



# advantage



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**This month we are providing two rather lengthy compensation articles. This is because of the time of year (budget planning and determining pay rates for sensitive types of positions) in addition to the upcoming Pay Equity implementation date of January 1, 2019. We hope you find these useful and informative.**

## PAY EQUITY MYTHS

We at HR Answers, Inc. have been working with many organizations regarding implementing the new requirements surrounding Pay Equity. As a result, we have established a practice of asking each employer that we deal with about how that is coming along for them. We have heard some very interesting comments. One comment we have heard is that they have already taken care of minimum wage so there is nothing more they need to do. Pay Equity isn't about minimum wage. Other organizations tell us that they have assessed their male and female pay and they don't have a problem, so there is nothing that they need to do. Pay Equity is much bigger than just equal pay for men and women. That requirement has been around for a long time. Other folks tell us that there is nothing that needs to be done until 2024 because that is a date that is in the law. They are correct, it is in the law, but it is about an employers safe harbor, not about when Pay Equity needs to be achieved. There is a fourth myth, and that is about there being no obligation to provide employees back pay if equity was not achieved by 1-1-19. According to BOLI, back pay is owed to employees if the identification or correction is later than 1-1-19. To be 100% clear, employees can file complaints or litigation against employers on 1-1-19. Pay Equity may represent major change in the way your organization hires new employees, pays current employees, and how job duties are assigned. However, the needed changes can only be seen by doing the work which has a deadline by 1-1-19.

That means there is precious little time left to analyze your jobs, determine which jobs are comparable when compared to the five characteristics which are knowledge, skill, effort, responsibility, and working conditions, that the state has determined, review pay administration documents and then look at your employees' total compensation and identify what corrective action is needed.

We have been writing about Pay Equity each month for the last three months now. If you have not started compliance activities so far, we urge you to learn more about this new obligation and begin the process of identifying the steps you must take to meet the requirements. We have put together a suite of tools that can assist you, and we can work with you to achieve the necessary processes. [Check out our pay equity options here.](#)

## HR BY THE NUMBERS

Six-in-ten Americans say it is the federal government's responsibility to make sure all Americans have health care coverage, including 31% who support a "single payer" approach to health insurance, according to a new national survey by Pew Research Center.

\*\*\*\*

According to SHRM (Society for Human Resources Management), nearly three-quarters of U.S. employees, 73%, are happy with their employer's efforts to stop sexual harassment, yet more than one-third of Americans still believe their workplace fosters sexual harassment.

\*\*\*\*

Starting Jan. 1 2019, the maximum earnings that will be subject to the Social Security payroll tax will increase to \$132,900. Before the new year, employers should adjust their payroll systems to account for the higher taxable wage cap and notify affected employees.

\*\*\*\*

The U.S. Department of Labor announced that the Wage and Hour Division (WHD) recovered a record \$304 million in wages owed to workers in Fiscal Year 2018. WHD also set a new record for compliance assistance events in FY 2018, holding 3,643 educational outreach events – including on the ground presentations and trainings – to help job creators understand their responsibilities under the law.

\*\*\*\*

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WHD also announced a six-month extension of the voluntary Payroll Audit Independent Determination (PAID) program. PAID is a compliance initiative that helps workers receive more back wages due in an expedited manner – without having to wait for lengthy investigations to conclude and court cases to resolve. WHD encourages employers to audit their pay practices and consider participating. More information about the program is available [here](#).

## COMPENSATION STRATEGIES IN A TIGHT LABOR MARKET

You may recall a particular credit card company's commercial from few years ago that depicted a customer retention problem, for which this company's only solution was to catapult bags of money at the customer. Similar to the commercial, some employers are doing just that as a result of our very tight labor market (3.8 % in October in Oregon and 4.5% in Washington in August). This practice, however, can potentially result in unfortunate long-term consequences employers do not intend and flat-out may not like. On the other hand, another segment of the employer population is doing little-to-nothing while hoping for favorable employee recruitment and retention outcomes. Jed Kolko, chief economist for the job search engine Indeed, believes organizations need to be increasing employees' pay. Employers may agree with that thought, but the question of the best way to provide for increases while minimizing any undesirable, long-term financial consequences remains.

