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# Human Resources Management

A CCH PUBLICATION

## Ideas & Trends

### RETIREMENT

## Young workers seek automatic planning features

America's youngest workers are eager to embrace a new approach to the design of the nation's retirement programs, believing "automatic" plan features like the auto-enrollment provision in the recently enacted Pension Protection Act (PPA) would produce better financial results and lead to more-secure retirements, according to a new survey by Prudential Retirement, a business of Prudential Financial.

The "Fifth Annual Workplace Report on Retirement Planning" found that 66 percent of young workers (those between 21 and 30, also known as the "Millennial Generation") would feel "grateful" or "optimistic" if employers automatically enrolled them in workplace-provided defined-contribution

(DC) plans, representing an outcome of more than two-to-one in favor of an "auto-enrollment" approach.

Moreover, the survey revealed that young workers would be equally enthusiastic about an automatic approach to other key components of DC plan management, including mandated minimum-contribution rates, a program of gradually but automatically increasing contribution levels and defaults into investment options that employ asset-allocation modeling based on age and risk-tolerance. In the most common types of DC plans, all decisions about participation, savings rates and investment choices are currently the responsibility of individual plan participants.

"Today's youngest workers are keenly aware that the existing 'do-it-yourself' approach to managing workplace-provided defined contribution programs isn't delivering the retirement security Americans want and need," said John Y. Kim, president of Prudential Retirement.

### **America's youngest workers want professional management.**

"We are at a critical time in our nation's approach to paying for retirement. Traditional defined benefit (DB) pension plans are evaporating, Social Security is becoming increasingly problematic and DC plan balances remain shockingly low," Kim said. "In this environment, our survey demonstrates that the nation's youngest workers would welcome a 'radical' new approach, one that effectively replaces individual accountability with professional management," he added.

"The auto enrollment provision in the Pension Protection Act signed this summer by President Bush is a great start. But, according to our findings, it's really just a first step toward reinventing today's DC plans in a way that can deliver worry-free, abundant, and secure retirements," Kim added.

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### RELIGION IN THE WORKPLACE

## Policy development is a challenge as courts are issuing diverse rulings

Four lawsuits dealing with religion in the workplace in the past 18 months were among many other cases highlighted by a panel of employment law experts at the West Coast General Counsel Conference in Los Angeles. The issues at stake and the different outcomes from courts around the country serve as a potent reminder to employers that religion can be a flashpoint for costly employee lawsuits claiming discrimination under Title VII.

### **Conference coverage**

"Balancing the right of religious expression with religious harassment in the workplace and successfully avoiding discrimination claims from employees is a challenging exer-

cise for employers because even where you have clear policies in place, people still will go to the wall in defending what they see as their religious rights," noted Diana Scott, a speaker at the conference and co-chair of Greenberg Traurig LLP's national labor and employment practice. "When freedom of expression is called into question, private companies have more flexibility in refusing to sanction religious activities, but public employers have a harder row to hoe. And when an employee sues an employer for the failure to accommodate his or her religious requirements, the costs involved and the size of the company may impact the court's decision."

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**RETIREMENT**

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**Millennials embrace “auto pilot” features**

When asked, for example, how they would feel if their employer went beyond automatic enrollment and mandated a minimum standard for initial contribution rates, 54 percent of young workers said they would feel “grateful” or “optimistic” for the help. In addition, more than half of the young workers surveyed had a similar reaction to an automatic plan feature that would gradually increase contribution levels. And a clear majority said “go for it” or “give it a shot” when asked about an automatic asset allocation program that would place them in default investment options based on their risk tolerance and years to retirement.

**Young workers reject lump sum distribution.** Perhaps most surprising, America’s youngest workers also favor—by a margin of two to one—an automatic feature that would convert their defined contribution plan assets into a guaranteed monthly income stream at retirement. In effect, they are rejecting today’s most popular choices when people leave a plan or retire—a lump sum distribution or a gradual spend down of accumulated assets.

Reacting to the entire spectrum of features, 57 percent of young workers said “no doubt about it” or “feeling good” when asked about “automatic” defined contribution plans. And 53 percent said putting their workplace-provided program on “auto pilot” would deliver “far superior” or “somewhat superior” retirement outcomes when compared with the current do-it-yourself approach.

