## STC Model Legislation

Short-Time Compensation (STC), also known as work sharing or shared-work program, is an alternative to layoffs for employers experiencing a reduction in available work. STC preserves employees’ jobs and employers’ trained workforces during times of lowered business activity. STC allows workers to receive reduced weekly UC benefits when employers reduce hours of work for employees rather than laying-off some employees while others continue to work full time.

### Authorizing Legislation and Federal Guidance

The [**Middle Class Tax Relief and Job Creation Act of 2012**](https://www.gpo.gov/fdsys/pkg/PLAW-112publ96/pdf/PLAW-112publ96.pdf) modified requirements for the Short-Time Compensation Program, which states must codify in legislation so they can operate the program. The Act also required the US Department of Labor (USDOL) to develop model legislation, guidance, and reporting requirements for use by states in developing and enacting STC programs. USDOL provided this guidance through a series of Unemployment Insurance Program Letters (UIPLs).

[**UIPL 22-12**](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9382)provides an overview of Short-Time Compensation/ “workshare” in the Middle Class Tax Relief and Job Creation Act and provides guidance about the definition of Short-Time Compensation in Federal unemployment compensation law.

[**UIPL 22-12, Change 1**](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5754)**,** [**Attachment 1**](http://wdr.doleta.gov/directives/attach/UIPL/UIPL_22_12_Chg1_Att1.pdf) provides model legislative language and commentary.

[**UIPL 22-12, Change 2**](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7832) informs states of additional provisions approved for Short-Time Compensation laws.

[**TEN 09-12**](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3894) provides more information on layoff aversion strategies, including Short-Time Compensation.

### Legislation Requirements

The policy guidance cited above provides language, commentary, and more information on the following components of state-level legislation to codify a Short-Time Compensation program:

* Definitions
* Application to Participate in an STC Program
* Approval and Disapproval of an STC Plan
* Effective Data and Duration of an STC Plan
* Revocation of Approval
* Eligibility for STC
* Benefits
* Charging STC Benefits
* Extended Benefits
* Modification of an Approved STC Plan