

## **SHORT-TIME COMPENSATION**

### **FACT SHEET FOR FEDERAL EMPLOYEES**

Federal employees facing furloughs may receive notification by their Federal employer that it is considering Short-Time Compensation (STC) as a potential way to support impacted employees. The Federal employer's participation in an STC program is voluntary, and the STC process can only be initiated by the Federal employer (not the Federal employee).

STC is different than regular Unemployment Compensation (UC). STC provides partial wage replacement to individuals who would not otherwise qualify for regular UC due to the wages earned/hours worked during the reduced workweek.

#### **Overview:**

The STC program (also known as worksharing or shared work) is designed to benefit both employers and employees.

- STC provides an alternative to employers who otherwise might have to lay off employees. It allows employers to retain their trained workforces by reducing hours for an entire group of affected employees rather than laying off some employees while others continue to work their regular schedule.
- STC allows eligible employees to receive a portion of their UC payment while still receiving wages for the work they perform in a given week.

#### **STC Benefits:**

- Employees, who are otherwise determined eligible to receive UC (except that STC claimants are still job attached) receive a pro-rata share of the weekly UC payment they would have received if they were totally unemployed.

Example: An employee normally works a 40 hour work week. The employee's work week is reduced by 8 hours or 20%. Whereas, if the employee had been laid off and determined eligible for UC, would have received a weekly benefit amount (WBA) of \$270.00, if such individual was totally unemployed.

STC benefits for the individual would be calculated as follows:

20% x 40 hour work week = 8 hours  
Employee works and earns wages for 32 hours  
20% x \$270 WBA = \$54.00.

The employee would receive \$54.00 of unemployment benefits in addition to the 32 hours of wages earned from the employer.

- Any STC paid by the state to Federal employees is paid dollar for dollar by the Federal employer. As such, the cost of STC may be an important consideration when the Federal employer is deciding whether to participate in the STC program.

**STC Program Availability:**

- STC is a voluntary program for states and not all states operate an STC program. STC is only available to Federal employees working in states that do have an STC program. Currently, the following states have STC laws which may allow Federal agencies to participate in their STC programs: AR, AZ, CA, CO, DC, FL, IA, KS, MA, MD, ME, MN, MO, NH, NY, OK, OR, PA, TX, VT, and WA.
- Each state has different rules and thresholds for participation in the STC program and, therefore, even if the state has an STC program, STC may not be available to all Federal agencies or employees. For example:
  - The Federal employer may not be able to meet a state’s STC program requirements and, therefore, may have their application for STC denied.
  - Due to differing state STC program requirements, the Federal employer’s plan may be approved in one state but not another.

**Federal Employee Eligibility:**

- The Federal employer must have an approved STC plan in the state of the employee’s official duty station before the employee(s) may qualify for STC. The Federal employer will notify the affected employees if a STC plan is approved and will provide the employee information about the STC process for filing an initial claim and subsequently filing weekly/biweekly claim certifications.
- Federal employees must first be determined eligible for regular state UC (Federal employees are generally paid regular benefits under the Unemployment Compensation for Federal Employees (UCFE) program) in order to be able to participate in the STC program. Therefore, individuals who do not qualify for UC/UCFE will not qualify for STC. Generally, UC/UCFE eligibility requires qualifying wages in the preceding twelve to eighteen month period. This period varies according to the state in which the Federal employee has his/her official duty station, which will be the state where such claim is to be filed.
- Individual eligibility to participate in a STC program can also depend upon whether any provision in the state’s program requirements excludes certain individual(s) from participating. The types of employees listed below are often excluded from participation in STC programs:
  - Seasonal, temporary, or intermittent employees,
  - Part-time workers,

- Employees who have not been on the employer's payroll for a defined minimum period of time immediately preceding the date of the plan.

These categories of "excluded" employees cannot be included in the Federal employer's STC application/plan.

- State STC program requirements also affect an individual's eligibility to collect STC during a given week. Such provisions vary by state and can include (but are not limited to):
  - Taking unpaid leave during the week while filing for STC.
  - Taking a certain amount of furlough hours during the week which is below or above the state's STC permissible percentage of reduction of hours in the workweek.

For example, if the state's STC law requires that in order to participate in the program, the reduction in hours cannot be less than 20% and not more than 60%, the employee's work week is reduced by 4 hours or 10% (the employee normally works 40 hours). Since the employee's workweek is reduced below the state's permissible minimum percentage of 20%, the employee would not meet the state's STC program requirements.

- Working for an employer other than the STC employer during a week may affect STC payment depending on the hours worked with the non-STC employer.

### **Waiting Week:**

Employees that are eligible to participate in an employer's STC plan may be required to serve a "waiting week," which is a non-paid week (required by many states). After individuals have served a waiting week, they can begin to receive STC payments for each week their hours are reduced during the period the STC plan is in effect.

