



Your Advantage

News and information to help you and your business succeed

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Employer Advantage announces

Employer Advantage is pleased to welcome **Trent Walker** to the Risk Management team. He will be handling the unemployment claims as well as working with worker's compensation insurance. Trent is a native of Liberal, MO, and a 1991 graduate of Missouri Southern State College. Prior to coming to Employer Advantage, he worked for Aldi, Inc., H&R Block of Carthage, and 11 years as an agent for Shelter Insurance Companies. Trent looks forward to meeting the clients of Employer Advantage and continuing the high level of customer service that they are accustomed to receiving.

Employer Advantage Completes SAS 70 Type II Audit

Employer Advantage has completed its second SAS 70 Audit and received an unqualified report. Accell, PA, a Public Company Accounting Oversight Board (PCAOB) licensed, full service CPA and consulting firm that specializes in conducting SAS 70 audits, performed the audit. The SAS 70 audit is the internationally recognized authoritative guidance developed by the American Institute of Certified Public Accountants (AICPA), which allows service organizations to disclose their control activities and processes to customers and their customers' auditors in a uniform reporting format.

“ The accuracy of our payroll processes and the protection of client employee confidential information are among our highest priorities. This is our second unqualified SAS 70 Type II Audit Report and we believe the audits have been very instrumental in helping us achieve a position of leadership in the PEO industry.”

said Lee Allphin,
President of Employer Advantage.

Employer Advantage's audit required rigorous testing of controls throughout 2009 that included the testing of network and logical security, firewall configurations, data transmissions, computer operations, backup, disaster recovery, fire suppression, physical security and many payroll and tax processing controls.

For additional information on SAS 70 Type II Audits, visit www.sas70pros.com

States Raise Unemployment Taxes for 2010

The Department of Labor has estimated that 40 state unemployment trust funds will be depleted by 2011 due to the recession. Currently, the federal government has lent more than \$24 billion to 25 states and the Virgin Islands due to the draining of the trust fund benefits. California alone has borrowed \$5.63 billion and 9 other states have borrowed more than \$1 billion.

State governments usually cut benefits and/or raise payroll taxes when there are shortfalls in the unemployment funds. The National Association of State Workforce Agencies found the following changes for 2010:

- Eight states have enacted legislation to increase the tax base, including AR, CA, FL, IN, NH, TN, VT, and WV.
- Twenty-eight states will increase their tax schedule. These states include: AK, AL, CO, GA, HI, IA, ID, IL, KS, MA, MD, ME, MN, MT, ND, NE, NH, NJ, NY, OH, OR, PA, VA, VT, WI, WY.

While the percentage increases in Unemployment Insurance (UI) taxes for some employers in 2010 is substantial, the average tax rate on total wages paid by employers is relatively low by historical standards. Since 1938, the average national UI tax rate on employers as a percent of total wages ranged from 0.5 percent to 2.7 percent. The average national employer tax rate as a percent of total wages in 2008 was 0.6 percent.

State unemployment taxable wage bases have been relatively low compared to other social insurance programs. In 2010 state unemployment insurance taxable wage bases will range from \$7,000 in Arizona, California, Mississippi, Puerto Rico, and South Carolina to \$37,800 in Hawaii. In contrast, the taxable wage base under the social security, old age, survivors and disability insurance program is \$106,800 in 2010.

Caregiver Laws on the Local Level

“Caregiver” or Family Responsibilities Discrimination (FRD) laws continue to be put in place at the local level and go beyond the state and federal protection of workers who are also caregivers at home. These city or county codes have created a new protected class of employees with family responsibilities by including parental or family status, or family responsibilities along with other protected classes, such as age, race, religion and disability.

“While awareness of the issue of caregiver discrimination is growing, few know that a significant number of city and county laws specifically include family status or responsibilities as a protected class in employment anti-discrimination protections,” said Stephanie Bornstein, Associate Director of the Center for WorkLife Law at the University of California, Hastings College of Law.

FRD can happen when an employee at work receives an adverse employment action, such as demotion, termination, denial of benefits or time off, based upon their caregiving responsibilities at home. The responsibilities are not just limited to children, but can also include a spouse, partner or family elder.

In 2009, EEOC suggested best practices for employers to limit potential discrimination of workers who are also caregivers. Included in the best practices are:

- Educate managers about legal obligations that may impact work decisions
- Create and share a strong company EEO policy
- Develop specific job related qualifications and standards
- Review policies, practices and procedures that may negatively impact employees who provide care

The local Family Responsibilities Discrimination laws are in effect in 22 different states and are not limited to one particular region of the country. Some states, such as Florida, Maryland, Michigan and Oregon, have a number of local FRD laws, which increases the opportunity of an employee being covered.

Employers who have questions about Family Responsibilities Discrimination laws and how they may affect their businesses can contact the Employer Advantage Human Resources Department for more information.

COBRA Subsidy Law Extended

On December 21, 2009, President Obama signed into law an extension and enhancement of the existing COBRA premium law which was to expire on December 31, 2009.

