



Work Sharing – The Only Job Retention Program in the U.S.

Testimony—In Support of HB 1288 (Work Sharing)

Derek Thomas, February 19, 2013

Good morning Chairman Gutwein, members of the committee: thank you for providing me with the opportunity to testify at today's hearing. My name is Derek Thomas and I am a senior policy analyst for the Indiana Institute for Working for Working Families. The Institute combines research and analysis of federal and state legislation, public policies, and programs that affect low-income working Hoosiers in order to help them reach economic self-sufficiency.

Since others have described, or will describe in further, exactly how work sharing works, and the benefits that work sharing presents to employers, I'd like to present the benefits of the program from the perspective of the employees, i.e., working families in Indiana.

Through work sharing, families in Indiana will have the ability to avoid the well documented and devastating effects associated with long term unemployment, such as: loss of income over time, loss of skills, and a loss of marketability; they would also earn higher wages than they would under traditional unemployment; and, they would retain health and retirement benefits.

An additional benefit is that work sharing has been proven to be particularly beneficial to the manufacturing sector. And while we all know the positive impact that manufacturing has had on Indiana's recovery efforts, and its ability to support a family, Indiana's economy is, according to Fitch's ratings: "considerably concentrated in manufacturing, particularly transport equipment, exposing [us] to economic downturns." This means that the ¼ of manufacturing jobs in Indiana that depend on exports, have already, and will continue to, be directly impacted (*either temporarily or permanently*) by any stalling in the European economy. By providing flexibility to firms, work sharing acts as a buffer for working families in an oftentimes-uncertain global economy.

Take for example Missouri, with a similar portion of its economy dependent on manufacturing. In 2012, they saved more than 3,000 jobs. More than 60,000 jobs were saved across the entire nation in 2012.

Finally, as the state grapples with the best way to tackle the 'Skills Gap', work sharing allows employers the opportunity to structure their plans so that reduced hours could be utilized for retraining. This feature has real potential to turn what might otherwise have been simply lost production and wages into an opportunity to upgrade workers skills and enhance the competitiveness of the business.

Having recognized and researched the Skills Gap for several years, the Institute views work sharing as a tool among many to upgrade the skills and marketability of our workforce.

Given its strong history of success, a study committee in 2011, and the Institute's research, Indiana has an opportunity to learn lessons and implement those best practices that have been tried and tested in bipartisan work sharing programs around the nation. By doing so, you'll provide Hoosiers with the income security and training opportunities to weather a downturn without unnecessary deterioration in wages.

On behalf of the working families across the state of Indiana, I thank you for your time and ask you to vote yes on House Bill 1288.