Implementing a Work-Share Program in Illinois

Protecting Jobs, Boosting Incomes, and Saving Taxpayer Dollars

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EXECUTIVE SUMMARY

The coronavirus disease (COVID-19) pandemic has brought the economy to a grinding halt. Businesses have temporarily closed and unemployment has substantially increased. While unprecedented actions have already been taken by the federal government and the State of Illinois, additional changes may be needed to stabilize the economy. This report considers the economic impacts of Illinois joining 28 other U.S. states and fully implementing its work-share program, called the Short-Time Compensation Program.

Work-share programs allow employers to temporarily reduce the hours of their workers during recessions as an alternative to layoffs, enabling them to retain skilled workers until economic conditions improve. In the firms that participate in work-share programs, workers keep their jobs instead of being laid off and receive prorated unemployment insurance benefits to supplement the lost earnings from their reduced hours. Importantly, they also maintain their health and retirement benefits.

Work-share programs are supported by the business community and the labor movement.

- Fully 91 percent of employers that participate in work-share programs report that they are either "very likely" or "somewhat likely" to participate again.
- The vast majority of employers report that work-share programs boost employee morale (74 percent) and that reduced worker turnover improves productivity or profits (83 percent).
- Illinois' work-share program, passed in December 2014 but never implemented under the Rauner Administration, was supported by the Illinois AFL-CIO and the Illinois Manufacturers' Association.

Work-share programs dramatically reduced unemployment during the Great Recession from 2008 to 2009.

- Germany's work-share program held the increase in unemployed individuals to 9 percent, saving 432,000 jobs– while U.S. unemployment increased by 56 percent.
- Japan's work-share program is credited with saving an estimated 400,000 permanent jobs.
- 17 U.S. states had work-share programs, saving jobs for between 0.8 percent and 15.9 percent of workers who otherwise would have filed for unemployment insurance at the full amount.

Updating and promoting Illinois' work-share program could save jobs, boost worker incomes, and save money during the COVID-19 recession. If participating employers reduce workforce hours by an average of 40 percent– the midpoint between the 20 percent and 60 percent range permissible under Illinois' work-share law– and program utilization matches other states, implementing the work-share program could:

- Save between 43,600 jobs and 123,900 jobs, based on comparable programs;
- Provide $737 in weekly earnings for workers in the program on average, compared with just $335 per week for the average unemployed worker;
- Boost total income by up to $1.3 billion over six months for vulnerable workers;
- Improve lifetime earnings, physical health, and overall satisfaction for vulnerable workers;
- Reduce turnover costs for Illinois businesses by as much as $1.2 billion in 2020; and
- Reduce Illinois' unemployment insurance costs by as much as $1.1 billion in 2020 due to full reimbursements from the federal government under the CARES Act.

Unlike previous economic shocks, the COVID-19 recession is an outcome of reasonable efforts to protect public health and save lives. By implementing Illinois' work-share program and taking advantage of the federal government's commitment to support these programs through the end of the year, policymakers can take a tangible step to withstand the current economic downturn. Effectively promoting the program as an alternative to mass layoffs, however, requires partnerships between the State of Illinois, business groups, the labor movement, and economic development agencies. A fully implemented work-share program would improve the ability of Illinois employers to retain skilled workers, boost incomes, and save jobs while reducing unemployment insurance costs borne by taxpayers.

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INTRODUCTION

The coronavirus disease (COVID-19) pandemic has brought the economy to a grinding halt. After growing by an annualized average of 13.5 percent during the eight years of the Obama Administration and 12.3 percent during the first three years of the Trump Administration, the S&P 500 stock market index plummeted by 20.7 percent from the beginning of January 2020 through the end of March 2020 (*Yahoo! Finance*, 2020a; *Yahoo! Finance,* 2020b).[1] With firms temporarily closing to mitigate the spread of the coronavirus, Goldman Sachs expects the U.S. economy to contract by 34 percent in the second quarter of 2020, J.P. Morgan projects 14 percent drop, and Dodge Data & Analytics forecasts a 6 percent decline (Cooper & Wolfe, 2020; J.P. Morgan, 2020; Branch, 2020).

