

# HRCA Newsletter

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May/June  
2003

May/June 2003 HRCA  
NEWSLETTER

SUMMARY &  
INTRODUCTION



## James Duran

Time flies, last issue in this newsletter I wrote "The war in Iraq is well underway and we are beginning to see some signs of a turnaround in the market." Now it is two months later, the war is over, and it's beginning to seem like the quagmire that Vietnam was over 30 years ago. The good news is that unemployment seems to be improving, but unfortunately, it's largely because many people are no longer counted for a variety of reasons.

### New Newsletter Editor

Like David Crosby used to say, for every time there is a season. For me, the time for a season of change has arrived and I am changing my role within HRCA and this newsletter. Henceforth, I will no longer act as the publisher/editor of the newsletter and this role will move over to the capable hands of Merrill Martin. I

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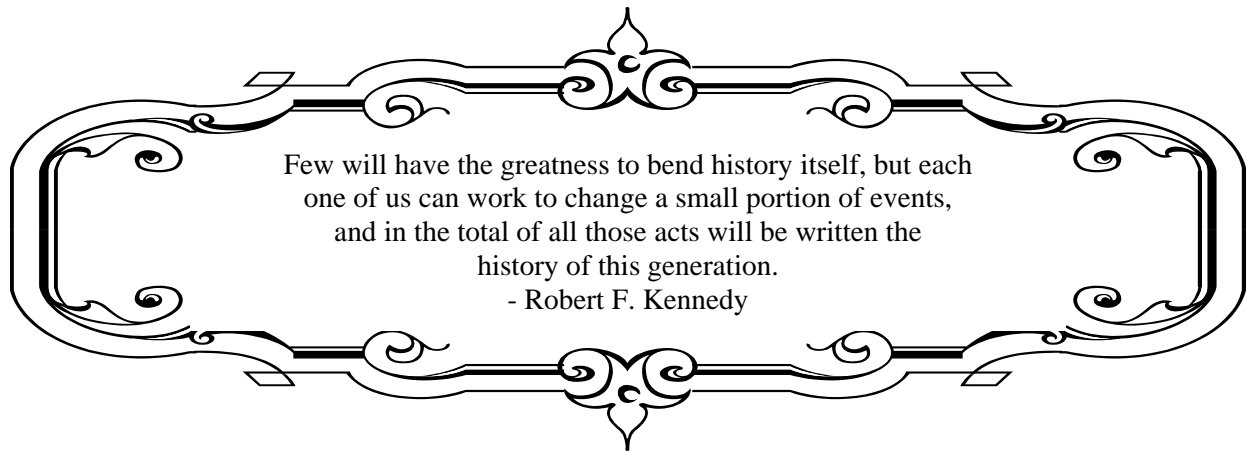
will continue to author articles for the newsletter though, so like it or not, you will still be showered with my opinions and musings on what constitutes news for HR and Staffing Consultants. I also intend to spend more time on working with the GTRN web site focusing on creating value within that organization as well as others I am involved in, such as NCHRA and other business organizations. I thank you all for the privilege of putting this newsletter together for you – Thank You. Please give your support to Merrill Martin in volunteering to assist

him with ideas and articles that will continue to be of value to you. I believe in the value of circulation and fresh perspectives so I urge you all to share your observations and thoughts with Merrill.

This issue begins with a review of a recent article in the SJMN entitled **BrassRing in Trouble?** For some, this is no surprise considering what a dismal economy we have had to work with over the last 2 years. In spite of this, things are still evolving so you should look for some of

**Steve Radford's observations on Compensation Trends**, which substantiate new directions with implications for HR and Recruiting. For a **web site of the month** we have a brief article on [www.hrhero.com](http://www.hrhero.com). Last issue in this newsletter, we also talked about recent trends in recruiting, including how over Continued... Continued...

whelmed HR folks need to look at **Employee Surveys** as one tool to see what's going on with the employees. Consequently, I have a



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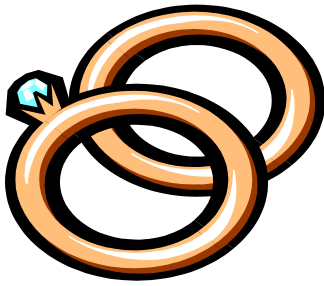
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## BrassRing in Trouble?

James Duran

Here we go again. The shakeout in the JAD (Job Advertising Distribution) space is continuing. ISearch

went bankrupt a few years ago and disappeared. DICE filed for bankruptcy earlier this year and has apparently reemerged under a new structure and appears to be working fine. According to a June 10, 2003 article in the SJMN, BrassRing is suspending its job fair business and resume databases. They are still deciding what to do with the online job board and will continue to provide software and services to manage recruiting for employers. The SJMN still claims they will be holding four more job fairs this year. The implication for you as a user of job fairs is that BrassRing is done for this year. Apparently the jury is

still out on what other segments of their business they may abandon or suspend. The caveat still applies, "Let the buyer beware!" Before you jump into a cozy relationship with any vendor, it behooves you to look into the company financial performance and long term plans for the products and services you are looking at. Be sure to ask about what recourse you would have as a client of these vendors if the product is discontinued or sold to another company. Protection of your data and low cost, transparent portability to another system is critical.

I hear and I forget. I see and I remember. I do and I understand.  
*Ancient Wisdom*



## Compensation Trends According to Steve Radford

James Duran

As a member of the High Tech Net PEG (professional emphasis group) of SHRM, I sometimes get invited to attend on line teleconference seminars sponsored by SHRM. In

late April, I had an opportunity to attend one of these seminars led by John Radford, Sr. VP of AON Consulting/Radford, and former VP HR/Compensation at Cisco systems. The agenda was a review of 2002 with commentary on salary increase projections, incentives and strategies for future consideration.

### Strategies

Some of the strategies to consider included: a detailed analysis of your competitive position as an employer, creative ways to distribute salary increase budgets, new incentive programs, review of stock option programs based on the FASB move toward expensing same, and a renewed focus on top performers with a concurrent emphasis on re-energizing the workforce.

