



Florida EMPLOYMENT

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Law Letter

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CRISIS MANAGEMENT

Katrina and Rita: the impact on workforces across the country

Late last year, when a devastating tsunami struck in the Indian Ocean, the networks broadcast several news stories about what would happen if a similar catastrophe hit the United States. Would we be ready? Would the world's most powerful nation be any better equipped or more prepared to deal with such a tragedy than Indonesia or Thailand? And what would be the long-term effects of such a tragedy on our nation, its economy, and its people?

In spite of the post-tsunami speculation, few people expected those questions to be answered quite so soon. While the ultimate damage is probably months away from being tallied, it's clear that Hurricane Katrina has taken the highest toll — in both lives and property — of any natural disaster in the United States to date. It has also wiped out a vibrant city that earlier this year was designated the number one U.S. tourist destination for families.

The massive exodus of residents out of the New Orleans area is being called the largest redistribution in the country's population since the Dust Bowl. Millions of people are without homes, and hundreds of thousands are potentially without jobs.

Unlike the tragic events of September 11, 2001, Katrina and Rita have the potential to affect literally every workplace in one way or another. This article will focus on how these recent catastrophes will affect the country as a whole and examine the issues that need to be considered by workplaces that haven't been directly affected by the storms.

The economy

Hurricanes Katrina and Rita and the flooding that followed them have crippled many Gulf Coast oil refineries and the oil industry in general. A large segment of the

shipping and trucking industries is stalled, and some of the country's most crucial ports are closed. Those things can't happen without having an effect on the nation's economy. The \$64,000 question is what that effect will be — and how long it will last.

The immediate effects are expected to be dramatic:

- Oil prices have exceeded \$70 a barrel, resulting in an immediate spike in gasoline prices that some predict is here to stay for a while.
- The Congressional Budget Office is predicting that disrupted oil production in the Gulf region — along with other storm damage — may result in the loss of over 400,000 jobs during the remainder of 2005.
- Unemployment rates in the Gulf area are expected to surge to 20 to 25 percent, numbers that are sure to affect the nation's unemployment rate as well.

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- The country's economic growth — previously expected to come in at 3.7 percent for the year — may drop to as low as two percent for the remainder of 2005.

Most experts are predicting that Katrina and Rita won't harm the economy in the long term, but that's assuming things get better rather than worse. The 2005 hurricane season still has weeks to go, and it was predicted from the beginning to be a rough one. If another catastrophic hurricane should hit the United States again this year, the long-term effects could be much more severe.

Hiring evacuees

One of the most immediate issues many employers may be faced with is taking applications from and possibly hiring job applicants who have been displaced from their former jobs, homes, and lives. It's unclear just yet to what extent those workers will be able (or have the desire) to return to their former lives. Those who evacuated ahead of the storms could literally be anywhere in the country by now, uncertain where to go or what to do next. Many of them are living with family members. Those will probably comprise the first wave of displaced workers to start looking for temporary or permanent employment elsewhere.

Employment verification. Recognizing that few people are likely to have taken crucial documents with them when they evacuated, the Department of Homeland Security (DHS) has announced that it won't sanction employers for hiring Katrina victims who can't currently pro-

vide documentation of their eligibility for employment. The eased requirements apply to individuals who were evacuated or displaced as a result of the hurricane but are otherwise eligible for employment.

DHS won't impose sanctions on employers that hire Katrina victims without the proper documentation for the next 45 days. You will, however, still need to complete the I-9 form to the extent possible. Simply note on it that the documentation normally required isn't available at this time because of Katrina. DHS will decide whether to extend or modify this policy when the 45 days are up in late October.

Aid for new employees. Beyond the paperwork, think about what you can do to help new employees in their transition to a new job and city. The possibilities are endless. What's important is that you come up with your own plan based on your own individual company and circumstances. Nonetheless, here are some ideas to get you started:

- Consider establishing a welcome committee of existing employees to come up with ideas such as providing care packages and hot meals for those who have lost everything or a one-on-one mentoring program in which one existing employee shows the new employee around the office or around town.
- Is there any way for you to help new employees obtain financing for a new car or house? What about providing a hiring bonus to help them pay for utility deposits or buy school supplies?

- Think about what resources you can offer to help hurricane victims deal with trauma and loss. For example, do you have an employee assistance plan? Make sure employees know about it and how to use it.
- Talk to your benefits providers to see what concessions they might be willing to make for any hurricane victims you may hire. For example, will your health insurance company waive the preexisting condition exclusion for these victims?
- What other problems might newly hired employees face in taking full advantage of your employee benefits? Do they need help getting certificates of creditable coverage from former insurers? What about the forms needed to roll over their 401(k)s?



Employee morale

Even employers that don't employ hurricane victims should think about the effects of the catastrophe — both financial and emotional — on their workforce.

The most obvious financial concern is the price of gasoline. There are many steps you can take to help relieve the impact of gas prices on your employees. When possible, consider allowing qualified employees to telecommute at least part of the workweek. Adopt a public transportation benefit. Offer a stipend for employees that carpool. Be creative and come up with a plan that works for your workplace.

Finally, don't underestimate the emotional toll that the tragedy has had on your employees. Many of them have displaced family members. Most of them are deeply moved and affected by the vast scope of human suffering. A lot of them want to help but may be undecided about the best way to do so. You can help them past that indecision by matching their monetary donations to relief organizations of your choosing. Allow them to use a reasonable amount of company time to organize fund drives or other relief efforts. Pay them for time spent as a volunteer for a local relief organization. Let them know that you're as moved by the tragedy as they are.

Get up to date on the practical issues you face in hiring and employing workers in the cleanup and rebuilding efforts and the requirements you must meet if you become a federal contractor by listening to a 90-minute audio conference titled "Cleanup and Rebuilding after Katrina: Navigating Compliance with the Workplace Laws," presented by Robert Brame of McGuire Woods LLP and David Fortney of Fortney & Scott LLC in Washington, D.C. To purchase a CD of the conference, call toll-free (800) 274-6774 or go to <https://secure.mleesmith.com/hrhero/conference.cgi?y05331:K220A>.

In addition, Harper Gerlach has prepared a guide that will take your business through the entire process of developing a written disaster preparation plan. For more information, contact Tom Harper at gth@HarperGerlach.com. ❖

For a copy of this article, please send an e-mail request to Tom Harper at gth@HarperGerlach.com

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