Work Sharing in Indiana

Estimating Jobs Saved with Work Sharing During the Recent Recession

The recent recession, which triggered huge job losses, spurred interest in work sharing programs as an alternative to layoffs. Work sharing is a form of unemployment insurance that gives employers the option of reducing employees' hours instead of cutting their workforce during a business slowdown. Between 2008 and 2010, employers' use of work sharing saved more than 320,000 U.S. jobs, according to the U.S. Department of Labor. If a program had been in place in Indiana in 2009—the worst year of the recession—more workers would have stayed on the job and more employers would have weathered the downturn while retaining qualified workers. Three scenarios are presented to show the potential effect of work sharing on jobs:

998 Jobs Saved Based on an Average Take-Up Rate

Rationale: In 2009, about 0.17 percent of private sector workers across states participated in a work sharing program. If such a program had been implemented in Indiana with an average take-up rate, it would have covered 3,993 workers. Given that four work sharing participants with reduced hours are equivalent to one full-time worker or job, work sharing would have saved 998 jobs.

2,290 Jobs Saved Based on an Above Average Take-Up Rate

Rationale: In 2009, a number of states with established programs actively promoted the use of work sharing and experienced take-up rates that were higher than the national average. For example, in Connecticut, 0.39 percent of private sector employees were covered by work sharing. If such a program had been implemented in Indiana with a take-up rate similar to Connecticut's, it would have covered 9,160 workers. Given that four work sharing participants with reduced hours are equivalent to one full-time worker or job, work sharing would have saved 2,290 jobs.

5,050 Jobs Saved Based on an Exceptionally High Take-Up Rate

Rationale: In 2009, Rhode Island engaged a much higher proportion of private sector workers (0.86 percent) in work sharing than other states—primarily as a result of extensive marketing to manufacturing employers and other businesses. If such a program had been implemented in Indiana with a take-up rate similar to Rhode Island's, it would have covered 20,199 workers. Given that four work sharing participants with reduced hours are equivalent to one full-time worker or job, work sharing would have saved 5,050 jobs.

Between 2008 and 2010, more than 320,000 U.S. jobs were saved due to work sharing.

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Estimate of Jobs Saved if a Work Sharing Program Had Been Available in 2009

Take-up Rates	Private Workers (2009)	Estimated Number of Participants in Work Sharing	Jobs Saved Through Work Sharing
If work sharing was implemented with an **average take-up rate (0.17%)**	2,348,700	3,993	998
If work sharing was implemented with an **above average take-up rate (0.39%)**	2,348,700	9,160	2,290
If work sharing was implemented with an **exceptionally high take-up rate (0.86%)**	2,348,700	20,199	5,050

Source: CLASP calculations based on data derived from Katharine G. Abraham and Susan N. Houseman, *Short-Time Compensation as a Tool to Mitigate Job Loss? Evidence on the U.S. Experience during the Recent Recession*, W.E. Upjohn Institute for Employment Research, 2013 and Sean O'Leary and Paul Miller, *Reducing Layoffs: How Work Sharing Can Help Workers and Businesses in Indiana*, Indiana Center on Budget & Policy, July 2012.

The take-up rates used here are based on the Upjohn Institute for Employment Research's analysis of the experience of states with work sharing programs. A key assumption used to estimate jobs saved is that four work sharing participants with reduced hours are equivalent to one full-time worker or job. It is important to note that states enacting new work-sharing laws that conform to the provisions of the Layoff Prevention Act of 2012 will qualify for federal grants dedicated to promoting the program and expanding enrollment of businesses and employees.

Indiana would have saved up to 5,050 jobs if a work sharing program had been in place in 2009.

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