

CRISIS MANAGEMENT FOR COVID-19

Week 35, Phase 29: Compensation for COVID Times, Discussion on Vaccine Protocol, & Updated Guidance, Legal Changes, and Legislation!

*Presented by:
Hanna Resource Group
and
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INTRODUCTIONS



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WHAT WE'LL COVER

1

Compensation for
COVID Times

2

COVID 19 and Long
-Term Care

3

Updated Guidance,
Legal Changes, and
Legislation



1

Compensation for COVID Times



Andrea Beavin

*Director of Compensation
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AGENDA

1. Compensation Updates



2. Workforce Changes



3. Q&A

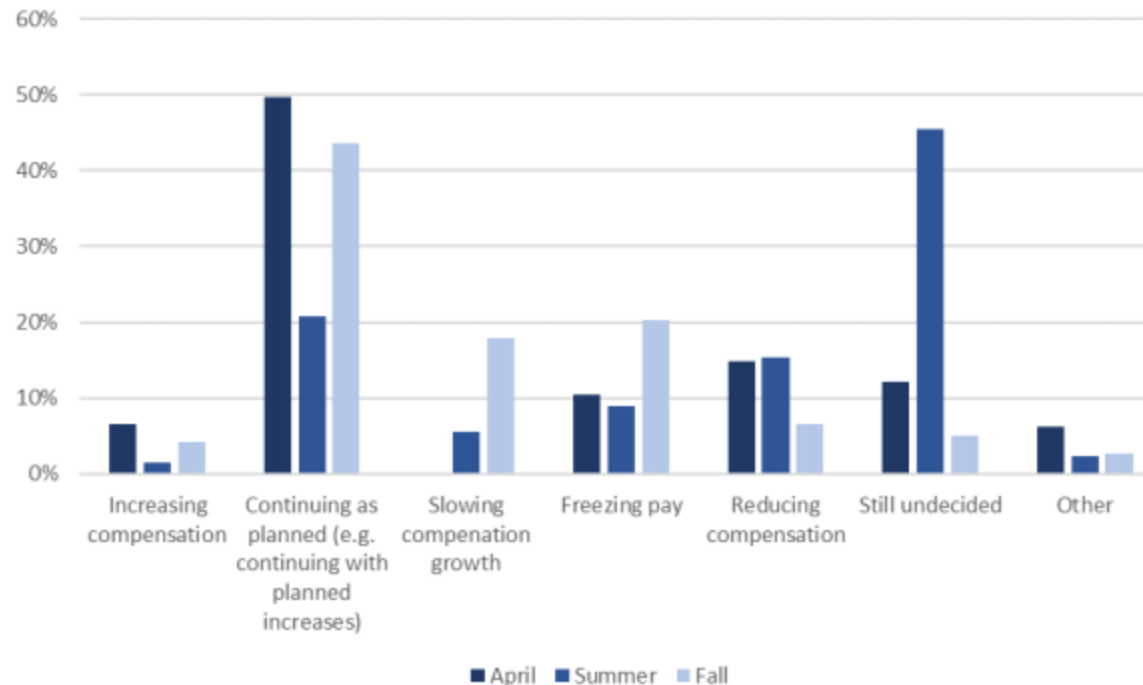


COMPENSATION CHANGE

FALL 2020 SURVEY

4.2 %	Increasing
43.5 %	Continuing as Planned
17.9 %	Slowing Growth
20.2 %	Freezing Pay
6.5%	Decreasing Pay
5.0 %	Undecided
2.7 %	Other

Direction of Compensation Change



INDUSTRY VIEW

Industry	Increasing Compensation	Continuing as Planned	Slowing Growth	Freezing Pay	Reducing Compensation
Consulting	4%	46%	25%	17%	8%
Education		9%	4%	87%	
Manufacturing - Durables		61%	26%	9%	4%
Services - Non Profit		38%	10%	43%	10%
Manufacturing - Consumables	6%	56%	13%	19%	6%
Construction		46%	23%	15%	15%
Insurance		73%	27%		
Technology		73%	9%	18%	
Aerospace/Defense		40%	20%	20%	20%
Services - For Profit		50%	20%		30%
Manufacturing - Health Related	13%	50%	38%		
Government	13%	50%	13%	24%	
Health Care	7%	43%	21%	21%	7%
Banking/Finance		67%	17%	17%	
Hospitality/Entertainment/Gaming		60%	20%		20%
Utilities		80%	20%		
Advertising, Marketing	33%		33%		33%
Retail	17%	83%			
Transportation	29%	43%	14%	14%	



