

COVID-19 Workforce Planning

Work Share ROI vs. 75% Wage Subsidy – Employer Perspective

This compares employer wage costs at different volumes to determine how many weeks of Work Share are needed to provide an ROI over the 75% wage subsidy. This is assuming at the end of the wage subsidy all employees are brought back full time and Work Share is not used at the end of the wage subsidy.

Previous Work Volume	Work Share ROI
40%	Work Share has an ROI at week 17
60%	Work Share has an ROI at week 25
80%	Work Share has an ROI at week 49

** It is not known yet whether Work Share and the 75% wage subsidy program can be used together, or one after the other. More information is expected this week.*

*Work Share programs can cover work volume decreases from 10-60%

Key Takeaway

If Work Volumes are forecasted to decline for 16 weeks or more, it is important to take Work Share into account when planning a response.

Payroll Cost Comparison over 52 Weeks

The following compares scenarios for a company with an average annual payroll of \$2,000,000

Total Payroll Cost after 52 weeks for Company with \$2M in Payroll

* Work Share @ 80% (49 week tipping point)

No Programs	Work Share only	Wage Subsidy only	Stacking both programs*
\$ 2,000,000	\$ 1,600,000	\$ 1,625,000	\$ 1,325,000

* Work Share @ 60% (25 week Tipping point)

No Programs	Work Share only	Wage Subsidy only	Stacking both programs*
\$ 2,000,000	\$ 1,200,000	\$ 1,625,000	\$ 1,025,000

* Work Share @ 40% (17 week Tipping point)

No Programs	Work Share only	Wage Subsidy only	Stacking both programs*
\$ 2,000,000	\$ 800,000	\$ 1,625,000	\$ 740,385

Key Takeaway

Over a 52-week period, Work Share is better than wage subsidy at all levels between 40-80% of previous work volumes.

The government has announced changes to the 75% Wage Subsidy program. The following is a comparison of Work Share and the Wage Subsidy program based on information available March 30th, 2020. Disclaimer: This example is for illustration purposes only. If you are interested in doing your own scenario analysis for your company, please contact Yohaán.Thommy@mnp.ca

Work Share ROI vs. 75% Wage Subsidy – Employee Perspective

Work Share Net Income at 40% Volume

While on Work Share, employees receive regular wages and EI. The following is an analysis of the net income employees can expect while on Work Share. The minimum volume was used so this represents the worst-case scenario.

Annual Net Income for Employees on Work Share (Ontario Tax Rates*)

Gross Income	WS Adjusted Net Income	Regular Net Income	WS % of Previous
\$ 60,000	\$ 35,018.10	\$ 49,243	71.1%
\$ 70,000	\$ 40,452.62	\$ 56,278	71.9%
\$ 80,000	\$ 45,588.17	\$ 63,291	72.0%
\$ 90,000	\$ 50,723.72	\$ 70,130	72.3%
\$ 100,000	\$ 53,615.10	\$ 76,292	70.3%
\$ 110,000	\$ 56,429.10	\$ 81,951	68.9%
\$ 120,000	\$ 59,243.10	\$ 87,610	67.6%
\$ 130,000	\$ 62,057.10	\$ 93,269	66.5%
\$ 140,000	\$ 64,459.77	\$ 98,928	65.2%
\$ 150,000	\$ 66,424.96	\$ 104,587	63.5%

Key Takeaway

In a worst-case scenario employee will receive on avg. 72.7% of previous income while on Work Share.

13 Week Pay Comparison

The 75% Wage Subsidy is a 13-week program. The following compares an employee’s earnings under regular EI, Work Share, and the 75% Wage Subsidy, assuming Work Share employees will receive 40% of their previous hours.