### A Year of Privation

In 2002, according to Aon/Radford, about 50% of companies surveyed had no pay freezes. Approximately 50% of reporting companies indicated a pay freeze was in

place or recently lifted. For the 2<sup>nd</sup> half of the year, roughly 60% of the companies reported a RIF. Additional conservation measures included hiring freezes, reductions in temporary workforce, mandatory time off, plant shutdowns, or salary reductions, some applying to executives only, others applying to all employees. Involuntary terminations rose for the period of 2002 compared to 2001, while voluntary terminations decreased by about 50%. This is not surprising, and merely corroborates that marginal performers hit the street, and those who had jobs were far less likely to make moves. Based on 2002 results, retention plans seemed to be working very well ©. Companies are still very judicious about hiring today, some companies still have freezes in place, where others are limited to replacements only or critical hires. Remarkably, only 14% of the survey participants reported normal hiring activity today.

Continued...

### Salary Increase Budgets & Trends

John disclosed data showing salary increase budgets have gone down uniformly from 2001, to 2002 to 2003, from about 5.2% to 4.1% for all classes of workers from executives to exempts and non-exempts. Actual salary movements were less than the budgets listed above which included promotions and adjustments, as the real % increases were 2.2, 2.8 and 2.6% respectively for executives, exempts and non exempts in 2002. Over 28% of company participants changed the company performance plan measures for the incentive plans reflecting a raised

bar to get the payouts. John corroborated that the FASB is very likely to follow the IASB lead so that some type of expensing of options will be a reality in 2004/2005. Consequently, one of the newer trends he sees based on surveys is decreased size of option grants for new hires and evergreen plan participants. John also explained that the pool of options available for grants has also decreased, another reflection of past excesses and shareholder reluctance to increase dilution (option overhang). New compensation trends include: reestablishing salary increase schedules, differentiating between average and high performers, revising sales comp plans, revamping performance evaluation

systems, incentive plans, ongoing and new stock option guidelines, executive incentive plans and implementing programs to manage the bottom 10%. Comp folks are going to have to get busy devising plans to recognize winners and disincentivize poor performers. HR will have their hands full too in developing programs designed to reenergize the workforce and communicating company successes.

Before I listened to this talk, I was sure 2002 was a slow year for Comp people. I've changed my mind now after listening to John and appreciate some of the challenges they are facing. You can contact him at 408 321-2537 or jradford@radford.com.

"If you wait for perfect conditions, you will never get anything done." Ecclesiastes 11:4



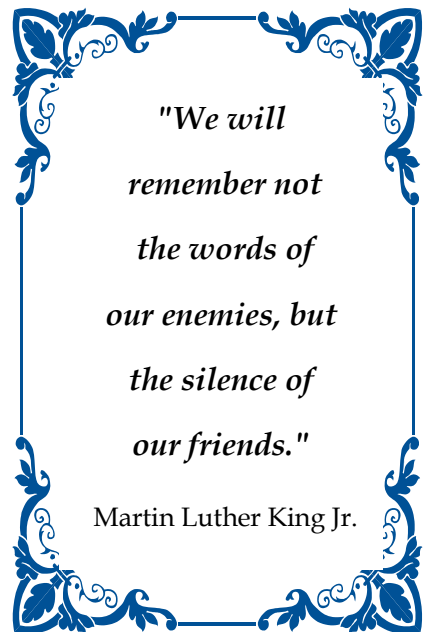
## Employee Surveys

James Duran

I recently attended the SC chapter of NCHRA conference on Employee Surveys. Marten Lindskog of RI, Research International, was the speaker and can be found at 415 217-3848. RI, www.research-int.com is a world leader in market research. According to Marten... Employee Surveys serve as a tool in the change process. They can be used to take the temperature of an organization and also serve as mechanisms to reinforce business drivers. Surveys can tell you if em-

ployees are living the "brand", if they feel empowered and provide management a feel for the people drivers (what's motivating them if anything). Used effectively, they can serve as the basis for a retention program. The survey is the beginning of a process. Key success criteria include: Identification of business success factors, focus on valid measurement tools, planning for internal communication and training of HR and line managers. The two basic types of surveys are Web Surveys and Paper & Pencil Surveys. Web surveys typically deliver a better participation rate over a shorter time period and can be conducted across a wide geographical region, with support provided by phone and email. Their disadvantages are that they require computer access and computer skills in an interruption free area. Success factors to guarantee a high success rate include: defining the survey purpose, assigning priority from top management, involving line managers and using multiple communication channels, using a short questionnaire, while

providing integrity in data collection and result presentation. Marten was clearly very knowledgeable in the subject of surveys but was not very well prepared for the NCHRA audience as much of his examples pertained to retail, banking and hospitality industries.





## Who's Who in Recruiting in the Silicon Valley? Bob LoPresto on Executive Search

James Duran

This article focuses on a local distinguished personality in executive search, Bob LoPresto, who's Executive Search practice focuses on high technology. I recently visited Bob to get the benefit of his insight into Executive Search in the Silicon Valley.

Bob is President of the High Technology practice of Rusher, Loscavio and LoPresto, (RLL) [www.rll.com](http://www.rll.com), a regular member of the top 50 Retained Executive Search Firms, according to ERN, Executive Recruiter News. RLL is a national executive search firm, and a member of the AESC (Association of Executive Search Consultants/[www.aesc.org](http://www.aesc.org)), established in 1977, with offices in S.F, Palo Alto and Boston. Bob heads up the local Palo Alto office and has participated in placing over 500 senior executives in his career. Unlike many "headhunters", Bob has his early origins in HR as a previous Sr. HR practitioner, VP/Dir, etc. with companies like Levi Strauss, Syntex, AMI, Fairchild, and McGraw-Hill, prior to entering Executive Search. He has also been very active in professional associations including NCHRA (past President), EMA and SHRM, was a past President and Founder of EMA, and honored as a

lifetime member of EMA and SHRM for his leadership roles. More recently, Bob was a founding member of the Association for Corporate Growth (ACG), Silicon Valley Chapter and currently serves on the Board of Directors. He is also on the board of Villa Montalvo and Institute for Research on Women and Gender at Stanford University. He's also written a few books and is the co author of the Reference Checking Handbook and the Handbook of HR Administration. Talking with Bob is like taking a walk down the corridor of silicon valley's greatest luminaries, because he knows a bunch of them, whether they be Sr. HR leaders, VPs and Directors, or Presidents/Vice Presidents of functional groups in sales, marketing, engineering, operations, manufacturing, finance, etc. Since executive search is slow like the rest of recruiting, Bob also recently affiliated with TMS Consulting, Torchiana Mastrov & Sapiro, Inc., [www.torchiana.com](http://www.torchiana.com), where he works concurrently while with Rusher, Loscavio and LoPresto. TMS is a bay area based high-end career management/outplacement service. Where companies like Lee Hecht Harrison, DBM, Wright Associates and Spherion work with all levels in outplacement services, TMS focuses primarily on executives in outplacement with an emphasis on one on one coaching through the transition process.

