SHORT-TIME COMPENSATION (STC)

WHAT IS THE STC PROGRAM?

The Short-Time Compensation (STC) program, also known as work sharing or shared-work, is an alternative to layoffs for employers experiencing a reduction in available work. STC preserves jobs and trained workers during times of down turn economy. STC allows employers to reduce hours of work for employees rather than laying off some employees. Employees experiencing a reduction in hours, if determined to be eligible, may collect a percentage of their unemployment insurance (UI) benefits to replace a portion of their lost wages. STC cushions the adverse effect of the reduction in business activity on workers by averting layoffs and ensures that these workers will be available to resume prior employment levels when business demand increases.

Currently, 25 states are operating active programs (Arizona, Arkansas, California, Colorado, Connecticut, Florida, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Washington, and Wisconsin).

ESTABLISHING AN STC PROGRAM & EMPLOYER PARTICIPATION

The state where the employer operates the business must first enact the STC program in its law according to Subtitle D of Ttile II of the Middle Class Tax Relief and Job Creation Act of 2012. Once enacted, employers can contact the UI state agency for instructions on completing and submiting their STC plans for approval. The employer's plan must be in accordance with the state's STC law. Upon state approval, the employer can take advantage of the STC program in lieu of layoffs.

ELIGIBILITY REQUIREMENTS

In order to qualify for STC, employees must first be determined to be monetarily eligible for regular UI benefits. Employees who are eligible to participate in an employer's STC plan may be required to serve a mandatory "waiting week," which is a non-paid week (required by most states).

FILING A STC APPLICATION

The STC application process is initiated by employer(s) and not employee(s). Employers must submit STC applications to the state UI agency. Once the state agency approves the employer's application, unemployment weekly claims can be filed by either the employees or the employer depending on the terms of the employer's STC agreement with the state UI agency.

CONTINUED ELIGIBILITY

While receiving UI benefits under an STC plan, employees are not required to look for work under the state's eligibility requirements. However, employees are required to be available for work to their employer during their normal work schedule.

WEEKLY STC BENEFIT AMOUNT

The amount of UI paid to individuals filing for STC is a pro-rated portion of the UI payment they would have received if they were totally unemployed.

Example: An employee normally works a 40 hour work week. If the employee had been laid off and totally unemployed and determined eligible for UI, the individual would have received a weekly benefit amount of $270.00. Alternatively under STC, the employer submits an STC plan and the state UI agency approves the plan. Under the STC plan, the employee's work week is reduced by eight hours or 20 percent and the employee would receive $54.00 of benefits (or 20 percent of $270) in addition to the 32 hours of wages earned from the employer.

STC BENEFITS ARE TAXABLE

Any benefits received under the federal or state UC law is taxable income. Individuals who have received STC benefits should receive 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.

STATE STC WEBSTES:

You may contact state UC agencies for more information.

Arizona	Maryland	Ohio
Arkansas	Massachusetts	Oregon
California	Michigan	Pennsylvania
Colorado	Minnesota	Rhode Island
Connecticut	Missouri	Texas
Florida	Nebraska	Washington
Iowa	New Hampshire	Wisconsin
Kansas	New Jersey	
Maine	New York	

LEGAL AUTHORITY

Initially, states were authorized to implement temporary STC programs using funds from their accounts in the Unemployment Trust Fund (UTF), pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 (Pub. L. 97-248). The Unemployment Compensation Amendments of 1992 (Pub. L 102-318) added statutory authority for states to fund STC from the UTF and established certain requirements related to the definition of an STC program.

Congress passed and President Obama signed into law on February 22, 2012 the Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. 112-96) (the Act). Subtitle D of the Act, also known as the Layoff Prevention Act of 2012, specified the requirements of the STC program. The Act also provided resources to support states in implementing, improving, and promoting their STC programs.