**Furlough or Layoff Letter, LMC Model Form**

*League staff thoughtfully develops models for a city’s consideration. Models should be customized as appropriate for an individual city’s circumstances in consultation with the city’s attorney. Helpful background information on this model may be found in* [*Layoffs and HR Cost-Saving Measures*](https://www.lmc.org/resources/layoffs-and-hr-cost-saving-measures/)*.*

*[Erase this icon and paragraph if not needed in your model]*

**This icon marks places where the city must customize the model. They offer additional provisions, optional language, or comments for your consideration. The icon, and language you do not wish to include, should be deleted from this model before use. While it is preferable to draft a letter specific to your city’s unique circumstances, this model is simply a starting point for that uniquely customized letter. Please work with your City Attorney to customize the model for your city.**

 **A city will want to work with its city attorney to determine whether to reference layoff or furlough within this letter. As the** [**Layoff materials reference**](https://www.lmc.org/wp-content/uploads/documents/Layoffs-and-HR-Cost-Saving-Measures.pdf) **parties often use the terms furlough and layoff interchangeably, a furlough is generally perceived as a temporary leave of absence or reduction in work hours such that an employee is relieved of work duties and wages because of economic reasons, lack of work or other non-disciplinary reasons. Employees who are furloughed typically return to work. The term layoff generally refers to a longer term or permanent elimination of an employee’s position due to organizational changes, economic reasons, lack of work or other non-disciplinary reasons. A city should be careful not to make any promises about the duration of a leave but letting the employee know there are short/long term plans or no plans to return the employee to the job or that the employee may be returned to work if economic conditions allow. This will allow the employee to determine if they should be looking for another job.**

[Date], 2022

Name

Address

City, MN Zip

Dear [First Name],

The city has been severely impacted by the economic downturn. These economic and staffing conditions are requiring the City to address its staffing levels. We are unsure how long these staffing limitations will remain in effect.

**[For union employees where a position is being eliminated or furloughed:]**

Pursuant to our Collective Bargaining Agreement Article \_\_\_, Section \_\_\_, we are hereby providing notice that your position of [title name] is being [eliminated/furloughed through (date)] effective [date].

[**Additionally, a city will want to work with the City Attorney to address any timeframes required to notify an employee of layoff before it is effective, notice of bumping rights, etc.]**

**[For unrepresented employees where a position is being eliminated or furloughed:]**

Unfortunately, based upon current economic and market conditions, I have determined the City can no longer continue to justify the [title] position. Effective [date], your position will be eliminated.

This letter communicates information regarding your employment status and your [final] paycheck.

**[A city will want to check its Personnel Policies to ensure compliance with any timeframes required to notify an unrepresented employee of layoff before it is effective, notice of bumping rights, etc.]**

**Employment Status**

* You will be [laid off] effective [DATE],

  [**If a city wishes to offer any paid leave enter that here such as**:] but you will be paid for two weeks (equivalent to 80 hours of pay), through (date).

* Please return all City property (including keys, access card, ID badge, technology equipment, etc.). Your equipment can be returned to [XX] room at [YY] location where it will be inventoried and confirmed complete via [email or letter].

**Your [Final] Paycheck and Severance Check Receipt**

* Your [final] paycheck reflecting wages earned through [date], will be issued on the regular payday of [date].

[**If the city pays employee current, consider including this language:** Remember, since city employees are paid current, you will likely have 40 hours payable to you on your (date) paycheck]. You will receive your vacation and sick leave accruals for [month] on your [date] paycheck. Your typical one-half of the employer contribution for benefits will be awarded on your (date) check, and one-half of your benefit premiums will be deducted on your (date) check.

* Your severance check will also be issued as a separate deposit on (date), 202\_.

**[Consider describing what the severance check will include, for example:]** This severance check will include any accrued vacation balances, for non-union any unused floating holiday hours, for non-exempt employees any accrued compensatory time, and for employees with [X] years of employment one-half of accrued unused sick leave at your current hourly rate of pay, not to exceed 480 hours. Vacation and sick leave payouts for non-union employees are subject to the City’s post-employment health care savings contributions. A copy of the City’s required post-employment health care savings contributions is attached for your reference. Human Resources will prepare a memo for payroll outlining your accrued leave balances, and you will be mailed a copy of the memo.

* If you wish to complete a new W-4 form for federal and state income tax purposes, a W-4 form is attached for your use. If you wish to change your withholding, please submit this to payroll by [date].

