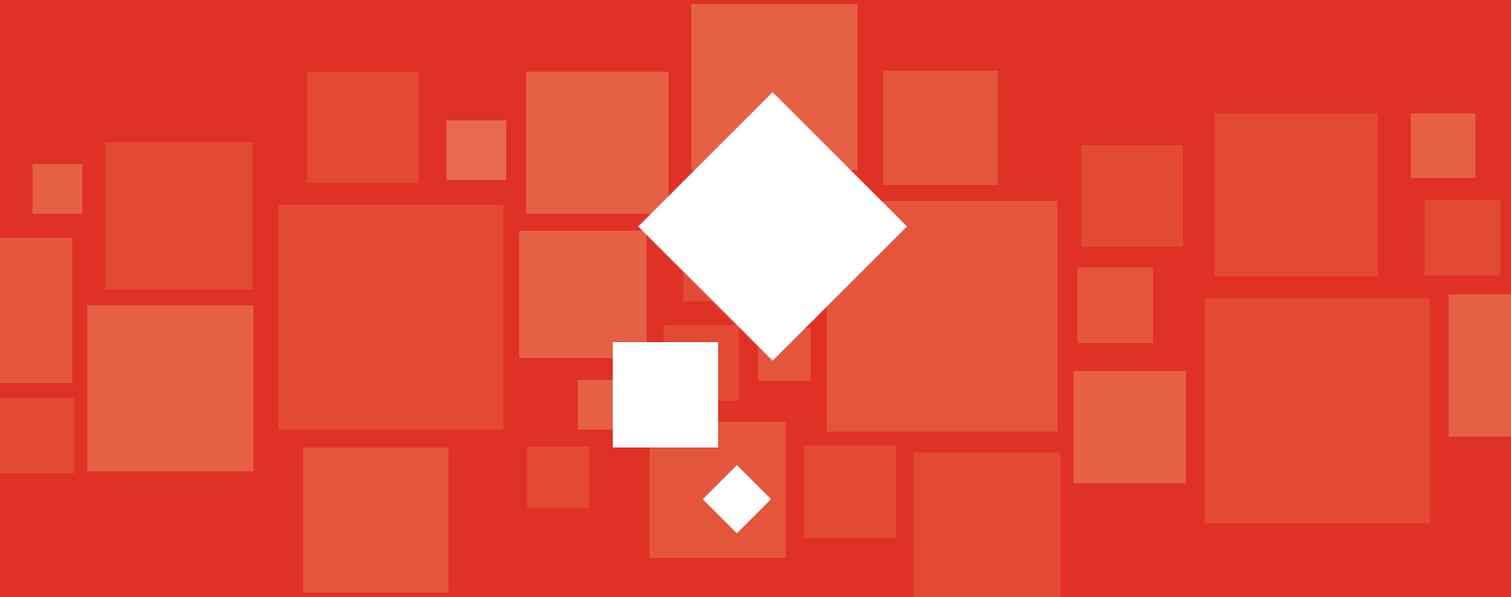


Benefits and Low Wage Work

Prepared for the Ford Foundation

By Sandra Taddeucci, with Laura Seidell, Ben Seigel and Rebecca Ross

September 2003



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P R E F A C E

Benefits and Low Wage Work grows out of Seedco's recognition that both wages and benefits are major factors in low skilled workers' achievement of continuous employment and, ultimately, self-sufficiency and wealth accumulation. It also grows out of our appreciation of the role small businesses play as the engine of local economies and the creators of the majority of job opportunities for low skill workers. Too often, however, these jobs provide low wages, with no benefits - a product of the financial fragility of many small businesses and the reality of the working poor. The connection between low wage, low benefit work and small business is, in our view, one of the central challenges for community development.

Like many of our colleagues, our workforce development programs have stressed skills training, career ladders and sectoral initiatives as a means to achieve self-sufficiency wages for low-skilled workers including those making the transition from welfare to work. We continue to pursue these approaches. At the same time, we know from experience, confirmed by rigorous research, that despite our best program efforts, an intermittent series of low skill, low benefit jobs that fail to meet the most basic standards of self-sufficiency and fail to position working families for wealth creation are the norm for many residents of low income communities. Increasing access to and utilization of government subsidized income enhancements, like the Earned Income Tax Credit, Food Stamps and childcare subsidies, offers a potential solution to the otherwise, dismal long-term prospects of low wage work.

