**Section 2870.25 Revocation of a Short-Time Compensation Plan**

a) At any time during the duration of an approved plan, the Director may revoke approval of the plan for good cause.

b) Good cause to revoke approval of an STC plan includes the following:

1) Failure of the employer to comply with the assurances given in the plan;

EXAMPLE 1: In its application for approval of its STC plan, Company C provides assurances that it will continue to provide health and retirement benefits to its employees in the affected unit under the same terms and conditions it would have if the employees' usual hours of work had not been reduced.  Despite these assurances, Company C reduces health benefits to its employees in the affected unit in proportion to its reduction of their hours of work and Company C reduces the retirement benefits that it was providing to the employees in the affected unit. Both the reduction in the health benefits and the reduction of the retirement benefits constitute a failure of the employer to comply with assurances given in the STC plan. Either of these failures to comply with an assurance given in the plan constitutes good cause for the Director to revoke approval of the plan.

EXAMPLE 2: In its application for approval of its STC plan for its sales unit, Company D provides assurances that while the STC plan is in operation, it will not hire additional full-time or part-time employees for the affected unit, and that while the STC plan is in operation, it will not transfer employees to the affected unit. Despite these assurances, while the STC plan is in operation Company D hires one full-time employee and two part-time employees for its sales unit and transfers an employee to its sales unit who was working in its telemarketing department at the time of the transfer. Both the hiring of the new employees and the transfer into the unit of another employee constitute a failure of the employer to comply with an assurance given in the STC plan. Any of these failures to comply with an assurance given in the plan constitutes good cause for the Director to revoke approval of the plan.

2) Termination of the approval of the STC plan by the collective bargaining representative of employees in the affected unit as set forth in Section 502(F) of the Act;

3) Unreasonable revision of productivity standards for the affected unit as set forth in Section 502(F) of the Act. An unreasonable revision of productivity standards for the affected unit is a revision that is not proportional to the percentage of work hours reduced under the approved STC plan.

EXAMPLE: Company E has an approved STC plan in place for its assembly unit. The plan calls for a 20% reduction in hours for the workers in the affected unit. At some point after the plan has been approved, Company E announces to the workers in its assembly unit that even though their hours of work had been reduced by 20%, the employer is setting production standards at a 10% reduction from the standards that were in place before the approval of the STC plan. In this case, with a revision of productivity standards that is not in proportion with the reduction of hours, the revision of the employer's productivity standards for the affected unit is unreasonable and shall constitute good cause for the Director to revoke approval of the STC plan.

4) *Conduct or occurrences tending to defeat the intent and effective operation* *of the short-time compensation plan* as set forth in Section 502(F) of the Act. The intent and effective operation of the short-time compensation plan are to reduce unemployment, avoid layoffs, and provide employees unemployment benefits at a reduced rate.

EXAMPLE: Company F has in operation an approved STC plan for its affected warehouse unit. The plan calls for a 25% reduction in hours for the workers in the affected unit. The plan also calls for a temporary one-week shutdown between the Christmas and New Year holidays. After the workers in the affected unit return to work following the one-week shutdown, Company F lays off the two workers in the unit with the least seniority. The layoff of workers in the affected unit outside the temporary shutdown provided for in the plan defeats the intent and effective operation of the STC plan by failing to avoid layoffs, and constitutes good cause for the Director to revoke approval of the STC plan.

5) *Violation of any criteria on which approval of the plan was based* as set forth in Section 502 of the Act and certified to by the employer in the plan application (Sec. 502(F) of the Act);

EXAMPLE: Company G has in operation an approved STC plan for its affected transportation unit. The plan calls for a 25% reduction in hours for the workers in the affected unit. However, Company G reduces the workers' hours by 27%. The reduction of the workers' hours by a percentage other than that stated in the plan is a violation of a criterion on which approval of the plan was based and constitutes good cause for the Director to revoke approval of the STC plan.

6) The employer's failure to make timely filings of its wage reports while the plan is in operation;

7) The employer's failure to make timely and full payment of contributions or payments in lieu of contributions while the plan is in operation;

8) The employer's failure to provide the Department with required reports; or

9) The employer's failure to allow the Director or an authorized Department employee to monitor and evaluate the plan.

c) If the Director finds that good cause to revoke an STC plan exists, the Director, through an authorized Department employee, will contact the employer of the affected unit, and send it written notice informing it of the finding or findings of good cause to revoke the plan. The employer has seven calendar days from the issuance of such notice to contact the Department, in writing, in order to address and/or correct, the finding or findings of good cause to revoke the plan.

d) Upon receipt and consideration of the employer's timely written correspondence set forth in subsection (c), if any, the Director may issue a decision revoking the plan. The decision of the Director to revoke an STC plan shall:

1) be in writing;

2) specify the reason or reasons for the revocation and the date the revocation is effective;

3) be served upon the employer and all employees in the affected unit by sending the decision revoking the plan to the addresses or email accounts of record with the Department for purposes of STC; and

4) be final.