Compensation is only one of the spokes in a multi-spoked recruitment and retention wheel. Employers are better served by developing and implementing a comprehensive strategy, which is arguably the best way to flourish in the current economic conditions as well as those to come. The following are some compensation-specific concepts you will want to consider when designing your organization's overall strategy.

### **Know Thy Market:**

Although internal pay equity laws are appearing in many states, they do not make market data on wages and benefits obsolete. Wage market remains the predominant method for determining if your organization is competitive in its pay practices. It used to be that organizations could rely upon market studies for accurate wage data every 12 – 24 months. As a result of the current labor market, however, the cycle time for market adjustments to wages is 12 months for many positions and even six months or fewer for others, like those in IT, Engineering, and Healthcare.

This means your organization needs to review market data more often to determine competitive pay for incoming employees, as well as to improve the pay (and potentially the retention) of employees currently within your organization. Failure to do the latter will lead to pay compression for existing employees, the loss of some of those employees, and issues with internal pay equity compliance.

Do not simply rely upon the internet to determine your market; find a compensation professional to do that for you. A compensation professional has the skills to provide more accurate information and comply with compensation best practices in the process - and will also be able to better tailor the data to your industry, location, and size. An alternative, is to participate in and/or purchase reputable salary surveys. Three-four data sources for each job is the best practice.

### **Don't Add to On-Going Payroll:**

When you lob out bags of money, it is not likely the receiving party will lob them back to you. They often won't even lob lots of kudos to you for giving them a raise. Once you find your market per position, focus on the weighted average presented by the data. The **Weighted Average** (or all-incumbent mean) weighs each job incumbent equally within the salary source, a method which helps to normalize salary ranges between multiple salary sources. This number also represents what a "competent person" would make in that position and is the best number to use if you're looking to match the market; use that as the median (midpoint) of your pay range for a given position.

A sound compensation philosophy would then lead you to place a new employee based upon what that person brings to your organization relative to the market. For instance, a new graduate or someone with limited experience may be placed below market at the minimum of the pay range, whereas a highly "experienced" individual may be placed above market perhaps above the midpoint of the pay range. Having said this, organizations operating under a Pay Equity law will need to keep an eye on how these placements affect the pay of existing employees and if those placements have an effect on pay equity. For Oregon employers setting hiring pay will be critical in maintaining a complaint compensation program. (See the first article this month and call us if you need assistance with implementing Pay Equity in your organization.)

The challenge with the market data, though, is that it may not fully account for the fact that due to the lack of available candidates, organizations are paying more than market in some areas. Despite being faced with that reality, we still recommend you follow the compensation philosophy that places new employees in a pay grade that relates to market, then consider paying discretionary lump sums

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).

(retention, merit, incentive bonuses) to both new and existing employees to combat the market's increasing pay levels. Doing so will enable your organization to be "market competitive" or better while not adding to on-going payroll. At some point, the economy will cool off and the full force of 80 million millennials will be in the labor pool. When these things happen, it will be challenging to "unwind" the pay you have added to regular payroll, but reducing or eliminating one time retention pay will be easier.

## Communication:

Too often, compensation communication is an afterthought. The resulting mystery surrounding compensation and total rewards can lead employees to perceive compensation practices as neither fair, nor industry-competitive, nor in their best interest. Of course, it doesn't have to be this way. Transparent and effective compensation communication can build trust and can help employees understand your organization's compensation philosophies, policies, and processes – and how these relate and apply to each of them individually in the course of their employment.

Perhaps it is even more important to note that employees who understand their compensation are more likely to be loyal. According to the *Harvard Business Review*, workers' perceptions affect their engagement, satisfaction, and ultimately, their loyalty. Many other studies and reports suggest that a majority of workers perceive they are being paid below market regardless of whether or not this is true. A perception that pay is too low results in an employee feeling undervalued and underappreciated, which, of course, leads to job dissatisfaction, a lack of motivation, and a desire to seek greener pastures elsewhere.

