



# advantage

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## ALPHABET BENEFITS

As we head into open enrollment times for many employers, it may be time to consider adding to your offerings. There are many benefits you can choose to offer your employees. Flexible spending accounts (FSA) and health savings accounts (HSA) are both great healthcare plans that reduce an employee's income tax liability and let them pay for medically-related expenses. It's important for employees and employers to understand the difference between FSA vs. HSA. FSA and HSA plans are like personal savings accounts. However, the funds in the accounts can only be used for qualifying medical expenses.

The two plans work similarly. An employee determines the amount they want to contribute to their account. Because the funds are deposited into the account on a pre-tax basis, employees reduce their tax liability. So do employers.

You might choose to offer both an FSA and HSA, depending on the health insurance plan you offer. Employers are not required to contribute to an employee's FSA or HSA plan, but you can if you want.

Employees, their spouses, and dependents use the funds in the employee's plan to pay for qualifying medical expenses. Regardless of if the employee has an FSA or HSA, the following are eligible expenses:

- Copays or deductibles
- Qualifying prescriptions (including insulin)
- Certain medical equipment

### FSA

You must establish an FSA plan at your small business (typically 50 employees or less) in order for employees to contribute. You design the plan. Employees can open an FSA regardless of if they have a high deductible health plan (HDHP) or not. Self-employed individuals cannot open an account.

### HSA

Employees are eligible only if they have a high deductible health plan (HDHP). The deductible must be at least \$1,300 (self-only coverage) or \$2,600 (family coverage). And, the annual out-of-pocket expenses can't exceed \$6,500 (self-only coverage) or \$13,100 (family coverage). Self-employed individuals can contribute.

## DIFFERENCES IN THE OFFERINGS

### FSA

An FSA is owned by the employer. You must establish an FSA at your organization for employees to open accounts. Unused funds belong to you, not the employee.

### HSA

Essentially, an HSA is a bank account owned by the individual who set it up. Though employers can help in the process, the account belongs to the employee.

### FSA

An employee has complete access to their annual amount election at any time, regardless of if they have contributed that amount yet or not.

### HSA

An employee only has access to what has actually been deposited into their HSA account. There are some other differences in plan design. If an organization is thinking about offering one or another of these, talk with your broker about the details of each option. Regardless of whether you offer an FSA or HSA plan, employees will benefit. Tax reduction and employee satisfaction are just two of the reasons you might choose to offer an FSA and/or HSA.

## CLIENT ACCOLADES

An article in the July 13, 2018 *Portland Business Journal* featured Mike Fritz, CEO of **DW Fritz**. He was providing information about manufacturing in Oregon. **DW Fritz** builds custom precision automation systems for clients in the consumer electronics field. He was a panelist at the Manufacturing CEO Roundtable. As one of the six panelists, he commented on this being one of the best times to be in manufacturing. Way to go, Mike, we are proud to you and your firm!!

**Martin North** is becoming a regular in our Client Accolades column. They have been working for six years with J1 Visa students. The students come from all over the world. This program gives the students a taste of what employment and America are like. This year, Martin North is hosting students from Jamaica, China, Taiwan, Turkey, Viet Nam, Sri Lanka, Mexico, and Canada. Congrats, folks, what a nifty way to tell everyone America is still open to people around the world!

## UPDATE ON PAY EQUITY ACT

While January 1st seems like several months from now, it really is coming closer and closer. That date is the effective date of Oregon's Pay Equity Act. Since it takes a fair amount of time to implement this (maybe even more than that depending on your organization size), we are encouraging employers to get started on this. Why does it matter so much if you get started now? Because if you aren't through with your analysis and develop a corrective action plan by the effective date, you will not have the "safe harbor" if there is any legal action against you. It is only by conducting the analysis and then determining what actions are necessary to achieve Pay Equity that you have the safety of having met the law's requirements.

