

LEO Press release: State Provides Guidance to Employers Contemplating Potential Layoffs

The Department of Labor and Economic Opportunity today provided guidance to Michigan employers on how to avoid potential layoffs related to COVID-19.

“We know that many families and businesses are and will experience economic pain as a result of the COVID-19 pandemic,” said LEO Director Jeff Donofrio. “Through Governor Whitmer’s executive action and existing state programs, there are resources for employers affected by COVID-19. We are also strongly urging job providers facing work shortages to place their employees on temporary leave as opposed to termination, so that they may remain eligible for potential federal assistance.”

Work Share If employers are financially distressed but hope to continue operations by cutting back hours, they are encouraged to use the Unemployment Insurance Agency’s [Work Share program](#) that allows employers to maintain employment levels and business operations during declines in regular business activity rather than laying off workers. More information about the program can be found at www.michigan.gov/workshare.

Temporary Leave vs. Termination Due to the uncertainty regarding potential congressional action regarding whether and how furloughed workers will be able to access federal paid sick, family and medical leave resources, **employers are strongly urged to place employees on temporary leave and advise the worker that they expect to have work available within 120-days as opposed to termination.** There is no additional cost to employers, employees remain eligible for UI benefits through the state, and employees may remain eligible for potential federal assistance.

Steps for employers placing employees on temporary unpaid leave:

- Do not terminate the employee – specify a temporary/indefinite leave with return to work expected that is within 120 days.
- Do not create a contractual obligation to bring the employee back to work – Let the employee know that the situation is fluid and subject to change.
- Provide the employee with a formal [Unemployment Compensation Notice](#). Employers will need to provide their Employer Account Number and Federal Identification Number.
- Communicate to the employee about their rights. Under Governor Whitmer’s recent [Executive Order](#), workers are placed on leave, or are unable to work because they are sick, quarantined, immunocompromised, or have an unanticipated family care responsibility, are eligible for unemployment insurance benefits.
- Ensure employees are provided information on how to obtain unemployment insurance benefits. [A factsheet can be found here](#).
- Get each employee’s up-to-date contact information.
- Let employees know if you will be putting updated information on the entity’s website or intranet, if applicable.
- Appoint a single, or limited number of individuals who will field questions, and communicate that information to employees.
- Keep a tally of all questions and answers. Periodically share with employees.

The state is monitoring issues related to continued medical insurance coverage and will update accordingly.

Elimination of Certain Unemployment Costs to Employers

Under the governor's order, an employer or employing unit must not be charged for unemployment benefits if their employees become unemployed because of an executive order requiring them to close or limit operations.

Other Resources

The Michigan Economic Development Corporation's call center stands ready to support businesses looking for assistance through other available state programs. For more information, visit the MEDC's website: www.michiganbusiness.org or call 888.522.0103. The Michigan Small Business Development Center can also provide resources for small businesses impacted by COVID-19. Visit their website <https://sbdcmichigan.org/small-business-covid19/> for additional information.

Governor Whitmer is also seeking additional solutions for small businesses impacted by COVID-19. Earlier this month, Congress passed legislation that makes \$1 billion available to the U.S. Small Business Administration (SBA) to provide low-interest loans to small businesses, small agricultural cooperatives, and nonprofits that have suffered substantial economic losses as a result of the COVID-19 pandemic.

The governor has informed SBA that she is seeking an Economic Injury Disaster Loan Declaration for the state and has initiated the process to receive the declaration from SBA. Once granted, small businesses in qualifying areas will be able to access low-interest loans through the SBA. In the interim, we are encouraging small businesses that could benefit from SBA loans to start collecting the information they'll need to complete and submit their application. [Examples of information needed can be found here](#). For additional information or to obtain help preparing the loan application in advance of the declaration, please contact the [Michigan SBA offices](#) in Detroit or Grand Rapids.

Information around this outbreak is changing rapidly. The latest information is available at Michigan.gov/Coronavirus and CDC.gov/Coronavirus.

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