Using compensation communication to correct misperceptions and improve retention is relatively simple. It is comprised of two primary parts: 1) communicating proactively and transparently to all employees about compensation programs, and 2) communicating responsively and respectfully to individual employee concerns.

Educating employees about the bigger picture beyond your corporate walls through sharing the results research, policy charges, and the "why" behind the outcomes can result in multiple benefits. If your workforce lags the marketplace, explain why or correct the inequity. Also, encourage employees to share their compensation concerns with management. When they do, truly listen, ask questions to gain a complete understanding, and research their concerns and respond in a timely manner.

## CLIENT ACCOLADES

A recent issue of the *Portland Business Journal* identified the Oregon and SW Washington Women-Owned Businesses. Three of our clients were on that list. Kudos go to **Princeton Properties**, who was in the number 2 spot, **Certified Languages International** at number 11, and **Arnerich Massena, Inc.** at number 16. As a woman-owned business ourselves, we know the challenges that can exist and the pride that accompanies achieving success. We are proud to have the privilege of working with you.

**Cura Cannabis Solutions** continues to grow. They are hiring, and have 30 openings in Oregon. They have reached 450 employees. And their financial results for 2017 showed \$39.6 million in sales a whopping four times as much as they had in 2016! Way to go, **Cura**... the results are terrific!

**Advantis Credit Union** deserves high fives for their corporate philanthropy! Another organization making that list was **Providence Health**. They were recently on the top 40 firms for their corporate generosity. Congrats to the both of you! Our community is better because of your caring! Two of our organizational friends were also on that list. **Brown and Brown Insurance** and **The Partners Group**, both insurance brokerage firms, were also recognized for their community giving. Thanks for investing in our community.

## FREEDOM OF SPEECH???

A topic that is surfacing over and over again now is about Freedom of Speech in the workplace. There are two opposing views. The first says that the Constitution provides individuals the freedom to say what they want regardless of whether it is popular or not. The second view is that the workplace is not one of those locations where individuals possess freedom of speech. Whether people like it or not, the workplace can place restrictions on people's freedom of speech. Employees don't have a Constitutional right to free speech or freedom of expression at work. The part of freedom of speech that seems to be overlooked, is that the Constitution's right to free speech only applies when the government is trying to restrict it. Even then, it's not absolute. Think about the often-cited person hollering "Fire" in a crowded theatre. That is not permitted. It is important to note that employees in the public sector – who work for governmental entities (cities, state, counties, districts, etc.) – have First Amendment rights in the workplace, subject to certain restrictions found [here](#).

In the private sector, employers can restrict nine categories of speech.

Those are:

- Obscenity
- Fighting words
- Defamation (including libel and slander)
- Child pornography
- Perjury
- Blackmail
- Incitement to imminent lawless action
- True threats and,
- Solicitation to commit a crime.

Plagiarism and treason are also not protected speech.

For those who wish to know more about this subject, we encourage you to check out the following three articles:

[Freedom Of Speech In The Workplace: The First Amendment Revisited](#)

[What Employee Speech Is Protected in the Workplace?](#)

[Your Free Speech Rights \(Mostly\) Don't Apply At Work](#)

## HR QUESTION OF THE MONTH

The Question for September was:

According to the Benefits Trends Report for 2018, what percentage of employers pay 100% of the premium for employee only for the health insurance?

Possible answers were: 21% 34% 17% 9%.

If you selected 17%, you must know your benefits. While this practice used to be more popular, the recent sizable increases in health insurance has affected what employers pay. And, philosophically, employers have learned that if they pay 100% of the insurance premium, employees never really identify how much a financial responsibility that is.

The question for October is:

What percentage of the 80,000 to 90,000 cases filed each year with EEOC include a charge of harassment?

Pick your answer from the following choices:

48% 28% 33% 61%

Look for the answer next month.

