

Administration & Finance Section **e-communicqué**

Summer 2001

From the Chair

By: Sam Clinch

Hello from the great state of Nebraska. Did you know that Nebraska is an Indian word meaning “broad, flat water”? Did you know tourism is Nebraska’s third largest earner of revenue from outside the state after agriculture and manufacturing? Are you asking yourself why is Sam giving us these great facts? Because it is time to plan your summer vacation! The Burwell rodeo is July 26-28, 2001. The website is <http://burwellnebr.com/rodeo2.html>. Rod Wegener is going to ride a horse in the grand parade. Please let me know if you want to join him!

The section’s program in Chicago is Wednesday, August 1, 2001 from 1:15-2:30 p.m. Produced by Julie Armstrong, the program is a follow up from the mid-year technology show. Vince Wong and Jeff Walker from Telemon Corporation and Brad Gough from MCS Consultant will discuss topics like web hosting, e-publications, e-mail limitations, comparison of bar management software, web site design tips, budgeting, ISP’s and e-commerce. I promise you will go away with ideas that can be implemented immediately in your bar association.

An important discussion will take place at our section meeting in

Chicago. The CLE section is requesting to become a committee of our section. Ann Scarle, chair of the CLE section, contacted me in April. Ann said the CLE section Executive Committee met and feels that the section has outlived its purpose and should become a part of another group. Although they discussed the possibility of becoming a forum, they feel that many of the same problems they experience as a section would remain as a forum. Namely, the fact that at the NABE meetings, each of the forums is competing against each other for the same meeting times. They feel that CLE is a major income stream for bar associations and that technology is changing the way we present and market CLE. For those reasons and declining membership, they believe the A&F Section is the appropriate place to go. If we agree to accept the CLE section as a committee, Marion Smithberger has volunteered to serve as chair during the transitional year. Members of the CLE Executive committee would serve as the core committee.

I polled the A&F executive committee and they agreed we should welcome the CLE section. However, there were a few comments that you should consider:

- With the name “Administration and Finance”, an argument could be made for just about anything to fall

under the heading.

- An obvious tie is not apparent.
- Could we go into this with the goal of reorganizing volunteers and get them back on their feet?
- The section should become part of the “special projects” committee, which is currently responsible for CLE.

Although there were questions, the unanimous consensus was that we should welcome the CLE section as part of our section. We will vote on this in Chicago so please e-mail me at sclinch@nebar.com with suggestions or comments.

Diane O’Steen, chair of the Nominating Committee for the 2001-2002 Administration & Finance

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“RAZING THE BAR”



Tax Cut Fine Print

Sources: Associated Press and
The Washington Times

Here are the details of the \$1.35 trillion tax cut signed on June 7th by President Bush.

Tax Refunds

The Treasury Department will mail taxpayers refund checks beginning this summer: up to \$300 for an individual, \$500 for a single parent, and \$600 for a married couple. The amounts are based on income-tax



liability. The timing of the check depends on the last two digits of taxpayers' Social Security numbers, starting with "00" to be mailed July 20th. All checks will be mailed by September 28th.

Tax Rates

- The new 10 percent tax rate applies to the first \$6,000 of taxable income for single people and \$12,000 for married couples filing jointly. The cut is retroactive, effective January 1, 2001.
- Other rate cuts begin taking effect July 1st. The top 39.6 percent rate drops to 35 percent by 2006. Other rates drop gradually by 2006 from 36 percent to 33 percent; 31 percent to 28 percent; and 28 percent to 25 percent.

- The 15 percent rate remains the same.
- Income limits on claiming itemized deductions are adjusted upward beginning in 2006.
- Personal exemption phase-out gradually ends, beginning in 2006.

Child Credit

- The child credit rises from \$500 to \$600 effective in 2001, meaning it could be claimed on next year's tax forms. The credit rises to \$700 in 2005, \$800 in 2009, and \$1,000 in 2010.
- Taxpayers earning more than \$10,000 could claim a credit of 10 percent of earnings, rising to 15 percent over time, above that income level. They cannot claim the credit now.

