

Shared Work Program keeps New York employees on the job



The Shared Work Program allows businesses to reduce employees' hours without resorting to layoffs.

*Newsday's James T. Madore reports from Patchogue. Credit: Barry Sloan
By James T. Madore*

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Despite having her work hours cut, Megan P. Sibley has paid her bills on time and stayed current on her house payments thanks to a little-known state program that made up for some of her lost wages.

Sibley, an information services project leader at Long Island Community Hospital, went to a four-day workweek for three months last year as the coronavirus walloped her employer's bottom line. But she received unemployment benefits for the fifth day under the Shared Work Program from the state Labor Department.

The program forestalls layoffs by encouraging employers that are experiencing financial difficulty to hold onto their workforce albeit with reduced hours - by providing jobless benefits to employees for the time they don't work. They can collect unemployment for up to 26 weeks per year and their health insurance and retirement plans continue to be funded by their employer.

Sibley, of Patchogue, is among nearly 61,600 New Yorkers, including 5,525 on Long Island, who didn't receive pandemic pink slips because of Shared Work, state records show. The program has been around 35 years.

"If I had been laid off permanently, or fully furloughed, that would have put me in some serious financial hardship because I'm single, own my own

home and don't have a nest egg," said Sibley, 47, who has worked at the Patchogue hospital for 17 years.

"I could have gone the route of losing my house and having to go back to apartment living or something like that, if the hospital didn't have Shared Work," she said.

'Pearl' of a program

Long Island Community Hospital is a first-time participant in the program. Records show first-timers represent 82% of the 3,300 employers statewide who've enrolled in the program since the virus struck a year ago, including 355 in Nassau and Suffolk counties.

"As we saw how the pandemic was impacting our business and the spiraling economic devastation that was taking place in the community, I felt that we had an obligation to do everything possible to keep everybody gainfully employed," said Richard T. Margulis, president and CEO of the 306-bed hospital. "Sometimes in the worst of circumstances, you find a pearl. The Shared Work Program is the pearl in my opinion."

He said about 70 of the hospital's 2,500 employees have benefited from Shared Work since last spring. They work in departments that primarily don't provide patient care, including human resources, information services, marketing and billing.

"The economic contribution [to the hospital's finances] of Shared Work was important and significant because our volume went down dramatically" during the pandemic's height, said Margulis, adding revenue fell from about \$250 million in 2019 to about \$200 million last year. He said he was initially skeptical about whether the program would be effective for the hospital, largely because he wanted all the participants to work remotely. He doubted they would be as productive in their home offices.

"We did better than we anticipated.... People were engaged, productive," Margulis said. "Shared Work also sent a message to the rest of the hospital employees about our culture - that we would weather the storm together, all of us together." Long Island Community Hospital is among 510 large employers enrolled in the program statewide. Most of the participants are small businesses with fewer than 100 employees, records show.

A promise on layoffs

Shared Work is open to most employers if they agree not to lay off anyone in the employee group that's covered by the program. They also must reduce employees' hours by at least 20% but not more than 60%, according to state Labor Commissioner Roberta Reardon.

She said the severity of the coronavirus-induced recession led to a nearly 600% increase in the number of employers enrolled in Shared Work for the year ended March 2 compared with the first year of the 2007-09 recession.

"There's been a tsunami of need," said Reardon, who has led the department since 2015. "Employers are frantically trying to figure out how to stay afloat and don't need as many people as they have."

She said, "Shared Work allows the employer to develop a plan with [the labor department] that lets them hold on to their trained employees. If the employees are laid off, chances are they won't be coming back when the economy recovers because they'll have found other employment."

Reardon estimated the savings from not having to recruit and train new workers is \$8,000 per job.

Help from the feds

Employers who sign up for Shared Work normally must contribute more to the Unemployment Insurance Trust Fund because more of their - workers are receiving benefits. However, during the pandemic, this added cost was picked up by the federal government through multiple stimulus packages, Reardon said. Also, employees receiving unemployment via Shared Work were eligible for hundreds of dollars per week in supplemental benefits, meaningsome fully recouped their lost wages. Before the pandemic, the typical employee in Shared Work received nine weeks of jobless benefits, Reardon said. Now, employees are using up the entire 26 weeks of benefits and their employers "are about to begin their second year of eligibility, and they're reapplying." She added, "Shared Work has been a lifeline for employers and employees." That's been the case for the law firm of Rossillo & Licata LLP in Westbury. Partner Joseph J. Licata 111 cited Shared Work as one of the factors keeping the firm open after a 60% drop in revenue. The firm specializes in real estate transactions and representing insurance companies in no-fault cases. "It's been a struggle to keep our employees and continue doing business," he said, adding two insurers that the firm represents haven't sent new cases since May. Shared Work has allowed us and our employees to survive and stay somewhat gainfully employed." Eight of Rossillo & Licata's 17 employees have collected unemployment for the hours they've not worked. The amount has fluctuated for some employees as they receive more work. "The program is flexible, allowing us to change the number of hours that we can give employees as the workload changes," said John Rossillo, also a partner in the firm. Neither he nor Licata had ever heard of Shared Work before the pandemic led office manager Cara Smith to search the labor department's website for alternatives to letting go co-workers. Ann Marie Leonard, the firm's payroll administrator, recalled being worried about time-consuming paperwork when she first was told about the program. However, the online application and weekly certification of employees' hours is a breeze, she said, adding there's a labor department representative assigned to answer her questions specifically. "I was very apprehensive and concerned about what would be involved," Leonard said. "I was pleasantly surprised how easy it was." Shared Work went paperless early in the pandemic and more staff were added to cope with the increased participation, according to department officials.