**Baby Boomers endorse idea of “auto pilot”**

The Prudential survey also found that support for a radical new approach to defined contribution plan design isn’t limited to the Millennial Generation. Responding to a similar set of questions, the oldest component of America’s workforce—Baby Boomers over the age of 55 and pre-retirees under the age of 64—not only endorsed the “autopilot” idea, they enthusiastically recommended the approach to younger workers. By an overwhelming margin, they also

agreed that they would be better prepared for retirement today if automatic plan features had been in place 30 years ago.

**Boomers would have been grateful for the option.** When asked—based on their experience and what they know today—how they would have felt if the organizations they had worked for had put their defined contribution plans on “auto pilot:”

- 75 percent of older workers said they would have been “grateful” or “optimistic” if they had been automatically enrolled in their plans;
- 75 percent would have felt “grateful” or “optimistic” about a mandated initial contribution rate;
- 68 percent would have been “grateful” or “optimistic” about an automatic contribution escalation program;
- 70 percent would have eagerly embraced automatic asset allocation, saying “go for it” or “give it a shot;” and
- 70 percent would have welcomed an automatic feature that converted their defined contribution plan assets into a guaranteed, lifelong retirement income stream.


**Full Boomer endorsement for Millennials.** In addition, approximately 70 percent of older workers favored the full menu of automatic plan features over “doing it yourself,” responding “go for it” or “feeling very good” when asked to estimate the long-term effect of an “auto-pilot” approach on retirement security. Not surprisingly, older workers also strongly endorsed the automatic defined contribution plan concept for younger workers. The survey revealed:

- 80 percent “strongly” or “somewhat strongly” recommend automatic enrollment;
- 80 percent “strongly” or “somewhat strongly” recommend a mandated minimum contribution level;
- 75 percent “strongly” or “somewhat strongly” recommend automatic contribution escalation programs;
- 72 percent “strongly” or “somewhat strongly” recommend automatic conversion of defined contribution plan assets into a guaranteed retirement “pay-check;” and
- 76 percent recommend the entire “auto pilot” package for younger workers.

“Speaking from personal experience—from the perspective of managing their own defined contribution plans for 30 years—the oldest cohort of our workforce wholeheartedly agrees that a radical redesign of defined contribution plans would benefit American workers and lead to better, more-secure retirement outcomes,” said Kim.

“Generations often disagree on a variety of issues, and research has shown that these two generations have distinctly different ways of viewing the world. But when it comes to retirement security, the agreement we see is startling. Both generations believe a do-it-yourself approach to retirement planning leaves much to be desired. And both believe that incorporating automatic features into the design of defined contribution programs is a better way to go,” he added.

*Source: Prudential Retirement; www.prudential.com.*

 For a discussion regarding other issues and trends in benefits, check out the HR Practices Guide ¶14300 through ¶14303. Additional information regarding such topics as controlling the costs of benefit plans and outsourcing benefits administration, can be found in ¶14312 through ¶14322. □

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**RELIGION**

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**Second Circuit finds accommodation unreasonable.** Scott used two cases to illustrate the challenges in dealing with employees whose religion forbids them from working on Sunday, and the Sabbath respectively. In *Baker v. The Home Depot*, an employee sued for discrimination when he was terminated for his refusal to work on Sunday. He had made it clear prior to being hired that if he had to work on Sunday he could not accept the sales position because his faith required him not to work that day.

The store later assigned him to a Sunday schedule. When he refused, the supervisor agreed to remove him from the roster but failed to do so, instead offering him time off to attend Church. The plaintiff again refused and was fired for unexcused absences. The Second Circuit found that the accommodation offered was unreasonable since the employee had made it abundantly clear that his faith forbade any work on Sunday.