Marriage Penalty

- The standard deduction for married couples is raised gradually beginning in 2005 so it is equal to twice that of single taxpayers. If in effect this year, the deduction would be \$9,100 instead of \$7,600 for a married couple.
- The 15 percent tax bracket is enlarged gradually beginning in 2005 so it applies to more of a married couple's income, equal to twice that of singles. If fully in effect this year, the lowest tax rate would apply to \$54,100 of a couple's income instead of \$45,200.
- The income limit for earned income tax credit is expanded by \$3,000 fully phased in by 2008.

Estate Tax

- The tax is repealed in 2010.
- The top 55 percent rate is dropped immediately to 50 percent, eventually to 45 percent.
- The current \$675,000 individual exemption is raised to \$1 million in 2002, \$1.5 million in 2004, \$2 million in 2006, and \$3.5 million in 2009.
- The tax is retained on certain gifts, but the rate is reduced to 40 percent.

Retirement

- The tax-favored contribution limits for individual retirement accounts and Roth IRAs are raised gradually from \$2,000 to \$5,000 by 2008, with no change in income limits.
- The tax-deferred contribution limits for 401(k)-type plans are increased gradually from \$10,500 to \$15,000 in 2006.

Education

- The deduction for higher-education tuition is a maximum \$3,000, rising to \$4,000, and is in effect from 2002 through 2005. The deduction is not available for individual taxpayers with incomes above \$65,000, or \$130,000 for married couples.
- The income limitation is raised for deductibility of student-loan interest.
- The contribution limit for tax-favored education savings accounts is raised from \$500 to \$2,000.

Sunset

- Under budget rules, most tax cuts expire on December 31, 2010.

From the Chair

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Section Council, needs nominations for the office of treasurer and two council seats. If you are interested in being nominated for one of the available positions, please fax your request to Diane at (404) 522-0269.

Finally, thank you for allowing me to serve as chair this past year. I was blessed with a board and committees that were dedicated to doing productive work. Because of their commitment, the section produced among other things, relevant CLE, an electronic newsletter and updated the website. We are fortunate to have Donna Foust as our new chair. Because of Donna's leadership abilities and vision, we can look forward to another productive year.

Employers Can Make Sick Leave Less Debilitating

By: Dr. James D. Levy

Better employee health care is a proven strategy to survive a tight labor market. Keeping employees healthy and reducing the time lost to illness can help compensate for labor shortages.

Sick leave cuts into productivity the same way turnover does – eight employees out of work three days a month equals an entire full-time position. Not many organizations can afford to lose productivity that way.

Of course, we're not advocating elimination of sick leave. It allows people to recover from illness at home and reduces the spread of contagions at work. But we would like to change the way people think about sick leave. It should not be considered a "benefit" like vacations or holidays, but rather a protection against loss of earnings during illness – to be used only when absolutely necessary.

On average, a small portion of employees will rarely, if ever, be absent because of illness. They pride themselves on being the iron man or iron woman and prove that people can, and do, fulfill their responsibilities even when they don't feel well. A second group, the great majority, will use a few sick days a year, well within most organizations' guidelines.

The third group, usually only 5 percent or so, use their sick days plus most or all of their vacation time and additional lost time because of illness. It's this group that blurs the line

between actual illness and the kind of "not feeling well" that can be an excuse for poor performance or absences.

Improvement in the attendance and performance of that small group would pay big dividends to organizations.

The method to accomplish this is deceptively simple in concept, yet extremely difficult in practice:

Encourage employees to be responsible



for their own health and accountable for their reliability and work performance.

Aren't medical professionals supposed to be responsible for people's health? My answer is no. Medical professionals are responsible for diagnosis and treatment plans, but individuals themselves must be responsible for completing their treatment, taking their medication and reducing health hazards of their lifestyle.

For many, it's so much easier to call in sick than to take care of themselves. We see hypertensive people who ignore their blood

pressure when any fast-food craving hits them; asthma patients who agree they should quit smoking, and then don't; diabetes patients who neglect their medication and their dietary restrictions; people at risk for heart disease who avoid exercise and ignore their cholesterol counts. And we see people who experience anxiety or depression resist steps to maintain a normal lifestyle.

