## Short-Time Compensation Research & Publications

### Policy Memos and Analysis

[**Short-Time Compensation Programs as a COVID-19 Response and Recovery Strategy**](https://www.nga.org/memos/short-term-compensation-programs-covid-19/). National Governors Association, 2020.

This memo provides governors and other state officials with an overview of the Short-Time Compensation (STC) program and opportunities for developing, promoting, and expanding state STC programs during the COVID-19 crisis.

[**Short-Time Compensation: An Alternative to Layoffs during COVID-19**](https://www.clevelandfed.org/en/newsroom-and-events/publications/economic-commentary/2020-economic-commentaries/ec-202026-short-time-compensation.aspx). Federal Reserve Bank of Cleveland, 2020.

This *Economic Commentary* from the Federal Reserve Bank of Cleveland discusses the costs and benefits of STC. It describes the provisions for STC in the Middle Class Tax Relief and Job Creation Act of 2012 and the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act and reports the utilization of STC programs. As of publication, the number of states with STC programs had remained unchanged at 27 since the beginning of the pandemic, but STC utilization by employers and workers in these states has recently risen to unprecedented levels, driven largely by increases in Michigan and Washington. However, the authors find that these increases are small relative to increases in Germany’s popular Kurzarbeit program, suggesting that the United States’ STC program may still have scope for expansion.

### Reports and Research

[**Implementation of the Short-Time Compensation (STC) Program Provisions in the Middle Class Tax Relief and Job Creation Act of 2012**](https://stc.workforcegps.org/-/media/Communities/stc/Files/STC_Network/STCReportFinal.ashx?sc_lang=en). U.S. Department of Labor, 2016.

This report was prepared by the U.S. Department of Labor for the President and the Congress. US DOL reported that STC programs saved more than 570,000 jobs and provided $266 million in federal benefit reimbursements to 22 participating states from 2012 to 2015. The report found that the STC provisions of the Middle Class Tax Relief and Job Creation Act of 2012 have both grown and strengthened the STC program by: increasing the number of states operating STC programs; offering financial incentives; expanding and clarifying the definition of STC; supporting state trust funds (particularly during a recessionary period) by providing Federal reimbursement of STC benefits to states; and providing STC grants to states to improve program administration and promote and expand outreach to employers. DOL expressed its full commitment to continuing promotion of state adoption of the STC program as well as providing ongoing support to the states that are operating STC programs.

[**Compensated Work Sharing Arrangements (Short-Time Compensation) as an Alternative to Layoffs**](https://crsreports.congress.gov/product/pdf/R/R40689)**.** Congressional Research Service, 2016.

This report provides an overview of STC as a strategy to avoid layoffs, its legislative history, program reach and beneficiaries, and the benefits to and concerns of three stakeholder groups: state governments and state unemployment insurance trust funds, employers, and employees.

[**Demonstration and Evaluation of the Short-Time Compensation Program in Iowa and Oregon**](https://www.dol.gov/sites/dolgov/files/OASP/legacy/files/STC-in-Iowa-and-Oregon-Final-Report.pdf)**.** Houseman, Susan, Frank Bennici, Katharine Abraham, Susan Labin, Chris O'Leary, Richard Sigman. Department of Labor, Chief Evaluation Office.2017.

This report, from 2017, documents the demonstration projects in Iowa and Oregon to evaluate the effectiveness of several interventions to increase employer awareness and use of STC. Interventions took place over 12 months and included disseminating information about the STC program to specific employers (treatment group) and providing them with a temporary unemployment insurance (UI) tax holiday for STC program benefits. The findings indicated that employers’ lack of awareness about the program, combined with their concerns about UI tax rate costs, were barriers to broader use of the STC program in Iowa and Oregon.

[**Employer Views about the Short-Time Compensation Program: A Survey and Analysis in Four States**](https://wdr.doleta.gov/research/FullText_Documents/ETAOP-2016-01_Final-Report-Acc.pdf). Balducchi, David; Wandner, Stephen; Goger, Annelies; Miller, Zachary; Shetty, Sandeep; Agbayani, Cassandra; Eucogco, Jasmine. Department of Labor, Chief Evaluation Office. 2015.

This report on a 2016 study of employer views about the STC Program reveals the characteristics of employers, employer awareness of, participation in, and perceptions of STC in Kansas, Minnesota, Rhode Island, and Washington. In addition to survey data from STC- and non-STC employers in the four states, the study also analyzed administrative data and reviewed the relevant literature. The study team found that employers who used STC appreciated that it helped them to retain skilled workers, avoid layoffs, and were likely to use program again. However, employers without STC experience were unaware of the program, its costs, and its benefits.

[**Short-Time Compensation as a Tool to Mitigate Job Loss? Evidence on the U.S. Experience during the Recent Recession**](https://research.upjohn.org/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1198&context=up_workingpapers). Abraham, Katherine G., and Susan N. Houseman. Upjohn Institute. 2013.

This report presents evidence on the use of STC programs during the 2009 recession. It finds that the severity of the recession sparked significantly greater use of STC. The researchers reviewed arguments concerning the desirability of expanding STC programs in the United States and present new evidence on the use of these programs during the 2009 recession. They sought to answer the question, “whether and to what extent, by encouraging hours reductions, an expansion of STC programs could prevent employment losses during future recessions in the United States”. Although the researchers’ data did not permit them to test the employment effects of STC directly, the collection of indirect evidence presented in this paper suggests that there may have been significant effects in at least some of the states’ manufacturing sectors.