**Third Circuit finds undue hardship on employer.** In *Aron v. Quest Diagnostics, Inc.*, the plaintiff sued under Title VII, claiming Quest—a company providing clinical testing and additional services to hospitals and other healthcare entities—failed to hire him because, as an Orthodox Jew, he could not work on the Sabbath. The company argued that it had a legitimate, non-discriminatory reason for not hiring him because the job for which he applied required working two Saturdays a month. The Third Circuit found that because Quest would have to hire and train personnel to cover the plaintiff’s Saturday obligations, it would be an undue hardship for the company to accommodate his religious beliefs. In addition, it would result in the unequal treatment of other employees, creating a morale problem.

**Seventh Circuit finds all organizations treated similarly.** In *Moranski v. General Motors Corp.* the plaintiff—a born-again Christian—requested affinity group approval for an interdenominational Christian Employee Network. When his request was denied, the individual filed an EOC charge

and later sued for religious discrimination. GM established an affinity group program in 1999. Designed to support employees from diverse backgrounds and improve bottom line performance, the program made company resources available to employees who shared a common interest. However, its stated policy is not to approve groups that “promote or advocate a particular religious or political position.” Approved groups include People with Disabilities, GM African Ancestry, GM Plus (gay and lesbian employees) GM Hispanic Initiative Team and Veterans’ Affinity Group.

**“Balancing the right of religious expression with religious harassment in the workplace and successfully avoiding discrimination claims from employees is a challenging exercise for employers because even where you have clear policies in place, people still will go to the wall in defending what they see as their religious rights.”**

The Seventh Circuit affirmed the District Court decision to grant GM’s motion to dismiss the case, saying that GM did not select any one religious affiliation for better or worse treatment over another, but treated all religious organizations the same. The court also found that GM’s affinity group policy to deny all religious positions alike does not constitute an impermissible “discrimination” under Title VII.

**Any refusal to sanction must be applied evenly**

“Private employers can refuse to sanction religious activities in the workplace,


but the refusal must apply to all religions and not just one or two,” noted Scott. “However, public employers may be limited in their ability to provide a forum for private speech and exclude the entire subject of religion.”

**Ninth Circuit finds actual action must be taken.** In *Berry v. Dep’t of Social Services*, an Evangelical employee claimed that the Department of Social Services’ restrictions on religion conflicted with his beliefs. After failing to get the restrictions lifted, he filed a charge with the EEOC, then sued the Department seeking a declaration from the court that under the First Amendment and Title VII, the employer is required to accommodate his religious beliefs and allow him to discuss religion with clients, display religious items in his cubicle and arrange voluntary prayer group meetings in the workplace.

The Ninth Circuit affirmed the District Court decision, finding that the religious restrictions in question did not constitute a failure by the Department to accommodate the employee’s beliefs under Title VII and that the employer’s nondiscriminatory reason for not allowing prayer meetings was not a pretext for religious discrimination. Furthermore, the court found that the employee had failed to establish a disparate treatment claim.

“Public employers are in a very difficult position when it comes to religion in the workplace, and there is no easy answer,” says Scott. “On the one hand they must avoid appearing to endorse any religion, but on the other they must respect the religious expression of their employees. However, accommodating that expression could expose the employer to significant liability, making it unreasonable.”

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**Source:** *Greenberg Traurig, LLP, an international law firm with 1,600 attorneys in the U.S., Europe and Asia.*

 For an overview of workplace religious diversity issues, check out the HR Practices Guide ¶13862A and for a summary of state laws regarding religious diversity, or a sample policy for religious accommodation, check out ¶13862B and ¶13862C, respectively. □

## Educating employees can increase their plan satisfaction

A major factor contributing to employer and employee dissatisfaction with group health insurance programs is a lack of awareness of what their plan covers. Because of the ever-increasing costs of healthcare programs, many employers seem to focus all their attention on this one issue. The preoccupation with this expense is certainly understandable as businesses are faced with a continuing string of annual double-digit increases.

The expanding healthcare product portfolio and the introduction of consumer-driven plans, including Health Savings Accounts (HSA), are making employer education a priority. Because everyone is so busy today, it's difficult to keep up with all provisions in any healthcare plan. Quite often, even companies with an HR person can be surprised to discover benefits they did not know were in their plan.

At the same time, it shouldn't come as a surprise that employees are equally unaware of the provisions of their company-sponsored healthcare program. Because most plans are difficult to digest (like other insurance policies), employees rely on "word-of-mouth" for their information, which, as we all know, can be a somewhat unreliable source of accurate information.

