CHECKLIST FOR CREATING AN EFFECTIVE SOCIAL MEDIA POLICY

Employers' social media and internet policies are a top enforcement priority for the NLRB. Below is a checklist that employers can use to create an effective social media policy. Please continue to visit the Employment LawScene™ for more policy pointers and practical guidance.

- Evaluate your business' needs and goals.
- Take a stance on social media use—will you encourage, permit, or simply tolerate it?
- Understand and be familiar with the latest federal and state laws and NLRB rulings and guidance.
- Create a Social Media Policy that addresses your business needs and goals.
- Define "Social Media."
- Include key provisions:
    - Notify employees that they should have no expectation of privacy when using Company-issued equipment, systems, or networks.
    - Notify employees that the Company reserves the right to monitor data transmitted through Company-issued equipment, systems, or networks.
    - Remind employees that the Company's computer systems, networks, and equipment are Company property.
    - Remind employees to include a disclaimer when writing personal blogs or posts stating that he or she is a Company employee and that any views and opinions expressed are the employee's and do not represent official statements or views of the Company.
    - Remind employees of prohibitions against disclosing confidential or proprietary Company information.
    - Notify employees of prohibition against using social media to harass co-workers.
    - Encourage employees to report violations to the Company's social media policy to management.
- Provide specific examples of prohibited conduct.
- Avoid overly broad statements, especially concerning disparagement of the Company, respectful workplace, and confidentiality.
- Include a clause stating that the employer's policies are not intended to and should not be interpreted to interfere with or infringe upon employees' rights to engage in protected concerted activity.
- Notify employees of the Company's stance regarding social media use during working hours and while using Company resources.
- Clearly identify the consequences for violating the policy.
- Review other existing personnel policies to determine whether they apply to employees' use of social media.
- Implement your Social Media Policy by distributing the policy to all employees and obtaining acknowledgment of receipt.
- Enforce and apply your policy consistently (be aware that monitoring employee use of

social media sites and other off-duty conduct may be prohibited under federal or state law, terms and conditions of social media sites themselves, and collective bargaining agreements).
- Train employees on the appropriate uses of social media.
- Review your policy annually and update according to changes in the law.

EMPLOYMENT LAWSCENE ALERT: U.S. SUPREME COURT AFFIRMS TIME SPENT CHANGING CLOTHES NOT COMPENSABLE WORK TIME

On October 14, 2013, the Employment LawScene™ brought you an article explaining that the Supreme Court would hear oral arguments in *Sandifer v. U.S. Steel Corp.*, a case out of the Seventh Circuit, to resolve disagreement among other circuit courts as to what constitutes "changing clothes" within the meaning of the Fair Labor Standards Act ("FLSA") for purposes of determining whether time spent "changing clothes" at the beginning and end of each workday is compensable work time.

The *Sandifer* case specifically focused on Section 203(o) of the FLSA, which allows employers and unions to collectively bargain over whether employees must be paid for time spent "changing clothes" at the beginning and end of each workday. The Seventh Circuit held that time spent putting on certain articles of protective gear fell within the definition of "changing clothes" under the FLSA and, accordingly, was not work time that employees had to be paid for pursuant to the parties' collective bargaining agreement.

On January 27, 2014, the U.S. Supreme Court unanimously affirmed the Seventh Circuit's holding that the time employees spent "donning" and "doffing" protective gear was not compensable under the FLSA when, "on the whole", the vast majority of the time was spent "changing clothes" and the employer and employees agreed that time was non-compensable under a collective bargaining agreement.