The labor market could be hit especially hard by the economic consequences of the COVID-19 pandemic as workers' hours are cut and employees are furloughed or laid off. By March 30, 2020, the total number of hourly employees working in the United States had fallen by 58 percent and their hours worked have been slashed by 59 percent (Homebase, 2020).[2] In Illinois, those indicators had decreased by 65 percent and 64 percent, respectively (Homebase, 2020). The U.S. could lose as many as 19.8 million jobs, with employment declines in every state– including a projected 779,000 jobs lost or furloughed in Illinois– even with the $2 trillion federal relief package (Cooper & Wolfe, 2020). During the week ending March 21, 2020, 3.3 million workers filed for unemployment insurance, more than any prior week in American history (Zarroli & Schneider, 2020). That record was doubled the next week ending March 28, 2020, when 6.6 million workers submitted unemployment insurance claims (Schneider, 2020). The previous record of 695,000 claims occurred during the first week of October 1982 (Sojourner & Goldsmith-Pinkham, 2020).

As part of its $2 trillion economic relief package, the federal government is temporarily boosting unemployment insurance, giving jobless workers an extra $600 per week on top of their state benefits for four months at a projected cost of $250 billion (Luhby, 2020). In addition, the federal government is fully reimbursing states for all work-share programs through December 31, 2020 as long as employers pay at least 50 percent of the work-share amount. Illinois Governor J.B. Pritzker, anticipating a rise in unemployment and acknowledging that approximately 24 percent of the Illinois workforce– or 1.5 million workers– lack access to paid sick leave, has already expanded temporary economic assistance to workers impact by COVID-19 in the form of unemployment insurance (Manzo et al., 2020).[3] With changes, Illinois' unemployment insurance system could promote additional stability into the labor market and the economy. This report, conducted jointly by researchers at the Project for Middle Class Renewal (PMCR) at the University of Illinois at Urbana-Champaign and the Illinois Economic Policy Institute (ILEPI), assesses the implications of one of these changes: implementing and promoting the work-share program within Illinois' unemployment insurance system for the next recession and beyond.

WORK-SHARING AS AN ALTERNATIVE TO LAYOFFS

As part of a state's unemployment insurance system, work-share programs (also called "short-time compensation programs") allow employers to temporarily reduce the hours of their workers during economic downturns as an alternative to laying them off altogether. For example, an employer might reduce the work hours of the entire workforce by 20 percent, from five days per week to four days per week, instead of laying off 20 percent of the workforce. Workers in the firms that participate in work-

[1] On January 2, 2020, the adjusted close was 3,257.85 and by March 26 the adjusted close was 2,630.07.
[2] This data is prepared by Homebase, a free scheduling and time tracking tool used by local businesses and their hourly employees.
[3] Call IDES at 1-800-244-5631 or visit https://www2.illinois.gov/ides if this applies to you or your family.

share programs receive partial unemployment insurance benefits to supplement the lost earnings from their reduced hours. By allowing full-time employees' hours to be reduced in lieu of layoffs, work-share programs ensure businesses can retain skilled workers until economic conditions improve, enable workers to keep their jobs and collect reduced unemployment benefits, and reduce both unemployment rates and full unemployment insurance payments for states (NCSL, 2019; Wentworth, 2014).

A total of 29 states and the District of Columbia have work-share programs, including neighboring Missouri, Iowa, Minnesota, Wisconsin, and Michigan (NCSL, 2019). Under these programs, employees qualify for a prorated percentage of unemployment benefits equal to the percentage by which their hours have been reduced. While work-share arrangements do not fully replace lost earnings, the amount augments workers' income until they are recalled to full-time work. On December 23, 2014, Illinois Governor Pat Quinn signed a "shared work benefits" bill. Under the legislation, employers can participate if they "identify the usual weekly hours of work for employees in the affected unit and the specific percentage by which their hours will be reduced," which "shall be not less than 20 percent and not more than 60 percent" (820 ILCS 405/502, 2014). While its passage drew support from the labor movement and the business community, the program was never fully implemented because the Illinois Department of Employment Security did not issue rules during the Rauner Administration (*Labor Tribune*, 2015).

