NMMA National Marine Manufacturers Association

SHORT TERM COMPENSATION PROGRAM FAQ

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides robust temporary funding for state short-term compensation (STR) programs to help small businesses avoid layoffs and reduce payroll costs during the economic downturn caused by the COVID-19 pandemic.

Under the CARES Act, the federal government will reimburse 100 percent of the costs for states that currently have STC programs and 50 percent of the costs for states that create STC programs. Additionally, the federal government is providing $100 million in grants to help states create STC programs. Below are frequently asked questions about how to take advantage of STR programs. coronavirus.

WHAT IS A STC PROGRAM?

- STC, sometimes called work sharing, is a program within the federal-state unemployment compensation (UC) system that provides pro-rated unemployment benefits to workers whose hours have been reduced in lieu of a layoff.
- Under approved workshare programs, employees qualify for a percentage of unemployment benefits, equal to the percentage by which their hours have been reduced.
- For example, an employee normally works a 40-hour week. If the employee's work week is reduced by eight hours, or 20 percent, then the employee would then receive 32 hours of wages earned from the employer in addition to 20 percent of the weekly unemployment benefit.

WHO IS ELIGIBLE FOR BENEFITS UNDER A STC PROGRAM?

- In order to receive benefits under a STC program, employers must have an approved STC plan in place with the appropriate state workforce agency. The STC application process is initiated by employers—not employees.
- In order to qualify for STC, the UC system must first determine if the employee is eligible. While receiving UC benefits under an STC plan, employees are not required to meet availability or work search requirements, but they are required to be available for their normal workweek.

HOW DOES A STC PROGRAM BENEFIT BUSINESSES?

- Businesses can benefit from reduced expenditures on wages and salaries, helping meet immediate costs.
- STC arrangements can also reduce recruitment and training costs. When business improves, employers can increase the hours of existing employees rather than recruiting and training new ones.
- STC arrangements are also attractive alternatives to layoffs because they prevent the business from losing skilled employees during an economic downturn. A study of STC in California found that many businesses were using STC arrangements for older and higher paid workers suggesting that business were utilizing the program to retain highly skilled workers.

HOW DOES AN STC ARRANGEMENT IMPACT MY EMPLOYEES?

- STC programs keep workers in their jobs and ensure continuity of health benefits for the duration of the arrangement.
- By avoiding layoffs, STC arrangements help sustain employee morale and productivity. Even employees who survive layoffs may be vulnerable to "survivor's guilt" which can reduce productivity.

National Marine Manufacturers Association

SHORT TERM COMPENSATION PROGRAM FAQ

DOES MY STATE HAVE A STC PROGRAM? HOW CAN I APPLY?

In order to apply for a STC program, you must fill out an application on your state's dedicated website. A list of all participating states as of June 2019 and a link to each program's website is below:

- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- D.C.
- Florida
- Iowa
- Kansas
- Maine
- Maryland
- Missouri
- Nebraska
- New Hampshire
- New Jersey
- New York
- Ohio
- Oregon
- Pennsylvania
- Rhode Island
- Texas
- Washington
- Wisconsin