

# Unemployment Insurance Workshare Program Services

Employment Tax Advisory Services



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# The current environment

Businesses are asking how they can prevent losing an experienced workforce during the temporary economic disruption caused by COVID-19.

To contain the outbreak of COVID-19 in the US, numerous state and local governments have temporarily closed nonessential businesses and issued “stay-at-home” orders, creating a historic disruption to the US workforce. In March 2020 alone, the U.S. Bureau of Labor Statistics reported that total nonfarm payroll employment fell by 701,000.

Despite federal incentives for businesses to keep their employees, such as the employee retention tax credit and Social Security tax deferral options under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), many employers still find that the sustained disruption caused by the COVID-19 emergency leaves them no choice but to reduce payroll expenses during this temporary period of financial decline.

The challenge for businesses is that if they reduce employees’ work hours, they risk losing them to other employers. And if they lay off employees now, in the throes of the COVID-19 emergency, they risk not having experienced employees when operations return to normal.



# How workshare plans can help

A state workshare (short-term compensation or STC) program is an alternative for employers faced with a reduction in the workforce by allowing employees to receive a portion of their unemployment insurance (UI) benefits while working reduced hours.

Participation in a workshare program can potentially assist employers and employees facing a workforce disruption due to COVID-19 in the following ways:

## **Employer benefits**

- ▶ Retention of an experienced workforce.
- ▶ Reduction in the administrative and training costs associated with hiring new employees once business operations return to normal.
- ▶ Reduction of disruption in productivity.
- ▶ Through December 31, 2020, partial UI benefits paid in connection with COVID-19 are not charged to employer accounts like they normally are; therefore, the employer's UI tax rate is not directly impacted.

## **Employee benefits**

- ▶ Employees receive partial UI benefits to supplement their wages, including, through July 31, 2020, the \$600 additional weekly UI benefit under the CARES Act for COVID-19-related benefits.
- ▶ Employee benefits are protected while they are participating in the workshare program.

A state workshare program gives employers an alternative to laying off employees by paying partial unemployment benefits to employees on a reduced work schedule.



# Steps to obtain and maintain a workshare plan

Step	Action	Challenge
1	Evaluate feasibility for all affected work units	State eligibility requirements differ, and these must be factored into the analysis.
2	Apply to the state	Gathering and analysis of employee data are necessary for this step as well as data security protocols when transferring this information to the states.
3	Communicate to affected employees	State requirements concerning content and timing differ.
4	Certify the plan in accordance with state requirements	Frequency of reporting differs by state. Gathering and analysis of data are necessary to determine if the requirements at the plan and employee/unit level are met.
5	Review benefit claims	State computation of benefits differ. Separate tracking of COVID-19 claims is necessary because generally there is no charge to the employer account for these UI benefits.
6	Renew or terminate plan	State requirements concerning the maximum duration of a plan differ. Ongoing evaluation is needed to determine if a plan should be terminated or renewed according to state rules.



# How Ernst & Young LLP can help



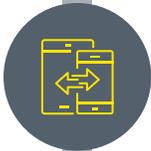
## 1. Identify state requirements

Compile the state laws and administrative guidelines governing workshare programs in applicable states and help you apply them to your facts and circumstances.



## 2. Feasibility study

Based on state requirements, data analytics and program cost estimates, assist in determining where workshare is feasible and how it might be best approached.



## 3. Plan application assistance

Assist in the preparation and filing of workshare plan applications in compliance with data security requirements.



## 4. Program reporting and analysis

Assist in meeting certification reporting requirements and assist in monitoring the plan for compliance at the individual and plan levels.



## 5. Employee communications

Assist in meeting required employee notices and communications, and provide assistance with employee inquires throughout the plan's term.



## 6. Benefit claim review

Perform benefit calculations according to the state's guidelines and review benefit claim notices for accuracy, including confirmation that COVID-19 noncharge provisions are complied with by the state.

# Why us?

We are one of the nation's leading providers of employment tax advisory services representing many of the largest US and global employers. Some reasons businesses choose us:

- ▶ We employ over 100 professionals across the US who are integrated within our regional and national tax practices.
- ▶ We provide unemployment insurance claims and management services to some of the largest US employers.
- ▶ We were [recognized by the National Association of State Workforce Agencies](#) in 2019 and 2020 for our dedication to eliminating UI waste and abuse by committing to use Unemployment Insurance State Information Data Exchange System ([SIDES](#)) for UI benefit claims.
- ▶ Our service team includes seasoned employment tax professionals including professionals (CPPs) with experience in complex areas such as US foreign employment tax, short-term business traveler, audit defense, mergers and acquisitions, unemployment insurance, and more.
- ▶ We have a commitment to ongoing training of our professionals through our Ernst & Young LLP Employment Tax University continuing education program.
- ▶ We are innovators in technologies that bring value and efficiency to our clients in such areas as unemployment insurance claims, taxability and process review.
- ▶ We offer useful content for clients, including special reports, *EY Payroll Newsflash* (timely alerts on federal and state payroll tax developments) and our monthly newsletter, *Payroll Perspectives*. We have issued over 100 COVID-19 federal and state tax alerts and published a [COVID-19 guide for employers](#).
- ▶ Our holistic approach to workforce tax services allows us to coordinate data from employer tax credit programs, such as the Work Opportunity Tax Credit and employee retention credits to streamline and simplify the data gathering and analytical processes.

We understand that effective unemployment insurance management is a strong component of an overall employment tax management program that can lead to significant savings for businesses. Our extensive tax planning experience, combined with a focus on efficient unemployment cost management, helps clients address and organize their employment tax needs.



## Contact us for more information

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