

Reduction in Hours – Can Workers Receive Unemployment Benefits?

Partial Unemployment

Employers generally know workers who are totally unemployed through no fault of their own may collect unemployment benefits. However, workers may also file a claim and be eligible for partial benefits, if they are "underemployed." For example, partial unemployment exists during an economic downturn where an employer might choose to reduce employee hours, rather than implement a layoff. Another underemployment situation where partial benefits may be allowed is when an unemployed person finds a part-time job while continuing to search for full-time work. The Unemployment Insurance Program is designed to cover persons who are totally or partially unemployed.

Total unemployment is commonly defined as a week in which no work is performed and no wages are paid. Partial unemployment is normally deemed a week of less than full-time work. When computing a claimant's partial benefits, state unemployment agencies determine the difference between the weekly unemployment benefit amount and wages earned in the week being claimed (minus some earnings, which are "disregarded" for computation purposes).

Claimants are required to certify for continuing weeks of unemployment benefits with the unemployment agency, and must report all earnings for the week being claimed. The agency will determine if partial benefits are due.

Shared Work Programs

In basic terms, the hours of all workers participating in an approved Shared Work Program are reduced, but lost wages are

then supplemented by partial unemployment insurance benefits.

Participating workers are not subject to normal unemployment requirements regarding availability and work search; however, they must be available for their scheduled work week.

Employers interested in participating in a Shared Work Program must apply for plan approval with the state unemployment insurance agency. States offering Work Share Programs are: AZ, AR, CA, CT, FL, IA, KS, LA, MD, MA, MN, MO, NY, OR, RI, TX, VT and WA. Each state agency's plan will specify plan duration (generally 6 months to a year), the range of reduced hours allowed (normally 10%-40%), the number of partial UI benefit weeks allowed (usually 26 or 52 weeks) and the amount of weekly UI benefits payable. Once formally approved, an employer will need to supply weekly or bi-weekly certification information on each participating worker to the agency.

Shared Work Programs are special voluntary employer programs intended to provide a practical and mutually beneficial alternative to layoffs when business declines. These plans enable companies to keep their skilled workforce intact, and eliminate costs associated with recruiting, hiring and training new employees. Participating workers are able to avoid hardships associated with total unemployment. Both are able to quickly return to full operational status, once economic conditions rebound.