Figure 1: Example of Work-Share Program in Illinois, Male Manufacturing Production Worker, 2020

Hypothetical Work-Share Example: Male Production Worker in Illinois, 2020	Worker at Full-Time Employment	Laid Off Worker with Unemployment	Work-Share Worker with 40% Fewer Hours	Work-Share Compared to Unemployment
Hourly Wage	$20.00	$0.00	$20.00	**+$20.00**
Usual Weekly Hours	40 hours	0 hours	24 hours	**+24 hours**
Weekly Earnings	$800.00	$0.00	$480.00	**+$480.00**
Weekly Unemployment Benefits	$0.00	$376.00	$150.40	**-$225.60**
Total Weekly Income	$800.00	$376.00	$630.40	**+254.40**
Health and Retirement Benefits	Yes	No	Yes	**Preserved**

Source(s): Authors' analysis using information provided by the Illinois Department of Employment Security (IDES, 2019) and the National Conference of State Legislatures (NCSL, 2019).

Figure 1 provides an example of a work-share program. In Illinois, workers who lose their jobs can apply for unemployment insurance benefits and receive 47 percent of their usual weekly earnings, up to a maximum of $484 per week. This maximum benefit payment is 47 percent of the statewide average weekly wage of $1,029.39 (IDES, 2019). Now consider a manufacturing company that decides to cut hours by 40 percent during a recession instead of laying off workers. A production worker at that firm who usually works 40 hours per week at $20 per hour, or $800 in weekly wages, would only qualify for an unemployment insurance payment of 47 percent of his weekly wages, or $376 per week, if he was laid off. Under the work-share program, he would continue to earn his base wage at the reduced hours, or $480 per week,[4] *plus* 40 percent of the unemployment insurance benefit that he would have received, or an additional $150.40 per week.[5] Accordingly, he would earn a total of $630.40 per week while remaining employed (Figure 1). This is a 21 percent drop in earnings (-$169.60 per week) from his full-time pay, but 68 percent more ($254.40 per week) than he would receive if he were unemployed. The State of Illinois also saves $225.60 per week (60 percent) from the arrangement.[6] However, in response to COVID-19,

[4] $20.00 per hour multiplied by 24 hours, which is a 40 percent drop from 40 hours, equals $480.00 per week.
[5] 40 percent of the $376.00 per week in unemployment insurance benefits that would have occurred equals $150.40 per week.
[6] For additional examples, please see Table A, Table B, and Table C in the Appendix.

Congress approved federal funding to fully reimburse states for all work-share payments until December 31, 2020, which would temporarily save even more money for Illinois (U.S. Senate, 2020).

Included in the $2 trillion federal coronavirus relief package is a provision that gives jobless workers an extra $600 per week on top of their state benefits for four months (U.S. Senate, 2020). Work-share participants would also get the extra $600 for four months, since they receive state unemployment insurance benefits (Pallasch, 2020). Based on this U.S. Department of Labor guidance, participating workers would see an additional increase to their weekly incomes, providing a bigger boost to the Illinois' economy at no additional cost to the state.

It is also worth noting that employers who participate in the work-share are required to retain health and retirement benefits for workers whose usual weekly hours of work are reduced (820 ILCS 405/502, 2014). Health benefits are provided at the same amount as if the employee had not had his or her hours reduced. For defined-benefit pension plans, the hours that are reduced are credited for the purposes of vesting and benefits calculations. However, in defined-contribution plans like 401(k)s, employer contributions that are based on a percentage of the employee's compensation may be reduced in proportion with the reduction in weekly earnings. By maintaining employer-provided health and retirement benefits, work-share programs reduce reliance on other government assistance programs caused by unemployment.

THE IMPACT OF WORK-SHARE PROGRAMS DURING THE GREAT RECESSION

Work-share programs help preserve jobs during economic recessions (OECD, 2010). In Germany, the first country to implement work-sharing back in the 1920s, the programs preserved an estimated 432,000 jobs during the Great Recession. From August 2008 to August 2009, German unemployment increased by only 9 percent while U.S. unemployment increased by 56 percent (Rix, 2010). In Japan, which has had work-sharing since the 1970s, about 400,000 permanent jobs were saved during the Great Recession (Abraham & Houseman, 2013). Between 2.5 percent and 5 percent of the entire workforce participated in work-share programs in these two countries (Boeri & Bruecker, 2011).