Some of the questions I asked Bob included:

- How is Executive Recruitment Changing?
- How has HR changed in the last 20 years?
- To what extent are you involved with HR in your business dealings
- How can HR help you to make Executive Search assignments successful?
- What is the Executive

Search view of working with start ups today?

- The impact of eCruitment tools on Executive Search
- Assessment of the biggest issues facing the silicon valley today
- Your assessment of where the silicon valley is headed economically in the next year, two years, 5 years...

Here's what I learned...

**How is Executive Recruitment Changing?** The activity level is down. As a result, employers today have more flexibility to negotiate search terms, including container searches. Many companies are not putting assignments out to external search due to an abundance of resumes available by referral or the internet. It's not uncommon today to see HR folks handling the searches themselves or through their recruiting and HR departments with regular, contract and contingency recruiters.

**How has HR changed in the last 20 years?** HR folks have improved their lot considerably and can more frequently be found in the executive suite. HR people have better education, access to resources, and credentials, thanks to programs such as SHRM's PHR/SPHR certifications. The result is that HR people are perceived as professionals, and business partners who are more qualified to help line managers when it comes to strategy and solutions.

**To what extent are you involved with HR in your business dealings?** Many executive search firms don't want to deal with HR and find ways to work around them. That's not my style – I prefer to work with HR, and look for their support in blocking and tackling. Executives are so busy these days that working

Continued...

with HR makes for better communications, setting up interviews and feedback in the executive search business.

**How can HR help you to make Executive Search assignments successful?** When we put together contracts with clients we are very careful to outline client responsibilities, which is why our placement rate is so much higher, 90%+, than the industry average of 62%. We stress the client responsibility to provide feedback, in the contract. Experience has taught us that team work makes Executive Search work. Searches fail too often because clients are too busy and neglect to provide feedback in a timely manner.

**What is the Executive Search view of working with start ups today?** In the course of doing business we have worked with many small companies. We learned our lessons working with start ups, and in the past often took stock as a calculated risk in lieu of or in addition to cash compensation. For the most part, the stock did not pay off. Today, we still work with start ups, but the activity level is way down as StartUps are virtually always cash limited.

**How would you describe the impact of eCruitment tools and the Internet on Executive Search?**

The internet clearly affects how employers and search firms conduct business, productivity and communications. I still like to talk to people in person, meet them, etc., rather than conducting my business solely over the telephone or via email. I don't think they are an efficient substitute for in person human contact. Whether it be working with a client or a candidate, nuances of behavior and fit are much better assessed in person.

**What's your assessment of the biggest issues facing the silicon valley today?**

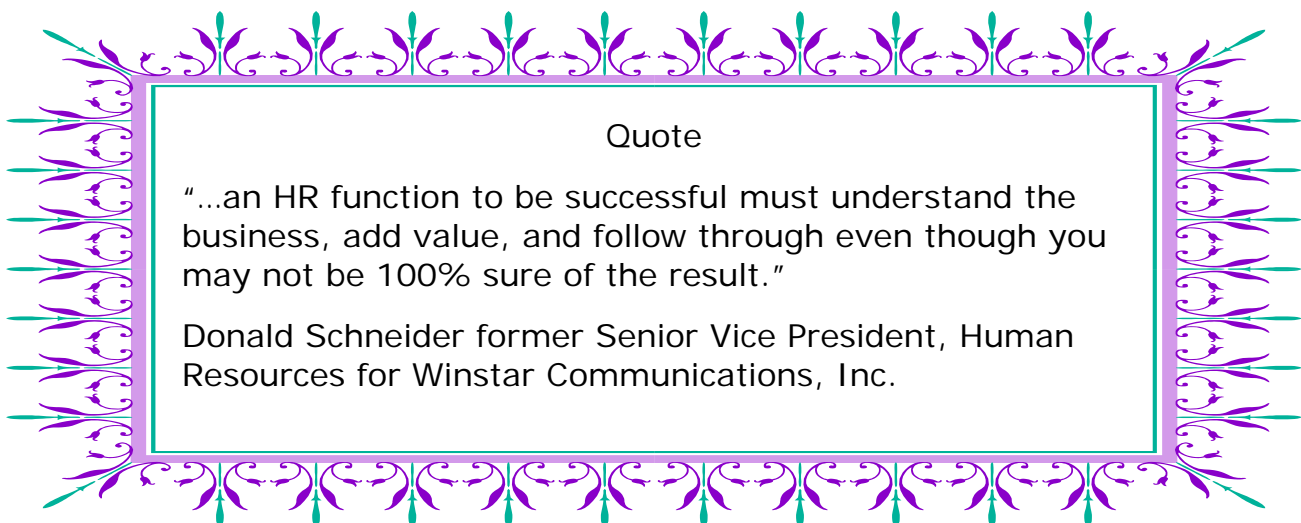
The economy. In order to attract top talent, issues such as the affordability of housing, transportation/commute times, restoring earnings and growth, etc. cannot be ignored. I don't see any single killer application and see wireless and the internet as being the closest substitutes. On the Life Science/Biotech side however, I see more breakthroughs, but these have to be tempered with FDA blockages and the long times it takes to get things through. Happily, new methods to shorten FDA approvals are being developed using software and simulation tools. The Silicon Valley will always have good posi-

tioning due to schools, climate, quality of life and other resources. On the negative side though, I am concerned about R&D. We don't do R, and instead focus on D and that's a big concern. We still see European & Asian companies spend money on long range research whereas in America, we do less of the "R" industrially, leaving it to the academics in universities who are often unable to transition the R into the private sector.

**Where is the Silicon Valley headed economically in the next year, two years, 5 years...?**

I see a slow return to growth based on earnings reports. I don't think we'll ever return to the boom times of the late 90's. The past two years have been a Perfect Storm of events including: 9/11, Iraq, dot com implosion, executive scandals and poor financial reporting from the front office, etc. I see more improvement toward the end of the year and don't necessarily see us as being out of the woods yet. Some moves such as the IASB move toward the expensing of stock options will not make it easier to hire and retain top talent. If or when this becomes law, we'll have to look at new ways to incentivize and retain top talent.

