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Cover Story

Houston employers struggle with hourly pay policy after Harvey

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When word of Hurricane Harvey reached Peli Peli's owners, they decided to close their five Houston restaurants before the dinner rush at 4 p.m. on Aug. 25. The owners wanted their staff to have enough time to prepare for the storm.

After the tropical storm hit, it was obvious that the Houston-based South African fusion restaurants were going to be closed for a week, Thomas Nguyen, the company's partner and CMO, said. Once it was established that all 350 employees were safe and accounted for, the owners asked themselves, "What can we do?"

"We realized that all our hourly employees wouldn't have a source of income for this week or even two weeks, and that was a concern of ours," Nguyen said. "If we were going to do something impactful, that's where we needed to focus. A loss of income is a substantial hit. We wanted to mitigate that trauma, that financial burden."

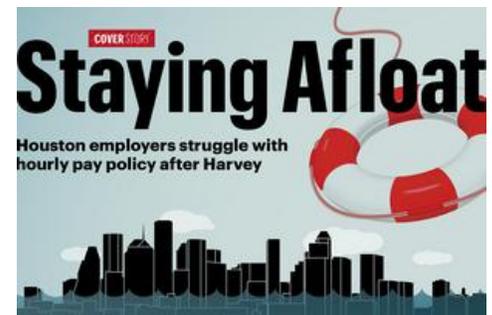
And in the spur of the moment, the Peli Peli partners and core management team came up with a plan: The company would average the hours each employee worked in July and pay them up to 80 percent of their wages for the seven days the restaurants were closed.

The 80 percent number was chosen because Peli Peli didn't want to over-promise to their employees, Nguyen said.

"I wanted to be reasonable," he said. "I don't want to say, 'I can give you anything' because we need to make it work with our financials as well. As a restaurant, we're hurting during that week as well."

Other businesses are also reconsidering how to pay hourly workers who need a financial cushion after Harvey's historic flooding — while the company itself took a hit in revenue.

Employers aren't required by law to pay nonexempt employees, or workers entitled to overtime pay and generally paid by the hour, if they don't work. But many of these employees live paycheck to paycheck and struggle after a natural disaster, said Willie Gonzalez, president of the Texas chapter of the labor union Unite Here.



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“When you work in low wage industries and you miss a week of work, you have to make a choice between groceries, medicine (and other things),” Gonzalez said.

However, employers have to weigh concerns of lost revenue from the storm before deciding how to help employees, said Meghaan Madriz, an associate in the labor and employment practice group at the Houston office of Haynes and Boone LLP.

“It’s not feasible for most employers to be paying their nonexempt employees who weren’t doing work during a workweek,” Madriz said. “To do that long term, it’s not economically feasible.”

She stressed that employers and employees must work together and be patient during the recovery time. She also offered a few options to bridge the gap.

Employers can agree to pay nonexempt workers for a time period, they can have employees work from home, they can provide more paid overtime opportunities, or they can provide additional paid time off.

John L. Collins, the leader of labor practice at Seyfarth Shaw LLP, said that he advises his clients to be compassionate.

“Although this isn’t legally required, I think that it makes sense for employers to seriously consider — to the extent that they can — providing pay (to employees even if they don’t have to),” he said. “Yes, right now you’re dealing in time of crisis. But just for good will and employee relations going forward, if you cut people some slack in terms of pay, you’ll gain benefits down the road.”

Both Madriz and Collins said that each of their clients are doing something different to balance revenue and employee needs post-Harvey. Other businesses in Houston are making their own plans as well.

Bellagreen, formerly Ruggles Green, was able to pay all employees with compensation through the first pay period after the storm to cover lost wages, Jason Morgan, the company’s CEO said. The restaurant has also been fundraising to help the area recover.

Sylvia Casares is paying her employees to help clean out Sylvia’s Enchilada Kitchen’s location at 1140 Eldridge Parkway, which reopened Sept. 12. The restaurant had flooded as the Addicks Reservoir released water. She also allowed workers to temporarily work at the restaurant’s second location.

For Peli Peli, the decision to help their hourly workers was an opportunity to validate what the company preaches: putting its employees first, Nguyen said.

“It’s easy to talk and say all these things when times are great,” he said. “We hope that our employees understand that we do really mean it when we say that we care about you and your family.”

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Web producer
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