MERIT PAY RATES

Salary Budget Increases		2020 ACTUAL INCREASES					
		General Increases / COLA % (n)	Merit Increases % (n)	Other Increases % (n)	Total Increases % (n)	Months Between Increases #m (n)	% of EE Receiving Increases % (n)
National	NHN	1.5 (277)	2.6 (1246)	0.8 (379)	2.8 (1377)	12.5 (1327)	83.3 (1155)
	NS	1.5 (97)	2.6 (620)	0.9 (188)	2.9 (665)	12.7 (630)	84.6 (552)
	ES	1.4 (276)	2.6 (1541)	0.9 (474)	2.9 (1654)	12.6 (1584)	84.3 (1384)
	OE	1.4 (236)	2.6 (1377)	0.8 (398)	2.9 (1483)	12.9 (1467)	82.7 (1225)
	All	1.5 (886)	2.6 (4784)	0.8 (1439)	2.9 (5179)	12.7 (5008)	83.6 (4316)
Kentucky	NHN	0.7 (31)	2.6 (217)	0.8 (61)	2.8 (229)	12.4 (221)	82.0 (191)
	NS	1.2 (12)	2.5 (90)	0.8 (28)	2.7 (98)	12.5 (92)	81.3 (77)
	ES	0.7 (31)	2.6 (247)	0.6 (67)	2.7 (257)	12.7 (245)	82.4 (209)
	OE	0.7 (27)	2.6 (222)	0.7 (56)	2.7 (233)	12.9 (222)	80.0 (186)
	All	0.8 (101)	2.6 (776)	0.7 (212)	2.7 (817)	12.6 (780)	81.5 (663)

Salary Budget Increases		2021 PROJECTED INCREASES				
		General Increases / COLA % (n)	Merit Increases % (n)	Other Increases % (n)	Total Increases % (n)	Months Between Increases #m (n)
National	NHN	1.7 (214)	2.6 (1130)	0.9 (322)	2.9 (1252)	12.9 (1336)
	NS	1.3 (74)	2.7 (568)	0.8 (160)	2.9 (606)	13.0 (640)
	ES	1.4 (205)	2.7 (1399)	0.9 (399)	2.9 (1503)	12.9 (1599)
	OE	1.4 (180)	2.7 (1274)	0.9 (349)	2.9 (1374)	13.2 (1491)
	All	1.5 (673)	2.7 (4371)	0.9 (1230)	2.9 (4735)	13.0 (5066)
Kentucky	NHN	0.7 (17)	2.8 (199)	1.0 (47)	3.0 (208)	12.4 (223)
	NS	0.8 (7)	2.7 (81)	1.1 (23)	2.8 (88)	12.4 (91)
	ES	0.5 (15)	2.8 (226)	0.9 (50)	2.9 (234)	12.7 (248)
	OE	0.5 (14)	2.8 (208)	0.8 (47)	2.9 (215)	12.7 (227)
	All	0.6 (53)	2.8 (714)	0.9 (167)	2.9 (745)	12.6 (789)

Legend:

NHN	Nonexempt Hourly Nonunion
NS	Nonexempt Salaried
ES	Exempt Salaried
OE	Officers/ Executives



JOBS MARKET

Unemployment

- ✓ Federal rate at 6.7% (down from 19.2% in April)
- ✓ KY statewide rate at 5.2% (down from 16.2% in April)

The most job gains in...

- Transportation
- Warehousing
- Professional Services
- Health Care

with decreases in...

