

Middle Class Tax Relief and Job Creation Act of 2012
Short-Time Compensation (STC)
Fact Sheet

- STC, also known as work sharing, is a layoff aversion strategy that enables workers to remain employed and employers to retain their trained staff during times of reduced business activity.
- The Middle Class Tax Relief and Job Creation Act of 2012 codifies and expands the existing definition of STC. States that had been operating an STC program before enactment of the Act have 2 ½ years to amend their laws to conform to the new definition.
- As an incentive for states to enact state STC programs and promote the use of STC, the Act provides for 100 percent reimbursement of STC benefit costs paid under state law for up to 156 weeks (three years). Authority to provide these reimbursements ends on August 22, 2015.
- The Act also establishes an optional temporary Federal STC program.
 - The Federal government would pay all administrative costs and one-half of STC benefit costs.
 - The employer participating in STC would pay the other half of STC benefit costs.
 - States may participate in the Federal STC program for no more than 104 weeks (two years) and authority for this program ends on May 24, 2014.
- Approximately \$100 million in grants is available to states whose permanent STC laws meet the new Federal definition.
 - Grant amounts are determined based on each state's proportionate share of FUTA taxable wages multiplied by \$100,000,000 (less a reduction of 0.25 percent that the Secretary may use to provide outreach and share best practices of STC programs).
 - States must submit grant applications no later than December 31, 2014.
 - States must use 1/3 of their share for implementation or improved administration of their STC programs. The remaining 2/3 of their share must be used for promoting and enrolling employers in STC programs.
- DOL must provide model legislation, technical assistance, and reporting requirements after consultation with stakeholders.
- DOL must report to Congress in 4 years on best practices, state challenges and do a survey of employers. \$1.5 million is provided for this activity.

Additional guidance and information is available on the Office of Unemployment Insurance website at <http://www.oui.doleta.gov/unemploy/jobcreact.asp>