The U.S. Supreme Court noted that employees in *Sandifer v. U.S. Steel Corp.* were required to don and doff twelve (12) items of protective gear, nine of which fell within the definition of "clothes" under the FLSA (flame-retardant jacket, pants, hood, hard hat, "snood," "wristlets," work gloves, leggings, and steel-toed boots) and, therefore, were not compensable. Although the Court did not consider the other three items—safety glasses, earplugs, and a respirator—to fall within its definition of "clothes," it found that, "on the whole", a vast majority of the time was spent donning and doffing the other items that did fall within the

definition and, accordingly, the time was not compensable. The Court instructed that in determining whether time spent donning and doffing certain protective gear is compensable under the Act, other courts should examine the time period at issue "on the whole" and determine whether the vast majority of donning and doffing time involves clothing items or non-clothing items as defined by the Court. If a vast majority of the time is spent on items that are "clothes," then the entire period should qualify as time spent "changing clothes" and should not constitute compensable work time under the FLSA pursuant to an applicable collective bargaining agreement.

The U.S. Supreme Court's decision in *Sandifer* makes clear that unionized employees are not entitled to compensation for time spent donning and doffing protective gear under the FLSA where a vast majority of time is spent "changing clothes" and where a collective bargaining agreement excludes such time from working time.

Click here to read the U.S. Supreme Court's complete decision in *Sandifer v. U.S. Steel Corp*.

SUPREME COURT MAY FORCE NLRB TO REVISIT PREVIOUS RULINGS

On Monday, January 13, 2014, the U.S. Supreme Court heard oral arguments in *National Labor Relations Board v. Noel Canning*, a case that could potentially result in hundreds of recent rulings by the National Labor Relations Board ("NLRB") being invalidated.

The NLRB is made up of five (5) sitting board members, who are appointed by the President to serve on the Board. Generally speaking, the NLRB has the power to issue rulings in labor disputes, which can then be challenged in court. NLRB rulings have the potential to shape U.S. labor law and so selecting the individuals to issue those rulings is often a hotly debated political issue.

The issue before the Supreme Court in the *Noel Canning* case is whether a President can use his "recess appointment" power under the Constitution to fill vacant positions during congressional recess, which is what President Obama did in 2012.

Why does this matter? Because, in order for an NLRB ruling to be valid, the ruling must be issued by a "quorum," which is three (3) confirmed Board members. Typically, the President nominates individuals for a Board seat and those nominations are then confirmed by Congress. In 2012, however, after the President's nominations to three empty seats on the NLRB had been blocked repeatedly by Congress, the President made "recess appointments"

to give the Board a quorum. Although the President does have the power under the Constitution to make "recess appointments," Senators in 2012 were holding *pro forma* sessions every three days to prevent that from happening. So, the question becomes whether the Senate was actually in recess.

The U.S. Supreme Court's review of the President's recess appointments to the NLRB stems from the D.C. Circuit Court of Appeals' decision in *Noel Canning*, where the court held that a president can only make "recess appointments" during the period between formal sessions of the Senate. The argument goes that the President did not have the power to make the recess appointments because the Senate was not actually in recess and, therefore, his appointments were invalid, leaving the NLRB without a quorum and without the power to issue valid rulings.

During oral arguments on Monday, the Supreme Court Justices expressed doubt and seemed skeptical of the Obama administration's contention that it could bypass the Senate to make appointments during short congressional breaks. The Supreme Court's decision in *Noel Canning* could have far-reaching implications and could potentially force the NLRB to revisit hundreds of rulings issued in recent years if the Supreme Court determines the President's recess appointments were unconstitutional and the Board lacked a quorum to issue rulings.

We will keep you posted as to the final outcome of this case and its impact on the NLRB's rulings and operations.

'TIS THE SEASON: TIPS FOR AVOIDING LIABILITY RELATED TO EMPLOYER-SPONSORED HOLIDAY PARTIES

It is that time of the year again – the holidays are upon us! Along with the holidays comes holiday parties, which can bring your employees closer together and boost morale. While a fair amount of planning goes into venue, food, and festivities, employers should also plan ahead to avoid potential legal liability that can be associated with a company-sponsored party. The festive atmosphere combined with alcohol consumption can cause the potential for inappropriate behavior or claims relating to injuries suffered during or after the event.

In preparing for a company-sponsored holiday party, employers should take steps to:

1. Prevent Sexual Harassment. The best way to prevent sexual harassment is to educate your employees about your company's anti-harassment policy and ensure that employees

understand that harassment involving any employee, whether within or outside the office, will not be tolerated. To set the tone of the party in advance, you may consider reminding employees that, while they are encouraged to have fun at the holiday party, it is still a company-sponsored event and, accordingly, all company policies and rules apply.