-end



Quote

"...an HR function to be successful must understand the business, add value, and follow through even though you may not be 100% sure of the result."

Donald Schneider former Senior Vice President, Human Resources for Winstar Communications, Inc.



## State Unemployment & SDI Benefits to Previously Self Employed Workers (Such as independent” Contract Recruiters and HR Consultants)

James Duran

For info: call 800 300-5616

Local (less information):

408 369-3606

EDD Web Site: [www.edd.ca.gov](http://www.edd.ca.gov)

**If I have been paid as a 1099 and essentially been self employed in the past, am I eligible for UI benefits?** EDD 800 Call Center response: For the most part, the answer to this question is no. If however, you have filed with the State of California as an employer, and have received a State Employer #, and you file quarterly financial statements with the State, then you can establish your own UI account. As an employer, you will be required to pay into the UI fund, your “reserve account”.

**How does UI work?** Every employer is required to pay a marginal amount of FUI (Federal Unemployment Insurance) and SUI (State Unemployment Insurance) taxes to the State and Federal government respectively. This amount is entirely Employer funded, and is NOT employee funded. For example, in the case of Duran HCP, the amount we pay is 5.4% of payroll up to the first \$7,000 earned, by

each employee, for the State. For the Federal government, the number is 0.8% for the first \$7,000 of salary. This amount is entirely paid by the employer, and there is no employee match or contribution. This money effectively becomes the employer reserve account and is the account that is charged by the State. For example, if Duran HCP had 10 employees in 2002 who made exactly \$10,000 each for the year, then Duran HCP as the employer would pay  $5.4\% \times 7000 \times 10$  into the employer unemployment insurance account. The wages in excess of \$7k are not counted! This amount is equal to  $\$378 \times 10 = \$3,780$ . The next applicable principle is the applicable base period. Essentially, the period changes every calendar quarter given a few days leeway. For example, today is May 7. If you file for unemployment today, the applicable period is the entire year of 2002. On July 7, 2003, the applicable period will be April 1, 2002 to March 31, 2003, a new 12 month period. This means that whichever employers (account) I worked for in that timeframe will be charged according to how long I worked for them within that one year time frame.

**What happens to the money in the Employer paid UI accounts if nobody goes on unemployment?** The funds that are not used up to pay for actual UI disbursements will actually go into the State General Fund after the applicable time period is up. For example, on July 7, 2003, any unused funds put into the UI fund by the employer for the period from January 1 to March 31, 2002 will revert to the State’s General fund.

**How much does the employee pay into these UI accounts while he/she is employed?** 0, the funds are entirely supported by the employer(s).

**How much money will I be able to draw in unemployment before the well runs dry?** The EDD publishes a free brochure entitled: For Your Benefit which explains how this works in detail. The base period of your claim is a 12 month period based on the month you file your claim. For claims beginning in April, May and June this year, the base period is the 12 months ending the previous December 31, 2002. For claims beginning in July, August or September this year, the base period is the 12 months ending the previous March 31, 2003. For claims ending in October, November or December this year, the period will be the 12 months ending June 30, 2003. Each base period has four quarters of three months each, the quarter in which you were paid the highest wages determines the weekly benefit amount you will receive. For the claim to be valid, you must have at least \$1,300 in earnings in one quarter of the base period, or at least \$900 in earnings in the highest quarter and a total base earnings of 1.25 your high quarter earnings. A table then applies to determine your benefit award. Weekly benefits range from \$40 – 370.00 per week depending on your past pay rate. To make the maximum, you must have earned at least \$9,590.01 in a calendar quarter within the base period. Weekly benefits will continue as long as you are eligible for 26 weeks or until you have received half of your base wages, whichever is less.

**What about taxes?** The Federal Tax Reform Act of 1986 provides for federal taxation of all UI benefits received after December 31, 1986. Annually, for every year in which you receive UI benefits, you should receive a 1099 from the State. Contact the IRS if you have any questions on this or if you fail to receive your 1099, contact EDD.

Continued...

## DISABILITY

The question of Disability is answered on the EDD web site and follows...

## ELECTIVE COVERAGE

What is Elective Coverage (EC)?

- Elective Coverage (EC) is an option for self-employed individuals and employers to apply for coverage under State Disability Insurance (SDI). A self-employed individual or employer is someone who works for himself/herself, such as an independent contractor.

What is the cost of EC benefits?

- Premiums are based on the net profit you reported on IRS schedule SE for the previous tax year. For 2003 the annual premium rate is 1.97 percent of the amount reported as net profit up to the maximum wage ceiling for SDI contributions. The rate is evaluated and re-computed each calendar year on or about November 30.

I'm interested in applying for EC. Where can I get an application?

- Elective Coverage applications are available through your local Employment Tax Office (ETO), or items can be viewed, downloaded, and printed – see EDD web site.

How do I pay my EC premiums?

- You are sent a statement at the end of each quarter showing the amount due for the quarter. Your payment is due by the last day of the month following the close of the quarter.

If I'm disabled, will I still need to pay my EC premiums?

- Premiums may be adjusted if you are disabled for a full or partial quarter. For additional information, contact your local ETO.

I just started paying into my EC plan. If I become disabled tomorrow am I covered?

- Possibly. There is usually a minimum of six months from the effective date of your EC plan before you are eligible based on EC contributions. However, if you worked as an employee in California prior to your EC plan, you may have wage credits in the base period which may give you a valid claim.

I'm self-employed and I have EC. If I'm hurt on the job, will SDI pay me?

- Yes. Benefits are payable whether you are hurt on or off the job unless you carry Workers' Compensation coverage on yourself.

What are my benefits under EC?

- Elective Coverage weekly benefits range from \$51 to \$602, up to a maximum 39 weeks. Your weekly benefit amount is determined using the quarterly income credits as reported on the IRS Form 1040, Schedule SE.

I'm collecting benefits under my EC plan. If I continue to receive income from my business, will SDI still pay me?

- Yes. You may continue to receive income or profits from your business and still be eligible for SDI benefits as long as you meet the basic eligibility requirements.

What happens if my EC premiums are not paid or I'm late with them?

- If your EC plan is more than two years old and your premiums are not paid by the delinquency date shown on your quarterly statement, a delinquency notice may be issued by EDD. You have 30 days to submit your EC payment. Penalties and interest will be added. If payment plus penalty and interest is not received within 30 days of the date shown on the delinquency notice from EDD, your EC coverage may be canceled. If your plan is less than two years old, EDD may levy an assessment and collect the unpaid amount.

