

LEGAL UPDATES

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# DOL Promotes Shared-Work Program with \$1.8M in Missouri

Businesses have been greatly impacted by the recent COVID-19-associated economic downturn. Understanding that the pandemic is temporary, employers have searched for creative alternatives to layoffs. These employers have been forced to reduce expenses and retain valued talent, without asking employees to sacrifice needed income. Many employers are turning to state unemployment benefit programs for solutions.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized state funding to promote employers' enrollment in short-time compensation (STC) programs and streamline the reporting process to agencies issuing workers' unemployment benefits.

On August 11, 2020, the U.S. Department of Labor (DOL) issued a press release identifying Missouri as the first state to apply for and receive grants totaling \$1.8 million, the maximum amount available to promote and implement STC programs.

Missouri's Shared-Work Unemployment Compensation Program is a STC program as defined by the CARES Act, and may be the remedy to an employee retention issue that many employers are currently facing.

### **What is the Missouri Shared-Work Program?**

Missouri's Shared-Work Program allows employers to retain their skilled workforce and avoid layoffs during temporary reductions in available work. Under the program, employees receive pro-rated unemployment benefits to replace a portion of their lost wages while working reduced hours. Whether the goal is to reduce labor costs, or to achieve social distancing as a mitigation

measure to prevent the spread of COVID-19, employers can utilize the program to avoid layoffs and provide supplemental income to employees who work fewer hours as a result. In order for employees to receive the program benefits, the employer must submit an application outlining a shared-work plan to the Division of Employment Security for approval.

### **What are the eligibility requirements of an employer's Shared-Work Program plan?**

Eligibility in the Shared-Work Program is dependent on employer's plan satisfying the following conditions:

An "affected unit" of 3 or more employees exists, and the plan applies to at least 10 percent of the employees in the affected unit;

The plan provides for a reduction of between 20 and 40 percent in normal weekly hours or work and corresponding wages;

Fringe benefits provided to employees in the affected unit will remain unchanged despite the reduction in hours worked;

The hour reduction is a substitute for a layoff that would affect at least 10 percent of the employees in the affected unit; and

The employer has no outstanding quarterly contribution and wage reports due or delinquent taxes due for past or current periods.

Contributory and reimbursable employers participating in the Shared-Work Program will not be charged for shared work through December 26, 2020. Individual employees are eligible so long as the employee accepts all normal work hours offered by the employer for the claim period, is able to work and available for normal work hours, and is eligible for regular Missouri unemployment benefits.

### **Contact us**

If you have questions about how Missouri's Shared-Work Program or unemployment benefits might impact your business, contact Joe Glynias, Brittany Falkowski or your Husch Blackwell attorney.

*Tracey Oakes O'Brien, Knowledge Manager, is a co-author of this content.*

### **Comprehensive CARES Act and COVID-19 guidance**

## HUSCH BLACKWELL

Husch Blackwell's CARES Act resource team helps clients identify available assistance using industry-specific updates on changing agency rulemakings. Our COVID-19 response team provides clients with an online legal Toolkit to address challenges presented by the coronavirus outbreak, including rapidly changing orders on a state-by-state basis. Contact these legal teams or your Husch Blackwell attorney to plan a way through and beyond the pandemic.