2. Reduce the Risk of Alcohol-Related Accidents. Employers may be subject to potential liability for injuries caused by employees who consume alcohol at employer-sponsored events. Negligence and Respondeat Superior, which holds employers liable for acts of employees undertaken in the course of their employment, are two examples. Some states, like Illinois, also have “dram shop” or “social host” liability laws, which hold the provider of alcoholic beverages to intoxicated individuals liable for injuries those individuals may cause while intoxicated. To avoid potential liability under these types of theories, employers should promote responsible drinking and monitor alcohol consumption appropriately. Employers may also want to consider holding their holiday party at a restaurant or other off-site location where alcohol is served by professional bartenders who know how to recognize and respond to guests who are visibly intoxicated.

3. Minimize the Risk of Worker’s Compensation Liability. Generally speaking, worker’s compensation benefits may be available to employees who suffer a work-related injury or illness. In order to minimize the risk of liability for an employee injury or illness that occurs during an employer-sponsored event, employers should make it clear to employees that there is no business purpose for the event, that attendance at the holiday party is completely voluntary, and that they are not being compensated for their attendance at the event. Employers should also consider that injuries or illness associated with contaminants found in food or drinks may create legal exposure if their food and beverage providers are not properly licensed – using a third-party provider who is licensed may reduce your risk of liability because these licensed providers are typically subject to inspections and protected by their own insurance coverage.

4. Prevent Wage and Hour Claims by Non-Exempt Employees. To avoid any confusion as to whether time spent at a company-sponsored holiday party is compensable time under federal and state wage and hour laws, employers should be sure that participation in the holiday party is completely voluntary, that the party is held outside working hours, and that employees are not performing any work during the party or are not under the impression that they are performing work functions at the party that could be considered compensable under applicable law.

If you have any questions about any of the information provided in this article or would like further advice on how to avoid liability at your company-sponsored holiday party, please do not hesitate to contact us.

U.S. SUPREME COURT WILL DECIDE WHETHER TIME SPENT CHANGING CLOTHES IS COMPENSABLE WORK TIME

Generally, if an employee is required to change into work clothing as part of that employee's job, the Fair Labor Standards Act ("FLSA") requires an employer to pay the employee for the time it takes to do so. Section 203(o) of the FLSA, however, contains an exception to this general rule. The exception provides that any time spent "changing clothes or washing" at the beginning or end of each workday that is excluded from compensable time either by the express terms of or by a custom or practice under a collective bargaining agreement, is not compensable time under the FLSA.

On November 4, 2013, the U.S. Supreme Court will hear oral arguments in *Sandifer v. U.S. Steel*, a case arising out of the Seventh Circuit, to resolve disagreement among circuit courts as to what constitutes "changing clothes" within the meaning of Section 203(o). It is not clear whether the term "clothes" includes personal protective equipment or gear. In *U.S. Steel*, the employer and employees are parties to a collective bargaining agreement, which exempts changing clothing from compensable working time. The employees in *U.S. Steel* argue that they should be compensated for the time it takes to change into and out of their required work clothes because their work clothing is not actually clothing, but is more akin to personal protective gear and, therefore, does not constitute "clothes" within the meaning of Section 203(o).

Most circuit courts that have addressed this issue, including the Seventh Circuit, disagree with the employees' position and have upheld the collective bargaining exemption under Section 203(o), finding that it would be impossible to exclude all work clothing with a protective function from the Section 203(o) exemption.

The U.S. Supreme Court will be hearing the *U.S. Steel* case in the coming weeks. This is an important case to watch, not only for all employers who may be exempt from compensating employees for donning and doffing activities by virtue of their collective bargaining agreement, but for any employer whose employees change clothes as part of their jobs. Any change to the definitions of "clothing" or "changing clothing" under the current donning and doffing rules could affect all employers' current compensation policies and practices.