### Case study emphasizes value of education

The value of adequate healthcare plan education is best illustrated by the experience of a non-profit educational company based in suburban Boston. This particular organization, which has 50 employees, had been wrestling unsuccessfully with the cost of its group health benefits for several years.

Like so many other companies, this organization was faced with the most basic question of all: "How can we give our employees the best possible plan and, at the same time, control the cost?" That's the struggle just about every company deals

with every year and one for which many do not find a satisfactory answer.

**Finding a solution.** The only solution this non-profit company came up with was offering all employees an expensive PPO and staying with the incumbent carrier.

**“While a healthcare plan must meet the needs of particular employee groups, experience suggests that much of the dissatisfaction that occurs may be the direct result of a lack of adequate information and education.”**

While the employee group thought this to be very good news, at the same time management was searching for ways to cover skyrocketing costs, which had risen to the point where the expense was impacting the organization's ability to deliver some services.

The first step toward solving this problem was to discover why the PPO was the product of choice and why the existing insurance carrier was so entrenched with the group.

After speaking with the HR department and holding a focus group with key employees, it became clear that there was a fundamental lack of understanding of

HMOs and PPOs. This was revealing and helpful, but it was not surprising.

Because the PPO plan had been in place for a number of years, both the employees as a whole and the focus group in particular felt that HMOs were too restrictive when it came to accessing physicians and hospitals. It was also noted that the focus group members had an outdated understanding of the physician referral process.

Based on these findings, an education process was initiated for everyone at the company. Over the period of a month, drawing on the experience of other users and meeting with representatives of various insurance carriers, both management and employees developed an informed understanding of HMOs and how they could be a satisfactory and workable cost-cutting alternative to the PPO.

They also discovered that they could have the same level of provider access and customer service they had enjoyed in the past. In effect, nothing would be sacrificed by changing the product and the insurance carrier.

**Makeover resulted in huge savings.** The result was a complete makeover of the non-profit company's group health plan. Today, the client is offering a combination of HMO and PPO with a different managed care carrier. Most importantly, the HR department reports that employee satisfaction with the new plan is running high and cost savings is \$55,000 over the previous year's program.

### Raise employee satisfaction with accurate information

Even the possibility of change is often threatening. We all become comfortable

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## HEALTHCARE

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with the status quo. However, it doesn't need to be this way. This case history is

a good example of how making the effort to provide accurate information through an effective educational program can open the way for change that results in both a high level of satisfaction among

employees on the one hand and cost savings for the employer on the other.

**Tips for raising employee satisfaction.** Here are several suggestions of what an employer can do to help raise employee satisfaction with a healthcare plan:

- **Hold a focus group of key employees** to discuss their understanding of the current healthcare program and to have management present cost issues.

- **Prepare a quiz for management and employees** to take relative to the provisions of the company's healthcare program. The objective is to identify what they understand as well as what they misunderstand.

- **Hold small group meetings of employees.** Include the quiz in the sessions so they can discover their level of understanding of healthcare plans. For example, one such meeting revealed that a number of employees were paying for prescriptions that were actually covered by the plan.

- **Implement a continuous communication** for employees using bulletins, emails, and periodic meetings to help them more fully utilize the resources of their healthcare plans.

While a healthcare plan must meet the needs of particular employee groups, experience suggests that much of the dissatisfaction that occurs may be the direct result of a lack of adequate information and education. Remedying this employee dissatisfaction may be easier and more cost-effective than previously thought.

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**Source:** Brian E. Donovan is vice president of Proctor & Company, an employee benefits firm based in Natick, Massachusetts. He specializes in the design and implementation of healthcare plans and can be contacted at (877) 891-7667 or [bdonovan@proctorandcompany.com](mailto:bdonovan@proctorandcompany.com).

- For a discussion regarding communicating benefits to employees, check out the HR Practices Guide ¶5712 through ¶5739A. □

## Amend group health plan document for employer use of protected health information

HR Quiz



**Issue:** To conduct various plan administrative functions, our benefits personnel will need access to employees' protected health information (PHI). How can we obtain PHI without getting a signed authorization from each employee?