## DEALING WITH THE DIFFICULT CONVERSATION

What is the most challenging conversation you have had with an employee or co-worker? Some people would respond with an answer about having to talk about a performance deficit. There is no question that telling someone that they aren't making the grade or that they need to handle work a different way can be difficult. But the most often suggested difficult conversation is telling someone that they have body odor. Individuals want to run away and hide from the responsibility to tackle that conversation. It isn't easy, but it can be done in a straightforward manner. Think about saying this:

"I need to have a conversation with you about a concern and it is going to be awkward for both of us because it is a sensitive subject. Employees have come to me to share a concern that there is an odor when they come to your desk/cubicle/office. It doesn't seem to be something about your space. It seems to be something about you. As I said, this is uncomfortable for both of us, but it can't continue. So, I am asking you to please think about whatever could be causing that odor and to do something about it. I don't know if it is about your clothes or your personal hygiene, but please take care of it. This is affecting your work relationships and I am sure that isn't what you want. So, can I have your agreement that you will take steps to resolve this for you and for others?"

Some pointers for the discussion:

1. Keep it short, taking more time will just increase the discomfort
2. Be sincere and honest
3. Know what you want to say – an explanation of why it is a serious concern, is helpful
4. Ensure that the employee knows that they need to take action
5. If there is resistance or push back, make sure you outline the possible consequences if the situation isn't remedied
6. If there is acceptance and a desire to make things better, then end with a compliment and your appreciation about how they handled the conversation.

P.S. Do be cautious that body odor can also be a symptom of medications taken or an allergic reaction to medications. It might be diet related and part of someone's religious beliefs. So, make sure we leave a door open if there is a need for accommodation.

## THOUGHTS TO THINK ABOUT

Double, double toil and trouble; Fire burn and caldron bubble.

~ *From Shakespeare's Macbeth*

Believe in yourself. You are braver than you think, more talented than you know, and capable of more than you imagine.

~ *Roy T. Bennett*

There is magic in the night when pumpkins glow by moonlight.

~ *Unknown.*

I look for three things in hiring people. The first is personal integrity, the second is intelligence, and the third is a high energy level. But if you don't have the first, the other two will kill you.

~ *Warren Buffett*

Begin now to be what you will be hereafter.

~ *Saint Jerome*

Anyone who thinks fallen leaves are dead has never watched them dancing on a windy day.

~ *Shira Tamir*

A goal should scare you a little and excite you a lot.

~ *Joe Vitale*

Pumpkins, hot apple cider, warm sweaters, fluffy scarves, boots... these are all things we have to look forward to in the coming weeks.

~ *Unknown*

All our dreams can come true, if we have the courage to pursue them.

~ *Walt Disney*

Believe you can and you're halfway there.

~ *Theodore Roosevelt*



## 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).**

### **OCTOBER**

National month of Apples, Bat Appreciation, Breast Cancer Awareness, Eat Better, Eat Together, LGBT History, Fair Trade, Pizza, Roller Skating, and Vegetarian.

- Oct. 26 Howl at the Moon Day and Night
- Oct. 31 HR Lunch Bunch– Chemeketa Biz Center – Salem  
[Developing an Accessible Workplace](#)  
12:00pm - 1:00pm
- Oct. 31 Halloween

### **Coming Up:**

- Nov. 7 HR Lunch Bunch – HRA Office – Portland/Tigard  
[Workplace Preparedness](#)  
12:00pm - 1:00pm
- Nov. 7 HRA Workshop – HRA Office – Portland/Tigard  
[Oregon Pay Equity - Job Profiling](#)  
1:30pm - 5:30pm
- Nov. 8 HRA Workshop – HRA Office – Portland/Tigard  
[Emotional Intelligence and Communication in Leadership](#)  
8:30am - 12:30pm
- Nov. 13 HRA Workshop – HRA Office – Portland/Tigard  
[Oregon Pay Equity – Overview of the law, how to reach compliance](#)  
2:00pm - 4:00pm
- Nov. 14 HRA Workshop – HRA Office – Portland/Tigard  
[Drinks on us - Oregon Pay Equity – Overview of the law, how to reach compliance](#)  
6:00pm - 8:00pm
- Nov. 15 HRA Workshop – HRA Office – Portland/Tigard  
[Compensation and Classification](#)  
8:30am - 12:30pm
- Nov. 29 HRA Workshop – HRA Office – Portland/Tigard  
[Disabilities – What Case Law Teaches Us](#)  
8:30am - 12:30pm