Because this is a BIG deal, we thought we would dedicate space in the newsletter each month for additional information for you. This month's focus on Pay Equity touches on Job Descriptions. Employers must have a way to use documentation for determining which positions are comparable. Usually this would be done by reviewing the Job Description. However, the comparison must be made on the basis of the five characteristics that the legislation identified. Those are Responsibility, Skills, Effort, Knowledge and Working Conditions. To rely on the Job Descriptions the content must cover these five items. Many well-written Job Descriptions, do not speak directly to these five characteristics. So, they must be augmented or revised so that the amount of each of these five characteristics is identified in the Descriptions. The state only gave employers the definition of Working Conditions. They want each employer to define the other four characteristics. (If you want some help on this, please contact HR Answers). Look for more information in next month's issue of Advantage. We will provide additional detail as the state moves forward in defining the employer obligations. It is our understanding that the proposed Rules will be published shortly for comment. Watch for more information next month or join us on [9/26 for our workshop on Job Descriptions specific to Oregon Pay Equity](#).

## TWO RULINGS REGARDING WORK SCHEDULES

In June of this year, there was a case HR professionals need to be aware of. While it didn't happen in the 9th Circuit, the Court of Appeals for the Northwest, it still may have standing for new cases brought to the Circuit Court level. The case [Hostettler v. College of Wooster](#) in the Sixth Circuit Court provides an opinion that a job description that identifies the working full-time is NOT necessarily an essential function. This is an important case because many employers have added full-time or part-time to their job descriptions as a way to ensure that they didn't have to modify hours as a reasonable accommodation. This case is instructive for another reason. The person bringing the case worked in HR. She had been out on FMLA Leave and came back to working part-time. The request to work only part-time was honored by her employer. Her physician said that she would likely be able to return to full-time work in the future. Her co-workers said that she was getting her job done in the reduced hours. The College said that the department was sorely understaffed and that's why it was not a reasonable accommodation for the continuance of part-time hours. In mid-July, Hostettler submitted an updated medical certification which stated that she may be able to return to full-time work in September. The day after she submitted that paperwork, the College terminated her employment. The initial court case against the College supported the College's view, however the Court of Appeals reversed that ruling saying, "...full-time presence at work is not an essential function simply because an employer says it is." We encourage employers to re-think the view that working full-time is an essential function. Based on this case, it depends on the nature of the job. Full-time presence must be tied to some other aspect of the position's work.

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Editor: Judy Clark, CPC, SPHR, IPMA-CP: Advantage is published monthly and is designed to provide information on regulations, HR practices and management ideas and concerns. The intended audience is managers, supervisors, business owners, human resource and employee relations professionals. If you have questions about the content, an opinion about the information, or questions about your subscription, please give us a call at (503) 885-9815 or e-mail [info@hranswers.com](mailto:info@hranswers.com).

The second case feels as though it is a quite different ruling on the topic of working time requirements. In the case of [McNeil v. Union Pacific Rail Road](#), the Court found that an employer's view would prevail in a situation where a request was made of no overtime. Ms. McNeil was a Dispatcher for the railroad. She had a disability of depression and anxiety which she stated affected her ability to work the mandatory overtime that was associated with her position. The Court ruled that the Railroad did not have to accommodate that request because working overtime was an essential function when the employer experienced an emergency. The Court relied upon a previous ruling (Tjerqgel v. Gates Corp. 8th Circuit Court of Appeals) which stated, "...an employee who cannot meet the attendance requirements... cannot be considered a 'qualified' individual protected by the ADA."

So, there they are – two cases with very different outcomes. If an employer finds themselves headed to court regarding a situation where reasonable accommodation is necessary, it would be good to know about both of these disparate rulings, and then call your attorney.

## HR QUESTION OF THE MONTH

Last month's question was:

How much do employees who use a Flexible Spending Account (FSA) for any purpose save on their taxes?

You had the following possible answers:

<input type="checkbox"/>	10-27 cents	<input type="checkbox"/>	15-31 cents
<input type="checkbox"/>	25-49 cents	<input type="checkbox"/>	61-74 cents

The correct answer is 25-49 cents on the dollar. If an employee works it right with a pre-tax account, they can save themselves and their employer a significant amount.