I'm delinquent on my EC premiums and have just become disabled. Will you still pay benefits?

- No. Benefits will not be paid if your EC account is delinquent or unpaid.

Can I cancel my EC coverage? Can SDI cancel it?

- After electing EC coverage, you must participate in the plan for two full years. After that, if you wish to cancel your coverage, submit your cancellation request during January. Cancellation will be effective January 1.

For continuing EC eligibility, you must show a minimum profit of \$4600 per year. If your profits fall below this level for three consecutive years, EDD may cancel your coverage.



## CALIFORNIA'S WORKERS' COMP WARS

Jeff Polo

### A System in Crisis

Just about ten years after California Gov. Pete Wilson's reforms to the state's Workers' Comp program had seemingly ended the war on soaring premiums, hostilities and fighting have broken out again around a system that is out of control and desperately close to collapse. The severity of the crisis threatens the very recovery of California's struggling economy and the growth and survival of many businesses. Legally, employers are required to either buy Workers' Comp coverage or set up their own self insurance program. Workers' comp insures more than 14 million California workers and pays for the medical care, rehabilitation, and some lost wages for employees injured at work, as well as death benefits for workers killed on the job. But once again, skyrocketing premiums have become unaffordable for many businesses, and making it difficult for them to remain competitive or even stay in business, at least in California.

**Employers are faced with some tough choices.** Frustrated and disappointed, some business owners have moved operations to other states with more employer friendly business environments. Others have been forced to reduce hours and benefits, freeze hiring plans, or layoff staff in order to find the money to pay for exorbitant Workers' Comp rates. At a time when government and business leaders are looking for any way possible to

ignite the economy, spur job growth and reduce unemployment, California's Workers' Comp disaster appears to be counteracting any positive results from their efforts. Less scrupulous business owners choose to ignore the law and "go bare" or without any Workers' Comp coverage. Not only is this tactic illegal, but also give these firms an unfair competitive advantage over those that play by the rules.

**Insurers have been losing money** for several years in a row despite the extreme hikes in the premium rates they charge. Primarily due to the ongoing impact of rising medical costs and the effects of intense competition, the inflated rates are also a product of fraud, abuse and poor management. Last year, expenses and payouts from insurers equaled about 125% of revenue from premiums paid into the system.

**You don't always get what you pay for.** Averaging well over \$5 for every \$100 of payroll, California employers pay the highest rates in the country. Yet, the bureaucracy, abuse and inefficiency within the system yields weekly payouts to injured workers that rank in the bottom 33% of all the states. In 2002, California employers paid 69% more for Workers' Comp insurance than they did in 2000, amounting to a staggering extra \$6.3 billion. And... there is no sign of relief.

### Battered Reinforcements

Even the safeguards set up to protect California's Workers' Compensation system are stressed and a cause for concern. The **California Insurance Guarantee Association**, which covers claims in the event the primary carrier goes belly up, is so inundated with new claims that it recently needed an emergency bailout to keep up payments to injured workers.

**The State Compensation Insur-**

**ance Fund**, a public, non-profit insurer that by law cannot refuse coverage to any California business, is also having difficulty handling the flood of new business and claims. In fact, this insurer of last resort now controls about half the Workers' Comp marketplace. Compounding its difficulties, The State Fund is currently engaged in a legal dispute with the California Insurance Department (CID) and Insurance Commissioner John Garamendi. Garamendi claims to have taken control of the fund in order to forestall the Fund's collapse, while Fund officials argue that their operation is solvent, and that Garamendi and the CID don't have the authority or justification for a take over. With no clear agreement on a solution plan among employers, legislators, lawyers, employee advocates, and insurance interests, the conflict looks to be a prolonged one, with no concord or relief on the horizon.

**Need help managing your Workers Comp costs?** Some immediate actions you can take to stem increased costs are to summon your WC carrier Rep. in to talk about safety, ergonomic and information oriented programs you can implement to help prevent accidents and injuries on the job. The California Chamber of Commerce is also hosting a WC training event in a 1 hour 15 minute web seminar. Go to [www.hrcalifornia.com/wcseminar](http://www.hrcalifornia.com/wcseminar) or call 800 331-8877 for more information. A guidebook is enclosed on [Workers/ Comp Cost Control: What to Do When There's an Injury](#) when you take the class. NCHRA is offering a similar 3 hour program in July, see [www.nchra.org](http://www.nchra.org) for more details.

*Jeff Polo is a Client Services Manager with Duran Human Capital Partners, [jeffp@duranhcap.com](mailto:jeffp@duranhcap.com)*



## Web Site(s) of the Month

### HRhero.com

Lindsey Duran

[www.hrhero.com](http://www.hrhero.com) **HRhero.com** is a website designed to help human resource professionals find quick answers to their employment law and management questions. The site provides basic answers to employment law & compliance ques-

tions, national and state employment law news, real life HR scenarios, as well as a forum to interact online with fellow HR professionals on policy and practice issues.

**HR Hero Line** is their weekly e-zine, packed with HR management ideas, polls, Q&A and snippets of advice. You also get important need-to-know US Supreme court, federal and state court decisions that change how you practice HR. To receive HR Hero Line you will need to register and provide your contact information.

**HR I.Q.** is a fun and informative exercise that tests your HR knowledge in specific areas by providing an online pop quiz. The current quiz will test your knowledge of FMLA. After you complete the quiz you are able to review and correct your answers before you click for your results to see if you need to take an FMLA refresher course.

**HR Tip of the Week**, written by contributing attorneys, is another free resource that offers advice and information on a variety of common HR topics and processes.

**The Employers Forum** is useful if you are in search of feedback and answers from peers. You are able to post your questions online to other HRhero.com reviewers. Some of the most popular categories for posting include HR and Employment Law Questions, FMLA, Wage and Hour and Benefits.

HRhero.com is a website that you will want to review and consider when you are posed with an employment law question, in search of soliciting information from others or in need of enhancing your general HR knowledge.

