

EMPLOYER GUIDELINES FOR FURLOUGH & TEMPORARY LAYOFF ON COVID-19 CORONAVIRUS



*Representing employees, employers, and unions
in work matters and related litigation*

During this challenging time, salons may be faced with the difficult decision to temporarily close their business or significantly reduce their workforce. If this occurs, the question is often asked... should I furlough employees or do a temporary layoff?

With both a Furlough and Temporary Layoff:

- Both are meant to be temporary and the intent is to have employees return to work when the salon can resume normal business operations.
- Employees can file for Florida Reemployment Assistance (i.e. unemployment benefits).
- **VERY IMPORTANT**... the terminology within the Florida Reemployment site currently does not distinguish between a furlough and a layoff. When employees file for unemployment, **they will need to select the box that says "Layoff."**

With a Furlough:

- The person is still technically an employee, even though they will not come to work, will not perform any work while at home, and will not get paid.
- Because they remain an employee, they may continue to qualify for health insurance benefits.
- If you offer health insurance, contact your insurance carrier and determine whether your employees can still be covered under the plan, even if they are not working any hours. Many plans have minimum hour requirements.
- Determine who will pay the health premiums during the furlough (i.e., employee, employer, or both) and how these health premiums will be paid, since the employee will not be receiving a paycheck.
- Very important consideration – as the employer, you are 100% responsible for full payment of the health insurance premium. If your employees are unable to reimburse you for their share, you as the Employer are responsible for paying it.
- The employee is not required to complete new hire paperwork upon returning from the furlough.

With a Temporary Layoff:

- The person is no longer an employee.
- The person is no longer eligible to receive health insurance benefits under your Company policy. They will have the option to get continued health insurance coverage through COBRA, which is likely to be much more expensive.
- When the employee is rehired in the future, all new hire paperwork would need to be completed again, since the employer is essentially rehiring the employee back with the company after the employee had been terminated (i.e., employment agreements, noncompete agreements, I-9's, W-4's, etc.).

So back to the question: should I furlough employees or do a temporary layoff?

- If you currently offer no health insurance coverage, we suggest a furlough. It will probably feel better to a Team Member to remain an "employee". Although there are currently no distinctions between a furlough and a layoff in the legislation, it's possible that there could be some difference in the future.
- If you currently offer health insurance benefits and are able to continue to offer health insurance benefits to your employees, use a furlough.

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- If you currently offer health insurance benefits and are NOT able to continue to offer health insurance benefits to your employees, either because of plan restrictions or affordability, we suggest a temporary layoff so that your Team Members have the opportunity to get coverage through COBRA.

Best Practices:

- Notify your employees of the furlough or temporary layoff. This can be done verbally, but the best practice is to provide a letter to the employee. See the attached examples with suggested language.
- Provide a copy of the letter to the employee and place a copy in their file. The employee may need this if filing for Florida Reemployment Assistance (unemployment benefits) and to obtain alternate health coverage, if applicable.
- Notify the employee that they may be eligible for Florida Reemployment Assistance (unemployment benefits) and provide them with information needed to apply. In Florida, the employee may apply online directly at: <https://connect.myflorida.com/Claimant/Core/Login.ASPX>
- Remind them to keep trying if they cannot get through at first. The system is inundated with people trying to file.
- **AGAIN...** very important... terminology within the Florida Reemployment site does not distinguish between a furlough and a layoff. When employees file for unemployment, under the section “Reason for Separation from this Employer”, they will need to select the box that says “Layoff”.
- If the employee files a reemployment claim, the employer will receive a notification along with questions the employer will need to answer by the due date given on the notification. Please stay on top of this so that your employees do not have to wait to get approved.
- If the employee has company keys, a parking pass, company credit card, or company equipment (such as a laptop, cell phone, etc.), determine if this will be returned to the salon while they are away.
- If you offer health insurance and elect to do a temporary layoff, notify your health benefits carrier so COBRA information can be sent out to the employee.
- Ensure you have current personal contact information for your employee (i.e., address, phone number, e-mail address). Stay in touch with them frequently.
- Make all necessary changes in your payroll system to adjust compensation/hours to 0 (for a furlough) or terminate employees if doing a temporary layoff.

While this outline is provided to assist you, it is strongly recommended that you consult with an employment law attorney as each employer’s situation may be different. If you are one of our current Aveda salon clients under our unique Profit Protection Plan (“PPP”), designed exclusively for Aveda salon owners, you may contact us with any follow up questions or assistance that you may need.

However, if you are **not** a current client under our PPP and should you have any questions that are not contained within this Primer or need clarification, please contact us immediately at (407) 803-5400 or www.wilsonmccoylaw.com to schedule a paid consultation, or to become a client under our PPP and its many advantages for situations such as this and receive a free consultation.