- Hospitality/Entertainment
- Retail
- Construction
- Census

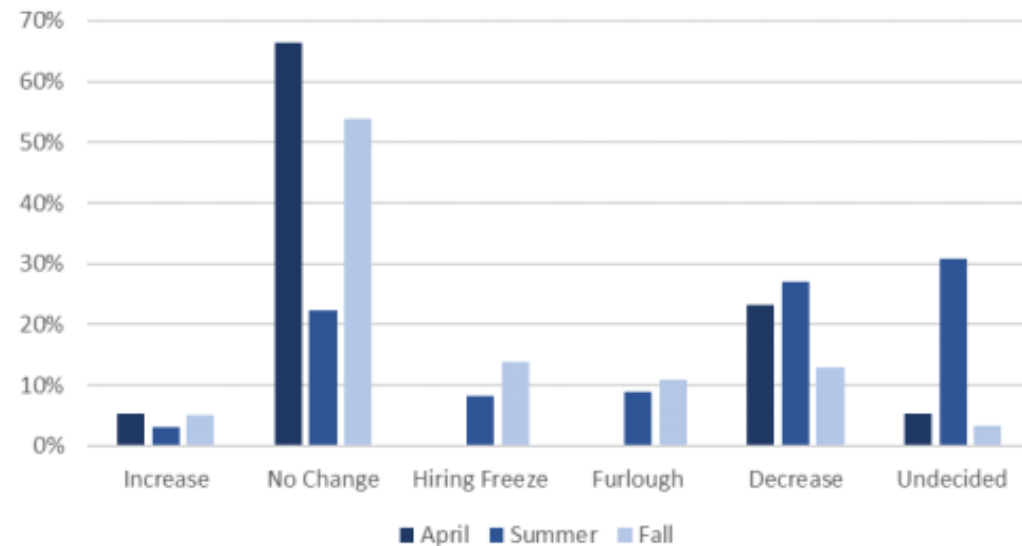


WORKFORCE CHANGES

Fall 2020 Survey

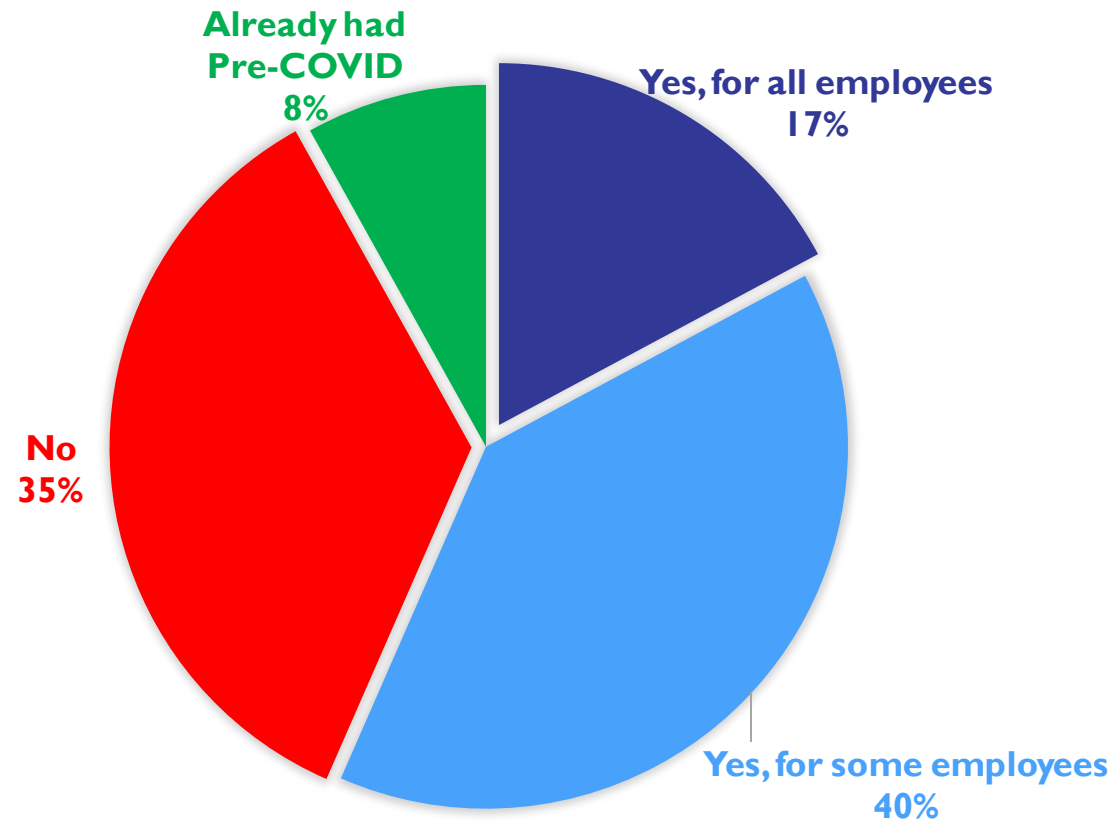
5.0 % Increase
54.0 % No Change
13.8 % Hiring Freeze
10.9 % Furlough
13.0 % Decrease
3.3 % Undecided

Direction of Workforce Changes



REMOTE WORK ARRANGEMENTS

56% of the workforce
is now remote!



ADDITIONAL BENEFITS?

FALL 2020 SURVEY

90.7 %	Offered work from home options
24.2 %	Additional paid sick days/leave
11.0 %	Additional health care benefits
3.5 %	Dependent care benefits
13.7 %	Reimbursement for additional expenses (home office, cell phone, supplies, etc)
45.8 %	Flexible schedules
3.1 %	Other



Questions & Answers





2

COVID 19 in Long-Term Care



Keith R. Knapp, PhD
*Senior Advisor on Adult
Programs
Office of the Secretary
Cabinet for Health and Family*

The background features a dark blue gradient with faint, light blue technical diagrams. On the left side, there is a large circular scale with numerical markings from 140 to 260 in increments of 10. Several concentric circles and dashed lines are scattered across the background, some with arrows indicating direction.

