Tri-City businesses use Shared-Work program to avoid layoffs
By Pratik Joshi, Herald staff writer

Small-business owner Tom Richardson is counting on a state program to help him retain his experienced door-installers if the Tri-Cities’ housing market falters.

The Shared-Work program, which was created by the state Legislature in 1983, allows business owners to temporarily reduce the work hours of their employees up to 50 percent, and helps workers get unemployment benefits for that portion of their lost wages.

The program is being rediscovered, said Bill Tarrow of the Washington Employment Security Department.

More than 2,100 businesses — 14 of them in Benton and Franklin counties — and 42,000 employees (of which fewer than 100 are in the Tri-Cities) are currently approved to participate in the program, said Tarrow, business outreach manager at ESD.

A year ago, just 145 employers and about 5,700 employees were using the program, he said.

Shared-Work is part of the state's unemployment-insurance program and is funded by businesses through employee payroll taxes.

The Shared-Work program is a better alternative to laying off workers or reducing their wages, said Richardson, who owns Richardson's Garage Doors in Richland.

Workers don't have to look for a new job while their work hours are reduced, said Richardson. And he can bring them back to work as soon as business improves, he said.

"I don't have to retrain anyone," Richardson said, a substantial saving of money and time.

Richardson said he first used the program about 12 years ago. And late last year, when the housing industry began to feel the impact of the national recession, he decided to enroll again.

About five of his 10 employees are signed up, he said, although they didn't have to use the program much this year.

"We used it for about a month and a half," Richardson said.

The program is administered on a week-to-week basis, Tarrow said. Earlier this year, the Legislature made the program more flexible by removing the requirement that a minimum of 10 percent of the workers in a unit, division or the company overall need to participate in the program. Now, businesses even can enroll just one worker, Tarrow said.

In the past, the program largely was used by manufacturers, but in the past year or so, wholesale traders, construction companies, retailers and the service industry have begun to participate. That shows the depth and breadth of the recession, Tarrow said.

At the end of August, 68 percent of workers participating in the Shared-Work program were from manufacturing, 8.4 percent from wholesale trade, 5.7 percent from construction and 4 percent each from retail trade and from the professional, scientific and technical services industry.

A recent survey showed the program has helped most participating employers reduce their payroll by as much as 30 percent. Nearly 60 percent felt the program had helped their business survive the current recession, and almost 90 percent would recommend the program to other businesses, Tarrow said.

Sangraha Electric of Tri-Cities in Kennewick decided to enroll in the program last November.
Eight of the company’s 10 employees are participating in the program, she said.

Barnett said their business is also tied to the construction industry. It’s cyclical, but the Tri-Cities hasn’t been hit as hard as elsewhere, she said.

“We’re holding our breath. But we aren’t anxious,” she said.

-- Pratik Joshi: 582-1541; pjoshi@tricityherald.com; Business Beat blog at tricityherald.com