



OEC

NEWS

Spring 2003



Oregon Employer Council Newsletter

President's Message

Oh my, what a time to be alive!

A lot of things have happened in my first 100 days of heading the OEC. So much has happened since the turn of the year that I find it hard to not fill a whole newsletter. I want to update you on all that is going on as I prepare for the OEC board retreat, and the pending annual conference.



For those that have not heard yet, Lee Gatzke has resigned her position as vice president of Area 2, which is southern, central and eastern Oregon. Her job search has moved her out of Area 2 to another part of the state. I am sorry to see that happen, but wish her the very best in her search. Lee has provided many years of service to the OEC and her presence will be missed. I am hopeful that she will become involved again as she gets settled.

Since the last newsletter, I have been working on several items and moving forward on my vision for the OEC of the future. There is an effort to reactivate the Lincoln County council through a recruiting drive led by local chair, Lou Willcox, and a presentation to the Newport Chamber of Commerce.

Two of us attended the UWC conference in Washington, D.C. over the last weekend in March. Bobby Canini, Marion-Polk Medical Society and a member of the Mid-Willamette council, and I were impressed by the vast amount of information presented. Many things are going on at both the federal and state levels related to workforce issues.

On the national level, there is much discussion around the administration's proposal for personal re-employment accounts (PRAs), the reauthorization of the workforce investment act (WIA), and extended benefits for the unemployed.

While in Washington, Bobby and I called on the offices of our seven lawmakers on Capitol Hill: Representatives Greg Walden, Darlene Hooley, Peter DeFazio, Earl Blumenauer, David Wu and Senators Ron Wyden, and Gordon Smith. The issue most discussed was our support for WIA reauthorization. Most see this program working well and after five years starting to produce results. Everyone we met with thought this would pass both the House and Senate, as this has great support from business and labor. We continue to support reauthorization and ask you to contact your local representatives in support of it also.

On the subject of PRAs, there seems to be a lack of support for this initiative with everyone we spoke to. Most think this is not going to pass because it lacks support from business. Our discussions indicated that the concept might have merit, but the structure was not well defined and would be a deviation from what has worked well in the past. There is some support for the concept, but it will need a lot more discussion and some modifications before it has any chance of passing.

We continue to ask for the elimination of the FUTA surcharge imposed as "temporary" more than 20 years ago. In our discussions, there was not a specific bill that addresses this, and we were told that tax reform was not part of the current agenda. Please take a moment to contact your congressional representative, and let's get it on the agenda. Remember, the squeaky wheel gets the oil.

On the state level, we are still wrestling with a very high unemployment rate, reductions in the projected revenues for the state, and the transition of new leadership.

The new Governor has said he supports business, education, and accountability of government. His promise of no new taxes seems to be going by the wayside, as his budget is under funded, and not adequate for education spending. Yet he has maintained that the state must live within its means. I have heard recently that there are discussions about raising taxes to support his objectives, and the only way to do that is with new revenue. That is a difficult position to be in right now. Most businesses are struggling with decreased revenue, and increasing costs. Any increases in taxes at this point would hurt the economic growth of the state. It appears also that some regions of the state want to impose tax increases on businesses to supplement short falls. We continue to watch all of this, and will keep you updated.

I encourage you to contact your elected officials and let them know your position. Those that speak out will continue to drive what happens at both legislative levels, and have impact on what gets done. Be part of that voice.

We are looking forward to seeing you at the annual conference in September at Newport. The conference committee is planning an exciting event that you will not want to miss and as always is value-priced. Register early!

As I stated earlier, it is an exciting time to be alive and in business in Oregon.

Carpe Diem!
Dave

INDEPENDENT CONTRACTORS

A message from Debbie Lincoln, Director Employment Department

We need your advice!

The Oregon legislature is working hard to find ways to stimulate the economy and get people back to work. At the same time, they are making efforts to provide the safety net—in the form of unemployment benefits—needed to support people and their communities until those jobs materialize. We and the legislature are wrestling with an important policy issue that can have an impact on both, and we need to know how you would like to see us handle it.

An important part of any state unemployment insurance law is the definition of “independent contractor.” In a typical employer-employee relationship, the employer has the right to control and direct the person performing the services: what is to be done, how it is to be done, the place where work is to be done, and the equipment needed to do the work. Where such a relationship exists, the employee must pay his or her share of Social Security and Medicare taxes. The employer must then pay its share of Social Security, Medicare, workers’ compensation and federal and state UI taxes. Employees have a right to UI benefits (among others) when eligible.

Independent contractors, on the other hand, are self-employed. Employment and labor laws designed for employees do not cover independent contractors. Among other things, they are not eligible for UI benefits.

The nature of work and employment arrangements across the country and in Oregon is changing, particularly driven by the recession. Workers are leaving traditional jobs and moving from project to project, assignment to assignment, unattached to any particular employer or to any large institution. On one side are professional workers who leave traditional jobs and strike out on their own to form their own company, obtain clients and run their own businesses. On the other side are workers with little education, training or skills, who must accept independent contractor arrangements as their only means of employment. Confusion exists for both employers and workers about how and when someone is an independent contractor.

The Internal Revenue Service has defined “independent contractor” and audits employers for compliance. In addition, each state has its own definition and its own enforcement mechanisms. In 1989, Oregon’s independent contractor statute was enacted after a year’s worth of work by a broad group of interests. Business and labor came together in order to provide for a consistent definition of the criteria among various state agencies. The bill that established the current

statute was passed with broad-based bi-partisan support. It provided eight standards, all of which must be met before an individual is considered an independent contractor. For twelve years, the criteria have provided a relatively clear and concise test.