COVID-19 IN LONG-TERM CARE

DR. KEITH KNAPP

KY CABINET FOR HEALTH & FAMILY SERVICES

&

UNIVERSITY OF KENTUCKY COLLEGE OF PUBLIC HEALTH

PULSE CHECK

- **LTC: Congregate Care Settings: SNF + NH + ALC + ICF/IID**
 - **(Some States): Correctional Facilities**

- **Rising Incidence Reflects Community Spread**

- **Disproportionate: Cases & Deaths per 100,000**
- **Compromised: Underlying Health Conditions & Risk Factors**

Shared Living Spaces & HVAC

Staff/Visitors: Off-Site Behavior/Precautions

VARIANCE AMONG STATES

KENTUCKY

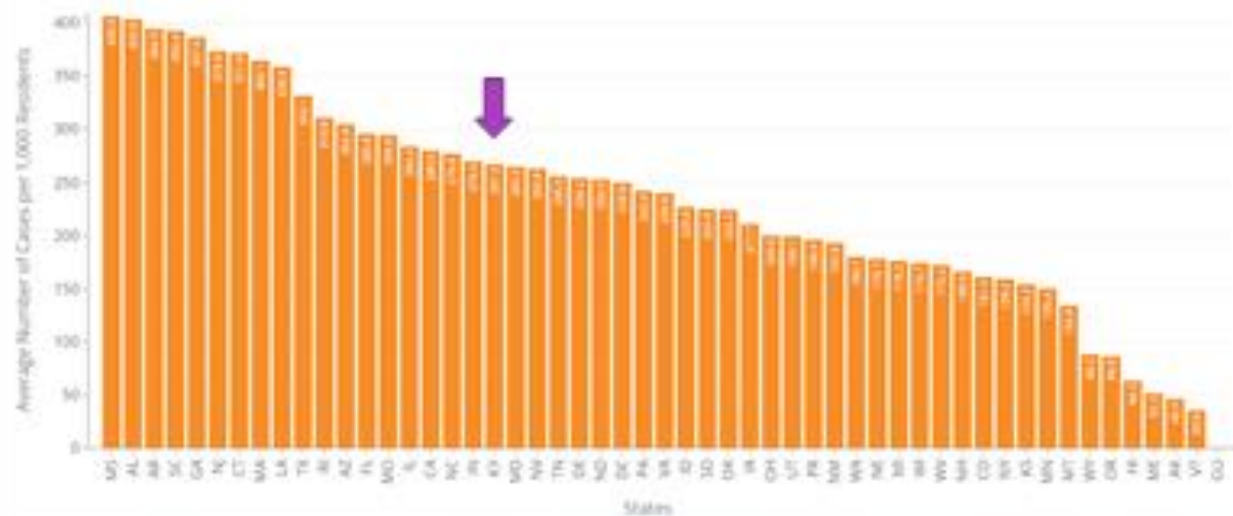
COVID-19 Cases / 1,000 Residents

267 = 32nd

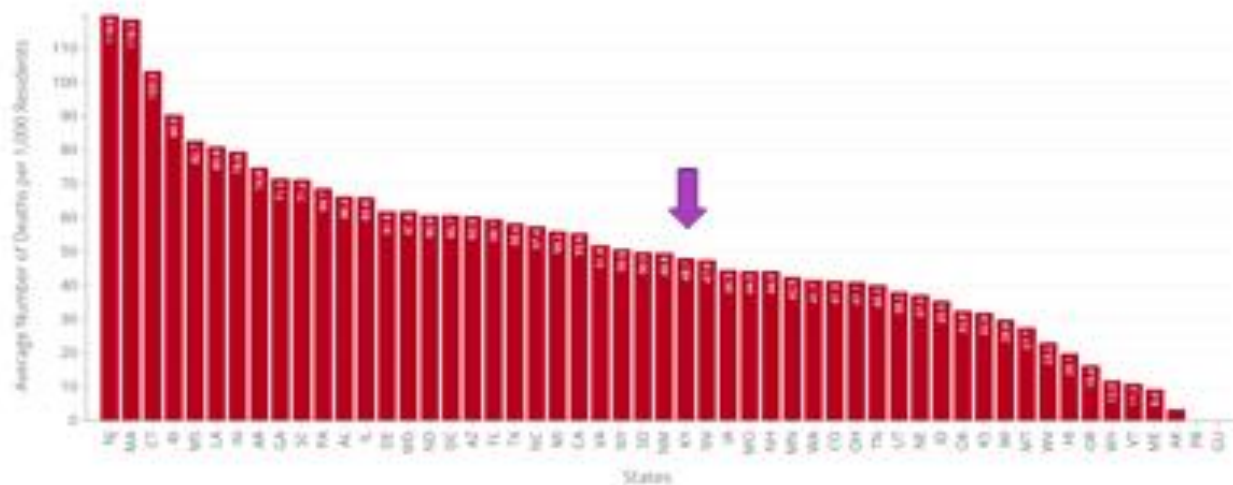
COVID-19 Deaths / 1,000 Residents

48.1 = 24th

Resident Average Cases per 1,000 Residents



Resident Average Deaths per 1,000 Residents



KEY CHALLENGES

- **STAFFING**

- “Crisis Care”

- WFD Infrastructure: Bottlenecks

- **PPE: Availability & Cost; Proper Use**

- **Acute Care: To/From**

- Medical Transport

- **Ethical Dilemma: Protection vs Isolation (“Friendly Fire”)**

LTC ADVISORY TASK FORCE: GUIDANCE > E-REGULATION

- **Cease (Temporarily)**
 - **Visitation**
 - **Communal Events: Dining & Group Activities**
- **CARE\$ Act**
 - **Testing: Baseline & Surveillance**
 - **Call Center: Provider HELP-Line**
 - **Strike Teams: Composition & Deployment Criteria**
- **National Guard**
 - **F*A*S*T (Field Administrative Support Teams)**

