

# Furloughs + Layoffs in Response to COVID-19

**A Step-by-Step Guide**

# Introduction

We recognize the current crisis has put a strain on many businesses. The following guide is here to assist you if you are considering downsizing or temporarily closing operations.

*This document is offered for general best practice information only. It does not provide, and is not intended to provide, legal advice.*

# Step 1

## Consider Alternatives

- The [Coronavirus Aid, Relief, and Economic Security Act \(CARES Act\)](#) provides SMBs with alternatives to layoffs by expanding the terms on certain SBA loans.
- The [Work-Share Program](#) allows employees to keep working, but with fewer hours. While an employee is working fewer hours, he or she may be eligible to collect part of his or her regular unemployment benefits.
- Visit GJEP's [COVID-19 Business Resources page](#) for more resources for financial relief.

# Step 2

## Situational Analysis

- **Communicate with your payroll department or hire an HR specialist**
- **Document your plan**

- Determine the reason, need, and timing for the reduction as soon as possible: permanent situation (layoff) or a temporary situation (furlough). If not all employees are effected, determine the need for freezing hiring, promotions, pay increases, etc. This decision should be decided by a committee or team if possible.
- Determine different departments and the number of staff affected (all or partial).
- Determine any contractual considerations or collective bargaining situations.
- Determine objective criteria for furloughs/layoff selection: seniority, performance, PT/FT, education/experience/knowledge/skillsets, volunteer for reductions, etc. Avoid discrimination or disparate practices (age, race, religion, gender, pregnancy, disability, etc.)
- Work with accounting/payroll professionals to determine any financial considerations.
  - Determine if severance packages will be offered. If offered, ensure compliance with all regulations, including the Older Workers Benefit Protection Act (OWBPA) and ERISA.
  - Determine the payment requirements for commissions or bonuses.
- Be aware of specific regulations, such as the Worker Adjustment and Retraining Notification (WARN) Act for employers with 100 or more employees, or state specific requirements.
- Be aware of requirements for specific industries under the Colorado HELP regulations requiring paid leave and separation considerations.
- Determine if employees must return company property or not. If so, how and when?

# Step 3

## How to Lay Off Employees

- Give your employees as much advanced notice as possible.
- Develop a schedule for individual employee meetings.
- Be aware of the potential for emotional responses and secure your workplace against possible workplace violence situations. If you have an Employee Assistance Program, invite them to the worksite to assist those laid off, furloughed, or retained.
- Provide a letter to employees explaining the following (not an all-inclusive list):
  - Specific details of situation
  - Effective dates of reduction of hours, furlough or layoff
  - Contact information on filing for [unemployment insurance](#)
  - State if you expect to reinstate the employee's hours within 16 weeks
  - If a permanent layoff, include information for the local workforce center (<https://mcwfc.us/>)
  - Information on their final paycheck (all wages earned, vacation, PTO, etc.)
  - Information regarding benefits, pension plans, COBRA and/or the Colorado Continuation of Coverage, including contact information and how long their benefits will remain in effect.
- When an employee's work ends due to no fault of their own, they must receive all wages due, including PTO/Vacation, *within 24 hours*.

# Step 3

## How to Lay Off Employees

### Cont.

- Laying Off 10 or More Employees?
  - Fill out a **[Mass Layoff Spreadsheet](#)**
  - Contact a Mesa County Workforce Center Employment Specialist at **[jobservice@mesacounty.us](mailto:jobservice@mesacounty.us)** or at **970-248-7597** to ease the Unemployment process for your workers and gain access to Rapid Response services that can provide them with resources and information to ease the transition and set them up for success after your organization.
- *If temporary (furlough)*, make sure the employee knows to mark themselves as Job Attached when applying for unemployment.
- When re-hiring, be aware of requirements to offer positions to those laid off or furloughed.

# Credits

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