

# Contents

Preface .....	ix
<b>Chapter 1: Equal Opportunity Laws .....</b>	<b>1</b>
A. Federal Law Prohibits Employment Discrimination.....	1
1. Key Principles of Equal Employment Opportunity Law .....	1
2. Issues Commonly Faced by Temporary Service Companies .....	5
3. Classes Protected by the Equal Employment Opportunity Laws .....	8
4. Coverage, Enforcement, and Requisite Reports and Records.....	17
B. Federal Law and Affirmative Action .....	23
1. Executive Order 11246.....	23
2. The Rehabilitation Act of 1973 .....	26
3. The Vietnam Era Veterans' Readjustment Assistance Act of 1974.....	28
C. State-by-State Analysis of Fair Employment Practices Laws .....	30
 <b>Chapter 2: Wrongful Discharge .....</b>	 57
A. Erosion of the Employment-at-Will Rule .....	57
1. The Public Policy Exception.....	57
2. The Express or Implied Promise of Job Security .....	58
3. The Implied Covenant of Good Faith and Fair Dealing .....	59
B. Other Claims Commonly Advanced by Terminated Employees in Wrongful Discharge Lawsuits.....	59
1. Fraud or Misrepresentation .....	59
2. Intentional Infliction of Emotional Distress .....	59
3. Defamation .....	60
4. Invasion of Privacy .....	60
5. Negligence.....	60
6. Interference With Contractual Relations .....	60
7. Interference With Prospective Economic Advantage.....	61
8. Promissory Estoppel.....	61
C. State-by-State Analysis of Wrongful Discharge Laws .....	61
 <b>Chapter 3: Wage and Hour Laws .....</b>	 95
A. The Fair Labor Standards Act .....	95
1. Who Is Covered by the FLSA?.....	95
2. Who Is Exempt From FLSA Coverage?.....	96
3. Child Labor Provisions .....	109
4. How Much Compensation Is the Temporary Employee Owed? .....	110
5. Record-Keeping Requirements .....	114

6. Enforcement .....	115
B. Government Contract Laws.....	115
C. Wage and Hour Investigations: What Should You Do?.....	116
D. State Laws Affecting Wages and Hours.....	117
<b>Chapter 4: Employment Agreements, Employee Handbooks, and Restrictive Covenants.....</b>	<b>119</b>
A. Express Employment Agreements .....	120
1. Advantages of Employment Agreements.....	120
2. Disadvantages of Employment Agreements.....	121
3. Illustrative Provisions .....	121
B. Restrictive Covenants.....	124
1. What Is a Restrictive Covenant?.....	124
2. Types of Restrictive Covenants .....	124
3. Legal Concerns .....	124
4. Business Considerations.....	126
5. Restrictive Covenants and the Prospective Employer .....	127
6. State-by-State Overview of Restrictive Covenants .....	127
C. Implied Employment Agreements .....	147
1. General.....	147
2. Employee Handbooks .....	147
3. Common Employee Handbook Topics .....	148
4. Provisions That Should Be in Every Employee Handbook .....	149
D. Arbitration Agreements.....	151
1. Advantages of Arbitration.....	151
2. Disadvantages of Arbitration .....	152
<b>Chapter 5: Immigration Reform and Control Act.....</b>	<b>153</b>
A. Employers Cannot Hire Unauthorized Workers.....	153
1. Effective Date.....	153
2. Unauthorized Aliens .....	153
3. Amnesty Program .....	153
B. Employers Must Verify That Employees Are Authorized to Work.....	154
1. Verification Procedures.....	154
2. Responsibility for Compliance in the Staffing Industry .....	156
3. Covered Employees.....	157
4. Time for Compliance for Temporary Employees.....	158
5. Repeated Verification .....	158
6. Enforcement.....	158
7. Penalties .....	158
C. Employers May Not Discriminate Based on National Origin or Citizenship.....	159
1. National Origin Discrimination.....	160
2. Citizenship Discrimination .....	160
3. Preference for Nationals and Citizens .....	160
4. Retaliation or Intimidation Prohibited.....	161
5. EEOC Policy Statements.....	161
6. Enforcement of EEO Laws Against Undocumented Workers.....	162
7. Local Laws .....	162
8. Penalties for Discrimination Under IRCA.....	162
9. Enforcement Proceedings.....	163

