average weekly wage.
- ▶ Your UI benefit rate is one-half of your average weekly wages. Your benefit rate, however, cannot exceed the maximum set by law. The current maximum benefit rate is \$1051 a week.

If you are not eligible to receive Unemployment Insurance benefits in Massachusetts, you will not be eligible to receive WorkShare benefits. You might not be eligible for Unemployment Insurance benefits because you did not earn enough money to establish a claim or you have an active Unemployment Insurance claim in another state.

## Your WorkShare Benefit Rate

Your Unemployment Insurance benefit rate is used to determine your WorkShare benefits.

- ▶ Your WorkShare benefit rate is calculated using the same percentage in the reduction of your working hours.
- ▶ If your working hours are reduced by 20 percent, then your WorkShare benefit is 20 percent of your Unemployment Insurance benefit rate.

### Here's an example:

Worker A regularly works 40 hours a week. Her employer is reducing her hours 20 percent. Her average weekly wage was \$500.

Unemployment Insurance (UI) benefit rate: \$250 a week

WorkShare benefits (20 percent of the UI benefit rate): \$50 a week

Worker A receives 80 percent of her regular wages plus \$50 a week in WorkShare benefits.





### Adding in Dependency Allowance

If you have dependent children, you may also be eligible for dependency allowance which is \$25 per child per week under full unemployment benefits. The amount of dependency allowance you may receive is also equal to the percentage reduction in your weekly wages.

You may be eligible for dependency allowance if you are the main support for any dependents who are:

- ▶ Under the age of 18;
- ▶ Under the age of 24 and a full-time student at an educational institution;
- ▶ Over the age of 18 and incapacitated due to a mental or physical disability.

#### Here's an example:

Worker B also works 40 hours a week, with a 20 percent reduction in hours. His average weekly wage was also \$500. Worker B has two children, 3 years old and 6 years old.

Unemployment Insurance (UI) benefit rate: \$250 a week

Dependency allowance for two children: + \$ 50 a week

Total UI benefits: = \$300 a week

WorkShare benefits (20 percent of UI benefits): +\$ 60 a week

Worker B receives 80 percent of his regular wages plus \$60 a week in WorkShare benefits.

### How WorkShare Affects UI Benefits

Once an Unemployment Insurance claim is established, a “benefit credit” is calculated. The benefit credit is the total amount of benefits you are potentially eligible to collect during your benefit year – the 52-week “life” of a claim.

Each claim also has a “duration of benefits.” This is the maximum number of weeks you are eligible to collect full Unemployment Insurance benefits.

#### Here's an example:

If someone had a benefit credit of \$7,500 and a regular UI benefit rate of \$250, full unemployment benefits could be collected for 30 weeks.

When you collect WorkShare benefits, however, your benefit credit is **only** reduced by the amount of your actual WorkShare payment (not including dependency allowance).

Because your WorkShare benefits are less than what your regular unemployment benefits would be, the potential number of weeks you can collect is extended beyond the number of weeks of your regular unemployment claim.

#### Here's an example:

Under the WorkShare Program, workers receive a portion of unemployment benefits equal to the reduction in work hours. If the reduction in work hours is 40 percent, the WorkShare benefits are 40 percent of the Unemployment Insurance benefit rate.



If the Unemployment Insurance benefit rate were \$250, the weekly WorkShare payment would be \$100. This means that the potential duration of the unemployment benefits would be more than 30 weeks.

In this example, if the plan were for 20 weeks, a WorkShare participant would have collected \$2000 of the \$7500 available for full Unemployment Insurance benefits. This means that \$5500 remains in the Unemployment Insurance claim. That money would be available for the 22 weeks remaining in the duration of the claim, if the worker became totally unemployed.

Under the law, the maximum duration of an Unemployment Insurance claim is 52 weeks. Any benefits remaining after 52 weeks would no longer be available.

### You Should Also Know

You also need to be aware of other features of the Unemployment Insurance program.