Roadblocks to program

Ease of use, both for employer and employees, is critical for Shared Work to gain wider acceptance in New York and in the 25 other states with short-time compensation programs, said Maria Figueroa, director of labor and policy research at the Worker Institute, a divisio"n of Cornell University's School of Industrial and Labor Relations. She said many employers are unaware of the programs and some that know about them are turned off by the requirement that they continue to pay healthinsurance premiums, Social Security taxes and other benefits.

"Some employers say, 'It's cheaper for me to just fire these workers because they will save more money by not having to pay [payroll] taxes and benefits,'" Figueroa said. "This is a significant roadblock impeding the take up of Shared Work in New York It doesn't exist with programs in

Germany and elsewhere in Europe," where universal health care is prevalent, she said.

Germany's short-time compensation program, Kurzarbeit, helped 7 million workers in May. France's program aided even more, and programs in Switzerland, Italy and Luxembourg each enrolled 40% of their respective workforces, according to research published by the European Trade Union Institute in Brussels. In comparison, only 400,000 U.S. workers were in short-time compensation programs at the pandemic's height in July, or less than 0.25% of the total workforce, based on U.S. Department of Labor data. Figueroa said, "We can fix this by putting more money into the programs so they can pay the health care costs and payroll taxes for employers. We can remove the roadblocks to participation."

Devised for manufacturing

In New York, Shared Work was initially created to help factories ride out the booms and busts of production. The State Legislature passed legislation that was signed into law by then-Gov. Mario M. Cuomo in January 1986. Statewide, the manufacturing sector had the most employers in Shared Work during the pandemic, followed by professional/technical services and health care. On Long Island, professional/technical services and health care were nearly tied for first place, followed by manufacturing, records show. Machinist Chris Walsh said the program "helped keep things kind of normal" for his two kids last summer when Northfield Precision instrument Corp. in Island Park cut his hours by 20%. His wife, a project manager for startups, lost her job around the same time. Walsh, 38, of Rockville Centre, had benefited from Shared Work in the 2007-09 recession but he said this time was "scary" because he now has a family and a house. He wasn't alone. Paul de Feo, president and CEO of Northfield, said orders for its steel tooling "dropped like a rock" last year. The tooling is used in machines that make automobile parts, industrial equipment and medical products such as joint replacements and respiratory pumps. He said going to a four-day schedule last year was a hardship for Northfield's workforce of 31 people. But because of Shared Work, which covered all but three employees, they paid their bills and the company held on to experienced machinists, like Walsh. "You hope the guys will stay because they are impossible-to replace," de Feo said during a tour of Northfield's 15,000-square-foot office and factory. "Without a labor force, the company is nothing." The Steffen family is the majority shareholder of Northfield. De Feo said he learned about Shared Work in the last recession from company comptroller Linda Vassallo, who read about the program in a Newsday article. She since has twice overseen the company's implementation of Shared Work. "Employees were panicking when they were told that we were going down to four days," Vassallo said. "With Shared Work, they were OK ... [and] over time they came to see it as this light at the end of the tunnel."

Shared Work Program in 2 recessions
Number of employers

2008: 485 statewide; 55 on LI

2020: 3,300 statewide; 355 on LI

During first year of COVID

Jobs saved: 61,585 statewide; 5,525 on LI*

Number of employers enrolling for the first time: 2,695 statewide; 310 on LI

Top industry participating: Manufacturing statewide; professional/technical services on LI

*Includes 1,740 jobs held by Long Islanders that are off the Island.

SOURCE: *NYS Department of Labor*

By James T. Madore

james.madore@newsday.com **W** @JamesTMadore

James T. Madore writes about Long Island business news including the economy, development, and the relationship between government and business. He previously served as Albany bureau chief.