<b>Chapter 6: Substance Abuse and Drug Testing in the Workplace .....</b>	<b>165</b>
A. Nature of the Problem and Purposes of This Chapter .....	165
B. Legal Implications of Drug Testing .....	166
1. General.....	166
2. Federal and State Constitutional Provisions.....	166
3. Federal and State Antidiscrimination Laws .....	167
4. State Common Law Theories.....	169
5. State and Local Drug-Testing Laws .....	172
C. The Drug-Free Workplace Act of 1988.....	189
1. Requirements .....	189
2. Coverage .....	189
3. Penalties .....	190
4. Enforcement.....	191
D. Responding to Client Requests for Drug Testing .....	191
1. General Considerations.....	191
2. Why Should a Staffing Firm Have a Substance Abuse Policy? .....	192
3. Form and Components of a Substance Abuse Policy.....	192
4. Selection of a Laboratory .....	193
E. Must All Applicants and Employees Be Drug-Tested?.....	195
1. Applicants .....	195
2. Existing Employees.....	196
3. Authorization and Release Forms .....	196
4. Volunteers .....	196
F. Dealing With the Employee Who Tests Positive.....	196
1. Limitations on Drug Testing.....	197
2. Dissemination of Test Results .....	197
3. Common Employee Responses.....	197
4. Retesting .....	198
5. Dealing With the Confirmed Positive Test Result .....	198
6. Deciding How to Treat an Employee Who Has Tested Positive .....	198
7. Unemployment Compensation Issues.....	198
8. Workers' Compensation Issues .....	199
G. Current Drugs of Abuse.....	200
1. Alcohol.....	200
2. Amphetamines .....	200
3. Ice.....	200
4. Barbiturates .....	200
5. Cannabis .....	201
6. Cocaine .....	201
7. Crack.....	201
8. Heroin.....	201
9. Prescription Opiates .....	201
H. Drug-Testing Methods.....	202
1. Initial Screening Methods.....	202
2. Confirmation.....	203
3. Limitations of Drug Tests .....	203
<b>Chapter 7: The Pre-Employment Process. ....</b>	<b>205</b>
A. Recruitment.....	206
1. Word-of-Mouth Recruiting.....	206

2. Job Advertisements .....	206
3. Walk-In Hiring.....	207
B. Pre-Employment Inquiries.....	207
1. General Considerations.....	207
2. Americans With Disabilities Act .....	207
3. Other Restrictions on Pre-Employment Inquiries .....	211
4. Legitimate Areas of Inquiry .....	212
C. Polygraph Tests .....	214
D. Employment References.....	214
E. Protecting Against Negligent Hiring or Assignment Claims.....	215
F. Arrest and Conviction Records .....	216
G. Credit and Background Reports.....	216
1. Reports Prepared by Consumer Reporting Agencies .....	216
2. Reference Checks Conducted by Staffing Firm Personnel .....	218
<b>Chapter 8: Measures Designed to Reduce the Likelihood of Employment-Related Claims.....</b>	<b>219</b>
A. Policies and Training .....	219
B. ADA Compliance Measures .....	220
C. Employment-at-Will Policy.....	221
D. Employment Applications.....	221
E. Employee Handbooks .....	221
F. Job Descriptions .....	222
G. Interviewing and Evaluations.....	222
H. Offers of Compensation .....	223
I. Performance Appraisal Systems .....	223
J. Document Performance Problems.....	224
K. Progressive Discipline.....	224
L. Termination.....	224
M. Reductions in Force.....	226
N. Alternative Dispute Resolution .....	227
O. Discriminatory Client Requests .....	227
P. Protecting Against Negligent Hiring .....	228
Q. Insurance .....	228
R. Indemnification Provisions.....	229
S. Reducing the Risk of Violations of Wage and Hour Laws.....	229
T. Reducing the Risk of IRCA Violations.....	231
U. New Hire Reporting Laws .....	232
V. Conclusion .....	233
<b>Chapter 9: The Occupational Safety and Health Act.....</b>	<b>235</b>
A. Coverage of the OSH Act.....	235
B. Application of the OSH Act to Staffing Firms .....	235
C. Providing a Safe Workplace.....	236
D. Right-to-Know Law .....	237
E. Record-Keeping Requirements .....	238
F. Enforcement.....	238
G. Penalties .....	239
H. States With Approved Plans .....	240