13 Week Gross Pay Comparison

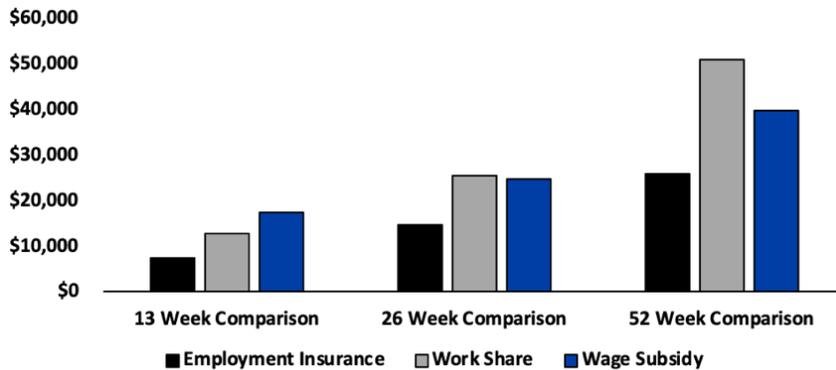
Previous Annual Gross Income	EI Benefits	Work Share	Wage Subsidy
\$ 60,000	\$ 7,462	\$ 10,950	\$ 15,000
\$ 70,000	\$ 7,462	\$ 12,775	\$ 17,500
\$ 80,000	\$ 7,462	\$ 14,600	\$ 20,000
\$ 90,000	\$ 7,462	\$ 16,425	\$ 22,500
\$ 100,000	\$ 7,462	\$ 17,453	\$ 25,000
\$ 110,000	\$ 7,462	\$ 18,453	\$ 27,500
\$ 120,000	\$ 7,462	\$ 19,453	\$ 30,000
\$ 130,000	\$ 7,462	\$ 20,453	\$ 32,500
\$ 140,000	\$ 7,462	\$ 21,453	\$ 35,000
\$ 150,000	\$ 7,462	\$ 22,453	\$ 37,500

Key Takeaway

For the first 13 weeks, employees at all pay levels will receive more from the 75% wage subsidy than other programs, including Work Share.

Work Share ROI vs. 75% Wage Subsidy – Summary

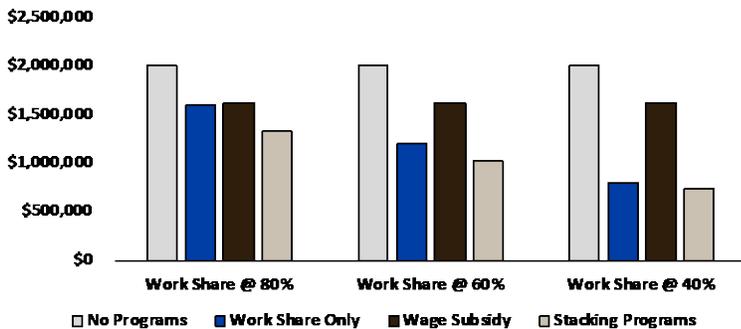
13, 26, 52 Week Pay Comparison Summary (\$70,000 Annual Gross Wage)



Key Takeaway

The longer the slowdown occurs the more beneficial the Work Share program is for employees.

Payroll Cost Over 52 Weeks (\$2m in Payroll)



** It is not known yet whether Work Share and the 75% wage subsidy program can be used together, or one after the other. More information is expected this week. We have provided this simulation as a potential scenario.*

Key Takeaway

Over a 52-week period, the work share program is more cost effective for the employer across all levels of work sharing. Eligibility doesn't always mean applicability. Just because you are eligible for a grant / subsidy doesn't always mean it is right for your business and the way you want to run it.

This information has been provided by Yohann Thommy, Tanner MacDonald and Will Christadoulou at MNP.

MNP can help you navigate the challenging nature of the application and scenario analysis, communicating with your employees and ensuring you receive the most benefit of the application for a fee that is not cost prohibitive. If you are looking for a more strategic survey of all the grants and subsidies, connect with Yohaan.Thommy@mnp.ca who has experience helping companies navigate which program is right for them and how to mitigate the challenges that each of these will bring to your business.