

EarnBenefits

A Comprehensive Approach to Supporting Working Families

The Challenge

For low skill workers, maintaining continuous employment is a critical factor in achieving long-term self-sufficiency. While higher wages are a good predictor of sustained employment, low wage entry level jobs are the norm for most low skill workers. However, low wage work is only viable when coupled with an income enhancement strategy that leads to long-term self-sufficiency. National data shows that families receiving supports such as childcare, health care, Food Stamps, and Medicaid are up to 31% more likely to stay employed. Similarly, studies have shown that former welfare recipients are twice as likely to retain their jobs for at least two years if they access childcare subsidies. However, barriers to access inhibit most low-wage workers from receiving these benefits. Moreover, most low-wage workers are employed at small businesses, which often do not have the resources to offer benefits like health insurance and childcare assistance. In addition, government benefits designed for their support, such as Food Stamps and transitional childcare subsidies, are woefully underutilized.

Background

Seedco creates Neighborhood Employment Networks to build the capacity of community-based organizations (CBOs) across the country to provide comprehensive services to low-wage workers, with the ultimate goal of promoting self-sufficiency. For instance, in New York City, we deliver post-placement supports to low-wage workers through the *EarnFair* Alliance, a network of CBOs providing comprehensive employment and training services to disadvantaged job seekers in some of the City's highest-need neighborhoods. We have operated the Alliance since 1998, building the capacity of its members to produce outcomes comparable to or better than the largest, most experienced for-profit or nonprofit employment and training providers in the City. To date, the Alliance has placed over 3,200 individuals in jobs at an average wage of \$8.50 per hour. Alliance CBOs also achieve impressive retention rates – for example, our 3-month retention rate of 66% exceeds the citywide average.

Seedco has found that the experience of the *EarnFair* Alliance mirrors the national data on the importance of benefits in promoting job retention for low wage workers. Responding to this need, we created a post-placement benefit package that is delivered through the *EarnFair* Alliance. The Alliance has struggled with a disappointingly low rate of utilization, leading us to conduct 11 focus groups with *EarnFair* clients to understand their experiences with both our benefit package and government benefit programs. From these focus groups, we learned that workers are often unaware when they qualify for government benefits, are hesitant to seek assistance at government agencies because of prior negative experiences, and must visit these agencies repeatedly to access benefits, which often conflicts with maintaining employment. We also learned that post-placement support does not end with government benefits. New workers are confronted with a range of choices, such as whether to use a check cashing outlet or a conventional financial institution. They need help understanding their options in order to make “smart choices.”

Based on the results of these focus groups, Seedco concluded that the characteristics of a successful work support strategy include the following:

- **Marketing & education** – Even free benefits require a structured, targeted marketing effort to educate workers about the value of these benefits in order to increase utilization.
- **Comprehensive & integrated benefits package** – A combination of governmental and privately offered benefits, meeting workers’ needs and easy to access.
- **Post-application tracking & feedback** – Follow-up to ensure that applications are accepted, and to help workers maintain eligibility.
- **Accessible point of contact** – A comfortable, convenient place to access benefits without stigma, such as a community institution or place of employment.
- **Targeting of Small Businesses** – These firms should be helped to provide benefits to their employees, a step that could reduce the high costs associated with staff turnover.

The EarnBenefits Model

Seedco is currently engaged in the development and piloting of a three-tiered approach to help low wage workers access the benefits and supports they need to move toward economic self-sufficiency: increase workers’ awareness of post-placement benefits that are currently available, implement facilitated access programs to increase the utilization of those benefits, and develop new post-placement benefit products to support low-wage workers.

1. Marketing & Education - *Educating low-wage workers about important government and non-governmental benefits, including eligibility guidelines and the application process.*

- **EarnBenefits Guide** – Provides comprehensive, user-friendly information on eligibility guidelines and application process for wide range of benefits.
- **Case Manager’s Tool Kit** – Supports CBO staff in educating workers on available benefits.
- **Smart Choices Marketing Campaign** – Provides low-wage workers with the information they need to make choices that improve their bottom line.

