

SHORT-TIME COMPENSATION

EMPLOYER FACT SHEET Page 1 of 3

What is Short-Time Compensation?

Short-Time Compensation (STC) helps businesses retain their workforce during a temporary slowdown in work. The program allows employers to voluntarily reduce the hours of staff in lieu of layoffs. Employees of the business are allowed to receive a partial unemployment insurance (UI) benefit to help them offset the loss of income.

What does STC do?

- Preserves employees' jobs and the employer's skilled workforce during disruptions to regular business activity by reducing hours of work for an entire group of affected employees, rather than laying off some employees while others continue to work full-time.
- Provides a portion of a weekly unemployment insurance payment to affected employees whose work weeks have been reduced.
- Cushions the adverse effect of the reduction in business activity on workers and ensures that these workers will be available to resume prior employment levels when business demand increases.

Why choose to participate?

- You can reduce employee work hours to reflect decreases in business demand, retain your skilled workers, and avoid the expense of recruiting, hiring and training new employees when business demand increases.
- You determine your current production demands and your employees share the work as part of your STC plan.
- Employees avoid the hardships of full unemployment, and continue to earn a portion of their regular wages while receiving some unemployment benefits to replace a portion of their lost wages.

What information is needed to apply?

- Employer Account Number (EAN)
- Expected start date (a Sunday) and end date (a Saturday)
- Affected unit(s) that will be covered by the plan.
- List of all employees (participants) for each affected work unit. You must have a minimum of three participants per unit.
- Usual weekly hours worked for each participant. All participants within the same unit will have their usual hours worked reduced by the same percentage. The percentage of the reduction in hours must be between 10% and 60%.
- Estimated number of layoffs that would have occurred absent the STC plan.
- Dates of any shutdown period that falls within the length of the STC plan.

What is the maximum timeframe for an STC plan?

Twelve months.

If my employees' hours are reduced, am I required to participate in an STC plan?

No, this program is voluntary.

Am I required to provide benefits to my STC plan participants?

Yes. The employer must continue to provide all benefits (health, retirement, etc.) to any STC plan participant whose weekly hours of work are reduced under STC. Benefits must be provided under the same terms and conditions that were in place prior to the STC plan.

How do I apply for an STC plan?

- Log into your NWorks account using your Username and Password
- Click the [Directory of Services](#) link
- Click the [Unemployment Benefit File](#) link
- Click the [Short-Time Compensation](#) link
- Click the [Create STC Plan Application](#) button
- If you have had a previous STC plan, you will need to have that STC plan number and its effective date in order to proceed with the application.

After I apply for STC, how does the Department of Labor determine my eligibility?

Among other factors, the Department of Labor will review:

- Whether your company is current on unemployment insurance taxes.
- Whether the layoff is temporary and not seasonal or due to an intermittent downturn.
- Whether each participant's hours are reduced by at least 10% but not more than 60%.
- Whether you have a minimum of three participants in each unit, and that all participants in a unit have their hours reduced by the same percentage.

What do I do after the STC plan is approved?

- File weekly certifications for each participant in your plan throughout the duration of your plan.
 - Weekly certifications must be filed between Sunday and Wednesday for the preceding week.
 - All participants in the same unit must experience the same reduction in regular work hours.
 - A participant's hours from any second or third employment must also be reported weekly.
- Should you experience any changes to information approved on your STC plan, you must file a request for modification of your plan. Changes may include, but are not limited to:
 - A different reduction in hours than what was approved in your STC plan.
 - Adding or removing participants from your STC plan.
 - A participant's change in employment status.
- Continue to provide all benefits (health, retirement, etc.) to all STC plan participants.

What happens if I fail to submit my weekly certifications by midnight on Wednesday?

Your plan participants' payments may be delayed and your STC plan may be terminated.

What do my plan participants need to do after my STC plan is approved?

- STC plan participants must file a claim for regular UI benefits, or reopen an existing claim, at neworks.nebraska.gov by Friday of the week that your plan is approved.
- STC plan participants must NOT attempt to file their own weekly certifications, unless instructed by you, the STC employer, due to a reduction in hours more than 60%.

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When can my STC participants expect to see their first STC benefit payment?

It can take several weeks to process a regular UI claim or a reopened claim. If necessary, the Department will call the employer or the plan participant(s) to obtain information needed to determine eligibility. There is no need to contact the Department of Labor during this time unless you have questions or are asked to do so.

Do my STC plan participants have to serve a waiting week?

Yes. Everyone who receives STC benefits or regular UI benefits must file an initial claim, meet all eligibility requirements, and serve a waiting week. A waiting week is the first week of eligibility and is never paid.

FORMULA FOR CERTIFYING WEEKLY HOURS

$$\begin{aligned} & \# \text{ hours worked} \\ & + \text{ leave (vacation, sick, or leave without pay)} \\ & = \text{STC hours offered} \\ & + \text{ any hours worked from other employment} \end{aligned}$$

EXAMPLE OF AN STC BENEFIT CALCULATION, using a 50% reduction in work hours

Joe normally works 40 hours per week and earns \$20 per hour in regular pay, for a weekly income of \$800. Joe's hours are reduced by 50% to 20 hours per week, for a weekly income of \$400.

Regular weekly UI benefits are determined using an individual's highest quarterly earnings from the 1st 4 of the last 5 calendar quarters. Divide that number by 26. Round down to an even dollar amount. In this case, \$200/week.

Weekly STC benefits use an individual's regular weekly UI benefit amount, reduced by the same percentage reduction in work hours. In this case 50%, or \$100/week.

Employer pays (20 hrs. x \$20/hr.):	\$400.00
STC benefit (50% of regular UI benefit):	\$100.00
Total amount Joe receives for the week:	\$500.00

CONTACT INFORMATION

regarding
applications, modifications & terminations

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CONTACT INFORMATION

regarding
weekly certifications

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