PROGRAM OVERVIEW

The Voluntary Shared Work Program (VSW) is Iowa’s version of Short-Term Compensation (STC).

The VSW program is intended for use as an alternative to layoffs and has been an effective tool for Iowa businesses experiencing a decline in regular business activity. Under VSW, work reductions are shared by reducing employees’ work hours and Unemployment Insurance (UI) partially replaces lost earnings. By avoiding layoffs, employees stay connected to their jobs and employers maintain their skilled workforce for when business improves.

VSW PROGRAM VS. UNEMPLOYMENT INSURANCE

Currently, laid off employees can receive UI benefits for up to 16 weeks at a maximum of $548.00 per week. This amount is charged against an employer's UI tax account. With the VSW program, employees receive a fraction of regular UI benefits which is equal to the percent of their work hour reduction.

The employer sets the duration of the plan (with agency approval), along with the percent of the full weekly UI benefit payment the employee receives. Workers can receive a portion of their UI benefits even if hours are reduced by as little as 20 percent.

EMPLOYER ADVANTAGES

With VSW, employers can:

• maintain productivity and quality levels (because the same experienced employees are doing the same work)
• keep the ability to expand operations quickly when business conditions improve
• reduce training costs by keeping the workforce intact
• avoid costs related to hiring and reassignments
• avoid transfers, demotions and tenure-based layoffs

EMPLOYEE ADVANTAGES

With VSW, employees can:

• keep job skills sharp
• maintain a higher family income than with UI benefits alone
• keep health insurance and retirement benefits
• continue building job tenure
VSW REQUIREMENTS

To participate in VSW, the employer must submit a Voluntary Shared Work Plan Application[link is external] that:

- provides an estimate of the number of layoffs that would occur without VSW
- lists the percent of reduction in affected employees’ work hours (must be between 20 percent and 50 percent and be the same for all affected employees)
- employee's work hours based on a workweek that does not exceed 40 hours
- certify that the reduction in hours is in lieu of layoffs
- includes written approval from the affected employees' collective bargaining representative (if applicable)

A VSW plan must affect at least five employees. VSW cannot be used for seasonal work reductions. A participating employer’s quarterly UI reports must be current and UI taxes paid in full.

To be eligible to participate in VSW, affected employees must:

- qualify for UI benefits
- not have an existing UI claim in another state
- be able and available to work their regular hours of work for the VSW employer

INSTRUCTIONS FOR ENROLLMENT OF EMPLOYEES AND REPORTING PROCEDURES

Following approval of VSW, the employer will complete an excel spreadsheet to enroll the employees into the program. Most of the information needed can be transferred from payroll records. Employees will need to complete the VSW Data Collection form[link is external] and Tax Withholding Agreement form. These forms are used to determine the number of dependents and desired tax withholding which will be of assistance when completing the spreadsheet. The employer will also need to provide two forms of identity to IWD for each employee participating in the VSW program. Here is a list of the acceptable forms: ID Verification. The spreadsheet should be submitted no later than Wednesday of the week prior to the start of the contract so that a review can be made to ensure that all information for all the employees who will be participating in the program has been obtained. If the employer has been approved to backdate the application, then it should be sent in as soon as it is ready. Employees cannot be paid until they have been enrolled in the program and their identification has been verified. It is suggested that all employers
review Iowa Code Section 96.40 prior to completing the application for the VSW program to determine if this program will fit the employer’s needs. [Iowa Code Section 96.40](link is external)

Each week that the VSW plan is in operation, the employer will submit the number of hours that each employee enrolled in the program has worked. Hours worked by employees are submitted using an excel spreadsheet, in one column with a single data line for each employee ([instructions](#)). Regardless of the company pay period, the employer will report for weeks that run from Sunday through Saturday. Once a contract begins (always a Sunday date) the weekly claims are to be submitted each week that the worker works reduced hours. These weekly claims should be submitted the week following the week of reduced hours. For example, a worker works Monday through Friday but only works 24 hours instead of the regularly scheduled 40 hours. This weekly claim would be submitted the following week, preferably on Monday so that all hours worked will be completed (Sunday-Saturday of the week prior). Most generally all weekly claims submitted on Mondays will be on the worker’s debit card the following Thursday, unless there is a holiday.

Call 866-239-0843 or send an email to the VSW coordinator at [vswclaims@iwd.iowa.gov](link sends e-mail) if:

- hours for an employee were under or over reported (include the employee’s name, last 4 digits of the social security number, the week and the corrected number of hours in the email)
- changes need to be made after the program has started, such as putting employees on indefinite layoff, adding more units to the program or adding exempt employees
- employees participating in the VSW program are discharged or quit (include the employee’s name to be removed from the VSW program, the date and reason for separation and the completed [Notice of Separation or Refusal of Work](link is external) web form)
- All general questions regarding VSW can also be sent to this email address

### COST OF THE PROGRAM

UI benefit payments for the VSW program are charged to employer accounts in exactly the same way. Employers should be aware that, just as when laid off employees collect regular UI, use of the VSW program may affect the employer’s UI tax rate.

### FOR MORE INFORMATION ON THE VSW PROGRAM
Visit our frequently asked questions page.

Should you have any questions about the Voluntary Shared Work program, please contact Iowa Workforce Development at 866-239-0843, or email at vswclaims@iwd.iowa.gov (link sends e-mail).