#### If you work part-time for another employer

If you have a second job, you will need to complete a form reporting your part-time earnings. Your WorkShare employer will have these forms. Once this form is completed, you must give it to your WorkShare employer so that your earnings from this second job can be used to make any needed adjustment to your WorkShare benefits.

Any wages you earn from the second job that are in excess of \$246 a week will be deducted dollar-for-dollar from your WorkShare benefits.



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**Here's an example:**

Worker A has a part-time job paying \$140 a week. Worker A would have no reduction in her \$50 a week in WorkShare benefits.

Worker A receives 80 percent of her regular wages, her part-time earnings of \$140 a week, plus \$50 a week in WorkShare benefits.

Worker B also has a part-time job. His job pays \$250 a week. Worker B would have a reduction in his WorkShare benefits.

Unemployment Insurance (UI) benefit rate: \$250 a week  
Dependency allowance for two children: + \$50 a week  
Total UI benefits: = \$300 a week

WorkShare benefits (20 percent of UI benefits): \$60 a week  
Amount of part-time earnings in excess of \$246 – \$4 a week

Worker B receives 80 percent of his regular wages, his part-time earnings of \$250 a week, plus \$56 a week in WorkShare benefits.

**Unemployment Insurance benefits are taxable**

Your WorkShare benefits will not be taxed when you receive them, but you will need to report your WorkShare benefits when you file your income taxes. You will receive a Form 1099G in the mail during January that will tell you the total amount you received in benefits during the prior year. Include this amount in your federal and state tax returns.

**Prior Unemployment Insurance overpayments**

If you received Unemployment Insurance benefits to which you were not entitled and you did not voluntarily repay these benefits to DUA, your WorkShare benefit will be taken to recover any overpaid amount until that balance has been paid.

**What Your Employer Needs To Do**

Your employer will submit a plan to the Department of Unemployment Assistance (DUA) using UI Online. Within 15 business days, DUA will notify your employer if the plan has been approved. If it is not approved, your employer may submit another plan. Below is the information your employer must give to DUA.

Your employer must:

- ▶ Specify the unit or units that will participate in WorkShare. These employees must work in a clearly defined group. The group can be the entire company, a facility, department, shift, job function or another definable unit with at least two employees.
- ▶ Certify that the reduction in work hours is in lieu of layoffs, and give the reason for the expected duration of the work reduction.
- ▶ Decide in advance the duration of the WorkShare plan. It can range from 1 to 52 weeks. The beginning and end dates must be specified. Because Unemployment Insurance benefits are paid for weeks beginning on Sundays and ending on Saturdays, the plan must have a Sunday start date and a Saturday end date.
- ▶ Identify the employees in the affected unit by name, social security number, the normal weekly hours of work, and the proposed reduction in working hours. All employees in the affected unit must be included in the WorkShare Plan and all must have the same reduction in hours.

- ▶ Apply the plan to only full-time or permanent part-time employees. Seasonal employees may not participate in WorkShare.
- ▶ Get agreement for the plan from the union, if the workers are covered by collective bargaining. When the WorkShare application is filed, the signatures of the appropriate union officials will be needed.
- ▶ Ensure that the reduction in the normal weekly hours is shared equally by all workers in the defined unit or units. The reduction in hours may range from 10 percent to 60 percent.
- ▶ Continue to provide the same health insurance benefits to the employees in the affected units. This means that their health insurance benefits cannot be changed because of their reduced hours of work.
- ▶ Continue to provide retirement benefits (under a benefit pension plan as defined in Section 3 (35) of the Employee Retirement Income Security Act of 1974) to any employees participating in WorkShare. Any change in retirement benefits must be explained.
- ▶ Agree to furnish all reports and information necessary for the administration of the plan, and permit DUA access to all records that are necessary to verify and evaluate the plan.
- ▶ Be up-to-date with unemployment contributions, payments in lieu of contributions, interest or penalty charges due to the Department of Unemployment Assistance.

Information about WorkShare can be found on the Department of Unemployment Assistance website at [mass.gov/workshare](http://mass.gov/workshare). If you have questions about the WorkShare Program, please contact the Department of the Unemployment's WorkShare Department at (617) 626-5521.

