

# HOT SHEET

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Full-Circle HR

## HR Trends:

- A growing number of states are moving away from allowing non-compete agreements. California, Minnesota, North Dakota, and Iowa have outlawed them entirely and many other states have enacted restrictions.
- According to World at Work's Salary Budget Planning Survey, U.S. organizations are budgeting an average 4% increase for 2024.
- The Department of Homeland Security has confirmed that as of August 1, 2023, only employers who use E-Verify and are in good standing will be able to continue to conduct I-9 verifications electronically.
- The bipartisan Second Chance Task Force has been working to open employment opportunities for citizens returning to society from incarceration. This can also provide employers with support for accessing this applicant pool for their open positions. Learn more at [Second Chance](#).
- Since Biden's student loan forgiveness plan was recently struck down, student loan debt continues to be a very real pain point for employees. Some employers are choosing to contribute to paying down this debt, for which there may be a tax break.

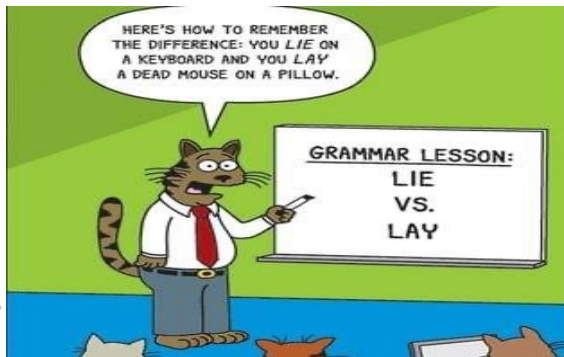
## Emergency Savings Benefits

While we often encourage staff to opt into retirement savings plans, there is a growing emergent need for savings that can be used prior to retirement. This can include student loan debt needs but is primarily about setting money aside for any unexpected events. According to John Egan at SHRM\*, the state of emergency savings in the U.S. is "anemic." A poll by Bankrate showed that almost half of adult Americans do not have 3 months of emergency savings. Many have none at all. The recommendation is 3-6 months of savings for this purpose. The decline of savings is no doubt related to the pandemic, as many people likely had to dip into any savings they had.

In response to this, many employers are responding

by establishing Emergency Savings Accounts (ESAs) which operate similarly to HSAs (Health Savings Accounts) which many employers already offer and to which some employers make contributions. ESAs were made more accessible through the Secure 2.0 Act of 2022 (an update of the Secure Act) which is part of the 1.66 trillion dollar spending package signed into law on 12/29/2022. More information about this can be found at [Secure 2.0 Act of 2022](#). Once the various sections of this act take effect, there will be opportunities to make retirement savings more accessible for emergencies/significant life events and more lucrative for employees and employers who contribute.

Financial education is another important aspect of this



issue. Employees get most of their financial information through their employers. Some employers offer this through a more standard approach, such as an Employee Assistance Program (EAP). Others set up a financial education aspect to the investment in retirement plans and in the ESA plan, whether it is attached to the retirement plan or not.

Some employers set up ESAs with a separate institution and some with the retirement plan. Advisers at Experian suggest that funds held in a retirement account may take longer to access but this may change with the advent of Secure 2.0. Either way, an advantage for employees setting aside funds from their paychecks is that, like a 401k, it comes out with-

out ever hitting your paycheck. Delta Airlines chose to set up a plan that offered financial education and coaching which, once completed, would qualify them for \$1,000 contribution to their ESA by Delta. Other plans held through the 401k have a maximum amount (currently \$2,000) that employees can contribute. Once they reach the maximum, deductions either stop or go into their 401k. Incentives for employers to offer this benefit may include that employees who feel financial stress are less productive and less focused and more likely to seek a higher paying job elsewhere.

*By being yourself, you put something wonderful in the world that was not there before. — Edwin Elliot*

## How DEI May be Affected by the Supreme Court

Some experts say that if the right court case involving private employer use of affirmative action makes it to the Supreme Court, this court could also rule similarly for employment decisions as it did for college admissions. Assuming the law continues to evolve in a conservative direction they are further predicting the end of DEI efforts in the workplace. But others are saying, "not so fast." According to Kenji Yoshino and David Glasgow^ the underlying principles of DEI and really the greatest strength of the effort—debiasing work, ambient work, and universal work—are not impacted by this

ruling. Ultimately, this work stresses the inclusion aspect of DEI.

Employers have adopted practices such as removing demographic identifiers from their recruitment process, structured interviews with consistent questions, and assuring merit focus in their promotion decisions. This actually aligns with the Courts "colorblind" ruling and yet it is quite effective in leveling the field for often disadvantaged groups.

Ambient work refers to efforts that employers make to diversify their applicant pool and to support diverse groups in the workplace. This includes engaging in outreach to diverse colleges

or other sources of diverse applicants and developing mentorship programs, employee resource groups, and family friendly policies. Universal work takes the stance of raising the boats of all people who struggle with their disadvantages without targeting specific demographic groups. The approach is one of allyship. We can all be allies to each other and we all can use allyship at one time or another. I suspect there will be those that struggle with this perspective because, while this is true, it leaves unattended the impact that historical bias and systemic oppression has wrought on certain

demographic groups. Notwithstanding that, with the possibility of race-conscious considerations facing more legal challenges and greater legal scrutiny, private employers may consider adopting more comprehensive diversity strategies that address various dimensions beyond what they currently address. It is important that leadership not use this court decision as a reason to abandon their diversity, equity, and inclusion efforts, but rather see it as an opportunity to fine tune them. Rethinking policies to more broadly promote equity and inclusion may continue to strengthen organizations through a diverse population.

\*SHRM, *Employers Step Up With Emergency Savings Accounts*, Egan, John, July, 5, 2023.

\*\* Experian, <https://www.experian.com/blogs/ask-experian/what-is-emergency-savings-account/>, June 8 2022.

^SHRM, *Viewpoint: What Scotus's Affirmative Action Means for Corporate DEI*, Yoshino, Kenji and Glasgow, David, July 19, 2023.