Nationally, 17 states had work-sharing programs during the Great Recession. The absence of strong employment protection laws means that U.S. employers can more easily impose layoffs than those in other countries, which partially explains the relatively low usage of work-share programs across the United States (Abraham & Houseman, 2013). Nevertheless, in 2009, work-share claims as a percent of total unemployment insurance claims ranged from 0.8 percent in Florida to 15.9 percent in Rhode Island– with a median 5.4 percent. Neighboring Iowa, Minnesota, and Missouri ranged from 3.0 percent to 8.5 percent (Shelton, 2012). Economic research suggests that, "had all states been like Rhode Island," 220,000 full-time equivalent jobs would have been saved during the Great Recession (Abraham & Houseman, 2013).

Employers have a favorable view of work-share programs. In a 2014 survey of 1,869 employers in four states– Kansas, Minnesota, Rhode Island, and Washington– that had participated in work-share programs, 91 percent responded that they were either "very likely" or "somewhat likely" to participate again, if necessary (Balducchi et al., 2015). Fully 74 percent of employers reported that work-share improved employee morale and 92 percent said that it increased or had no effect on overall efficiency. While 18 percent of participating employers did eventually lay off employees due to continued economic distress, 82 percent did not– indicating that work-share is generally successful (Balducchi et al., 2015). Another survey found that 83 percent of employers believed reduced turnover from work-share programs increased productivity or profits (Walsh et al., 1997). Manufacturers, wholesale firms, and businesses that require lengthy apprenticeship programs, such as "specialty trade contractors" like plumbers and electricians, are significantly more likely to use work-share programs (Shelton, 2012).

THE POTENTIAL IMPACT OF WORK-SHARING IN ILLINOIS DURING THE NEXT ECONOMIC RECESSION

Implementing and promoting Illinois' work-share program within the Illinois Department of Employment Security (IDES) would save money for the State of Illinois and boost earnings for workers by keeping them from being unemployed. As previously mentioned, workers who lose their jobs can apply for and receive 47 percent of their usual weekly earnings in unemployment insurance benefits up to a maximum of $484 per week. The maximum benefit is based on the statewide average earnings of just over $1,000 per week (IDES, 2019). In Illinois, 57 percent of workers earn less than $1,000 per week and 43 percent earn more. Workers below the threshold, 28 percent of whom have a bachelor's degree or higher, earn an average of $558 per week. By contrast, workers above the threshold, 69 percent of whom have a bachelor's degree or higher, earn an average of $1,928 per week (Figure 2).

Workers who earn below the threshold are more likely to be unemployed during economic recessions (Figure 2). A decade ago, in the aftermath of the Great Recession, only 20 percent of all unemployed persons in Illinois had a bachelor's degree, while 80 percent did not.[7] Because lower levels of educational attainment are strongly associated with higher levels of unemployment, a disproportionate share of the unemployed in the next economic recession are expected to be those in jobs requiring less education–particularly leisure, hospitality, food service, and retail occupations. As a result, even though workers earning less than $1,000 per week account for 57 percent of the workforce in Illinois, they are projected to account for 67 percent of layoffs in the next recession (Figure 3).

Figure 2: Weekly Wages, Education, and Expected Unemployment of Illinois Workers, By Income, 2020

2019 *Current Population Survey* Outgoing Rotation Groups (CPS-ORG)	Share of Illinois Employment	Average Weekly Wages	Share with Bachelor's Degrees or Higher	Expected Unemployed (Percent)	Expected Unemployed (Number)
Illinois Workers Earning At or Below $1,000 Per Week	57.3%	$557.58	27.5%	67.3%	**524,158**
Illinois Workers Earnings Above $1,000 Per Week	42.7%	$1,927.98	69.5%	32.7%	**254,842**
All Illinois Workers (2019 CPS-ORG Data)	100.0%	$1,143.31	43.7%	100.0%	**779,000**

Source(s): Authors' analysis using data from the 2019 Current Population Survey Outgoing Rotation Groups (CPS-ORG) (CEPR, 2020). Note that the average weekly wage computed using CPS-ORG data ($1,143.31), which is based on a survey of households, exceeds the estimate used by IDES ($1,029.39), which is based on a survey of establishments (IDES, 2019). For more, please see Table D in the Appendix.

