

March 2019 Newsletter



2019 California Updates

SDI and PFL Rate Increase

California's Employment Development Department (EDD) has announced that the 2019 employee contribution rate for State Disability Insurance (SDI) will remain at 1.0%. The taxable wage base from which the contributions will be taken will increase from \$114,967 to \$118,371 and the maximum cost to an employee will be \$1,183.71.

SDI provides disability and Paid Family Leave (PFL) benefits equal to 60%* of the employee's base period earnings. For 2019, the maximum weekly benefit will increase from \$1,216 to \$1,252.

Mileage Rate Increase

Beginning on January 1, 2019, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be 58 cents per mile driven for business use, up 3.5 cents from the rate for 2018.

Keys to Improving your Company's Culture

There's no easy formula to fixing all cultural problems because each workplace is unique. The rules and traditions that lead one team to success might bring a different team to ruin. Some teams will thrive in a highly centralized environment, while others will reach new heights through delegated decision-making. Much depends on individual situations and circumstances. Nevertheless, successful groups have something in common: their people work well together.

People work well together when they trust one another, feel a strong sense of community, care about one another's success, and appreciate one another for who they are. Therefore, to improve your culture, you need to establish trust, build community, invest in your employees, and strive for diversity.

Establish Trust

Trust is essential to build a great culture, but distrust often rules in the business world. Employees find it hard to trust their employer if they don't believe that their employer cares about their wellbeing and personal success. And employers are less likely to trust their employees if they believe their employees are looking for work elsewhere or don't buy into the mission and vision of the company.

When communicating with employees, be honest and open. Don't keep employees guessing about how they're doing. Good performers should be told that they're doing well. And poor performers should know well before an annual performance review that their work has been subpar. Offer praise and address problems right way.

Build Community

A sense of community can give companies the strength they need to withstand the inevitable quakes and torrents of business life. Every company goes through challenging times. And when times are tough, you want your people to stick with you.

If employees feel connected to a community within their organization, and that community is committed to the goals of the organization, then they have a reason to stay.

Start by clearly defining your mission. As a communal place, your workplace should also have a shared sense of purpose. Discuss your culture as a whole group and within your individual teams. If employees understand the mission of your organization and the culture that supports it, and if they see how they can contribute to the overall mission, they'll be more personally invested.

Help Your Employees Flourish

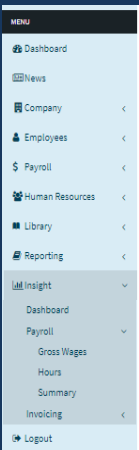
A workplace can contribute to its community by empowering the people who work there to seek their full potential. If you want to grow as a company, help your employees grow as individuals. Create a place where respect, empathy, and kindness are prized values. And remember that when you create rules and traditions, these rules and traditions are good in so far as they help people succeed. Your rules and traditions should make the interactions in your workplace more effective, productive, meaningful, and fulfilling.

Strive for Diversity

Look for people who will contribute to your culture and not just fit with it. Cultural fit is important in the sense that you don't want people who will sabotage your culture or stifle your success, but every culture can be improved. Your ideal candidates will be those who buy into the core principles of your culture, but also bring unique backgrounds, perspectives, and ideas to the workplace.

A diverse and inclusive company is also a more welcoming place for people to work and spend a good portion of their lives. When people are valued for who they are and for what they have to bring, they're more likely to be inspired and engaged. Work to ensure that acceptance and openness to new kinds of people and new ideas are part of your culture and that your rules and traditions indicate that you practice what you preach.

Using DNet to Track Turnover



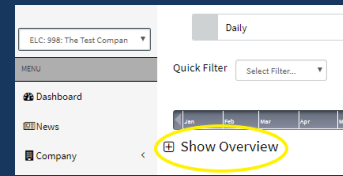
The Insight tab on your DNet portal can be used to give you a quick graphical overview of your company's payroll and invoicing data such as; gross wages, taxes paid, and hours worked.

This is intended to help you identify and understand trends in the company's financials and labor force.

One navigation item in each of the Insight options is a scrolling date bar, shown below, that allows you to set a time frame.



From the Dashboard, you can view information using categories and time frames you choose. Click the Show Overview button to get more detailed information.



The Overview will show the number of active employees, new employees, and terminated employees during the chosen time frame. It will also calculate the retention rate, shown below.

Hide Overview				
Gross Wages	Employer Costs	Total Burden	Total Checks	
\$ 20,931.00	\$ 4,998.88	\$ 25,929.88	12	
5/1/2016				
Active Employees	New Employees	Termed Employees	Active Employees	Retention %
7	1	0	8	100.00 %

Green Companies Make the Greenest Pastures



- Almost three-quarters of employees said they would be more likely to work for a company with a green footprint, according to a new Swytch survey of 1,000 U.S. workers.
- A little less than half of respondents would accept a smaller salary to work for an environmentally friendly and socially responsible employer, the survey revealed. More than 10% of respondents said they would take a salary decrease of \$5,000 to \$10,000 each year. And 3% would accept a decrease of more than \$10,000 to do so.
- About 40% of millennials surveyed said they have taken one job offer over another because of a company's sustainability. And 70% said it would impact their decision to stay with a company for the long haul.

The Value of Stay Interviews

Like the exit interview, the stay interview solicits employee feedback; but instead of being conducted as an employee exits, it's conducted before employees decide to leave. As the name implies, the stay interview asks employees why they stay.

Stay interviews are valuable because it provides insights managers can use to motivate and retain a particular employee, not just a group. For stay interviews to be effective, employees need to know they can trust the interviewer specifically and their employer generally. And they need to know that their employer will listen to them and strive to make improvements based on what they learn.