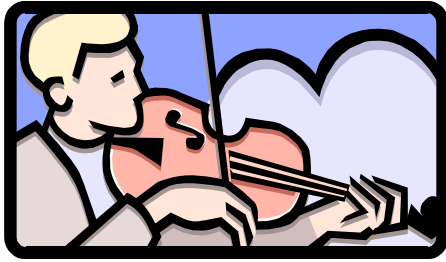
*Lindsey Duran is Director Business Development with Duran Human Capital Partners, [lindseyd@duranhcp.com](mailto:lindseyd@duranhcp.com)*

## HRCA Events, July Meeting & Summer Social

Tuesday July 29, 2003 HRCA General Meeting: 6PM to 7:30PM, Lee Hecht Harrison offices at 1740 Technology Drive, San Jose (near the SJ Airport). This is the year planning meeting based on survey results the direction and actions for the HRCA are discussed and committees formed.

Saturday July 12, 2pm to 7pm, 2003 HRCA Barbeque and swim party at Merrill Martin's home. This is great opportunity for all of our future little HR professionals and recruiters to meet and swim (don't forget their swim-mies!). HRCA will provide the venue and the food. **The address for the party is**

2626 Eaton Avenue, Redwood City, CA 94062



## HRCA Calendar 2003

(Send me info on important HR & Recruiting Events You do not see listed here at [jamesd@duranhcp.com](mailto:jamesd@duranhcp.com))

### WITI's 2003 Silicon Valley Conference

Women Leading Reinvention and Innovation for Technology  
June 25-26, 2003  
New San Jose Marriott  
San Jose, California  
[www.witi.com](http://www.witi.com)

### HRO World, Outsourcing Conference and Expo

July 29-31, 2003  
New York Hilton Hotel  
New York, NY  
Jim Forberg at [jforberg@unicomm.org](mailto:jforberg@unicomm.org) or at (203) 878-2577.  
[www.hroworld.com](http://www.hroworld.com)

### PIHRA 46<sup>th</sup> Annual Conference

(largest Western Regional HR Conference, a SHRM affiliate)  
Sept. 17-19, 2003  
Los Angeles Convention Center  
Los Angeles, CA  
800 622-7472  
[www.pihra.org](http://www.pihra.org)

### 6<sup>th</sup> Annual Recruiting & Staffing Summit

Designing & Implementing Powerful Measurement & Benchmarking Strategies for Maximizing Talent Management & Acquisition  
September 15-17, 2003

Hotel Inter-Continental  
New Orleans, LA  
email [info@hrevents.com](mailto:info@hrevents.com)  
or call -1-800-882-8684  
[www.hrevents.com](http://www.hrevents.com)

### ER Expo 2003 East!

September 24-26, 2003  
Congress Plaza Hotel and Convention Center  
Chicago, IL  
[www.erexpo.com/register](http://www.erexpo.com/register) or  
call (646) 505-0412  
[david@erexchange.com](mailto:david@erexchange.com)

### NCHRA 19<sup>th</sup> Annual Conference & Trade Show

September 29-30, 2003  
Oakland Marriott City Center  
Diane Perez O'Connor,  
[programs2@nchra.org](mailto:programs2@nchra.org)  
Oakland, CA  
415-291-1992  
[www.nchra.org](http://www.nchra.org)

### 6<sup>th</sup> Annual HR Technology Conference and Exposition

October 8-10, 2003  
Pennsylvania Convention Center  
Philadelphia, PA  
[www.hrtechconference.com](http://www.hrtechconference.com)

### FutureQuest 2003, 25<sup>th</sup> Annual Conf.

International Assoc. of Corporate and Prof. Recruitment  
Fall 2003  
New York City, NY  
[www.iacpr.org](http://www.iacpr.org)

### NACCB 16<sup>th</sup> Annual Conference and Tradeshow

Oct. 22-25, 2003  
Hyatt Regency Dallas  
300 Reunion Blvd.  
Dallas, TX 75207  
214-651-1234  
[www.naccb.org/conference/index.html](http://www.naccb.org/conference/index.html)

### HR Masters Symposium 2003

Oct. 26-29, 2003  
Marriott Palm Desert Resort & Spa  
Palm Desert, CA  
866 888-4767 Terri Joosten  
[www.thehrmasters.com/symposium.asp](http://www.thehrmasters.com/symposium.asp)

### Workplace Diversity: New Challenges/New Opportunities

October 27-29, 2003  
800 283-SHRM  
email: [shrm@shrm.org](mailto:shrm@shrm.org)  
[www.shrm.org/conferences/diversity](http://www.shrm.org/conferences/diversity)

### Comdex

November 17-20, 2003  
Las Vegas Convention Center  
Las Vegas, NV  
<http://www.key3media.com/comdex/fall2003/>  
650-578-6900

### 2003 Recruiting & HR Solutions Conference & Expo

(formerly known as the e-Recruiting & Staffing Conference)  
By Kennedy Information Inc., a subsidiary of the Bureau of National Affairs Inc.  
November 20-21, 2003  
Jacob Javits Center  
New York City, New York  
[www.kennedyinfo.com](http://www.kennedyinfo.com)  
800 531-0007

## ONGOING

Multiple Programs for Various Disciplines throughout the year...

### NCHRA SCV Chapter

Meetings, Programs, Conferences, Events, Etc.  
Monthly Events Multiple Bay Area Locations  
425 California Street, Suite 500  
San Francisco, CA 94104  
Fax 415 291-0217

## **IQPC – International Quality and Productivity Center**

Multiple Seminars & Conferences on HR, all year long  
<http://www.iqpc.com/cgi-bin/templates/>

## **Leadership Development for HR Professionals**

Site: Center for Creative Leadership (CCL), Colorado Springs, Colorado  
+ Many other programs, offered throughout the year  
January 13-17, 2003  
March 10-14, 2003  
June 22-26, 2003  
August 11-15, 2003  
October 13-17, 2003  
Colorado Springs, CO

Sponsored by SHRM and CCL  
Fax 336 282-3284  
Email: [info@leaders.ccl.org](mailto:info@leaders.ccl.org)  
<http://www.ccl.org/programs/>

## **Various SHRM Sponsored HR Programs throughout the country**

[www.shrm.org/seminars](http://www.shrm.org/seminars)

## **Littler sponsored Legal Updates, Conferences and Breakfast Seminars**

By Littler Mendelson  
Washington, D.C.  
415 399-8440  
888 951-1000  
[www.littler.com](http://www.littler.com)  
<http://employer.littler.com/>

## **The Walt Disney Approach to HR Management**

The Disney Institute  
Walt Disney Resort  
Lake Buena Vista, Florida  
407 566-2620  
[www.shrm.org/seminars/](http://www.shrm.org/seminars/)

## **2004**

### **10<sup>th</sup> Human Resources World Congress**

World Federation Personnel Management Association (WFPMA)  
Singapore  
TBD, 2004  
[www.hr2002.org](http://www.hr2002.org)  
More details coming...