These are the people most likely to pile up the sick days and least likely to make fundamental changes in their way of life.

The solution lies in a three-way communications flow among the occupational health advisor, the employer and the employee. This kind of open system will help assure accountability through self-awareness by the employee along with concerned, helpful accommodation and counsel by the employer.

When individuals realize the employer understands their condition and there is no medical reason limiting attendance or job performance, it becomes more likely they will take a responsible turn in personal health care and work habits.

The employer's role is key. Substance-abuse abatement research found that of all the elements in a person's life, none is more powerful than the employer in stimulating positive behavioral change. The employer can exert more influence than a person's spouse, family or counselor. The employer represents both financial support and the employee's status in the community

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Making Sick Leave Less Debilitating

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– often an irresistible force.

The open system we're describing contrasts with the closed system in which information about an employee's health is not forthcoming, either from the individual or the private physician. Individuals don't feel comfortable disclosing their ailments, even as they

blame them for sick leave and time away from work for treatment. Similarly, private physicians protect their patients' confidentiality and often take a confrontational position vs. employers.

Cases of chronic absenteeism are often resolved through "workability" examinations conducted by occupational physicians when requested by employers. If employees are found to be ill, a course of treatment is identified and they learn whether there is a medical reason not to attend work regularly and perform their job. As work is largely the basis of individu-

als' self-esteem, the employee is better off by learning how to work than by learning how to avoid work. By using an independent occupational health advisor and keeping the employee in the loop, health problems don't have to become attendance and productivity problems that can cripple an organization in a tight labor market.

Dr. James D. Levy is chief of environmental and occupational health at Mercy Medical Center in Baltimore, MD. He can be reached via e-mail at eocddoc@aol.com.

Uncovering the Roadblocks to Change

Most organizational change efforts don't deliver the intended results. Actually, by some estimates, as many as 85 percent fail. While these failures can usually be traced to poor implementation, a closer look reveals perhaps an even more critical aspect of change that must be considered: thought processes.

No matter how appropriate the recommendations or sophisticated the project plan, if the same ways of thinking that created the problem are still operating, it is unlikely that the underlying dynamics of the problem will change, causing the problem to eventually resurface. This is where an organization's leaders must make a difference if they expect the change effort to take hold and alter people's thinking. The best way to start is by understanding how people typically process information.

We interpret the meaning of a situation using mental maps (long-held beliefs, commitments, and assumptions), which help us to evaluate whether a particular situation is safe or dangerous, good or bad, a help or a hindrance, and so forth. These mental maps unfold

automatically and unconsciously, helping us to filter our experiences in order to preserve a sense of competence, comfort, or control.

At the organizational level, these individual mental maps form what's known as the organization's culture.

How we interpret our experiences creates the feelings that drive our behavior; the behavior then influences the results we get. Cognitive psychologists claim this pattern forms the underlying structure of nearly all life experience.

Difficulties arise when our mental maps compete with one another, as they often do, particularly in the face of change initiatives, which usually require a fresh perspective. If left unexamined, these competing ideas prevent most change efforts from taking hold and making a difference.

In fact, the missing ingredient in many failed change efforts turns out to be an awareness of these often-competing mental maps, which are essentially designed to keep things as they've always been. Unless individually or together we identify the particular beliefs and commitments

that drive our feelings and behavior, we may be inadvertently sabotaging our best intentions for change.

A leader desiring to bring about change must help individuals, teams, and, ultimately, any part of the organization being asked to change to gain insight into the competing commitments they may hold that are preventing them from embracing the change.

Movement toward change comes from choosing to consciously modify the competing mental maps. This comes through personal reflection and public dialogue. Furthermore, it requires that new levels of trust be built during the change process. Effective change leaders must create as many opportunities as possible to bring about insight and dialogue at this level if they want to reap the long-term benefits of the change initiatives.

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