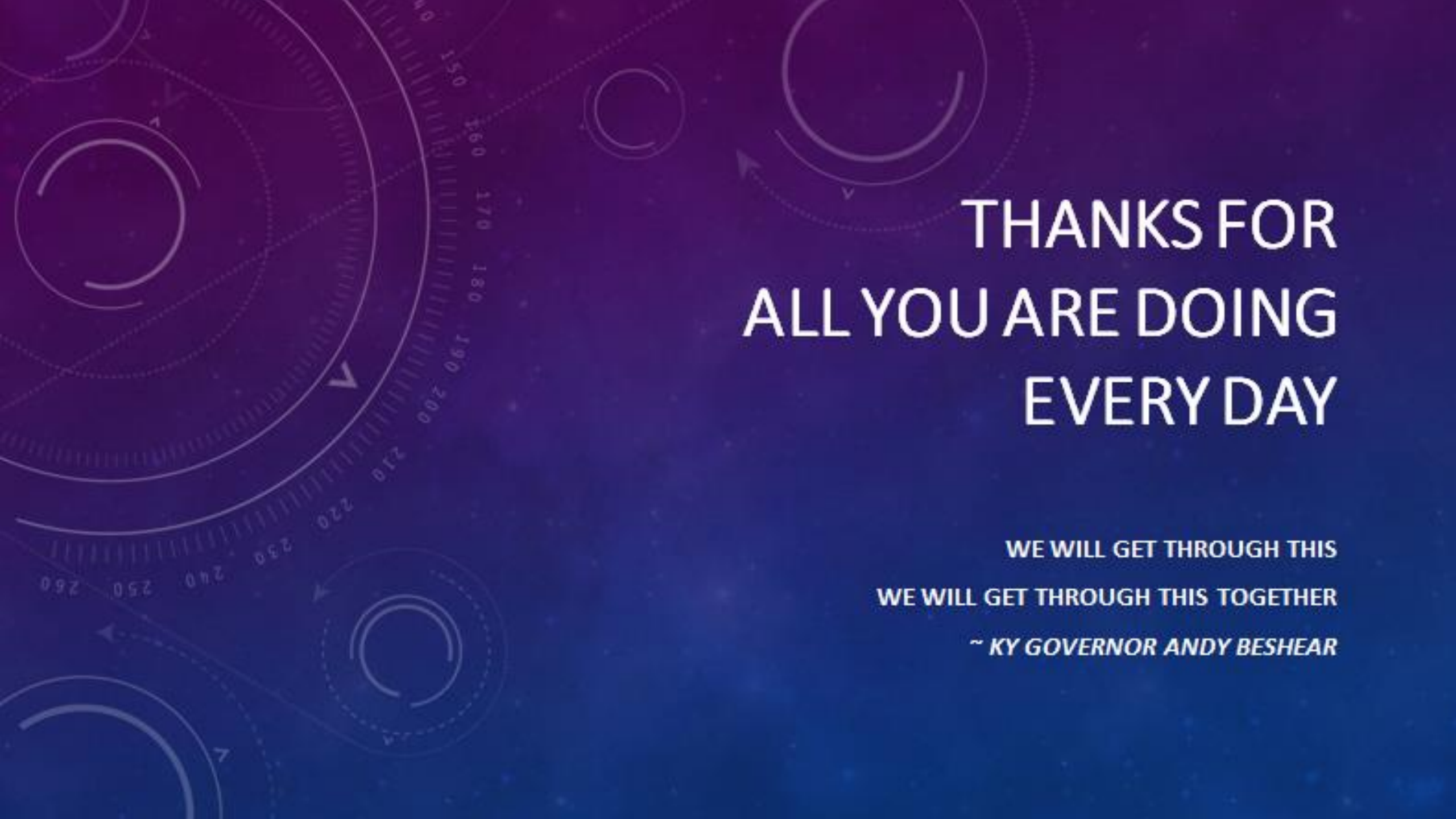
HOPE ON THE HORIZON

- **Improved**
 - Treatment(s)
 - PPE Inventory & Distribution
 - Inter-Agency Communication (Federal-State-Local & Horizontal)
- **Vaccination**
 - Safe & Effective: Public Confidence & Herd Immunity
 - (Research Technology Advancement Watershed)
 - Ethical Tug-o-War: Priority-Setting for Distribution to “Essential ____”
 - *Halt Deaths (Stop the Bleeding) vs Invest in Highest Demand*

KEY HUMAN RESOURCES MGT CONSIDERATIONS

Policies & Procedures

- **Mandatory? Consequences of Refusal?**
 - **Testing**
 - **Vaccination**
- **Return to Work (CDC Guidelines)**
- **Sick Leave – Negative Balance? Pool/Share?**