Workers in firms participating in the work-share program would experience a significant boost in income relative to their potential unemployment insurance benefits (Figure 3). Figure 3 assumes an average hours decrease of 40 percent, which is the midpoint between the lower bound (20 percent) and upper bound (60 percent) permitted under Illinois' work-share policy. The average worker earning less than $1,000 per week who gets laid off, previously earning $558 per week, would only be eligible for an unemployment insurance payment of $262 per week. However, under the work-share program, he or she would earn $335 from staying employed at reduced hours plus $105 in partial unemployment benefits, or a total of

[7] For more information, please see Table D in the Appendix.

$439 per week– $177 more (68 percent) than if he or she is unemployed. The State of Illinois would usually save $157 per week for each of these workers, on average, but would save the full $262 unemployment insurance payment per week until December 31, 2020 due to federal funding under the CARES Act.

Additionally, the average worker earning more than $1,000 per week who becomes newly unemployed, previously earning $1,928 per week, would be eligible for the unemployment insurance maximum of $484 per week. Under a work-share arrangement, he or she would earn about $1,350 per week at reduced hours– $194 from partial unemployment and $1,157 from shorter workweeks. This is nearly triple (186 percent more) than being otherwise unemployed. The State of Illinois would usually save $283 per week from these claims, but would save even more until December 31, 2020 with federal funding (Figure 3).

Figure 3: Impact of Work-Share Arrangements on Individual Workers, 40 Percent Hours Reduction, 2020

Impact on Illinois Workers Participating in Work-Share Program vs. Unemployment	Average Unemployment Benefit	Work-Share Earnings with 40% Fewer Hours	Partial Work-Share Benefits	Total Weekly Income Under Work-Share	Total Income Compared to Unemployment
Illinois Workers Earning At or Below $1,000 Per Week	$262.06	$334.54	$104.82	$439.37	**+$177.31** ***(+67.7%)***
Illinois Workers Earnings Above $1,000 Per Week	$484.00	$1,156.79	$193.60	$1,350.39	**+$866.39** ***(+179.0%)***
All Illinois Workers (2019 CPS-ORG Data)	$334.67	$603.53	$133.87	$737.40	**+$402.73** ***(+120.3%)***

Source(s): Authors' analysis using data from the 2019 Current Population Survey Outgoing Rotation Groups (CPS-ORG) (CEPR, 2020) and IDES (IDES, 2019), assuming an average reduction in hours of 40 percent, the midpoint between the 20 percent and 60 percent range permissible under Illinois' "Short-Time Compensation Program" law (820 ILCS 405/502, 2014).

Implementing and promoting the work-share program could save thousands of jobs, boost worker incomes by millions of dollars, and save money for taxpayers (Figure 4). Of the Midwest states with work-share programs in 2009, Minnesota had the median amount of work-share participants as a share of unemployment claims, at 5.6 percent. If Illinois' work-share program during the next recession is as effective as neighboring Minnesota's, approximately 43,600 jobs would be saved– primarily at manufacturing firms and wholesale and retail stores. These workers would earn $17.6 million more per week under work-sharing than if they were otherwise unemployed, amounting to a $457 million income boost over six months (or 26 weeks). The State of Illinois would save $380 million due to the work-share program by the end of 2020, and $228 million without federal funding for every six months after that.

If Illinois were to replicate the success of Rhode Island's work-share program, in which a high of 15.9 percent of new unemployment claims were instead for work-share participants, approximately 123,900 jobs would be saved (Figure 4). These workers would earn $41.45 million more per week, or $1.3 billion more over six months, than if they were relegated to the unemployment rolls. The State of Illinois would save $1.1 billion through December 2020 due to the federal stimulus package and an estimated $647 million over six months if the economic recession is prolonged into 2021.

Work-share programs also save employers money by reducing turnover costs. In an analysis of 30 case studies over 15 years, researchers found that the cost of turnover was consistent over time (Boushey & Glynn, 2012). The average cost of turnover averaged 21 percent of an employee's salary. However, for jobs paying $30,000 per year or less, turnover costs to businesses amounted to 16 percent of an employee's salary. Using these findings, businesses would save an average of $4,700 annually by retaining a worker earning less than $1,000 per week and nearly $20,800 annually per employee from retaining a worker earning at least $1,000 each week (Figure 5). Consequently, employers would save $433 million in

2020 if Illinois' work-share program is as effective as Minnesota's and $1.2 billion if Illinois' work-share program is as effective as Rhode Island's. Once the COVID-19 recession is over, replacing workers will impose significant costs on companies' bottom lines. Implementing a work-share program would help Illinois businesses lower long-term costs by retaining their skilled workers.