[**If a city needs the 2022 W-4 forms:**

<https://www.irs.gov/pub/irs-pdf/fw4.pdf>

<https://www.revenue.state.mn.us/sites/default/files/2022-01/w-4mn.pdf>]

[**Note, there are restrictions on 457 deferred compensation contributions. The plan has to include these types of payments as “compensation” for purposes of the plan; the payments need to be made within a certain time frame, and the election to defer these payments to the plan must be made in the month prior to the month in which the compensation is payable to the employee. This section assumes either the employee’s employment is terminating or that the employee will cease to be eligible due to the layoff or furlough. Different information should be included in the layoff or furlough does not cause a loss of coverage.]**

* If you wish to deposit some or all of these amounts into your Section 457 deferred compensation account, the forms are available through payroll. The annual maximum contribution for 2022 is $20,500. For employees age 50 or older, there is an additional $6,500 for a total of $27,000, unless you are participating in the special pre-retirement catch up provision; contact your deferred compensation provider for additional information.

[**If the city is considering a furlough or short-term layoff where employees will be likely called back, consider adding the following language:]** While you are on [furlough/layoff], it is crucial your supervisor has your correct telephone number and address. In the event the city cannot reach you within three working days for a recall (first, a telephone call and then, if no response, a registered letter), we will proceed to the next person and consider your failure to respond a resignation of your position from the city.

**Benefits Status**

 [**This section assumes either that the employee’s employment is terminating or that the employee will cease to be eligible due to the layoff or furlough. Different information should be included in the layoff or furlough does not cause a loss of coverage**.]

* Your insurance benefits will be effective through [Date, 202\_]. In accordance with benefit continuation laws, you will be provided with an opportunity to continue your elected benefits.

[**If the employer is subject to federal COBRA, all group health plans should be listed including vision coverage, health FSA, HRA, EAP, etc. If the employer is not subject to COBRA, then continuation rights will be limited to medical, dental, vision and life**.]

Generally, this continuation period is for 18-months and you are responsible for pay of the entire premium and a 2% service fee. You will receive a benefits continuation packet, outlining your continuation rights, under separate letter from the City’s Continuation Administrator, [name]. If you have an address change, it is your obligation to notify [NAME] in writing at [EMAIL] to update your records.

* Any short-term or long-term disability

[**list any other benefits that terminate upon termination of employment**] policies that you may carry will cease your last day of employment [date], 202\_.

[**Will any outplacement services be offered? If so, provide contact name of provider and description of program, such as:]** Resume and job search services will be paid by the city and provided to you through [Name of Firm]. These services are designed to assist you in finding a new job. We strongly encourage you to participate. You can begin at any time by contacting [Name] at [Phone Number or Email]. Services are available to you for the next [insert time period].

**[Are EAP services offered? If so, keep in mind almost all EAPs constitute group health plans and, as noted above, if the employer is large enough, COBRA applies to the EAP. The following language is to encourage utilization as is available to exiting employees:]** Our EAP services can help with a wide range of personal issues such as child or elder care, relationship challenges, financial or legal problems, wellness matters and stress, to name a few. Please contact them at [insert contact information]. This is a free, confidential service to you through [date]. Enclosed with this letter is information is information regarding our EAP provider

* We strongly encourage you to file for unemployment benefits right away. Unemployment Insurance is paid by the city to provide for partial income replacement to eligible full-time and part-time workers who become separated from employment through no fault of their own, as well as for those workers who have experienced a reduction in the number of hours worked., Minnesota’s Unemployment Insurance customer support can be accessed through:

<https://www.uimn.org/applicants/contact-us/>

[**Is the individual a veteran? If so, add the following**:] If you are a veteran as defined by Minn. Stat. § 197.447, you may have certain rights relating to your layoff under the Veterans’ Preference Act (Minn. Stat. §§ 197.46 and 197.481). Pursuant to the Act, you have the right to either petition the District court for a writ of mandamus or the Commissioner of Veterans Affairs to determine whether the action taken was in good faith. If you wish to pursue either of these remedies, you must do so within 30 days of receipt of this notice.

Lastly, I can assure you that this decision was arrived at only after a great deal of very difficult consideration. We have enjoyed having you as part of the [city name] team and thank you for the efforts you have made on behalf of this community. I wish you the best in your future endeavors. If I or other members of the city staff can be of any assistance to you in your job search, please let me know.

Sincerely,

[City Administrator/ City Manager]

cc: [Department Head]

 Personnel File