- **Insurance: Health & Disability, HSA & Open Enrollment**
- **Precautions & Protocols**
 - **Interaction Exposure: Public & Peers**
 - **Risks: Demographic vs Position/Duties**



**THANKS FOR
ALL YOU ARE DOING
EVERY DAY**

**WE WILL GET THROUGH THIS
WE WILL GET THROUGH THIS TOGETHER**

~ KY GOVERNOR ANDY BESHEAR

CONTACT

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Questions & Answers





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New Guidance, Legal Changes, National and Kentucky Updates



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COVID-19 Current Incidence Rate in Kentucky

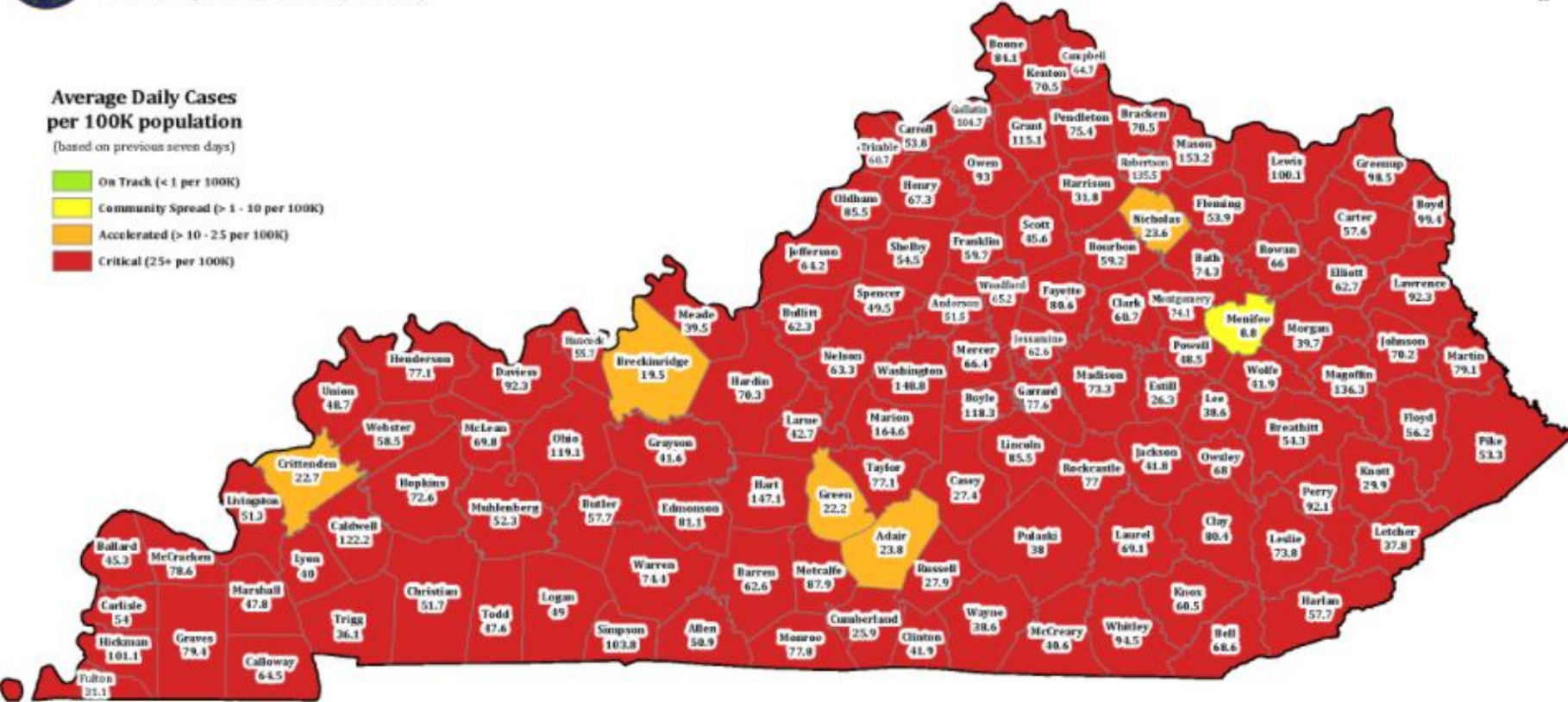
Date of Report: 12/6/2020 (4:23 PM)