Benefits and Low Wage Work is a survey of existing research on the utilization and impact of employer-based benefits and government subsidized income enhancements on employment related outcomes. The research is persuasive that benefits are an important aspect of income. Benefits, both private and public, matter. This is no surprise since government subsidized income enhancements can double the income of a low wage worker. In *Benefits and Low Wage Work* we also report on the dramatic underutilization of many public benefits. Our report includes the results of our focus groups with low wage workers about how they perceive different benefits and what they identify as barriers to access. We learned that increasing utilization is a multi-faceted challenge. Finally, we describe a number of best practice efforts underway to address access to income enhancements or, as they are often referred to, "work supports."

We offer this report as a contribution to the growing national and local discourse on the role of income enhancement as an alternative path to employment continuity and asset accumulation by low wage workers. Our purpose is to initiate an evidence-based dialogue with others working in the field so that together we can further identify the challenges to and possible strategies for increasing the viability of low wage work. The findings presented in this report are greatly informing the design of Seedco's own three city *EarnBenefits*SM pilot program. We look forward to participating in the ongoing exploration of this growing area of interest.

DIANE BAILLARGEON

President

Seedco and the Non-Profit Assistance Corporation

September 2003



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WILLIAM GRINKER
Chief Executive Officer
Seedco and the Non-Profit Assistance Corporation

The views expressed in this report are those of Seedco and should not be attributed to the organization's partners and supporters.

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1. EXECUTIVE SUMMARY

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Since 2000, Seedco, a national intermediary organization focusing on community and workforce development issues, has managed the *EarnFair* Alliance—a network of community-based organizations (CBOs) that provides a wide range of services to disadvantaged job seekers and workers in New York City. Seedco's experience with the *EarnFair* Alliance has consistently pointed to a need to more systematically connect low-wage workers to important benefits and supports to help make work pay.

These benefits, sometimes called *post-placement benefits*, can take many different forms - for example, Medicaid, Food Stamps, and other standard government benefits; employer-sponsored benefits such as private health insurance; and new benefit products, sponsored by non-governmental organizations, such as matched saving accounts to promote investments in education or homeownership. While sponsored by diverse sources, these benefits share the potential of promoting long-term self-sufficiency and job retention for low-income workers. Interest in this potential was the impetus for Seedco's one-year investigation of the key issues surrounding work to broaden access of low-wage workers to post-placement benefits and supports. The investigation included a literature review, discussions with service providers, focus groups with selected groups of *EarnFair* participants, and a survey of small business employers. Key lessons and insights from the investigation include the following:

THE NEEDS OF WORKING FAMILIES

Large numbers of workers do not earn enough to meet their basic needs or the needs of their families. Despite their low wages, these workers typically:

- Significantly under-utilize government benefits designed to supplement their incomes and help them stay in the labor market. Key reasons why they do not take advantage of benefits for which they qualify include their unawareness of their own eligibility and onerous application and re-application processes. Also, some workers are deterred from claiming benefits because they feel that there is a stigma attached to doing so.
- Have limited access to employer-sponsored benefits, very often because they work for small businesses, which cannot afford to provide this support.

Since accessibility to benefits is associated with the ability to retain jobs, workers who go without these supports are much more vulnerable to patterns of cyclical unemployment that keep them trapped at the bottom of the economic ladder.

LESSONS FROM THE FIELD

- Focus groups - Focus groups with *EarnFair* participants supplemented Seedco's literature review and program experience by providing additional insight into the challenges workers face in getting access to benefits. Discussions in the focus groups indicated that:
 - While many participants have some familiarity with government programs that provide benefits, they often do not get access to them.

- Participants often believe themselves ineligible for benefits for which they may qualify or they find application and reapplication processes onerous, and
 - While many of these workers would benefit from under-utilized government programs, they also have other important needs - for example help in establishing savings accounts or assistance with transportation to work - that standard government programs cannot meet but that would help them stay in the labor market.
- Small Business Survey - Given that small firms are less likely than larger ones to provide employee benefits, it is generally assumed that they are unwilling to contribute even a modest amount toward these benefits. To test this assumption and gauge the interest of small businesses in providing benefits to employees, Seedco conducted a survey of small businesses owners and managers. The results showed that:
- Small business owners generally thought that providing employee benefits, especially health insurance, was important,
 - Firms already offering health benefits were also interested in offering their employees other benefits, including a "facilitated access service" that would help them take advantage of government benefits, and
 - Most firms could not absorb the entire cost of benefits but expressed a willingness to pay for benefits, especially health insurance, if the monthly contribution per employee was between \$50 and \$100.
- Operational Experience - Recognizing that providing job placement assistance alone does not ensure sustained employment for low-wage workers, Seedco has created a comprehensive package of work supports for the *EarnFair* Alliance. It includes an emergency loan program, a matched savings account program, transportation assistance, back-up childcare, and training to upgrade skills. Seedco's experience with this package - which was very often confirmed by findings from the focus groups - suggests the following:
- Benefits that have an immediate, tangible effect on low-wage workers' income and have a streamlined process are most likely to be used.
 - While providing work support services requires significant effort on the part of providers and significant financial resources to fund this level of effort, current public workforce funding streams generally do not take these needs into account. Thus, at this stage in the evolution of the post-placement benefits field, service providers seeking to expand access to post-placement benefits must develop creative financing strategies to support their interventions.
 - CBOs offer convenient and comfortable points of access for educating low-wage workers about benefits and helping them secure these supports.