SMALL BUSINESS FINED "BIG BUCKS" FOR I-9 MISTAKES

Recently, the Circuit Court of Appeals for the Ninth Circuit upheld the imposition of a $173,250.00 fine against a small drywall installation company for failure to maintain complete and accurate Employment Eligibility Verification Forms ("I-9 Form"). You can find the court's decision at the following link: *Ketchikan Drywall Services, Inc. v. Immigration and Customs Enforcement*.

The court found that the employer violated its legal obligation under the Immigration and Nationality Act (the "Act") to verify that its employees were legally authorized to work in the United States through the following actions:

1. Failure to provide any I-9 form at all for certain employees;
2. Failure to complete certain sections of the I-9 form; and
3. Omitting necessary information from the I-9 form.

The employer argued that although some information was missing from its I-9 forms, it had substantially complied with the law by copying and retaining employees' verification documents and attaching them to the I-9 Forms, and that any omissions were either minor or could be filled in by reference to those documents. The court made it very clear, however, that failing to complete entire sections of the form despite maintaining the necessary information in a separate document was not sufficient to meet the statutory requirements and resulted in a violation of the Act.

Although the employer argued that transcribing the necessary information onto the I-9 forms was a "waste of time" when the information was already available on the attached copies of the relevant document, the court emphasized that "requiring that the parties take the time to copy information onto the I-9 Form helps to ensure that they actually review the verification documents closely enough to ascertain that they are facially valid and authorize the individual to work in the United States" and that the I-9 Form itself "provides concrete evidence that such review took place."

The Court also provided other specific examples of what it would consider I-9 deficiencies that could result in significant fines:

1. Failure by the employee to attest to one of the three specific categories of eligibility and instead attesting that he or she is authorized to work generally.
2. When relying on an employee's driver's license to verify eligibility, failing to provide the issuing authority on the I-9 Form, regardless of whether the issuing authority could be inferred from the format of the driver's license number.
3. When re-hiring a former employee, failing to ensure that the employee again attests to

his or her eligibility to work in the United States and instead simply relying on the employee's former attestation.

This decision serves as an important reminder for all employers to make sure they are strictly complying with all I-9 requirements and paying careful attention that all 1-9 Forms are complete and accurate. Failing to maintain complete and accurate I-9 Forms could result in significant and unnecessary fines. Employers who have questions regarding I-9 compliance should contact us at (414) 276-5000.

DOL EXTENDS OVERTIME COVERAGE FOR DIRECT CARE WORKERS

The U.S. Department of Labor has extended minimum wage and overtime coverage for certain domestic service employees who provide home health care services for the elderly, infirmed, and disabled. The Labor Department's new rule will go in effect on January 1, 2015.

The Fair Labor Standards Act (FLSA) covers individuals employed in domestic services in households. In 1974, Congress extended coverage to "domestic service" workers who perform household services in a private home, including those domestic service workers employed directly by households or by companies too small to be covered under the FLSA. "Domestic service employment" includes services performed in or about a private home by nurses, certified nurse aides, home health care aides and other individuals providing direct care services.

Currently, certain domestic service workers, also known as "direct care workers," who are employed to provide "companionship services," such as companions for elderly persons or persons with an illness, injury, or disability are generally not required to be paid minimum wage and overtime pay. The newly revised regulations attempt, however, to narrow this companionship service exemption so that many of these workers who are now exempt from minimum wage and overtime coverage under the FLSA, such as certified nursing assistants, home health aides, and other caregivers, would be protected under the FLSA once the new regulations go into effect. In addition, third-party employers will no longer be entitled to claim either the companionship services or live-in domestic service employee exemptions under the new regulations.