This month's question is:

What is the average voluntary employee turnover rate in all industries in the U.S. in 2017?

Possible answers:

8.4%   10.4%   11.7%   13.5%

Look for the answer next month.

## DON'T CALL IT DISCIPLINE

The language of HR changes as the population changes and as HR professionals find better words. One example of this is the movement towards alerting an employee that they are on shaky ground. Fifteen years ago, most Employee Handbooks had a section on Performance Warnings. It outlined what was prohibited and said a few words about the consequences of breaking a rule. The shift in vocabulary occurred and that section became known as Progressive Discipline. The new information covered the types of warnings that an organization had - verbal warning, written warning, and final warning. When these were first written, there wasn't any text allowing the organization to start at any level they thought was warranted. Employees jumped on that omission saying, "You can't start at written warning because I never got a verbal warning." It didn't take long for employers to add that critical text. However, the policy name remained the same which caused confusion for employees and for supervisors/managers.

A few years ago, a new name for this activity began to appear. It is called Corrective Action. Finally, it appears that we have found a name that corresponds more closely to what we want warnings to do for us. The rationale behind the use of warnings is to coach the employee to improved performance or to notify them that something needs to be altered/modified to meet the employer's expectations including workforce behavior. The premise is that if we tell an employee what must be stopped or started, then the employee is clearer about the expectations they need to meet.

There is another advantage to using the term corrective action. Discipline is such a parental term. Our employees are not our children. So, talking about action taken to correct some behavior or some work deficit is better labeled corrective action. In the policy, it is also a good idea to explain what the actions are that might be taken and why the employer thinks this is the best route to go.

One other idea for your consideration is having a freebie conversation before issuing the first warning. That gives an employee a heads-up without moving formally into Corrective Action immediately. Giving an employee a Performance Reminder accomplishes two things. First, the supervisor/manager gets to ask themselves if they really have told the employee about specific expectations about whatever isn't being done. If the answer isn't a strong affirmative then maybe the employee just needs to be reinforced about what needs to be done. Secondly, it gives the employee the idea that their supervisor/manager really does want them to succeed and is there to help ensure that the work is done well. This strengthens the relationship between employee and supervisor which is a very good thing.

## PERFORMANCE EVALUATION RE-IMAGINED

One of our clients contacted us the other day and asked about how could they do performance evaluations differently. They said that they had tried a variety of different methods, timing, forms, etc. but none of them seemed to be really effective. They asked if we have any ideas that they hadn't tried. They said it needed to be simple, not take hours to write, and result in clear communications.

We suggested the following format which addresses the major components of performance evaluations. We gave them five questions to be answered. Maybe this would be something for others to consider.

- What am I doing well?
- What do you want me to do more of?
- What do you want me to do less of?
- Please provide me at least one item that needs improvement either in my work or my work behavior.
- What goals do you want me to have regarding work?

By keeping this simple, it should be possible to use it for the annual review or, with some minor changes, it can be used for quarterly check-ins. It also should contribute to clear expectations. And, if you want to be bold, then you can add one more question that the employee must answer – ‘As your supervisor, what can I do that will be more helpful to you?’

## ATTRACTING APPLICANTS

There is no question but that the unemployment rate is low. The national numbers that came out earlier this week shows a national unemployment rate of 3.9%. For those of you in the Northwest, Washington's rate is a little higher at 4.8% and Oregon's is at 4%. But for those of you trying to recruit in the Portland metro area, the number is 3.8%. (for any of you wishing to check the unemployment rate for your location, you can go to <https://fred.stlouis.org/series> to get information.)

