★ ★ ★ ★ United States Senator for Ohio ★ ★ ★ ★

Sherrod Brown

LAYOFF PREVENTION ACT OF 2011
SUMMARY

OVERVIEW: *The Layoff Prevention Act of 2011* prevents further layoffs and job loss through new incentives for short-time compensation (STC). STC programs prevent business disruption and skill erosion by allowing businesses to keep employees on the job with reduced hours. Employees in turn receive partial Unemployment Insurance (UI) benefits to make up for lost wages. With fewer workers unemployed, there is then less of a burden on the UI system. More importantly, this results in more people working while enabling businesses to retain skilled workers.

<u>States with STC laws (with unemployment rates):</u>
Arizona (9.1%), Arkansas (7.8%), California (11.7%), Colorado (8.7%), Connecticut (9.1%), Florida (10.6%), Iowa (6.0%), Kansas (6.6%), Louisiana (8.2%), Maine (7.7%), Maryland (6.8%), Massachusetts (7.6%), Minnesota (6.6%), Missouri (8.9%), New Hampshire (4.8%), New York (7.9%), Oklahoma (5.3%), Oregon (9.3%), Pennsylvania (7.4%), Rhode Island (10.9%), Texas (8.0%), Vermont (5.4%), and Washington (9.1%).

SPECIFIC PROVISIONS:

1. Offers Temporary Federal Financing
   - States with approved STC programs receive federal financing for 100 percent of benefits paid to workers. This financing program is available for up to 3 years. States with existing STC programs automatically receive 100 percent financing for 2 years and are eligible for a 3rd year once their program is approved.
   - States without STC programs can take advantage of a federal program that would provide employers with access to work sharing and states with federal financing for 50 percent of work sharing benefits. This financing is available for 2 years.
2. Provides Additional Incentives
   - States with approved STC programs are eligible for grants for implementation and improved administration and larger grants for promotion and program enrollment efforts.
   - Contains Limitations Focused on Long-term Employment.
   - Employers cannot participate if their workforce is employed on a seasonal or temporary basis.
3. Enhances STC
   - Requires the Department of Labor to
     - A) update model legislative language to help states develop and enact STC programs (model language was last updated during the 1980s);
     - B) consult with employers, states, and others to improve the administration of STC;
     - C) provide technical assistance and guidance to states; and
     - D) survey states and employers to determine challenges to enacting STC.