**Answer:** If an employer wants access to PHI for plan administrative functions (e.g., quality assurance, claims processing, auditing and monitoring) without authorization, it must amend the group health plan document to impose specified limits on the use and disclosure of the information. For example, use must be limited to plan purposes and access restricted to a specified group of individuals involved in plan administration. The employer also will be required to certify that the plan amendments have been made and that it agrees to follow the applicable restrictions.

**Amending plan document.** For an employer to use and disclose PHI, the plan document must be amended to do the following:

- Establish the permitted and required uses and disclosures of such information by the plan sponsor, consistent with the privacy rules.
- Provide that the plan will disclose PHI to the employer only with certification that the employer agrees to the following:
  - Not use or further disclose the information other than as permitted or required by the plan documents or as required by law;
  - Ensure that any outside parties to whom it provides protected health information agree to the same restrictions and conditions that apply to the employer;
  - Not use or disclose the information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan;
  - Report to the group health plan any known inconsistent use or disclosure of the information;
  - Make available information in accordance with the rules regarding individual access to PHI;
  - Make available protected health information for amendment and incorporate any amendments to PHI;
  - Make available the information required to provide an accounting of disclosures;
  - Make internal practices, books, and records relating to PHI available to the Department of Health and Human Services for purposes of determining compliance; and
  - If feasible, return or destroy all PHI that the employer still maintains in any form and retain no copies of such information.



For a discussion regarding the privacy of employee's medical records, check out the HR Practices Guide ¶4322.

## One-in-four workers are planning to work while on vacation

Some workers are finding it difficult to unwind when taking time off from the office, according to CareerBuilder.com's annual vacation survey. Although an improvement from 33 percent in 2005, 27 percent of workers still say they plan to work while on vacation this year. Sixteen percent of workers report feeling guilty about missing work while on vacation and seven percent actually fear that time off could lead to unemployment. CareerBuilder.com's "Vacation 2006" survey was completed in March and included responses from more than 2,500 workers.

**“Work can be demanding, but taking it all with you just brings the stress to a new location.”**

More than half of workers say they work under a great deal of stress, and 77 percent say they feel burned out on the job. While 84 percent of workers are planning to take a vacation this year, they might not be taking enough time to recharge. Thirty-two percent of workers are taking a vacation of five days or less while one-in-ten are limiting themselves to weekend getaways.

The survey also revealed that men are more likely to work while on vacation. Thirty-three percent of men expect to work on projects or check in with the office while on vacation, compared to 25 percent of women.

### Some employees are going to extremes to avoid work

Not all survey participants feel guilty about taking time off. To enjoy uninterrupted time off, some workers have elected to lie about accessibility at their vacation destinations. Eleven percent of workers blamed bad wireless connections and other technology issues to avoid work while away from the office.

Men were slightly more apt to lie about finding Internet access or cell phone sig-

nals to avoid being contacted by their employers at 13 percent, compared to 10 percent of women.

“Work can be demanding, but taking it all with you just brings the stress to a new location,” said Rosemary Haefner, vice president of HR at CareerBuilder.com. “Cell phones, pagers and other electronic devices can create an e-leash of sorts. Planning ahead, managing expectations and

setting boundaries with your co-workers are key to making sure you get the break you need.”

**Tips for employees planning a vacation.** To enjoy a stress-free and work-free vacation, Haefner recommends the following tips:

- **Give ‘em the 411.** Encourage employees to give early notice for the

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#### TIME OFF

## Employees aren't using all, or even any, of their allotted vacation time

Employees aren't taking time away from the office to rest, rejuvenate or relax and, as a result, they are more tired and stressed out than ever. More than one-third (37 percent) of U.S. workers anticipate not using all of their time off this year, according to a new Hudson survey of 1,914 U.S. workers. In fact, one in four workers (24 percent) have not taken any time off this year, and an additional 14 percent have not taken a vacation longer than a long weekend.

When they do get away from work, 39 percent of employees check in with the office most days, if not every day. Add in those who call the office or check email occasionally and a resounding 72 percent of the work force stays in touch with the office to some extent when they are supposed to be winding down.

