

Holiday Shutdown Considerations



Some employers shut down their operations during holiday weeks such as the week of July 4th, the week of Thanksgiving, or the week between Christmas and New Year's Day. Employers have a number of factors to consider before deciding to shut down operations.

Notification to Employees

It is advisable to let employees know as soon as possible if operations will be shut down. Similarly, if the employer expects employees to use vacation or other eligible leave time during the shutdown period, that expectation should be promptly communicated as well.

Unemployment

Employees who are laid off without wages for all or part of a shutdown period are eligible to file for unemployment. The employer should not promise that an employee will receive unemployment benefits, as the decision to award unemployment benefits is made by the state's unemployment office, and there may be considerations unknown to the employer.

Employers that plan a plant shutdown or major layoff that will affect a large number of employees (generally 50 or more) may want to contact the state unemployment office in advance to arrange for applications for unemployment benefits for affected employees to be taken prior to the shutdown. This allows employees to avoid the delays that often occur over holiday seasons, such as late December and early July.

FMLA

Employers who have employees on FMLA leave need to determine the amount of leave used by an employee during a shutdown period. Under federal FMLA regulations § 825.200(f), for the purpose of determining the amount of FMLA leave used by an employee, if an employer ceases its operations for one or more weeks, the days the employer's operations have ceased do not count against an employee's FMLA leave entitlement.

Holiday Pay


Employers are not required by federal or state law to pay employees holiday pay. A holiday is generally considered an employer-provided benefit, subject to the employer's policies. Therefore, if a holiday occurs during a shutdown period, the employer's policies or practices would dictate whether the holiday is paid.

Pay

Hourly Employees: Employers are not obligated to pay hourly workers if no work is performed. Employees may save vacation days in order to be paid. Employees who are new or who have no vacation left at the time of the shutdown are eligible to apply for unemployment. Some organizations mandate the use of vacation days during shutdown periods. These organizations may have "vacation consolidation weeks" in which vacation days are earmarked for shutdown periods and, therefore, are unavailable to employees for use other times of the year.

Salaried Employees: Generally, if a salaried employee works any part of the week, the weekly salary must be paid. However, if work is not made available for an entire work week, no salary needs to be paid. As with hourly employees, salaried employees may be required to use vacation or other leave time during a shutdown period.

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Employers are encouraged to consider all these factors before implementing a shutdown period. Need help with a temporary shutdown? MRA's [HR Business Partners](#) can help you!

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