Under the Department's new regulations, the definition of "companionship services" is more clearly and narrowly defined. Specifically, companionship services will be defined to include providing fellowship and protection (defined as engaging the person in social, physical, and

mental activities such as conversation, reading, games, etc., and being present with the person to monitor his or her safety and well-being), and may also include assisting with activities of daily living (ADLs) (such as dressing, grooming, feeding, bathing, toileting, and transferring) and instrumental activities of daily living (IADLs) (tasks that enable a person to live independently at home such as meal preparation, driving, light housework, managing finances, and assistance with taking medication) as long as this assistance is not more than 20% of the time worked in any workweek. If a direct care worker meets this duties test, an individual, family, or household who employs such a person may claim the companionship services exemption under the FLSA. If, on the other hand, the direct care worker spends more than 20% of his or her workweek providing services that do not consist of fellowship and protection, such as grocery shopping, cooking, and other ADLs and IADLs, then the worker must be paid minimum wage for all hours worked and overtime for any hours worked over 40 in the workweek.

For additional information, see the Department of Labor's Fact Sheet: Application of the Fair Labor Standards Act to Domestic Services, Final Rule.

BEWARE POTENTIAL EMPLOYMENT SUCCESSOR LIABILITY IN ASSET TRANSACTIONS

With Labor Day in the rearview mirror and the fall M&A deal season now upon us it is important to remember that, while most liabilities can be extinguished in an Asset Purchase Transaction, there are a few liabilities that cannot. This post will focus on one such liability – Federal Employment Liability.

Last spring, the Seventh Circuit, in *Teed v. Thomas and Betts Power Solutions, L.L.C.,* held that certain federal employment liabilities (e.g. ongoing Fair Labor Standards Act (FLSA) litigation) may flow from the seller through the asset purchase to the buyer despite language to the contrary in the purchase agreement.

In *Teed*, the seller was in receivership and embroiled in various FLSA litigation stemming from pre-sale activity. The buyer negotiated a clause in the asset purchase agreement absolving it of liability in this pending litigation and the state court approved the sale of the assets "free and clear of all liens, claims, encumbrances, and other interests of any kind."

After the acquisition, the plaintiffs moved to substitute the seller for the buyer in their ongoing FLSA cases. The Seventh Circuit determined that because a federal law was at issue, federal common law applied. The federal common law regarding successor liability is not as

limited as most state's successor liability laws and, in *Teed*, the court held that the seller was liable under the doctrine of successor liability.

Successor liability is a complicated doctrine, particularly when federal laws are involved or the parties to a transaction are from more than one state. Not only do the successor liability laws vary from state to state, the Federal Circuits all have their own interpretations of it as well. Therefore, it is important to perform thorough due diligence of a target company and hire transactional attorneys who have employment law experience and are able to evaluate whether or not the liabilities can be contracted around or have the potential to attach to the buyer after the transaction is complete so that the proper indemnifications, escrow, or holdbacks can be negotiated into the purchase agreement.

As always, if you have any questions on this topic or employment law in general, please do not hesitate to contact us.

DOES YOUR "AT-WILL" EMPLOYMENT STATEMENT VIOLATE THE NATIONAL LABOR RELATIONS ACT?

To maintain its relevancy and expand the scope of its authority, the NLRB continues its attack upon non-union employers' policies. This time the NLRB has positioned its cross-hairs upon employers' "at-will" employment policies or statements. Most non-union employers include within their employee handbook a statement that employees' employment is "at-will," meaning either the employee or the employer may end the employment relationship at any time, for any reason, either with or without notice. Most "at-will" statements further provide that no agent or representative of the employer may enter into any agreement to the contrary unless done so in writing and signed by the president or CEO of the company. These types of statements reflect nothing more than the reality of the legal relationship between the employer and the employee.

The NLRB, however, has recently taken a different viewpoint, finding that such "at-will" statements have a chilling effect upon employees' Section 7 rights. In American Red Cross Arizona Blood Services Region, an administrative law judge found that the employer had violated Section 8(a)(1) by maintaining the following language in a form that employees were required to sign acknowledging their at-will employment status: "I further agree that the at-will employment relationship cannot be amended, modified or altered in any way." The NLRB found this language to essentially constitute a waiver by the employee of his/her Section 7

rights to “advocate concertedly … to change his/her at-will status.”

