Reducing Employee Hours v. Layoffs: A Texas Alternative

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Like most employers worldwide facing economic difficulties, Texas employers are struggling with the issue of how to avoid massive layoffs. The Texas Workforce Commission Shared Work Program is one example of a solution that allows an employer to reduce an employee's hours, as opposed to laying off its employees, while permitting affected employees to collect a portion of unemployment benefits.

Here's how it works:

- The employees' hours must be reduced not less than 10%, and no more than 40%;

- An employer can have different reductions for different employees or departments, but the employer's plan must apply to at least 10% of the employees in the particular unit that is affected by the plan;

- Because the Shared Work Program is an alternative to laying off employees, an employer must provide the TWC with an estimate of the number of employees who would be laid off, if the employer had not participated in the program;

- The employer must continue to provide the same employee benefits to employees as it was providing before the reduction in hours;

- The TWC will pay shared work employees partial unemployment benefits to supplement the wages lost to working reduced hours.

The TWC Users' Guide for the Shared Work Program outlines the requirements and benefits of the program, and provides a link to the TWC website where an employer can submit its plan.

Texas is not alone in offering a shared work program. Currently, over 25 states have some form of program that permits employees to receive a portion of unemployment benefits while still remaining employed at a reduced schedule. Each state's program differs, and employers who are interested in taking advantage of this option should review the relevant states' unemployment agency sites and consult with legal counsel for further information.

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