<b>Chapter 10: Family and Medical Leave Act .....</b>	<b>243</b>
A. Leave Entitlements Under the FMLA.....	243
1. Covered Employers .....	243
2. Qualified Employees .....	243
3. Leave Entitlement Under the FMLA.....	244
4. Responsibility for Compliance in the Staffing Industry .....	249
B. Employee and Employer Requirements Under the FMLA .....	250
1. Employee Requirements .....	250
2. Employer Requirements.....	251
C. Remedies for FMLA Violations .....	253
1. Violations .....	253
2. Civil Suits by Employees.....	253
3. Action by the Department of Labor.....	254
4. Statute of Limitations .....	254
5. Arbitration .....	254
 <b>Chapter 11: Independent Contractor Versus Employee Status .....</b>	 255
A. Categories of Employees .....	257
B. Section 530 of the Revenue Act of 1978 .....	257
1. Consistency Test.....	258
2. Reasonable Basis Test.....	258
C. Section 530 (d) (1706) of the Tax Reform Act of 1986.....	258
D. The Benefits to the Employee of Being Classified as an Independent Contractor.....	258
E. The Benefits to a Business of Classifying Employees as Independent Contractors .....	259
F. Internal Revenue Code Section 3509 .....	259
G. Worker Status Under Other Laws .....	259
H. The Fair Labor Standards Act .....	259
I. State Unemployment and Workers' Compensation Laws .....	260
J. The ABC Test.....	260
 <b>Chapter 12: Per Diem Regulations.....</b>	 261
A. Business Connection .....	261
1. Temporary Versus Indefinite Absences .....	262
B. Substantiation .....	262
C. Return of Amounts in Excess of Expenses.....	264
1. Safe Harbors .....	264
2. Business Transaction Rules for Temporary Employees .....	265
 <b>Chapter 13: The H-1B Temporary Professional Worker.....</b>	 267
A. The Prevailing Wage Determination .....	267
B. The Labor Condition Application.....	268
C. Form I-129H .....	268
 <b>Appendix A: Directory of Federal and State Agencies.....</b>	 269
 <b>Appendix B: Record-Keeping Requirements of Selected Federal Laws.....</b>	 279

<b>Appendix C: EEOC Guidelines on Application of EEO Laws To Contingent Workers .....</b>	<b>283</b>
<b>Appendix D: EEOC Enforcement Guidance on Pre-Employment Disability-Related Inquiries.....</b>	<b>299</b>
<b>Appendix E: Sample Policies, Forms, Contracts, and Language .....</b>	<b>311</b>
1. Equal Employment Opportunity Policy.....	312
2. Employee Acknowledgment and Pledge to Comply With Company's Equal Employment Opportunity Policy .....	313
3. Prohibition of Harassment Policy .....	314
4. Alcohol- and Drug-Free Workplace Policy.....	315
5. Release and Consent Form for Substance Abuse Testing.....	317
6. Applicant Authorization and Consent Form for Employment References and Education Verification.....	318
7. FCRA Compliance Letters and Documents.....	319
a. Notification of Background Check.....	319
b. Applicant Authorization and Release of Information .....	319
c. Letter to Applicant To Be Used Before Taking Adverse Action .....	320
d. Summary of Consumer Rights Under the Fair Credit Reporting Act .....	321
e. Letter to Applicant To Be Used After Taking Adverse Action .....	323
8. Arbitration Agreement.....	324
9. Application for Employment for Temporary Employee.....	325
10. Employment Agreement With Temporary Employee .....	330
11. Application for Employment for Regular Employee.....	334
12. Employment Agreement With Regular Employee .....	338
13. Family and Medical Leave Act Policy .....	342
14. Employer Response to Employee Request for Family or Medical Leave (U.S. Department of Labor Form) .....	344
15. FMLA Certification of Health Care Provider (U.S. Department of Labor Form) .....	346
16. FMLA "Poster" (U.S. Department of Labor Publication) .....	350
<b>Appendix F: Summary of Selected State Employment Discrimination Statutes Relevant to Private Employers .....</b>	<b>351</b>
<b>Index.....</b>	<b>363</b>