

# Voluntary Shared Work Program (VSW)

## Information and Instructions for Employers

### The Process

An interested employer may obtain a Voluntary Shared Work Plan Application by contacting Iowa Workforce Development. To participate, an employer must reduce the normal weekly hours of work for an employee in the affected unit by at least 20 percent (but not more than 50 percent). If the plan is approved by Iowa Workforce Development, workers who qualify for unemployment insurance benefits can receive both wages and shared work benefits. The Shared Work benefits are the percentage of regular unemployment insurance benefits matching the reduction described in the employer's plan.

### **Example:**

A firm facing a 20 percent reduction in production may lay off one-fifth of its work force. Faced with this situation, a company can retain its total work force on a four-day-a-week basis. This reduction from 40 hours to 32 hours cuts production by the required 20 percent without reducing the number of employees. All affected employees receive their wages based on four days of work and, in addition, receive a portion of unemployment insurance benefits equal to 20 percent of the shared work weekly benefit amount payable had the employee been unemployed a full week.

An employee normally works a 40-hour week. The employer reduces the work schedule by 20 percent. The employer submits a plan and is approved under the Voluntary Shared Work Program. The employee qualifies for regular unemployment compensation with a weekly benefit amount (WBA) of \$360.

20% x 40 hour work week = 8 hours

Employee works and earns wages for 32 hours

20% x \$360 Unemployment Weekly Benefit Amount = \$72

The employee receives \$72 of unemployment benefits in addition to the 32 hours of wages earned during the week.

UI benefit payments for VSW and UI generally are charged to employer accounts in exactly the same way. Through the week ending February 21, 2015, the federal government will be temporarily reimbursing 92.7 percent of VSW benefit payments in the state of Iowa and employers will be charged only for the remaining 7.3 percent. After the temporary federal reimbursement ends, employer accounts will be charged in the normal way for benefits paid under the VSW program. 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.

### **The Conditions -- Employer**

Iowa Workforce Development may approve a Shared Work Plan if:

- There is an "affected unit" of 5 or more employees.
- The normal weekly hours of work and corresponding wages for a participating employee are reduced in the plan by not less than 20 percent and no more than 50 percent.
- All employees in the affected unit must be treated equally with regard to the reduction of hours in the VSW plan.
- Notice of participation will be provided to employees participating in the VSW program.

- The plan is approved by the collective bargaining representative for each organization which has members in the unit.
- The plan describes the manner in which the participating employer treats the fringe benefits of each employee in the affected unit. The employer must certify the plan will not affect health and retirement benefits.
- The employer certifies that the implementation of a Voluntary Shared Work Plan, and the resulting reduction in work hours, is in lieu of a layoff affecting at least 10 percent of the employees in the affected unit and results in an equivalent reduction in work hours.
- Employers must have paid all unemployment insurance contributions and filed all quarterly reports which are due in order to be eligible for this program.
- The employer must certify the VSW program will meet all Federal and State laws.

**Conditions for Shared Work Benefits -- Employee:**

- An individual must accept all work offered by the participating employer for the claim period filed.
- An individual is able to work and is available for regular work with the participating employer.
- An individual is monetarily eligible for regular benefits in the State of Iowa.
- No benefits are paid to an individual whose work hours are reduced as a result of a seasonal lack of work.
- An individual participating in a Shared Work Plan is not required to look for work and is not penalized for refusing job offers from other employers.

**An Alternative to Layoffs**

State and Federal Legislation provides employers the opportunity to participate in the Shared Work Unemployment Insurance Program, once a plan is approved by Iowa Workforce Development.

The Shared Work Unemployment Insurance Program is designed to help both employers and employees. It is an alternative for employers faced with a reduction in force. It allows an employer to divide the available work or hours of work among a specified group of affected employees in lieu of a layoff, and it allows the employees to receive a portion of their unemployment insurance benefits while working reduced hours.

If you desire additional information regarding this program, please call (515)242-5145.

Employers must have paid all unemployment insurance contributions and filed all quarterly reports which are due in order to be eligible for this program.

***You will be charged for the benefits paid for your participation in the Voluntary shared work program. This may increase your unemployment insurance tax rate significantly.***

Iowa Workforce Development  
 Attn: Michelle Roovaart, VSW Coordinator  
 1000 E. Grand Ave  
 Des Moines, IA 50319