Legislation introduced this session would replace the current statute with the IRS criteria. Opponents describe these criteria as a set of guidelines that require more interpretation by employers, attorneys, accountants, our tax staff and our hearings officers. Other states which have used the IRS criteria, and the IRS itself, find that audits under the guidelines involve a much more intrusive process for businesses. Proponents of change want to see a loosening of all criteria so that more workers can be classed as independent contractors. They argue that loosening the independent contractor criteria would allow employers to expand their workforces, reduce taxes and improve the economy. Fewer UI benefits would be needed because more workers would be ineligible. A work group is discussing possible alternatives to the legislation to determine if a compromise might be reached between the proponents and opponents of the bill.

We are basing our discussions on three principles:

- 1) Maintaining conformity with federal requirements (lack of conformity leads to loss of federal dollars and higher taxes for employers);
- 2) Avoiding additional erosion of coverage for workers under the unemployment insurance system; and
- 3) Keeping administrative costs as low as possible.

I would appreciate hearing from you about how changes in the independent contractor statute would affect your business. Have you had any experiences with the current criteria that you can share? Please call me (503-947-1477) or e-mail me (Debbie.lincoln@state.or.us) for more information or to discuss your position. We need to hear from you!

A handwritten signature in black ink that reads "Debbie".

INVALIDATION IN THE WORKPLACE

Barton Goldsmith, Ph.D., CEO
Goldsmith Consulting

What is Invalidation? It is where one person directly or indirectly injures or tries to injure another. Is invalidation one of the major challenges your team members face with daily interactions? Why do you think invalidation is difficult to deal with and what makes people behave that way?

Poor experience with past employers can be a reason for behavior. It is perhaps more important in defining how someone behaves than their upbringing. Ask yourself who was the best person you ever worked for and why? This is the role model for how you need to treat your team members and teach them how to treat each other. Now ask yourself, who was the most difficult person you ever worked for and note those behaviors. Those are the ones that, if you or your team do any of them, you want to eliminate from your/their behaviors. It is those behaviors that cause people to feel invalidated.

It is sometimes difficult to identify invalidation, because the methods are often very subtle. People who invalidate their team members often feel inferior to them. Invalidating behavior ranges from very obvious to covert, and can be either conscious or subconscious. People slip into this type of behavior because they are triggered by traumas that have occurred in their personal and professional lives.

Invalidation is a great way to avoid responsibility for a situation, and to make the individual feel better about themselves. Invalidators use a variety of methods, including building

you up then cutting you down, cutting you off, projecting their own feeling on to others, generalizing, double messages, and double binding, which is where you are darned if you do and darned if you don't.

Invalidation costs a company money and lessens productivity. To succeed, you need to find ways to heal the damage that has been done and find ways to eliminate the process of invalidation within your staff. Some of the things you need to remove from your communications include generalizations, insults, blame, accusations, engaging in arguments, judging, righteousness or making it personal.

Negative behaviors can be counteracted by being empathic, having respect and patience, using diplomacy, staying, listening and taking a break if things get overheated. Sticking to and firmly repeating the facts is a powerful way to destroy invalidation. Also, asking the person to repeat the invalidation can defuse it, as most invalidations are insinuation, voice inflections and double messages that can be handled with the simple truth.

Taking a good hard look at where invalidation may be effecting the productivity of your company is your first step, think of it as an Invalidation Inventory. Eliminating invalidation from a company completely is not possible. However, to be able to contain it and to empower your teams to solve these problems on their own, will directly add to your bottom line as well as your (and their) enjoyment of the workplace.

About the Author:

For more than two decades Fortune 500 companies, educational institutions, and government organizations worldwide have relied on Dr. Barton Goldsmith to help them develop creative and balanced leadership. He is a highly sought after keynote speaker, business consultant and author. His column Passionate Leadership appears in over 100 newspapers, magazines and trade publications, including the Los Angeles Business Journal. Considered an expert on small business, he has given over 2,000 professional presentations and has spoken to audiences worldwide. Dr. Goldsmith has started, grown and sold three companies, which gives him a unique understanding of entrepreneurs and those striving for success, and coaches them in achieving their goals. He can be contacted through his web site at: www.BartonGoldsmith.com or toll free at 866-5-BARTON.

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*Local OEC coordinators were asked to submit an article for the newsletter.
The following contribution was written by Karey White.*

Update from North Portland Oregon Employer Council

Our OEC started to regroup and reform in March of 2002. A year has now passed and with some real determination from Margaret Brooks, our past president and current treasurer, and a great group of businesses, we are really strong as a local council now.

Rosalie Stamos, HR manager from the Port of Portland is the president, Charlotte Jenkins HR manager from Jubitz is the VP, and as mentioned Margaret Brooks from Brooks Staffing is treasurer. OED staff lend administrative support.

Our OEC has decided to raise money by charging a \$25.00 fee to all businesses attending the North Portland OED Job Fairs. There are four Job Fairs scheduled for 2003 in May, June, September and October. These events will be our major funding through out the year.

We will put on a full day of training for Portland-area businesses and employers in the fall titled Civil Treatment for Managers/ Employees. It will be held on October 16, 2003.

Our OEC has 20 active members and is growing each month. We are excited to see our local council thrive.



2003

Upcoming Dates...

May 4-6.....	Annual Board Retreat and 2nd Quarter Board Meeting Resort at the Mountain, Welches
June 3.....	OEC Speaker Showcase Red Lion, Salem
August 15.....	Year-end financial statements due
August 15.....	OEC award nominations due
September 14.....	3rd quarter board meeting Agate Beach Inn, Newport
September 15 & 16.....	Annual State Conference Agate Beach Inn, Newport
November or December.....	4th quarter board meeting Conference call



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