*"Self-respect cannot be hunted. It cannot be purchased. It is never for sale. It cannot be fabricated out of public relations. It comes to us when we are alone, in quiet moments, in quiet places, when we suddenly realize that, knowing the good, we have done it; knowing the beautiful, we have served it; knowing the truth, we have spoken it."* Whitney Griswold



## **SARS**

Susan Fox

With the SARS (Severe Acute Respiratory Syndrome) epidemic still a concern in Asia, Canada and now here in the US, some firms may be looking to create waiting periods for

traveling employees to quarantine them prior to returning to their US offices. Many are temporarily closing offices overseas. When initiating any new policies that involve non-voluntary precautionary measures, it is critical to engage your legal council so as not to discriminate under either ADA or FEHA Acts. Both make it unlawful to discriminate against employees for actual or perceived physical or mental disabilities. This remains true despite the fact that President Bush added SARS to the list of "communicable diseases" which means that quarantining can be used to control the spread of SARS. The courts will balance the need to "protect the health and safety of employees" with the need for any medical examinations to be "job related." So what can you do to protect the health and safety of your employees?

1. Use teleconferencing and avoid travel
2. Allow employees who may have been exposed, to work from home
3. Develop a plan to compensate those employees who do not return for some time depending on exempt/non-exempt status

The Courts may very well rule that the identification of infected employees constitutes a "business necessity." Until that ruling is made however, new policies regarding SARS and the workplace should be carefully reviewed by your legal counsel.

*Sue Fox is VP Operations with Duran Human Capital Partners, and also the new VP for HRC A, [suef@duranhcp.com](mailto:suef@duranhcp.com)*



## HR Symposium – Redefining Commitment in the “Post Bust Era”

Lindsey Duran/Susan Fox

The 17<sup>th</sup> annual HR Symposium took place last month at the Santa Clara Convention Center. Hundreds of HR Professionals convened to listen to an articulate panel of HR VP’s including: Kristen Anderson, Applied BioSystems; Paul Bianchi, PeopleSoft, Ed Sweeney; National Semiconductor; and Eva Sage Gavin, GAP. Kirk Froggatt, Agilent’s VP of Global Talent and Organization was the moderator.

The focus was redefining employee commitment in the “post bust era”. The panel discussed their strategies on elevating employee commitment levels in a time when HR departments are not particularly well funded or staffed. A key challenge for HR professionals will be shoring up employee-employer relationships that have been eroded by these tough economic times.

### Recurring Themes:

**Communication** - A need for increased involvement w/ employee

**Managers**- Quality, involvement and accountability

**Accountability** - setting clear expectations and goals

**Human Capital 101** - Getting back to basics

**Employee engagement**- measure it through performance

**Appreciating differences among employees** - its not about one size fits all

### Today’s Workforce

The sagging economy and September 11<sup>th</sup> have proven to be catalysts of change in the employee-employer relationship. Symposium panelists all perceived their employees asking themselves, “if today was the last day on earth, would I feel good about who I worked for and what I did?” Today, employees are searching for a deeper meaning to their work, and are asking for the basics. They want to be part of a winning team, to work with people they respect, to have a good relationship with their manager, and be recognized for what they do. It’s Human Capital 101.

### Shift in Focus

The panelists also believe the focus will increasingly be on managers, who they see as the key link in connecting the employers’ goals with the employees’ needs. Managers will be instrumental in regaining worker commitment by rebuilding relationships. Managers will need to be more aware of the individual needs of their employees, as the “one size fits all” approach will no longer be effective.

### Commitment

The panel agreed that more companies are going to be pushing harder for an increased commitment level from their employees. HR professionals holding their managers and staff accountable will be key to regaining that commitment. Employers will be striving to create an environment where employees will not only want to stay, but will be driven and productive as well as supported and challenged. Additionally, the

most successful companies will be those that cut their losses early with regard to under-performing workers. The economy has made HR more realistic about their roles, which now is less about supporting employees than it is about supporting performance and the “bottom line”. With clear objectives in place for the individual employees and HR transactions occurring at the employee rather than mass level, forward thinking companies will raise the bar on commitment.

### Metrics

With the increased emphasis on manager and employee accountability, the panel foresees an increased emphasis on metrics. Managers will have to be held accountable for driving commitment at the scorecard level.

### SURVEY SAYS...

**20%** of workers at any given firm are actively engaged (passionate and driven in their work)

**55%** are not engaged but are not looking to leave or to sabotage the employer

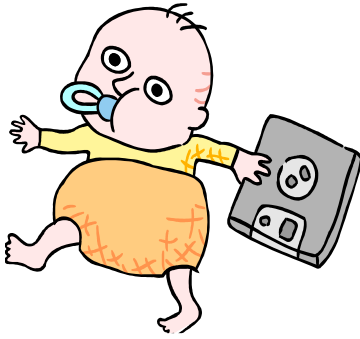
**25%** are actively disengaged (looking to get out and or sabotage the employer)

There was agreement that instead of looking to hire more people at the top 20%, the challenge for HR and corporate leaders is to elevate the middle 55% into the top range and to eliminate the bottom 25% long before they do damage.

### The HR Challenge

HR is front and center in reenergizing employee commitment and in redefining the employee-employer relationship model. The challenge for the HR professional will be harmonizing the heart of the employee with the mind of the business executive.

*Lindsey Duran is Director Business Development with Duran Human Capital Partners, lindseyd@duranhcp.com, Sue Fox is VP Ops with Duran HCP, suef@duranhcp.com*



## Minor Details

Jeff Polo

### Employing Minors

As Summer approaches many employers augment their regular workforce with summer help and student internships. These jobs and programs help younger workers gain valuable experi-

ence while offering the employer an energetic and fresh pool of labor. A **number of federal and state laws**, however, regulate the employment of minors.

**Below is a partial list of these Minors' Work Regulations.**

- Federal Law generally prohibits the employment of children under the age of 14.
- Most children are required to attend school until the age of 18, unless after reaching the age of 16 they have graduated high school or have received a state "Certificate of Proficiency."
- Employers of minors required to attend school must have a **"Statement of Intent to Employ Minor and Request for Work Permit" (form B1-1)** on file with

the school district for each minor. And, the employer must have on file a **"Permit to Employ and Work" (form B1-4)** for each minor.