Nearly all managers (87 percent) also keep in contact with the office while taking time off. That said, it is not surprising that two-fifths (38 percent) of workers and managers return from vacation no more relaxed or even more stressed than when they left as a result of the work they missed.

“Modern technology makes staying connected to work while on vacation easier than ever and helps to blur the line between work and personal time,” said Peg Buchenroth, vice president, human resources, Hudson North America. “Workers are given that time for an important reason and managers need to play a role in reinforcing the significance of employees truly disconnecting from work, so that serious consequences such as burnout may be prevented.”

**Holiday flexibility promotes employee rejuvenation.** When it comes to the holidays, many workers still do not get a chance to unwind. Half of employees say their company does not offer them any extra flexibility around the holidays in order to shop or make preparations. Approximately the same amount (54 percent) also indicate their office is no more casual during the holidays than the rest of the year.

“If workers are not allowing themselves to decompress while on vacation, the holidays may be a good opportunity for employers to help their staff unwind, as long as the work is still getting done,” added Buchenroth. “Even simple acts such as a less formal dress code or allowing employees to work flexible hours help people loosen up a little.”

*Source: Hudson; www.hudson.com.*

## Managers more likely to take long weekends than full vacation

Nonmanagement workers tend to take full use of their vacation time each year, more so than executive-level and middle-level employees, according to the 2006 Workplace Vacation Survey, jointly conducted by the Society for Human Resource Management (SHRM) and CareerJournal.com, The Wall Street Journal's executive career guide.

HR professionals indicated that employees with two years or less tenure were more likely to use sick or personal days as vacation days compared with employees employed for 16 or more years. According to 68 percent of the 619 HR professionals that completed the survey, one year or less tenured executive-level employees at their organizations receive more than two weeks of paid vacation/paid time off per year compared with 50 percent of middle management and 35 percent of non-management employees. New hires in a non-management level were provided with two weeks per year of paid vacation/paid time off, according to 42 percent of HR professionals.

"U.S. workers are among the most productive in the world, but no time away from work can lead to burnout, reduced productivity and higher turnover," said Susan R. Meisinger, SPHR, president and CEO of SHRM. "Utilizing flexible scheduling and technology can be an effective means for organizations to help employees take a much needed rest."

"Even though they may qualify for more than two weeks off a year, middle and upper-level employees may feel they need to put in more time at work in order to move up the corporate ladder," said David Patton, editorial director, CareerJournal.com. "With the increased use of mobile communication devices and easy access to email, they can take the breaks they need while remaining in touch with the office."

### Long weekends seem to be preferred

The long weekend vacation was again the choice of U.S. workers this summer, in lieu of

extended vacations, and many workers are using their vacations to get work done. Survey results revealed that almost 60 percent of HR professionals and 44 percent of employees agreed that employees were opting to take long weekend vacations instead of being out of the office for longer periods of time.

**“Utilizing flexible scheduling and technology can be an effective means for organizations to help employees take a much needed rest.”**

**Combining business with pleasure.** While employees are taking shorter breaks to lessen the length of time away from job duties, 43 percent of HR professionals and 30 percent of employees polled agreed that employees often also combine business trips with personal vacations. One-third of employees surveyed indicated that they typically take work on vacation and almost half of HR professionals said that employees feel personally obligated to stay connected to their

organization while on vacation. Four percent of HR professionals and employees said their organizations ask that they stay connected to the office while on vacation.

**Communication may be too easy.** Additionally, increased access to communication devices has made it easier to link vacationing workers to their jobs. Eighty-one percent of HR professionals said that their organizations provide a means to stay connected to the office, such as cell phones, pagers, laptops and Blackberries or other handheld devices.

Although the survey shows that employees feel obligated to work on their days off, survey findings also indicate that employees still value and want time away from work.

*Source: The Society for Human Resource Management; [www.shrm.org/surveys](http://www.shrm.org/surveys).*



If you're thinking that your employees need to be taking greater advantage of the vacation opportunities you provide them, you may want to consider revising your vacation policy to accomplish that goal. For a helpful discussion of various content to be included in a vacation policy, check out the HR Practices Guide ¶1821 through ¶1860. □

### VACATION

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dates they plan to take off to make sure your schedules run smoothly.

