



Human Resource and Management Services

April 2009

HUMAN RESOURCE EXCHANGE

Human resource issues and topics impacting employers

Lunch and Learn Session – Exempt vs. Non Exempt

In 2004, the Fair Labor Standards Act (FLSA) changed for the first time in 50 years and these changes are still presenting challenges for employers in determining exemption status.

HR&M is happy to present a Lunch and Learn session scheduled for 11:30am – 1:00pm on April 20th at the Holiday Inn Express in Boerne. HR&M will cover specific topics such as:

- How to classify executive, administrative, and professional employees under the overtime regulations
- Tests for determining a position's FLSA exemption status
- How to avoid a Department of Labor Audit
- Tests for determining independent contractors
- Common overtime miscalculations
- Comp time for employees
- Job description resources and examples

Make your reservations today by visiting the Greater Boerne Texas Chamber of Commerce website at <http://boerne.org/Chamber/Announcements/13812.aspx> or by calling 830-249-8000. General admission is \$20.00 or \$10.00 with Boerne Chamber members. Lunch will be provided. This is a great price. It's an economic stimulus!

◆ FROM SHRM ◆

“2009 global salary increase budget change significantly”

Companies worldwide have made significant changes to their salary budgets in response to the global financial crisis, reveals Culpepper's recent update survey on base salary increases for 2009.

In the recent survey *Culpepper Pay Practices and Policies* conducted by Culpepper and Associates, data collected from January 19, 2009 through March, 5 2009, from 557 organizations reporting salary increase data for 90 various countries reflect that global base salary increase budgets for 2009 have decreased by a staggering average of 39% (from 4.23% to 2.59%).

In addition, the percentage of companies planning “across the board” salary freezes has increased from 2% to 25%.

◆ FROM WORKFORCE MANAGEMENT ◆

“Cuts executive salaries by 10%”

Following its January announcements of 9,000 layoffs worldwide, Parker Hannifin Corp..., a maker of motion and control systems, has reduced executive salaries by 10%, and some executives' total compensation could be down by as much as 60% this year, a company spokesman confirmed by e-mail.

“Executive base salaries have been reduced 10%,” Parker Hannifin spokesman James Cartwright wrote in the e-mail. “But in terms of total compensation, which you may also interpret as ‘pay’ and what we would see as salary plus incentive compensation, eligible executives could see reductions of as much as 40 to 60% of their total compensation, which is more heavily dependent on company performance.”

◆ FROM HR SPECIALIST EMPLOYMENT LAW ◆

“Employers cut '09 salary budgets; raises fall below 3%”

Remember those surveys last summer forecasting steady 3.6% salary increases for 2009. Forget about it. U.S. workers, on average, are now projected to receive annual merit increase of between 2.3% and 3%, according to surveys by Watson Wyatt and Hewitt Associates.

“3% has always been this psychological threshold that companies have never been willing to cross before,” Ken Abosch of Hewitt told *The Wall Street Journal*. “Now it looks like they've blown that away. This is really dramatic.”

◆ FROM EEOC ◆

“EEOC reports job bias charges hit record high of over 95,000 in fiscal year 2008”

The U.S. Equal Employment Opportunity Commission (EEOC) today announced that workplace discrimination charge filings with the federal agency nationwide soared to an unprecedented level of 95,402 during Fiscal Year (FY) 2008, which ended Sept. 30. This level is a 15% increase from the previous fiscal year...

“The EEOC has not seen an increase of this magnitude in charges filed for many years. While we do not know if it signifies a trend, it is clear that employment discrimination remains a persistent problem,” said the Commission's Acting Chairman, Stuart J. Ishimaru...

According to the FY 2008 data, all major categories of charge filings in the private sector (which includes charges filed against state and local governments) increased. Charges based on age and retaliation saw the largest annual increases, while allegations based on race, sex and retaliation continued as the most frequently filed charges. The surge in charge filings may be due to multiple factors, including economic conditions, increased diversity and demographic shifts in the labor force, employees' greater awareness of the law, EEOC's focus on systemic litigation, and changes to EEOC's intake practices.

The FY 2008 data also show that the EEOC filed 290 lawsuits, resolved 339 lawsuits, and resolved 81,081 private sector charges. Through its combined enforcement, mediation and litigation programs, the EEOC recovered approximately \$376 million in monetary relief for thousands of discrimination victims and obtained significant remedial relief from employers to promote inclusive and discrimination-free workplaces.

(Editors note - Whew!)

◆ **FROM HR MANAGEMENT** ◆

“Economic meltdown creates a challenging new year”

... According to 52 leading economists surveyed by Bloomberg News, the US has now by almost all counts slumped into recession. Overall, economists appear to agree that this recession will likely continue well into 2009, with many seeing US economic recovery unlikely until 2010.

... how to deal with the worst economic crisis in decades

... slowdown in economic activity has now spread will beyond the housing sector

... the intensification of financial turmoil

... mounting job losses

... the economic crisis has led to a wage of financial anxiety

... savings can evaporate in a matter of days

Yet there may even be a silver lining... HR professionals report that they are having much less difficulty recruiting top candidates...

◆ **FROM TEXAS EMPLOYMENT LAW LETTER** ◆

“DOL announces convictions in union cases”

The US Dept. of Labor's Office of Labor-Management Standards has announced that it obtained 102 convictions and 130 indictments for fiscal year 2008... Those figures represent restitution of more than \$3.2 Million. The bulk of the cases involved the embezzlement of union funds.... The agency's criminal enforcement program includes investigations of embezzlement from labor organizations, extortionate picketing, deprivation of union members' rights by force or violence, and fraud in union officer elections.

◆ **FROM HR SPECIALIST COMPENSATION AND BENEFITS** ◆

“No walls' management boosts referrals”

At Ohio based *The Right Thing Inc.*, about 70% of new hires come from employee referrals. One key reason is the 350 employee company's laid back atmosphere with no formal managers or departments.

And turnover has fallen dramatically since 2003, when the company began an employee profit-sharing plan that involves half the company's profits.

FEATURED SERVICES **Salary Administration Programs**

A salary administration program will establish minimum and maximum salaries for all positions. It will also establish guidelines for hiring, promotion, demotion, and transfer activities.

A salary administration program needs to ideally be reviewed and updated on an annual basis. One example for this need for an annual review is the changes in IT positions. What was once a high demand for IT professionals was softened by the outsourcing of IT work to other countries. With this shift, more IT professionals were available, thus impacting on the salary information for those positions. Recently, however, the demand for IT professionals is growing once again, thus elevating their competitive status once held.

The current economy status is also showing many other positions are being affected by the rise in unemployment, changes in demographics, and unique supply and demand situations. These shifts in our economy are making it even more difficult to establish fair, equitable and competitive salaries.

HR&M has been developing and creating salary administration programs since 1988. If you feel your salaries need a review, or if your current salary program appears to be outdated, call HR&M for a no-cost no-obligation discussion and proposal.

◆ **REMEMBER! WE CAN HELP!!** ◆

Consulting on performance, attendance, FMLA, Wage & Hour, management accountability, and other unique issues is just one of the areas of our expertise.

We also provide:

- **supervisory/management training**, ranging from brown bag luncheon training to ½ or full day sessions
- employee **handbook** development
- responses to **EEOC discrimination charges** and **TWC unemployment claims**
- **on-line performance review** forms and processes
- **guidance** and consultation on **coaching, counseling, and disciplining** in employee relations matters
- **succession** and **strategic planning** programs
- **consultation** on issues regarding attendance and performance and guidance on terminations
- development of OFCCP compliant **Affirmative Action Plans**