April 28, 2020

The Honorable Nancy Pelosi
Speaker of the House
Washington DC 20515

Dear Speaker Pelosi:

We, the undersigned, urge you to enact substantial improvements to the short-time compensation program, or work share, as part of the next COVID-19 relief package. While the CARES Act did strengthen work sharing programs in the states with existing work sharing laws, recent developments demand even stronger policies.

In just the last five weeks, an unprecedented 26 million people filed for unemployment benefits. One path to potentially limit the number of unemployed over the coming months is to encourage employers to reduce hours rather than laying workers off. A robust, enhanced federal work sharing program could do just that.

In the states that have made use of the existing Short-Time Compensation program -- as well as in a number of countries that have similar policies -- work sharing has prevented layoffs and contributed to a faster recovery in previous downturns. Work sharing allows employers to reduce hours for all workers instead of laying them off. The employees are then compensated for the reduction in hours with a portion of their unemployment insurance benefits to make up for the difference in lost wages. This keeps people working and businesses open while allowing businesses to quickly ramp up as the economy recovers. As suggested by Congressman Mark Pocan, to adequately address the reduction in GDP and potential job loss, the federal work sharing program should be improved by:

- allowing employers participating in the work sharing program to reduce hours worked by employees to 20 percent of their normal working hours
- having the federal government temporarily cover 100 percent of work sharing program costs in all states,
- allowing all businesses to participate in work sharing, regardless of firm size (to participate in state work sharing programs, some states currently require a minimum number of employees, in effect barring some small businesses)

A stronger federal work sharing program could slow the rise in unemployment. These improvements would allow thousands of additional businesses to participate in work sharing, reducing layoffs and overall costs to unemployment insurance benefits. Strengthening work sharing along with other payroll subsidies could bring about a quicker and broader economic recovery. It is important that Congress act decisively and enact these measures without delay.

Sincerely,

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