Seedco's experience has consistently pointed to a need to more systematically connect low-wage workers to important benefits and supports.

STRATEGIES TO CONNECT WORKERS TO BENEFITS

A growing group of interventions are responding to the needs of low-wage workers for post-placement benefits and supports. They fall into four categories:

- Information campaigns that tend to focus on a single benefit or related set of benefits,
- Governmental and non-governmental efforts to pre-screen individuals for eligibility for benefits,
- Facilitated access campaigns, which provide fuller guidance through the entire benefits application

process, and

- Creation of new benefits or efforts to make private benefits more affordable.

While all of these approaches have merit, interventions in this relatively new field of work need to become more integrated, drawing on best practices from each of these categories.

CONCLUSION: PRINCIPLES FOR DEVELOPING AN EFFECTIVE WORK SUPPORT STRATEGY

Based on experience with the *EarnFair* Alliance and the investigation that forms the basis for this report, Seedco has identified the following ingredients of an effective work support strategy:

- Marketing and education - Even free benefits will often be under-used unless there is a structured marketing effort to educate workers about the value and availability of the help.
- Comprehensive and integrated benefits package - Workers should be offered easily accessible packages of support that include both governmental and private benefits.
- Post-application tracking and feedback - Programs that help workers get access to benefits should follow up to ensure that applications are accepted and that workers maintain eligibility.
- Accessible point of contact - Workers should have a comfortable, convenient place, such as a community institution or workplace, to get access to benefits without stigma.
- Targeting of small businesses - These firms should be helped to provide benefits to their employees, a step that research indicates could reduce the high costs associated with staff turnover.

2. INTRODUCTION

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Over the past decade, economic expansion and the work-first policies of the welfare system created opportunities for an unprecedented number of former welfare recipients and other disadvantaged groups to enter the labor market. But employment does not mean the end of economic difficulties for these and other low-wage workers, who must struggle to make ends meet. Too often they hold low-wage jobs without benefits, preventing them from achieving economic self-sufficiency. And with limited resources for responding to emergencies such as family illness or disrupted childcare arrangements, low-wage workers often fall into a pattern of cyclical unemployment that traps them at the bottom of the economic ladder.

Many workforce service providers have viewed training to upgrade skills as a way out of these dilemmas. But while this solution has merit, it is not practical for large numbers of working poor family members, who do not have time to train for better paying jobs. Thus, while many programs continue to guide some people to skills training that could boost their incomes, there is a growing national movement to also focus on expanding access to benefits and supports that can supplement wages, help make work pay, and stabilize employment. The movement focuses on a number of different kinds of benefits and supports, including:

- government benefits such as Medicaid and Food Stamps;
- employer-provided benefits such as health insurance; and
- special benefits such as matched savings accounts and help with work-related transportation offered through workforce development and other programs.

Employment does not mean the end of economic difficulties for low-wage workers.

The recent efforts to expand access to these benefits and supports - sometimes called "post-placement benefits and supports" - encompass a variety of strategies, including information campaigns, pre-screening for benefits, and streamlining of applications with the use of technology.

As will be discussed later in this report, research evidence is mounting that post-placement benefits have considerable power to promote employment retention. But as efforts to secure this kind of assistance for low-wage workers proliferate, there is a need for more systematic information on how benefits are now used or might be used in the future, and on the experience of practitioners in this relatively new field of endeavor. This exploratory report is meant to be an early step in the process of providing such information. It addresses the following questions:

- What is known about the need for benefits and supports among low-wage workers?
- How do workers themselves view different supports? What is the level of their knowledge about the availability of various government-provided benefits? What are their experiences in trying to get access to benefits to which they are entitled?
- What are the views of small business owners on their own potential and willingness to provide benefits to entry-level workers?
- What kinds of strategies have been found to be most useful in expanding access to benefits and supports? What are the pitfalls to be avoided? What combinations of strategies seem to have the

greatest potential to make a difference in the economic outlooks of low-wage workers? What are some of the next steps that should be taken to advance efforts to secure benefits for this population?

