

Making the Work-Sharing Program Work Better

Work-sharing is a federal government adjustment program designed to help employers and workers avoid temporary layoffs where there is a reduction in the normal level of business activity that is beyond the control of the employer. The measure provides income support to workers eligible for Employment Insurance (EI) benefits who are willing to work a temporarily reduced work-week. Under a Work-Sharing Agreement, the employer shortens the work-week by one to three days (20 percent to 60 percent) and pays reduced wages accordingly. For the hours, days, or shifts not worked, Service Canada arranges for EI eligible workers to draw benefits, helping to compensate for the lower wages received from the employer.

The program is a win-win for employers and participating employees. For employers, it provides an opportunity to reduce payroll costs and still retain valued, skilled employees that they would otherwise lose entirely through laying off, and avoids the expense of hiring and training new employees when business activity returns to normal. For participating employees, they retain their employment, avoiding the hardships of being laid off by continuing to be compensated for hours worked as well as receiving EI benefits for the reduced hours. The federal government gains by having employment and jobs sustained, and reducing EI benefits costs that would otherwise be paid fully for employee lay-offs.

In Budget 2009, the federal government introduced some positive changes to Work-Sharing as a temporary measure, to be in effect until April 3, 2010. The maximum agreement duration for Work-Sharing applications received as of February 1, 2009 was increased by 14 weeks to 52 weeks. This measure is estimated to cost \$200 million over two years (\$100 million per year). In addition employers with active Work-Sharing Agreements, once expiring, could immediately reapply for a new agreement up to 52 weeks.

Many employers appreciate the Work-Sharing program as being a key factor that allows them to survive a slowdown and retain valued employees. While many aspects of the program are good, there are also significant improvements that can be made to the benefit of employers that would make the program clearer, more flexible, less administratively onerous, and also encourage a higher level of participation – and achieve a higher level of sustained employment.

Employers lose control of their normal business decisions

The program guidelines and criteria currently give a negative impression that program participation diminishes the control of the employers to make sound business decisions to advance the business' interests.

Some of the criteria limit effective business decisions. Hiring decisions: the program scrutinizes participating employers on any new hiring required. Scheduling: the program scrutinizes work hours of participating employees that may be required for full time hours as a result of a temporary increase in business that will terminate agreement if lasting over six weeks. In addition, the program only allows for reduction in days of work and not hours of work in a workday that may better meet the business' needs.

Employers' eligibility for participation unnecessarily cumbersome

Employers applying for Work-Sharing are required to submit a very detail application that includes two years of historical financial information (quarterly or monthly data) demonstrating a business slowdown and hardships. In addition, a detailed 12-month business recovery plan must be submitted outlining the strategies that the business will implement to recover the business. These criteria are onerous, cumbersome and time-consuming to develop and produce, and certainly not as necessary for each individual business to demonstrate given the current economic climate. It also creates a strong disincentive for employers to participate. The criteria would serve employers better if eased so that applicants can simply articulate in a written submission its existing challenges and measures being taken to sustain the business. A strong effort is needed to simplify the criteria for employers to set-up and manage the program.

The waiting period for approval is supposed to be 30 days, however, various employers have reported waiting six to eight weeks – some of this attributed to additional time required to adequately meet the detailed requirements. This timeline is too long.

Expand criteria for positions eligible for participation

The criteria of positions which are eligible are not very clear and considered restrictive. Currently, the program dictates that those “who assign workloads” i.e. managers, are “generally” not eligible to participate in the program. The program should leave it to the Employer’s discretion to identify which positions in the organization are eligible for participating. Often it is in the better interest of business sustainability to reduce hours for higher paid employees, including managers, versus lower-paid entry level positions business slowdowns may also contribute to reduced workloads for managers; and for optics and employee morale, management may wish to demonstrate that they are also taking similar measures for themselves.

Raise awareness and better promote program

While the Work-Sharing program can be invaluable to employers, there is a strong lack of awareness about the program. Service Canada has one website page dedicated to the program that includes a link to an Applicant Guide and Printable Application Form. There is no active marketing or promotion of the program.

Recommendations

That the federal government:

1. Afford employers participating in Work-Sharing program the ability, flexibility, and discretion to make sound business decisions, without limiting any needed hiring and scheduling decisions (despite the employer experiencing an overall slowdown particularly as part of a national economic recession).
2. Simplify and ease employers’ eligibility requirements for participation, in particular demonstration of business hardships, provision of detailed historical financial data and recovery plan, and reduce length of time for approvals.
3. Open the window on the criteria for positions which are in scope to participate in the Work-Sharing program.

4. Actively market and promote the Work-Sharing program to employers and ease with which employers can apply and manage.
5. By December 31, 2009, re-assess the temporary measures included in Budget 2009 for possible extension beyond April 3, 2010 in order for employers to anticipate future program requirements.