- Work permits must be revoked if the issuing authority determines that the work is impairing the minors health or education.
- Generally, the same labor laws and workers' comp requirements for adults also apply to minors.
- A rest day is required if the hours worked per week exceed 30 or hours worked any one day in a work week exceed 6.
- Child labor laws generally don't apply to minors who deliver newspapers, or work doing odd jobs, such as yard work or baby sitting, where they are not regularly employed.

Age	Federal Regulations	State Regulations
12-13	Prohibits the non-farm employment of minors under 14	Generally cannot work on school days. Maximum 8 hours/day & 40 hours/week when school is not in session. Work must be between 7 a.m. & 7 p.m. (except June 1 through Labor Day when hours extended to 9 p.m.)
14-15	Maximum of 3 hours/day & 18 hours/week when school is in session (23 hours/week if in a work experience program.) Maximum of 8 hours/day & 40 hours/week when school not in session. Work must be between 7 a.m. & 7 p.m. (except June 1 through Labor Day when hours extended to 9 p.m.)	Same as federal regulations
16-17	State standard for adults	Max. 4 hours/school day & Max. 8 hours/non-school day that does not precede a school day. Max. 48 hours/week. Work experience education students: max. 8 hours/day. High school graduates & State Certificate of Proficiency recipients are treated as adults. Work hours between 5 a.m. and 10 p.m. (extended to 12:30 a.m. on nights preceding non-school day)

*More information on federal labor laws is available from the Wage and Hours Division, Employment Standards Administration, U.S. Department of Labor. State child labor law information is available from the Division of Labor Standards, California Industrial Welfare Commission. (When federal and state laws both apply, the more restrictive law prevails)*

*Jeff Polo is a Client Services Manager with Duran Human Capital Partners, [jeffp@duranhcp.com](mailto:jeffp@duranhcp.com)*



## A Note from the Board

Terrie Rayl

Wow, another HRCA fiscal year has flown by. This has been a very tough year for the HR industry. It's odd that although it's been such a tough year, I have had the chance to meet more HRCA members than I have in the last four years that I have been on the Board. I look forward to meeting even more members in the next year.

Now that we all are getting the feeling that the economy may be ready to turn, it is very important that you become visible and engaged. Make sure that your bio is correct on the HRCA web site.

We have implemented many new programs this past year and my thanks to all of the members who have helped to drive these programs. I'd like to publicly thank two people in particular, Merrill Martin for taking ownership of the Website and Job Leads Board and James Duran for a stellar job on the Newsletter. My heartfelt thanks to both of you.

The areas that the Board targeted were the top two areas of concern based upon the survey results of last year (job leads and networking). We have begun two Job Leads groups, one in Silicon Valley and one in the East Bay. We have around 100 postings on the HRCA website for regular and contract openings in the HR profession. We have held numerous networking and program events to come out and meet your fellow HRCA members.

As we prepare for next year, again I want to solicit your feedback. Over the course of the last few weeks the Board has been calling the membership to get your thoughts. If you haven't been contacted and would like to give your feedback, please contact Sue Fox and she will email you the survey questions or speak with you directly.

We want to spend our time delivering programs and services that are of value to you. In light of that, mark Tuesday, July 29<sup>th</sup> on your calendar. We will be having our annual planning meeting at Lee Hecht Harrison in San Jose at 6:00pm.

My vision for next year will be to market the services of the HRCA to client companies throughout the Bay Area. We have begun that effort through the Client Marketing Committee and in the next several months will be expanding that effort. As the economy improves and the market turns, I want to ensure that

the HRCA is a known entity to more companies who may require HR consultant work.

Finally, below is a list of committees for the HRCA. Serving as a committee member or chair is a great way to meet people and to become involved. It doesn't take much time, but each of these committees is important to provide more services for the membership as a whole.

If you are interested in serving on any of these committees, please let any of the newly elected officers know.

### HRCA Elected Officers

The officers for the next fiscal year starting July 1 are as follows:  
Terrie Rayl – President  
Sue Fox – Vice President  
Merrill Martin – Secretary  
Loan Therene – Treasurer

### COMMITTEES

- Membership – this group reviews HRCA membership applications to ensure that they meet the membership criteria, welcomes and on-boards the new member into the group to ensure that they feel a welcome part of the organization from day one.
- Professional Development – this group develops and implements seminars for the HRCA membership of an educational nature to further our skills in HR.

- Programs/Events – this group plans and executes the quarterly meetings, networking and social events for the HRCA. The types of events are speakers for the quarterly meetings, the Holiday party, the summer social and other networking events throughout the year. This committee needs at least 4 people.
- Client Marketing – this group calls on prospective client companies either by phone or in person and describes the services that HRCA can provide to the companies. We want HRCA to be known to all of the top employers within the Bay Area.
- Vendor Marketing – this group establishes relationships with potential vendors to the HR community and HRCA. These vendors sponsor programs and give us money to underwrite large initiatives. Examples of two of our best vendors that support the HRCA are BrassRing and Bernard Hodes.
- GTRN – this is the HRCA representative to a national organization which we are a member. This person attends virtual meetings by phone and reports back to the Board on issues being addressed by the GTRN. We also get visibility into national trends through this organization.
- Web Site – this group works with our representative at Bernard Hodes to update and enact changes to our web site to ensure that the information is relevant and timely.
- Job Leads/Postings – this group calls job boards, attends the job leads groups and works with the web site committee to keep the job leads up to date and current on the HRCA web-site.
- BrassRing Job Fair – this group has been responsible for coordinating our resume screening booth at the BrassRing Job Fair. Since the future of Job Fairs is uncertain at this point, expect some new directions for this committee.
- Generalist Committee – this committee develops programs of particular importance and relevance to the generalists within the HRCA. This committee also provides networking functions for the generalists within the HRCA to discuss best practices and share information.
- Recruiting Committee – this committee develops programs of particular importance and relevance to the recruiters within the HRCA. This committee also provides networking functions for the recruiters within the HRCA to discuss best practices and share information.

I welcome your questions and comments. My phone number is 650-968-7722 X41 and email is [trayl@staffingsource.com](mailto:trayl@staffingsource.com). I would love to hear from you.

Terrie Rayl  
President, HRCA