- **Think big.** Employees who have a big project and a great vacation planned for the same week should expect one of the two to give. Encourage employees to schedule the dates before and after the big stuff to lighten their load and enjoy the time off.
- **Cross-train.** Employees may feel irreplaceable for the work ahead, but cross-training a co-worker to share their tasks enables them to take time off and creates a network. Next time a co-worker needs to take a vacation, the favor can be returned.

- **“Sorry, I missed your call.”** Employees should leave an alternative contact either via voicemail or an automated email response to let co-workers and clients know that they will be out and where immediate assistance can be sought. This will also assist employees in avoiding inbox overload upon their return.
- **Set limits.** Asking an employee to check in a couple of times during a week off is one thing, but if you know that contact will need to be more frequent during that particular week, you should work with the employee to determine when contact is appropriate and to establish boundaries. □

*Source: CareerBuilder.com.*

### Mass layoffs rise slightly in October

In October 2006, employers took 1,171 mass layoff actions, seasonally adjusted, as measured by new filings for unemployment insurance benefits during the month, the Bureau of Labor Statistics of the U.S. Department of Labor reported November 24. Each action involved at least 50 persons from a single establishment, and the number of workers involved totaled 113,724, on a seasonally adjusted basis.

The number of layoff events increased by 39 from the prior month, while the number of associated initial claims decreased by 3,049

## HR Notebook

### October marks second straight month consumer prices have fallen

The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.5 percent in October, before seasonal adjustment, the Bureau of Labor Statistics reported November 16. The October level of 201.8 was 1.3 percent higher than in October 2005. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) decreased 0.7 percent in October, prior to seasonal adjustment. The October level of 197.0 was 0.9 percent higher than in October 2005.

On a seasonally adjusted basis, the CPI-U declined 0.5 percent in October, the same as in September. Energy prices, which declined 7.2 percent in September, fell 7.0 percent in October. Within energy, the index for petroleum-based energy decreased 10.7 percent and the index for energy services declined 2.5 percent. The food index increased 0.3 percent in October. The index for all items less food and energy rose 0.1 percent in October, following increases of 0.2 percent in each of the three preceding months.

Declines in the indexes for apparel and for lodging while away from home were largely responsible for the smaller advance in October.

### Average weekly earnings rose more than one percent in October

Real average weekly earnings rose by 1.3 percent from September to October after seasonal adjustment, according to preliminary data released November 16 by the Bureau of Labor Statistics. This increase stemmed from a 0.3 percent increase in average weekly hours combined with a 0.4 percent increase in average hourly earnings and a 0.7 percent decrease in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Average weekly earnings rose by 4.2 percent, seasonally adjusted, from October 2005 to October 2006. After deflation by the CPI-W, average weekly earnings increased by 3.2 percent. Before adjustment for seasonal change and inflation, average weekly earnings were \$581.06 in October 2006, compared with \$557.54 a year earlier.

### WORKER CONFIDENCE

## Confidence in job security is high

More than 80 percent (80.8) of American workers predict there is little or no chance they will lose their jobs in the coming year—up from 80.3 percent in May 2006, the last time Right Management conducted its worker confidence survey. This marks an all-time high for American workers' confidence in their job security for the four years that Right Management has conducted its Career Confidence Index.

Furthermore, more employees than ever in the history of the survey—22.8 percent—feel it would be easy to find a similar job at the same pay if they were laid off, up from 18.2 percent last May, according to the survey of more than 1,000 full-time employees. And, more people feel it's unlikely unemployment will increase over the next year (33.9 percent, up from 27.5 percent in May).

Still, three-quarters of respondents—75.3 percent—said it would be somewhat or very difficult to find a similar job at the same pay if laid off, although that number decreased from 79.5 percent last May and 80.2 percent in November 2005.

"American workers' optimism about their employment situations is likely to continue into next year," said Doug Matthews, executive vice president, Operations, for Right Management. "The most recent U.S. unemployment rate reached a five-year low—the third straight month it declined—boosting workers' job security." □

Source: Right Management; [www.right.com](http://www.right.com).