Average Daily Cases per 100K population

(based on previous seven days)

- On Track (< 1 per 100K)
- Community Spread (> 1 - 10 per 100K)
- Accelerated (> 10 - 25 per 100K)
- Critical (25+ per 100K)



Population values from the 2019 US Census Bureau Estimates

Total number of cases used in the calculations: 200,631 Cases

Data Source: Kentucky Department for Public Health



1

Kentucky Executive Orders Impacting Businesses & Families

Reminder regarding Kentucky's Executive Order 2020-968 Mandate Affecting Businesses

- **Restaurant and Bars**: Information link on website is broken. Proper link: <https://teamkyfbrf.ky.gov/>
 - Purpose: Provide grant assistance to bars and restaurants required to close to in-person services
 - First come, first served; applications accepted through end of \$\$\$ or 12/18/20
 - Fraudulent applications will be referred for investigation
 - Application portal opened November 30, 2020, to be reviewed by Public Protection immediately
 - Assistance will be lump sum payment after 12/8/2020 to owners for all eligible expenses
- Eligibility: Bars or restaurants with less than 50% of their sales via drive-thru
 - Not publicly traded; compliance with all public health orders; \$ will be taxed with 1099
 - Noncompliance may result in return of grant
- Amount: Up to \$10,000 per location; maximum of \$20,000 per business entity.
- Required documentation: Proof of license/Food Permit; pictures; proof of eligible expenses

Eligibility Explanation and Information: <https://teamkyfbrf.ky.gov/Images/Eligibility.pdf>



What are the real risks of dealing with COVID-19 for customer-based companies?

Real Example: Public Facing Business's Employee tests positive for COVID-19 the day prior to Thanksgiving. The Company does not notify anyone prior to Thanksgiving, and allows the employees to come into work the following Monday, work the entire day, and then announces a positive test and mandatory quarantine.

Timeline:

- Wednesday, Employee is positive, no notice is provided to employees or customer
 - No notice provided to employees and no contact tracing for customers
 - Potential widespread exposure for employees and customers with notice to Business
- Thursday-Sunday, unwitting employees and customers congregate at family gatherings without notice
 - Business fails to provide Contact Tracing or notice
 - Local/State/Federal fails to timely conduct Contact Tracing
 - Potential widespread COVID-19 event caused by Business failure to timely notify/trace
- Monday, business re-opens, re-exposes customers, employees, visitors to traced employees
- Tuesday, Business declares quarantine and notifies affected employees to self-quarantine for 14 days



Liability for Public Facing Employee and Customer Exposure

- Employee-based:
 - Wednesday exposure: Workers Compensation/EFMLEA/FFCRA (less than 500) but generally “protected”
 - Thursday-Tuesday:
 - Potential Workers Compensation
 - Potential civil liability for intentional withholding of known risk and no follow-up tracing
 - Potential punitive damages, pain & suffering, etc. (family gatherings, spread of virus, etc.)
- Customer-based:
 - Wednesday exposure:
 - Potential immunity or non-liability due to lack of ability to foresee (day of event)
 - Liability for failure to notify in contact tracing, prompt notification (Thanksgiving)
 - Monday exposure:
 - Liability – intentionally exposing customers; failing to adequately protect/take reasonable steps
- *Employee and Customer Family and Friends: ????* (huge area of upcoming liability)



3

COVID-19 Vaccines

On the verge of vaccines, what impact do these vaccines have on Employers?