Figure 4: Estimated Economic Impact of Illinois' Work-Share Program During the COVID-19 Recession

Potential Economic Impact of Illinois' Work-Share Program During COVID-19 Recession		Impact Over One Week	Impact Over Six Months
With Minnesota's Participation Rate (5.6%)	**Work-Share Participants**	**43,624 jobs saved**	**43,624 jobs saved**
	Total Worker Income Gain	$17.57 million	$456.79 million
	Total State Savings (After 2020)	$8.76 million	$227.75 million
	Total State Savings (CARES Act)	$14.60 million	$379.59 million
With Rhode Island's Participation Rate (15.9%)	**Work-Share Participants**	**123,861 jobs saved**	**123,861 jobs saved**
	Total Worker Income Gain	$49.88 million	$1,296.96 million
	Total State Savings (After 2020)	$24.87 million	$646.65 million
	Total State Savings (CARES Act)	$41.45 million	$1,077.75 million

Source(s): Authors' analysis using data from the 2019 CPS-ORG (CEPR, 2020), estimated COVID-19-related job losses from the Economic Policy Institute (Cooper & Wolfe, 2020), work-share claims as a percentage of regular unemployment compensation first claims by state in 2009 (Shelton, 2012), and the Coronavirus Aid, Relief, and Economic Security (CARES) Act (U.S. Senate, 2020). Six months is defined as 26 weeks, or the maximum number of weeks to receive unemployment insurance compensation. The assumed average hours reduction is 40 percent, which is the midpoint between the 20 percent and 60 percent range permissible under Illinois' "Short-Time Compensation Program" law (820 ILCS 405/502, 2014).

Figure 5: Impact of Work-Sharing on Turnover Costs for Businesses, 40 Percent Hours Reduction, 2020

Impact on Illinois Businesses Participating in Work-Share Program: Turnover Cost Savings	Average Weekly Wages	Turnover Cost as a Percent of Annual Salary	Annualized Turnover Cost Per Worker	Turnover Cost Savings with Minnesota's Participation	Turnover Cost Savings with Rhode Island's Participation
Illinois Workers Earning At or Below $1,000 Per Week	$557.58	16.1%	$4,668.04	**$137.02 million**	**$389.04 million**
Illinois Workers Earnings Above $1,000 Per Week	$1,927.98	20.7%	$20,752.80	**$296.17 million**	**$840.90 million**
All Illinois Workers (2019 CPS-ORG Data)	$1,143.31*	16.7%	$9,920.00*	**$433.19 million**	**$1,229.94 million**

*Source(s): Authors' analysis using data from the 2019 Current Population Survey Outgoing Rotation Groups (CPS-ORG) (CEPR, 2020) and cost-of-turnover estimates from the Center for American Progress (Boushey & Glynn, 2012), assuming an average reduction in hours of 40 percent, the midpoint between the 20 percent and 60 percent range permissible under Illinois' "Short-Time Compensation Program" law (820 ILCS 405/502, 2014). *While the average weekly wages is the estimate for all Illinois workers, the annualized turnover cost per worker is weighted based on the probability of the employee being laid off.*

Work-share programs have additional social benefits beyond lowering turnover costs for employers, mitigating unemployment for workers, and reducing government assistance expenditures for states. Workers who lose their jobs tend to not only have short-run decreases in income, but permanently lower lifetime earnings once they find new jobs. Parental job loss has also been found to hinder the educational progress and future earnings of children. As a result, unemployment has "a lasting and aggravating effect" on overall satisfaction and health, reducing well-being and contributing to higher mortality rates (Nichols et al., 2013; Ahn et al., 2004). By saving jobs that might otherwise be laid off or furloughed, work-share programs deliver greater financial and retirement security and better health outcomes for the families of vulnerable workers.

RECOMMENDATIONS FOR A ROBUST WORK-SHARE PROGRAM IN ILLINOIS

Illinois' work-share program, called the "Short-Time Compensation Program," was passed in December 2014 by Governor Pat Quinn but never fully implemented after Governor Bruce Rauner took office in January 2015. However, with a recession either imminent or already underway, the Pritzker Administration and the Illinois Department of Employment Security (IDES) have the opportunity to implement the work-share program within Illinois' unemployment insurance system– and take advantage of the federal government's commitment to fully funding program costs until December 31, 2020.