Eligibility Period Change – Previously, the eligibility period for workers who lost their job due to involuntary termination was between September 1, 2008 and December 31, 2009. The ending date has been extended to February 28, 2010.

Maximum COBRA Subsidy Period Changed – The time period in which terminated employees may receive COBRA subsidy has increased to 15 months from the previously stated 9 months.

Extended Subsidy Must Be Offered to Terminated Workers Whose 9 Months Have Expired – Terminated workers whose 9 months of subsidized COBRA has already expired may buy back into the COBRA subsidy during a “transitional” period.

New Notice Requirements – Two new notices will be required: 1) a notice outlining the 15 month period for the extended COBRA subsidy and 2) a notice to those who lost coverage due to non payment informing them of the opportunity to continue subsidized coverage.

General – The ARRA rules apply to sponsors of single-employer and multi-employer group health plans. The subsidy is available for COBRA coverage and for state continuation plans that provide continuation coverage similar to COBRA. FSAs are not covered under the ARRA and COBRA subsidy.

New Sheriff in Town Makes Changes at Department of Labor and OSHA

In March 2009, Hilda Solis became the Labor Secretary for the United States of America and declared there was “a new sheriff in town.”

With less than a year under her belt, Solis is living up to her declaration. In October 2009, OSHA fined oil company BP the largest amount in OSHA history, \$87 million for failure to correct safety problems after the 2005 explosion that killed 15 workers at their Texas City, TX refinery.

Secretary Solis announced in November 2009 that she had increased the Department of Labor’s investigative staff by a third, or by 250 more wage and hour investigators to ensure prompt response to complaints and more targeted enforcement of rules.

After the release of a November 2009 Government Accountability Office (GAO) report, which suggested that employers are underreporting workplace safety issues, Solis unveiled a new program to scrutinize business records to ensure the worker injury reports submitted are accurate. Also in the proposal stage is new regulations to protect workers from industrial dust explosions along with 90 other new rules and regulations for the Department of Labor and OSHA.

The fine against BP has caught the attention of companies everywhere and it appears as though it won’t be the only unprecedented move by OSHA. With only two months into the new fiscal year, six companies have been cited with “egregious” violations compared to four egregious cases for the previous fiscal year. Egregious violations carry the highest penalties possible.

According to Solis, “In early 2010, the [Department of Labor] will launch a national public awareness campaign titled “*We Can Help*” to inform workers about their rights. The department will work closely with advocacy groups and other stakeholders to ensure that the materials developed for the campaign reach the workers who need them. We will not rest until the law is followed by every employer, and each worker is treated and compensated fairly.”

Like the Department of Labor and OSHA, Employer Advantage is launching a campaign to help ensure our clients are in compliance in 2010. Employers may discuss the proposed changes with their Human Resource Representative or Safety Engineer.

New Year's Resolutions... For My Company?

The horns have blared, the confetti has been swept up and the holiday decorations have been put away. In a moment of being swept up in holiday celebration, many of us have penned several New Year's Resolutions to improve our lives by starting or stopping something.

But, have you thought about New Year's Resolutions for your company? It's true that many companies have goals, vision statements, and mission statements that supposedly head the company in the right direction year after year. However, since so many of us are accustomed to starting out the new calendar year with excitement about change in our own lives, maybe we should capitalize on that for our company as well.

In researching the most common personal New Year's Resolutions we came up with the following list that would translate well over to resolutions for companies.

Lose Weight/Get Fit – How many meetings do you have that involve doughnuts? Do you still have a smoking stand outdoors for the few employees who smoke? Are the vending machines filled with Little Debbie snack cakes?

Look at your employees and look for the one or two changes that will help them with a healthier lifestyle. Ask your vending company to stock a few healthy items to give employees an option. Have a local wellness team speak at an employee meeting and promote gym memberships and smoking cessation classes.

When you help your employees be healthier, the company reaps the benefits of less sick days, less health insurance usage, and better morale.

Manage Debt/Start Budgeting – Just as we all look at ways to save money in our personal lives by comparing cell phone companies, insurance costs, and cutting coupons, you can do the same for your company. Look at contracts and services to review what you are getting and whether it is cost effective. Ask employees about their ideas to save money. You may find that you are paying for things that aren't really needed or that a front line person may have an idea that saves time and money.

Learn More – Help your employees to learn more about your business. Often times, commitment to a company can be fostered by employees knowing that "what" they do is important and how it is important to the company.

Help your management staff find time for important compliance and employee relations training. By creating a better informed staff from top down, you may see a decrease in turnover and an increase in employee satisfaction. (By the way, Employer Advantage offers Management Training online now!)

More Family Time/Reduce Stress – Employees who receive and TAKE time off from work are less stressed, have less absenteeism, and are more likely to report job satisfaction. Encourage your employees to take their earned time off.

Find the one or two resolutions that can help your company in 2010. Don't fall into the "all or nothing" trap if the resolution doesn't appear to be working right away. Keep the vision of the change that you want to make for your company and tweak the methods of getting there until you get it right. It's not about immediate changes, but long term lasting changes that will ultimately give your company the positive impact you want.