At least two vaccines are hurdling toward approval at any time. So, as always, we ask, how does this impact employers? The biggest question we are getting is **can Employers force Employees to take Vaccine?!**

While this is a loaded question, based upon review and research, I believe the answer is

- A Qualified Yes.
 - Because of the CDC declaration of a pandemic, all employers will probably be able to require employees to be vaccinated before return to the non-virtual workplace.
 - However, employers will be required to make exceptions for such things as medical conditions, religious objections, and other legitimately protected classifications
 - May have to consider appropriate reasonable accommodations, work from home, allowing social-distancing, or other options
 - Potential for substantial additional litigation without well defined policies and procedures
- Requiring vaccination may lessen liability for workplace complaints or workers compensation



3

COVID-19 Vaccines

On the verge of vaccines, what impact do these vaccines have on Employers?

What factors should an employer be looking at with regard to requiring a vaccine?

- Employee Morale: Many employees do not want to take, or may refuse, a vaccine
- Discipline and Enforcement Issues: Willing to discipline and terminate non-compliance?
- Accommodation Requests: Addressing refusals as discussed above for religious or medical reasons
- Cost and Distribution: Any policy that mandates vaccination must consider defrayment of costs
- Administrative Burden
 - P&P; oversight; recordkeeping; verification; administration; implementation; confidentiality, etc.
- Side Effects
 - EFMLEA? Allow for sick leave for symptoms? Workers Compensation for illnesses?
- Regulatory Uncertainty:
 - Unknowns from CDC, Local, Governmental (perhaps Governor Executive Order)



On the verge of vaccines, what impact do these vaccines have on Employers?

Employer Next Steps for Vaccine Requirement

- Legitimate Need: Determine and document business justifications for a mandatory/discretionary policy
- Incentives: Identify if an incentivized voluntary policy can obtain desired results
- Implement New Policies: If vaccination is required/encouraged, policies should be updated to incorporate proper protocols, policies, and procedures for such things as administration, enforcement, confidentiality, accommodation requests, and disciplinary actions for refusal
- Communications: Identify and encourage positive communication, both internally and externally, to address employee concerns and enforce company COVID-19 decisions
- Labor: Unionized employers may need to address CBA in advance of a vaccination policy
- Insurance: Employers should review their insurance policies to confirm workers' compensation coverage in the event of an adverse reaction to the vaccine



3 PPP --- ITS BACK.....

SBA and Treasury Released, on December 1, 2020, entire database of PPP Recipients – And More!

Confidentiality Eliminated Entirely

- In early July, all identifying information greater than \$150,000 were released. As of 12/1/2020, loan amounts, names, and demographic information for all PPP and EIDL loan recipients is now released!

PPP Review Period: All recipients, even below \$2MM are required to maintain documentation for 6 years

IRS Implications PPP forgiveness was intended, by Congress, not to be included as income for tax purposes

- In 5/2020, IRS released Notice 2020-32, stating that while forgiven debt was not income, the otherwise deductible expenses paid with PPP loan funds (i.e., covered expenses) were non-deductible
- Late November, IRS issued RR 2020-27, doubling down: Any PPP covered expenses incurred are not deductible. Furthermore, regardless of when forgiveness is approved, if forgiveness is “reasonably expected” then a taxpayer may NOT deduct these expenses on the 2020 tax return!
- RP 2020-51 advises on how and when to deduct the covered expenses if loan forgiveness is ultimately denied (and the PPP loan must be paid back) -- either amend or deduct on current return
 - Include special notice to IRS stating the details of the PPP funds received.



3

PPP --- The fun keeps on coming.....

SBA and Treasury Require Additional Evidence of Business Necessity and Documentation

PPP Loan Necessity Questionnaires (approximately 30,000 of the 5.2 million PPP loans)

- On 11/6/2020, SBA released PPP Loan Necessity Questionnaires for-profit (3509) & non-profit (3510)
 - The questionnaires are being sent directly to lenders for borrowers who, alone or with affiliates, received PPP loans in excess of \$2 million
 - Purpose is to gather supplemental information to be used by the SBA to evaluate the good-faith certification made on the original loan application (in conjunction with 4/28/2020 promise to audit all loans in excess of \$2 million)
- All affected loan applicants must provide:
 - Business/Non-Profit Activity Assessment – gross revenue/receipts, expenses, shut down orders, changes in operations, and capital improvement questions
 - Liquidity Assessment – includes cash/investment balance, distributions/dividends, restrictions, debt, employee compensation, endowment funds, equity, ownership, & CARES fund questions.
 - While answers will have clear dollar value and yes/no answers, but also allows narratives



Questions & Answers



HRCI (Strategic/Business): More info to follow via email

SHRM: More info to follow via email



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