For work-sharing to be successful, the program must cover all workers, provide wage supplements to participants, and be implemented with the involvement and support of both the business community and the labor movement (Rix, 2010). State government must also *actively* promote the program. The Illinois Department of Employment Security should define a primary point of contact to coordinate with employers, identify key firms for which work- could add value, and manage staff dedicated to both processing employer applications and tracking participants to ensure transparency and accountability. The Pritzker Administration, individual members of the General Assembly, and IDES should also partner with business groups, the labor movement, and economic development agencies to publicize the program as a layoff-aversion tool (Wentworth et al., 2014). Finally, promoting the work-share program requires a user-friendly link on the IDES website with clear explanations about how the program works and how employers can apply.

CONCLUSION

The coronavirus disease (COVID-19) has wounded the stock market, caused firms to temporarily close and reduce hours, and produced a historic rise in unemployment. While unprecedented actions have been taken by the federal government and the State of Illinois, additional changes may still be necessary to stabilize the labor market and the economy. As part of the reforms passed during and in the wake of the economic downturn caused by COVID-19, implementing and promoting Illinois' work-share program as an alternative to mass layoffs could save as many as 124,000 jobs in Illinois, increase total worker income by as much as $1.3 billion over six months, reduce turnover costs by as much as $1.2 billion for businesses, and save the State of Illinois up to $1.1 billion in unemployment insurance costs in 2020 alone. By retaining skilled workers, reducing employee turnover, and boosting company morale, work-share programs help ensure that Illinois' businesses can maintain consistent levels of productivity, efficiency, and profit margins both during and after the current economic recession.

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COVER PHOTO CREDITS

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APPENDIX

Table 1: Work-Share Examples, Full-Time Workers (40 Hours Per Week) and 20 Percent Hours Cut, 2020

Base Wage	Weekly Wage	UI Benefits	Weekly Wages at 32 Hours	Plus 20% Prorated UI Benefits	Work-Share Income	Share of Full-Time Earnings	Compared to Unemployment Benefits	State Savings
$10.00	$400.00	**$188.00**	$320.00	$37.60	**$357.60**	-10.6%	90.2%	+$150.40
$15.00	$600.00	**$282.00**	$480.00	$56.40	**$536.40**	-10.6%	90.2%	+$225.60
$20.00	$800.00	**$376.00**	$640.00	$75.20	**$715.20**	-10.6%	90.2%	+$300.80
$25.00	$1,000.00	**$470.00**	$800.00	$94.00	**$894.00**	-10.6%	90.2%	+$376.00
$30.00	$1,200.00	**$484.00**	$960.00	$96.80	**$1,056.80**	-11.9%	118.3%	+$387.20
$35.00	$1,400.00	**$484.00**	$1,120.00	$96.80	**$1,216.80**	-13.1%	151.4%	+$387.20
$40.00	$1,600.00	**$484.00**	$1,280.00	$96.80	**$1,376.80**	-14.0%	184.5%	+$387.20
$45.00	$1,800.00	**$484.00**	$1,440.00	$96.80	**$1,536.80**	-14.6%	217.5%	+$387.20
$50.00	$2,000.00	**$484.00**	$1,600.00	$96.80	**$1,696.80**	-15.2%	250.6%	+$387.20

*Source(s): Authors' analysis using information provided by the Illinois Department of Employment Security (IDES, 2019) and the National Conference of State Legislatures (NCSL, 2019). *A 20 percent hours reduction is the minimum for employers to qualify for and participate in Illinois' work-share program.*

Table 2: Work-Share Examples, Full-Time Workers (40 Hours Per Week) and 40 Percent Hours Cut, 2020