To be able to make quality hires in times of low unemployment, it is helpful to understand what motivates applicants to check you out. A recent study done by The Harris Poll honed in on what entices an applicant. Some of the results are:

- 67% want information on salaries.
- 63% want information on benefits and perks.
- 59% are concerned about location because 43% care about how long the commute is. These applicants, 47% of them, want an easy, convenient commute.
- 41% want flexibility (depending on the position) to work from home.
- A great organizational culture matters to 35% of the applicants, but once they are hired, it matters significantly more, so says economist Andrew Chamberlain who heads up the research department for Glassdoor. He found that more than 80% of employees are more energetic at work if the culture is positive and endorsing.
- On average applicants receive 5.2% more money from their new employer.
- Promotions evidently are something that employees do not feel they can get at their current employer, so the study found that 73% of employees took a position of greater responsibility when changing jobs.
- Job seekers routinely view websites that provide reviews about the quality of the employer. Positive reviews have been found to increase the number of applicants for employment.

Interestingly, the percentage of organizations checking their posted reviews on websites was only 12% in one recent poll. Failure to know what people are saying about the organization leaves it hopeful, but not necessarily successful in recruiting qualified talent.

## HR LINKS

Frequently, HR is called upon to facilitate a meeting. It may be for On-Boarding, benefits open enrollment, or some policy changes. Whatever the reason, it is important to know how to successfully organize and run a meeting. The following tips may assist in making sure the meeting covers the topics intended and that it isn't such a snooze that people are falling asleep during the discussion. A guide to effective meetings written for Harvard Business Review can be found at <https://hbr.org/2015/07/the-condensed-guide-to-running-meetings>.

Dealing with the death of an employee is one of the most challenging situations that an organization can experience. There is a great checklist for addressing this at [https://www.shrm.org/resourcesandtools/tools-and-samples/hr-forms/pages/cms\\_003755.aspx](https://www.shrm.org/resourcesandtools/tools-and-samples/hr-forms/pages/cms_003755.aspx).

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Another resource for consideration should you ever encounter this can be found at [https://www.hr.com/en/communities/benefits/dealing-with-the-death-of-an-employee\\_eactzo74.html](https://www.hr.com/en/communities/benefits/dealing-with-the-death-of-an-employee_eactzo74.html).

An employee turnover resource for organizations can be found at <https://resources.workable.com/tutorial/calculate-employee-turnover-rate>. It provides a calculator, detailed definitions of all the factors involved, and allows for calculating monthly and annual figures. By using the formula, it can cover an entire organization or it can be to assess a single department's turnover rate. These are numbers that should matter to organizations and to department managers.

## THOUGHTS TO THINK ABOUT

I am Summer, come to lure you away from your computer... come dance on my fresh grass, dig your toes into my beaches.

~ *Oriana Green*

Good for the body is the work of the body, and good for the soul is the work of the soul, and good for either is the work of the other.

~ *Henry David Thoreau*

Attitudes are contagious. Are yours worth catching?

~ *Dennis and Wendy Mannering*

Do what you can, with what you have, where you are.

~ *Theodore Roosevelt*

Promise only what you can deliver. Then deliver more than you promise.

~ *Author Unknown*

We plant seeds that will flower as results in our lives, so best to remove the weeds of anger, avarice, envy and doubt, that peace and abundance may manifest for all.

~ *Dorothy Day*

The more relaxed you are, the better you are at everything.

~ *Bill Murray*

Don't ever take a fence down until you know why it was put up.

~ *Robert Frost*

## FOR YOUR CALENDAR

Open up your Daytimers, Outlook, and all those Smartphones. The following is a look at upcoming events and workshops, special days, and other diverse and fun activities you will want to be aware of and schedule. **To register for our workshops, go to [HR Answers Events](#), or email your registration form to [info@hranswers.com](mailto:info@hranswers.com).**

### **AUGUST:**

National month of Crayon Collection, Eye Exam, Family Fun, Get Ready For Kindergarten, Goat Cheese, Happiness Happens, Peach, Romance Awareness, Water Quality, Sandwich, and Wellness.