### **STC Process:**

- The Federal employer submits an STC application/plan to the state. If the STC plan is approved, the Federal employer will notify its employees of the plan approval and provide information about the STC program requirements and claim filing process. Questions regarding whether a Federal employer has an approved plan should be directed to the Federal employer.
- Upon approval of the plan, an initial claim must first be filed before employees may receive benefits. Typically, this can be done via a secure state website or paper filing (the filing method(s) varies by state). The process also varies by state and may involve both the employer and/or employee and includes:
  - The Federal employee's participation: The Federal employee must decide whether to participate in the plan and communicate the decision to the Federal employer. Depending on state rules, the employee may file the initial claim or the employer may file the claim in conjunction with the employee.

- The Federal employer's participation: The Federal employer will submit wage information to the state for those employees participating in the plan. The Federal employer may also be required to submit the initial claim information in conjunction with the employee.
- The state's participation: The state determines if the employee is eligible for UC/UCFE and informs the Federal employee of that determination. Questions regarding the state's determination should be directed to the state UC Agency.
- The state will require weekly/biweekly (varies by state) certifications and (depending upon the state) may be filed through a secure state website, by phone, or paper certifications. The specific process varies among states and can also require both the employee and employer to report information.
  - The Federal employer will:
    - Certify the employee's hours worked and/or wages earned and provide the information to the state for each employee experiencing a reduction in hours so the state can process the STC weekly/biweekly claim certification.
  - The Federal employer may also be required to certify:
    - Any employee's refusal of work during the week or bi-weekly period claimed.
    - Any employee's absence from work such as holiday, sick or vacation leave, etc.
  - The Federal employee may be asked to certify (weekly/biweekly) whether s/he:
    - Was available for work all other days in the week
    - Was on leave (holiday, sick leave, or vacation, etc.)
    - Worked and earned wages from services performed for another employer

## **Taxable Income**

UC (including STC) received under the UC laws of the United States, or under a state law, is taxable income. Individuals who have received UC should get a Form 1099-G from the state where the claim was filed, showing the amount paid and any Federal income taxes they elected to have withheld. For more information about the taxability of UC, see [Publication 525](#), Taxable and Nontaxable Income on the IRS Web site at: [www.irs.gov](http://www.irs.gov).

## **State STC Website or Contact Information:**

Additional information regarding specific state STC programs is available through the websites or contacts identified below:

### **Arizona**

<https://www.azdes.gov/main.aspx?menu=234&id=2196>

### **Arkansas**

<http://dws.arkansas.gov/Employers/SWP.htm>

**California**

[http://www.edd.ca.gov/unemployment/work\\_sharing\\_claims.htm](http://www.edd.ca.gov/unemployment/work_sharing_claims.htm)

**Colorado**

<http://www.colorado.gov/cs/Satellite/CDLE-UnempBenefits/CDLE/1251575107582>

**District of Columbia**

<http://seq.does.dc.gov>

**Florida**

<http://www.floridajobs.org/office-directory/division-of-workforce-services/reemployment-assistance-programs/short-time-compensation-program-for-employers>

**Iowa**

Connie Dykstra at [Connie.dykstra@iwd.iowa.gov](mailto:Connie.dykstra@iwd.iowa.gov)

**Kansas**

[http://www.dol.ks.gov/UI/swpempinfo\\_bus.aspx](http://www.dol.ks.gov/UI/swpempinfo_bus.aspx)

**Maine**

<http://www.maine.gov/labor/unemployment/workshare/>

**Maryland**

<http://dllr.maryland.gov/employment/worksharing/>

**Massachusetts**

<http://www.mass.gov/lwd/unemployment-insur/business-support/worksharing/>

**Minnesota**

<http://www.uimn.org/uimn/employers/help-and-support/shared-work/index.jsp>

**Missouri**

[http://www.labor.mo.gov/des/employers/shared\\_work.asp](http://www.labor.mo.gov/des/employers/shared_work.asp)

**New Hampshire**

<http://www.nhes.nh.gov/nhworking/stay/index.htm>

**New York**

<http://www.labor.ny.gov/ui/dande/sharedwork1.shtm>

**Oklahoma**

Frequently Asked Questions can be found at:

[http://www.ok.gov/oesc\\_web/documents/Shared%20Work%20FAQ's.doc](http://www.ok.gov/oesc_web/documents/Shared%20Work%20FAQ's.doc)

Email contact:

[SharedWork@oesc.state.ok.us](mailto:SharedWork@oesc.state.ok.us)

**Oregon**

[http://www.oregon.gov/EMPLOY/UI/EMPLOYER/pages/work\\_share\\_updated.aspx](http://www.oregon.gov/EMPLOY/UI/EMPLOYER/pages/work_share_updated.aspx)

**Pennsylvania**

[http://www.portal.state.pa.us/portal/server.pt/community/shared\\_work/21289](http://www.portal.state.pa.us/portal/server.pt/community/shared_work/21289)

**Texas**

<http://www.twc.state.tx.us/ui/bnfts/sharedwork.html>

**Vermont**

<http://labor.vermont.gov/Default.aspx?tabid=1575>

**Washington**

<http://www.esd.wa.gov/uibenefits/faq/shared-work.php>