Base Wage	Weekly Wage	UI Benefits	Weekly Wages at 32 Hours	Plus 40% Prorated UI Benefits	Work-Share Income	Share of Full-Time Earnings	Compared to Unemployment Benefits	State Savings
$10.00	$400.00	**$188.00**	$240.00	$75.20	**$315.20**	-21.2%	67.7%	+$112.80
$15.00	$600.00	**$282.00**	$360.00	$112.80	**$472.80**	-21.2%	67.7%	+$169.20
$20.00	$800.00	**$376.00**	$480.00	$150.40	**$630.40**	-21.2%	67.7%	+$225.60
$25.00	$1,000.00	**$470.00**	$600.00	$188.00	**$788.00**	-21.2%	67.7%	+$282.00
$30.00	$1,200.00	**$484.00**	$720.00	$193.60	**$913.60**	-23.9%	88.8%	+$290.40
$35.00	$1,400.00	**$484.00**	$840.00	$193.60	**$1,033.60**	-26.2%	113.6%	+$290.40
$40.00	$1,600.00	**$484.00**	$960.00	$193.60	**$1,153.60**	-27.9%	138.3%	+$290.40
$45.00	$1,800.00	**$484.00**	$1,080.00	$193.60	**$1,273.60**	-29.2%	163.1%	+$290.40
$50.00	$2,000.00	**$484.00**	$1,200.00	$193.60	**$1,393.60**	-30.3%	187.9%	+$290.40

*Source(s): Authors' analysis using information provided by the Illinois Department of Employment Security (IDES, 2019) and the National Conference of State Legislatures (NCSL, 2019). *A 40 percent hours reduction is the midpoint in the range permitted under Illinois' work-share law (20 percent to 60 percent).*

Table 3: Work-Share Examples, Full-Time Workers (40 Hours Per Week) and 60 Percent Hours Cut, 2020

Base Wage	Weekly Wage	UI Benefits	Weekly Wages at 32 Hours	Plus 60% Prorated UI Benefits	Work-Share Income	Share of Full-Time Earnings	Compared to Unemployment Benefits	State Savings
$10.00	$400.00	**$188.00**	$160.00	$112.80	**$272.80**	-31.8%	45.1%	+$75.20
$15.00	$600.00	**$282.00**	$240.00	$169.20	**$409.20**	-31.8%	45.1%	+$112.80
$20.00	$800.00	**$376.00**	$320.00	$225.60	**$545.60**	-31.8%	45.1%	+$150.40
$25.00	$1,000.00	**$470.00**	$400.00	$282.00	**$682.00**	-31.8%	45.1%	+$188.00
$30.00	$1,200.00	**$484.00**	$480.00	$290.40	**$770.40**	-35.8%	59.2%	+$193.60
$35.00	$1,400.00	**$484.00**	$560.00	$290.40	**$850.40**	-39.3%	75.7%	+$193.60
$40.00	$1,600.00	**$484.00**	$640.00	$290.40	**$930.40**	-41.9%	92.2%	+$193.60
$45.00	$1,800.00	**$484.00**	$720.00	$290.40	**$1,010.40**	-43.9%	108.8%	+$193.60
$50.00	$2,000.00	**$484.00**	$800.00	$290.40	**$1,090.40**	-45.5%	125.3%	+$193.60

*Source(s): Authors' analysis using information provided by the Illinois Department of Employment Security (IDES, 2019) and the National Conference of State Legislatures (NCSL, 2019). *A 60 percent hours reduction is the maximum for employers to qualify for and participate in Illinois' work-share program.*

Table 4: Unemployment After the Great Recession and Estimates for the COVID-19 Recession, 2020

2019 *Current Population Survey* Outgoing Rotation Groups (CPS-ORG)	**Unemployed Individuals in Illinois in 2010**	**Illinois Workers Earning At or Below $1,000 Per Week (2019)**	**Illinois Workers Earning At or Below $1,000 Per Week (2019)**
Unemployment Rate	10.5%	--	--
Share without Bachelor's Degree	79.7%	72.5%	30.5%
Share with Bachelor's Degree or Higher	20.3%	27.5%	69.5%
Expected Share of the 779,000 Unemployed (COVID-19 Recession)	--	67.3%	32.7%
Expected Number of the 779,000 Unemployed (COVID-19 Recession)		524,158	254,842

Source(s): Authors' analysis using data from the 2019 CPS-ORG (CEPR, 2020) and estimated COVID-19-related job losses from the Economic Policy Institute (Cooper & Wolfe, 2020). The expected share of the newly unemployed is based on weighted estimates by educational attainment, informed by 2010 data in the aftermath of the Great Recession.