### **Planning Ahead:**

- Dec. 4 HRA Workshop – HRA Office – Portland/Tigard  
[The Next Evolution of Workplace Preparedness](#)  
8:30am - 11:00am
- Dec. 5 HRA Workshop – HRA Office – Portland/Tigard  
[Oregon Pay Equity – Overview How to reach compliance and the proposed rules](#)  
9:00am - 11:0am
- Dec. 6 HRA Workshop – HRA Office – Portland/Tigard  
[Take Control of Your Time and Get the RIGHT Things Done!](#)  
8:30am - 12:30pm
- Dec. 13 HRA Workshop – HRA Office – Portland/Tigard  
[Oregon Pay Equity - Job Profiling](#)  
1:30pm - 5:30pm
- Dec. 18 HRA Workshop – HRA Office – Portland/Tigard  
[Oregon Pay Equity – Overview How to reach compliance and the proposed rules](#)  
2:00pm - 4:00pm
- Jan. 9 HRA Workshop – Mid Valley Pain Clinic – Salem  
[The Engaged Leader Series](#)  
8:30am - 12:30pm
- Jan. 15 & 22 HRA Workshop – HRA Office – Portland/Tigard  
[Performance Management #1 and #2](#)  
8:30am - 12:30pm
- Mar. 7 - May 2 HRA Workshop Series  
HRA Office – Portland/Tigard  
[Supervisor 8 Part Series](#)  
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

One of the distinct advantages of the internet is that there is so much information, so many ideas, and so many resources that there is always something or many somethings to learn. Sometimes just exploring is a fun activity. Use of the internet doesn't always have to be purposeful. I had one of those hours last weekend. I had finished up some work that I needed to do, thought about getting something to eat, and decided instead to just start clicking on anything that intrigued me. You can find some of the best rabbit holes by doing that. Every new site leads you to something else to discover.

It turned out that I did find something that was of interest – an article titled, “What Would You Tell Your Younger Self?” It was an OK article, a little scoot over the top with not a lot of depth, but the title remained intriguing. I couldn't help but wonder, what I would tell my younger self? A lot of near misses and major errors sprang to my mind, but I didn't think that was what the author was considering. I found myself just sitting there pondering what advice would have the best outcome. What incidents would I say were the most impactful? What lessons did I learn because of the pain I experienced from doing something terribly wrong?

I haven't finished processing all of the possibilities, but I have come up with a couple of ideas. One thing I would tell myself is to care a little less about what others think of you. I have spent many a day and night worried about what opinions others had of me. That worry kept me from doing some of the things I should have done, or should have done much sooner. I advise others to watch out for that, but didn't do such a good job of it myself.

I would tell myself to be a little kinder, or maybe a whole lot kinder. I have been told that there is an edge or tone to my voice when I am unhappy about something. I think of it being me trying hard to manage my disappointment (often more with myself than with others) and I have often thought I had a good poker face. But evidently, I don't have a “poker voice.” More kindness would have been in order. I think I am better at it now, but maybe that is delusional.

And I guess the other advice I would tell myself is make more friends. I have lots of acquaintances, lots of people that I know, but I have very few friends. I know that the best way to have friends is to be one, but I know that I haven't been very good at that. I allowed my brain to focus on other things, and not on people that I care about. I have always cared, but I haven't always shown that.

I am sure that there will be other insights as I continue to think about what I wish I knew sooner. It sometimes isn't easy to confront yourself. But it is necessary for growth and progress. I only have one other piece of advice at this time for you – if you decide to embark on this kind of introspection, be prepared to discover aspects of yourself that disappoint you. While that is painful; it is a fresh start, a new you, an opportunity to make a positive change.

So what advice or insight would you tell your younger self?

- *Judy Clark, President*



ANSWERS, Inc.  
“Whatever the Question”

PLEASE FEEL FREE TO VISIT OUR WEBSITE:

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