The NLRB applies a two-step inquiry to determine if a work rule would “reasonably tend to chill employees in the exercise of their Section 7 rights.” First, a rule is unlawful if it explicitly restricts Section 7 activities. Second, if the rule does not explicitly restricted protected activities, it will nonetheless be found to violate the National Labor Relations Act upon a showing that: (1) employees would reasonable construe the language to prohibit Section 7 activity; (2) the rule was promulgated in response to union activity; or (3) the rule has been applied to restrict the exercise of Section 7 rights.

Due to a significant uproar from employers, the NLRB issued two sets of advice memoranda on October 31, 2012 and February 4, 2013, back-pedaling on its position with regard to “at-will” employment statements. In these advice memoranda, the NLRB now takes the position that an “at-will” statement will not be considered to interfere with employees’ Section 7 rights if the statement (1) does not explicitly restrict Section 7 rights, or (2) was promulgated in response to union or other protected activity, or (3) that the policy had been applied to restrict protected activity.

While most employers’ at-will statements will pass the NLRB’s scrutiny relative to employees’ Section 7 rights, this does not mean that all “at-will” statements, especially those that imply that there can never be any other employment relationship between the employee and employer, will be considered lawful under the National Labor Relations Act. To be prudent, employers should review their “at-will” employment statements in their employee handbooks to make sure that such statements do not foreclose to its employees the possibility of a potential modification of the at-will relationship.

NLRB ASSERTS THAT TELLING EMPLOYEES TO MAINTAIN CONFIDENTIALITY DURING INTERNAL INVESTIGATIONS VIOLATES SECTION 7 RIGHTS

The National Labor Relations Board (NLRB) has taken the position, in a recent Advice Memorandum dated January 29, 2013, that an employer’s confidentiality rule may unlawfully interfere with employees’ Section 7 rights. Section 7 of the National Labor Relations Act (29 USC § 157) guarantees employees the right to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection. Many employers incorrectly assume that if they do not have a unionized workforce, the NLRA does not apply to them. However, many of the protections afforded under the NLRA apply to both union and non-union

employers alike.

Many employers have written policies providing that employees must maintain the confidentiality of internal investigations for such matters involving employee misconduct, employee theft or workplace harassment. During the investigation process, most employers warn employees involved with the investigation to keep matters discussed during the investigation strictly confidential and not to share such information with other employees. The obvious purpose of such admonition is to maintain the integrity of the investigation and to prevent employees from fabricating or colluding to get their respective stories straight.

The NLRB, however, takes a different view. The NLRB holds that an employer violates Section 8(a)(1) of the NLRA when it maintains a work rule that reasonably chills employees in the exercise of their Section 7 rights. According to the NLRB, employees have a Section 7 right to discuss discipline or disciplinary investigations involving their fellow employees.

An employer may prohibit employees' discussions during an investigation only if it demonstrates that it has a legitimate and substantial business justification that outweighs employees' Section 7 rights. The NLRB's position is that the employer must show more than a generalized concern with protecting the integrity of its investigations. Rather, an employer must show that in any particular investigation that witness(es) needed protection, evidence was in danger of being destroyed, testimony was in danger of being fabricated, or that there was a need to prevent a cover-up. Consequently, any blanket rule prohibiting employee discussions of ongoing investigations is invalid and will be held by the NLRB to violate employees' Section 7 rights.

Most, if not all, employers recognize the importance of employees maintaining the confidentiality of any pending internal investigation. Even the NLRB has not gone as far as to hold that employees have an unfettered right to communicate about internal investigations. Employers should review their employee handbook and other policies that address confidentiality of internal investigations and make sure such policies do not contain a blanket rule regarding confidentiality. In addition, where applicable, employers should add savings clauses to their policies providing that the employer's policy shall not be construed or interpreted to interfere with employees' Section 7 rights. Finally, to avoid NLRB interference, employers should address the issue of maintaining the confidentiality of any internal investigation on a case-by-case basis when it can be demonstrated that maintaining confidentiality is significant to preserving the integrity of the investigation. When such a need arises, employees should be instructed on an individual basis regarding the need to maintain confidentiality about the investigation.