



A Robinson+Cole Legal Update

Coronavirus (COVID-19)

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Need to Reduce Staff? Consider Shared Work Programs to Lessen the Pain

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The upending of the business cycle caused by the coronavirus outbreak may force many businesses to reduce headcount and payroll. While the immediate health crisis may pass quickly, many expect the economic impact to last much longer. Many current federal, state and local government programs can help businesses soften the economic pain.

One such program, called “Work Share” or “Shared Work,” allows businesses to spread the economic impact of workforce or hours reductions, making available a percentage of unemployment benefits to supplement weekly wages and salary.

Here’s how the program works. Suppose a business employs 90 hourly workers and 10 exempt salaried employees. It needs to reduce payroll by the equivalent of 50 hourly workers. The business could lay-off the least senior 50 hourly workers, making them eligible for unemployment and job placement assistance. But the business could elect to spread the economic impact of the reductions among the entire workforce, allowing affected workers to claim a portion of their weekly unemployment benefit. By pre-registering with the state’s shared work program, once approved, the business could reduce the hours of all workers by 50 percent, reducing the payroll and allowing each employee to qualify for 50 percent of the employee’s unemployment compensation.

Such programs carry with them many benefits. By continuing the employment of the entire workforce, the business preserves trained staff for any business rebound, eliminates the need to payout accrued leaves, and helps combat the human resources impact of large scale layoffs at a time of (potentially) limited employment opportunities.

Work share plans can present issues specific to an employer, so businesses will want to confer with appropriate professionals. Pre-approval from the state’s departments of labor generally is required before implementing a work share plan. Additionally, there are some particularly tricky issues when it comes to exempt, salaried employees, some executive employment agreements, and health care average-hours requirements. Businesses can learn more about state workshare programs by clicking on the links below to view the respective states’ website.

[California](#)

[Connecticut](#)

[Florida](#)

[Massachusetts](#)

[New Jersey](#)

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Robinson+Cole's Labor, Employment, Benefits + Immigration attorneys are ready to assist clients and friends seeking to take advantage of these programs.

Read more legal updates, blog posts, and speaking engagements related to this area on [Robinson+Cole's Coronavirus Response Team](#) page and feel free to contact any member of our team with questions.

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