

Arizona's Shared Work Program **DES UI Tax Special Bulletin**

The Arizona Department of Economic Security (DES) has revised the Shared Work Program to support employers facing labor cuts as a result of the COVID-19 pandemic to provide maximum flexibility for expedited economic recovery.

The Shared Work Program is an alternative for employers faced with a reduction in force that allows an employer to divide available work or hours among a specified group of affected employees in lieu of a layoff. The program allows the employees to receive a portion of Unemployment Insurance (UI) benefits while working reduced hours. To participate in the Shared Work Program, employers must complete an application and receive approval from DES.

Participation in the Shared Work Program can support employers impacted by COVID-19 in the following ways:

- Retention of an experienced labor force
- Eliminate the administrative and training costs of hiring new employees when the economy recovers
- Eliminate disruption in production
- Steady and stable morale among employees

DES is temporarily increasing the maximum reduction of hours for employers to qualify for the Shared Work Program from 40 to 60%. This 20% increase means, for example, that an employer can reduce an employee's hours from 40 hours/week to 16 hours/week and still qualify for the Shared Work Program, if the employer continues to provide employees with health and retirement benefits.

Employees eligible to receive unemployment insurance benefits will also qualify for Federal Pandemic Unemployment Compensation (FPUC), which provides an additional \$600 per week from March 29, 2020, to July 25, 2020.

Also, per recent federal and state legislation, in addition to Executive Order 2020-11 signed by Governor Ducey on March 20, 2020, DES will not consider unemployment benefits granted during the duration of the emergency declaration in Arizona chargeable to employers' experience rating account, including those provided as part of the Shared Work Program.

Changes to Arizona's Shared Work Program are expected over the next few weeks, as DES implements guidance from the U.S. Department of Labor. DES will share updates to policies and procedures through the Shared Work Program webpage.

DES and ARIZONA@WORK are here to support employers by providing resources to ensure optimal recovery following the COVID-19 pandemic. For more information, please visit our website.