2. Facilitated Access - *Helping working families access government benefits by assisting them in completing application forms, expediting processing of applications, and tracking the status of applications.*

- EarnBenefits Online – Supported by the U.S. Department of Commerce’s Technology Opportunity Program, we are developing an online system that will allow low-wage workers to learn about post-placement benefits and apply online using a universal application.
- Special referral arrangements and partnerships with specialty providers – Through a partnership with the Community Food Resource Center, for example, we pre-screen *EarnFair* participants for eligibility for the Earned Income Tax Credit (EITC) and other tax credits and provide free tax preparation assistance to eligible participants.

3. New Benefit Products - *Developing benefits that bridge the gap between what working families need and available government benefits and supports.*

Financial Services

- Free Checking Accounts – Through an existing partnership in New York City with Citigroup, participants are introduced to mainstream banking, allowing them to avoid check-cashing outlet fees.
- Individual Development Account (IDA) Program – A matched savings program that allows participants to build assets.
- Family Loan Program – Emergency loans for families experiencing unexpected financial emergencies that could lead to job loss.

Career Ladder Access

- Skills Upgrade Training – Access to employer-specific and sector-specific training opportunities.
- Education for Advancement – Including ESL and GED classes, computer training, etc.
- Job Coaching – Assistance with developing a career plan.

Special Services

- Community Childcare Assistance (CCA) – A back-up childcare program for families that experience disruptions in their regular childcare arrangement.
- MetroCard Program – Transportation assistance program to supplement participants’ income and improve job retention.
- Health Insurance – Building on our experience offering health insurance through our flexible staffing subsidiary, we are considering expanding this benefit by forming a Professional Employer Organization to allow small businesses to offer affordable health insurance to their low-wage employees.

Small Business Services

- Professional Employer Organization (PEO) model – Through a lease-back arrangement, benefits for low wage workers can be made affordable for small businesses.
- Pre-tax spending account linked to Smart Choices – A vehicle for small businesses to allow their employees to use pre-tax dollars to purchase benefits, which also provides a tax savings for the business.

How EarnBenefits Works

Through Community-Based Organizations:

CBOs are important neighborhood institutions that offer a host of supportive services to low-wage workers in the areas of housing, continuing education, and especially employment and training services. Thus, CBOs are a natural place for low-wage workers to obtain assistance in accessing work supports.

CBO members of our Neighborhood Employment Networks will host Work Support Centers. Case managers will assist clients in the use of the EarnBenefits product and serve as a One-Stop point of contact. In New York City, *EarnFair* Alliance CBOs are in the early stages of implementing a comprehensive EarnBenefits package for low-wage workers.

Through Employers:

Seedco's employer-based work support program recognizes that one of the most efficient ways to reach workers is at their place of employment, modeled on the way most workers receive benefits. We are developing and will pilot a program to reach low-wage workers through the businesses that employ them. The program will initially focus on small businesses—a critical source of jobs for low-wage workers and the engine of the economy, providing more than half of all new jobs. However, small businesses often lack the resources to provide needed benefits to their employees. Through our work with small firms, we have found that small business owners are interested in providing benefits to their employees, particularly health benefits, but admit the need for subsidies to make the benefits affordable. This finding was confirmed by a small business survey, which we recently conducted to learn more about small business owners' desire and ability to provide their workers with benefits.

Next Steps

Seedco is planning a phased roll-out of EarnBenefits in three cities. In New York City, while *EarnFair* Alliance CBOs will continue to serve as Work Support Centers for low-wage workers, by January 2004, we expect to launch an extensive range of services targeted to small firms, including health benefits. During 2004, we expect to replicate the project in 2 additional pilot cities. We are considering several areas – Memphis, Milwaukee, Minneapolis, San Francisco Bay, and St. Petersburg/Tampa – as potential EarnBenefits sites.

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