- Aug. 17 National Nonprofit Day
- Aug. 22 National Tooth Fairy Day
- Aug. 29 HR Lunch Bunch – Chemeketa Small Business Development Center– Salem  
[HR Department of One](#)  
12:00pm - 1:00pm
- Sept. 3 Labor Day – Office Closed
- Sept. 5 NO HR Lunch Bunch Portland. We hope to see you at the [NHRMA Conference](#).
- Sept. 11 HRA Workshop – HRA Office – Portland/Tigard  
[Take Control of Your Time and Get the Right Things Done!](#)  
8:30am - 12:30pm
- Sept. 13 HRA Workshop – HRA Office – Portland/Tigard  
[Oregon Pay Equity](#)  
8:30am - 12:30pm

### **Coming Up:**

- Sept. 18 HRA Workshop – HRA Office – Portland/Tigard  
[Strategic Human Resource Management](#)  
8:30am - 12:30pm
- Sept. 26 HRA Workshop – HRA Office – Portland/Tigard  
[Job Descriptions Specific to Oregon Pay Equity](#)  
8:30am - 12:30pm
- Sep. 25 - HRA Workshop Series – HRA Office – Portland/Tigard (Almost full!)  
Nov. 13 [Supervisory Success - Fall 2018](#)  
8:30am – 12:30pm

### **Planning Ahead:**

- Oct. 4 HRA Workshop – HRA Office – Portland/Tigard  
[Coaching and Counseling](#)  
8:30am - 12:30pm
- Oct. 11 HRA Workshop – HRA Office – Portland/Tigard  
[Self-Awareness using DiSC](#)  
8:30am - 12:30pm
- Oct. 18 HRA Workshop – HRA Office – Portland/Tigard  
[Conducting Investigations](#)  
8:30am - 12:30pm

View more details and register for our workshops and luncheons on our website at [hranswers.com](http://hranswers.com).

## ON MY SOAPBOX

I am a fan of Ted Talks. The speakers are able to convey so much in such a short timeframe. They have learned the lesson of “leaving them wanting more!” One of the talks that I value the most and go back to whenever I am feeling a bit down is one done by Shawn Achor. (If you google his name, you’ll find his Ted Talk on his website.) I cannot recommend it highly enough. He talks about happiness and shares some enlightening information about our brains, the effects of dopamine, and a 21-day program that we can all do which results in us being happier.

He also dispels some myths about happiness. He makes a strong point of saying that we have the whole premise wrong. It isn’t that success that will make us happier; it is that happiness will make us more successful. It isn’t that more money or a better job or a nicer house will make us happier; it is that if we are happier, those things will be the product of our optimism and effort.

It is a compelling argument for a change in our approach. People ordinarily think that the products of the outside world will make us happy. But research says that 75% of our success comes from the internal world within each of us. We think that if we can just run that 5k a little faster, get slightly higher grades, just get the next job in our march to the top, that we will be happy. Shawn points out that every time we do that, we push happiness a little further away. We never get to happiness because it is always about a little more of something. He counsels people on how they can increase their own happiness quotient by following a simple set of practices. He espouses the following 21-day regimen:

- ♥ Identify three things you are grateful for each day
- ♥ Make journal entries about meaningful results or transactions each day
- ♥ Participate in some form of exercise each day
- ♥ Find a few minutes for meditation each day
- ♥ Perform random (intentional) acts of kindness each day

He suggests that these faithfully done, it lightens our spirit, gives purpose to our lives that is beyond simply meeting our needs, and helps us experience enjoyment and happiness in each day. When these are repeated day after day, it is possible that we will continue them for much longer than 21 days because it feels good. Our step has more spring, our face is more open and inviting, and we feel like each day is a good day.

Shawn bases much of his beliefs on solid research and is quick to share that with others. He helps people to laugh at what he says and at themselves as they realize the truth of his message. He truly is someone who doesn’t take himself too seriously and he recommends that for each of us. In a way, he is a cult leader in only the very best sense. And I plead guilty to being a cult member of his!

- Judy Clark, President



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“Whatever the Question”

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[WWW.HRANSWERS.COM](http://WWW.HRANSWERS.COM)