Stay interviews also provide an opportunity for dialogue between a manager and their reports. Talking to employees comes naturally to some leaders, so a program of Stay Interviews may not seem necessary. However, for most managers talking to employees is a task without a deadline. Whether a company uses stay interviews or some other method, getting managers talking to employees leads to better worker engagement and retention.



Legal Briefs: Three Issues to Watch

Women on Boards

Publicly held companies headquartered in California can no longer have all-male boards because of a new law requiring at least one female director by the end of 2019. While boards with four or fewer members only need to have one female director, five-person boards must have at least two women by the end of 2021 and six-member boards must be at least half female.

The law, which the California Chamber of Commerce opposed, is ripe for legal challenges, said Kelly Gemelli, an attorney with Jackson Lewis in San Diego. "The motivation behind it is admirable, but it is going to be challenged," she said. "Are businesses obliged to accept someone who's not qualified?"

Fair Pay and Salary History

Businesses based in California or with offices in the state are voluntarily undergoing pay audits to determine if they are unwittingly responsible for pay disparities tied to race, gender or ethnicity. Initial audits may uncover what appear to be inequities, but once permissible bona fide factors such as education, experience and seniority are considered, those disparities may be justified.

Pay remains a complex issue in California in part because of big variations between housing costs in rural regions and pricey areas such as San Francisco, Silicon Valley and Los Angeles.

Minimum Wage

On Jan. 1, the statewide minimum wage was raised to \$11 an hour for businesses with 25 or fewer workers and to \$12 an hour for employers with more workers. HR professionals should note that many localities in the state have higher minimum-wage rates. Emeryville is expected to have the state's highest rate—\$16 an hour—by July, but the actual rate will be based on the consumer price index.

Additionally, the state's salary threshold for the executive, administrative and professional exemptions from overtime pay is directly tied to the statewide minimum wage. Employers should ensure that workers who meet the respective exemption's duties test are also earning a fixed monthly salary of at least double the minimum wage for full-time employment.

1. O'Donnell, R. (2019, February) Green Companies make the greenest pastures, report says. Retrieved from <https://www.hrdiver.com/news/green-companies-make-the-greenest-pastures-report-says/548082/>
 2. Conery, B (2018, July) Retain More Employees with Stay Interviews. Retrieved from <https://www.forbes.com/sites/billconery/2018/07/21/retain-more-employees-with-stay-interviews/>

Training of the Month

We offer a wide variety of web training courses through our training portal. Courses vary in length and cover an array of topics including workplace safety, diversity, and harassment prevention. The full course catalog is available upon request. All courses are offered at a rate of \$10 per participant.

Below is one of our available courses. Please reach out to your Centricity team for more information on this or any courses that interest you.

Cybersecurity: Practical Steps to Avoid Risk



This course describes common cybersecurity threats and what you can do to prevent them from happening to you at work or at home. At the end of the session you will be able to identify various types of cyber threats, such as malware, phishing and spam, and how to protect yourself when using email, social media, instant messaging and other communication systems.



Q&A Corner

Do we pay the minimum wage of the state where our headquarters is located or the state an employee does the work?

Employees should be paid the minimum wage for the state in which they work, whether this is a satellite office or their own home. Beyond that, it's important to be aware that some cities and counties have even higher minimum wages than the state they are located in. In general, with most employment laws, you should adhere to the law that is most beneficial to the employee.



Do you recommend reducing hours as a disciplinary measure?

No, we don't recommend reducing hours as a disciplinary measure.

Discipline is most effective when it directly addresses the performance or behavioral issue the employee is having. The aim is to improve performance or correct behavior. Reducing hours, however, doesn't accomplish either of those objectives or deal with the problem directly. And if reducing hours isn't a common practice in your workplace, an employee could challenge your decision as inconsistent with your policy or discriminatory.

Instead, we would recommend that you follow a progressive discipline process, possibly with a performance improvement plan. Meet with the employee to discuss the performance or behavioral problems, and document your expectations going forward.

Treating the employee consistent with your policy and documenting the steps of the process will be useful if any of your decisions are later challenged. And using discipline that directly addresses the problems at hand will give the employee an opportunity to improve and better contribute to your organization's success.

I've just learned that many of our current employees do not have completed I-9 forms with us. What should I do?

We recommend you inform affected employees that this information is missing, ask them to bring documents to establish their identity and work authorization the next time they work, and complete the Form I-9 with them. The U.S. Citizenship and Immigration Services (USCIS) requires that an I-9 is completed as soon as possible when it is determined one isn't on file.

A few things to keep in mind:

- If an employee fails to provide you with documentation within the required timeframe, you may terminate employment based on inability to meet the employment verification requirements. You may choose to rehire them later if they present the proper document(s) (and complete a new I-9), but you are not required to hold their position.

- Don't backdate the form. The employee must enter the date they complete the I-9 on their signature line in Section 1, and you must enter the date you reviewed the required documents on your signature line in Section 2. The form must, however, have the employee's original start date.

- We also recommend including a memo with the I-9 in your files explaining why it wasn't completed within three days following the employee's hire date. We recommend stating that as a result of conducting an internal audit, you determined that the I-9 was missing and completed one immediately.

Can we differentiate between employees when it comes to accruing paid vacation time?

It is permissible to offer disparate amounts of vacation leave as long as there is a clearly-defined, objective employment class (such as seniority in the company or by department) that is associated with the various levels of benefits. Where you could run into issues, is if employment groups are subjective or are not easily defined. We would not recommend that you make decisions on how much vacation to give employees on an individual basis. This could lead to claims of unfair or inconsistent treatment. Whatever classes you chose to use for differentiation, your policy should clearly spell out the different levels of eligibility for benefits.