

# HOT SHEET

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Full-Circle HR



Maybe they fell asleep before they could get the 2nd 'e' on coffee!

## Did you know that:

- The Department of Labor has proposed a new overtime rule for exempt employees which includes an increase of the exempt salary threshold to \$35,308 annually; employers should prepare, but not make changes unless/until the rule is finalized?
- As support for paid family/medical leave grows at the State level, the Federal government is moving in this direction as well?
- Reserved employee parking spaces became a taxable fringe benefit effective March 31, 2019?
- Employers who have 100 or more employees and those with 50 employees and \$50,000 in federal contracts must file an EEO-1 form which requires detailed information about your staff and their pay?
- The first quarter reporting deadline for Washington Paid Family & Medical Leave has been extended to July 31, 2019; 1st and 2nd quarter reports can be submitted through the online system beginning July 1, 2019?
- The theft of noncash property in workplace fraud cases rose from 10.6% in 2002 to 21% in 2018?

## Tips for Succession Planning

Succession Planning is something that all organizations should consider, no matter the size or business structure. This is not the same as having a backup for someone in the department for a temporary absence, but it is a long view of how to keep your organization going and to keep your staff engaged, challenged and feeling as if they have a future. Long-term viability is predicated on creating a plan for how you will keep your team moving forward when you lose a key player or find yourself with a skills gap. It brings focus to identifying top performers and understanding the skill sets you have and those you need to grow. For employees, it can provide stretch opportunities that help them learn new skills, advance their careers, increase their value to the team and boost earning power—all of which foster a stronger commitment to your organization.

Here are some suggestions on how you might approach this process. First of all, the plan must be formalized as a well-defined process that has support from top management; it must be comprehensive and consider all critical roles at all levels of the organization; and be linked to your overall business strategy.

It should focus on 4 specific outcomes: 1. Identification of mission-critical positions and any impending or existing gaps in those roles. Can those gaps be filled from within (with some training) or does it require that you look externally? 2. Identification of all employees who have potential to assume more responsibility currently or with some training and coaching. What combination of talent do you need to support short and long-term business goals and how do you work to retain and/or attract that talent? 3. Talent development—Encourage

and plan for meaningful investment in training/development opportunities. This may mean committing to expenses that will pay off in the future, rather than adding to the current bottom line. 4. A process for revisiting/ revising the plan.

The first step in creating the plan is to build a team of people who: have good organizational skills and are process-oriented; have organizational knowledge, and; are effective communicators. At least one team member must have authority to work across departments to get cooperation. Additionally, effective communication will help deter negative rumors of change that might disrupt morale.

The next step is to brainstorm internal and external strengths and weaknesses of your organization and internal and external forces that might

impact your performance.

Next, assess positions based on them being: critical to the mission; a key task that, left undone, could hinder or stop vital functions: a specialized skill; geographically limited (can't be performed remotely); a high turnover role; or a future or impending need. Once you have identified these positions, begin to assess each one based on skillsets required, how it will be used in the future, the current bench strength, current staff ready for stretch opportunities and the path for advancing them, gaps that cannot be filled internally and any other internal/external factors.

At the end of this analysis, you should have an answer to the critical question of whether you can develop your internal staff to meet your needs or if you need to ramp up your search for strong external candidates.

## Changes to Calculating Overtime Coming Soon?

For the first time in over 5 decades, the Federal Department of Labor (DOL) has proposed changes to how 'regular rate,' which is used to calculate overtime, is determined. Currently, unless a benefit is specifically excluded from this calculation (as insurance benefits, paid time off, Christmas bonuses, other gifts and discretionary bonuses are) the employer must first make a call about whether or not it is excluded and then, if not excluded, struggle to monetize the value of the perks they offer and use that to deter-

mine the 'regular rate.' This may cause some employers to shy away from offering discounts or wellness benefits, etc. The proposal by the DOL would confirm that this rate would specifically exclude: The cost of providing wellness programs, onsite specialist treatments, gym access and fitness classes, and employee discounts on retail goods and services; Payments for unused paid leave, including sick time; Reimbursed expenses, even if not incurred solely for the employer's purposes; Reimbursed travel expenses

that do not exceed the maximum travel reimbursement permitted under the Federal Travel Regulation System regulations and that satisfy other regulatory requirements; Discretionary bonuses; Benefit plans including accident, unemployment and legal services; and Tuition programs such as reimbursement or repayment of educational debt. The proposed rule also clarifies that payment for hours not worked, such as 'call back' pay and payment for bona fide meal periods are excludable from the 'regular rate' calculation. Employers

*Liberty is the right to discipline ourselves in order not to be disciplined by others.*  
—Clemenceau

are advised that they should be aware of and monitor the proposed rule, and whether or not it is adopted. Depending upon that, and any applicable State laws, this could offer employers the opportunity to think more creatively about how their benefit packages could more effectively meet the needs of their employees, while reducing employer cost and administrative burden.