The report, which draws on a literature review, survey and focus groups results, fieldwork, and discussions with practitioners, is the culmination of an investigation of benefits issues begun by Seedco in September 2002. Founded in 1986, Seedco is a nonprofit national intermediary organization that provides financial and management support and technical assistance to community-building efforts around the U.S. Seedco's interest in benefits issues is an outgrowth of its workforce development program, and it was fueled especially by its fieldwork in its *EarnFair* Alliance project.

The *EarnFair* Alliance was established in 2000 when Seedco began a partnership with New York City community-based organizations (CBOs) designed to build their organizational capacity to provide workforce services to hard-to-employ groups. This help was particularly essential in New York City,

where all governmental resources for training and placement services for welfare recipients and other disadvantaged workers had been consolidated into multi-year fully performance-based contracts and awarded to organizations with the capacity to serve large numbers of people. Seedco took the lead in applying for one of these contracts, administered by New York City's welfare agency, and was funded to provide job placement and training services in partnership with a consortium of CBOs.

Research evidence is mounting that post-placement benefits have considerable power to promote employment retention.

Seedco began work under the contract in February 2000, joining with a group of CBOs to form the *EarnFair* Alliance network. To date, this network has provided comprehensive employment services to over 8,000 disadvantaged New York City workers and has placed over 3,130 of them in jobs. This experience has given Seedco firsthand knowledge of the needs of nonprofit service providers who serve low-wage workers and of the barriers to self-sufficiency these workers face.

The next section of this report describes the sources of information that underlie its analysis. It is followed by a section on experiences and lessons from the field, which discusses Seedco's operational experiences in the *EarnFair* Alliance and findings from focus group discussions with *EarnFair* participants and from a survey of small business owners. The report ends with an overview of efforts around the country to provide benefits to working families and with a section that draws together Seedco's conclusions from the different kinds of information covered in its investigation of benefits.

3. METHODOLOGY

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One important source of information for this report is Seedco's overall operational experience in the *EarnFair* Alliance. In addition, the report draws on Seedco's one-year investigation into issues of post-placement benefits and strategies for providing them to low-wage workers. The investigation had three components: a literature review and discussions with service providers, focus groups with *EarnFair* participants, and a survey of small business owners.

Literature Review and Discussions with Service Providers

Key topics covered in the literature review included information on the average wages of disadvantaged workers and the role of benefits in supplementing income, sustaining employment, and promoting self-sufficiency. Seedco also reviewed national data on the utilization of government benefits, barriers to utilization, and disadvantaged workers' access to employer-sponsored benefits. To supplement this information, approximately a dozen discussions were held with a variety of organizations involved in efforts to connect workers to benefits.

Focus Groups with Low-Income Workers

In fall 2002, Seedco conducted 11 focus group discussions with *EarnFair* participants. The purpose of the sessions was to learn more about patterns of and barriers to use of benefits among participants. The sessions typically included 8 to 12 discussants, including both some people who had made a transition from welfare to work and others who had never received welfare.

Survey of Small Business Owners

Seedco's survey of small business owners was designed to probe a set of issues that have thus far received very little research attention - the interest of small business owners in providing health insurance and other kinds of benefits and supports to low-wage workers. To our knowledge, the survey is the first to examine why small businesses do not offer benefits and whether they would do so if they were given some level of subsidy. Conducted in summer 2003, the survey covered 100 observations of a range of retail and service firms. In addition to collecting demographic information on the firms, it asked managers to rank different benefit packages according to their preferences and ability to pay. Through an examination of the rankings, Seedco determined the extent to which these firms valued the different benefits included in the packages and their willingness to pay for them.¹

The next section of the report, which analyzes the extent of need for and the use of benefits among low-wage workers, is based on Seedco's literature review.

¹ This analysis was carried out using McFadden's discrete choice modeling methodology, which was developed by economist and Nobel laureate Daniel McFadden. The method determines the level of demand for a product by analyzing the extent to which rankings are sensitive to price changes.

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Seedco's literature review focused on three broad interrelated topics: 1.) the wage levels of low-income workers and the implications of these conditions for their economic self-sufficiency; 2.) patterns of using government-sponsored benefits among these workers, reasons for the under-utilization of these benefits, and the potential of these supports to promote economic self-sufficiency; and 3.) levels of provision of employee-sponsored benefits to low-wage workers and insights from the academic literature on the possible value small businesses could derive from offering health insurance to their employees.² Following is information on the three topics.

Wages

In 2002, for the second straight year, the Census Bureau revealed that the share of the nation's working poor was expanding, with many working families earning wages that did not allow them to meet their basic needs (Proctor and Dalaker, 2002). For instance, according to a recent study of former recipients of TANF (Temporary Assistance for Needy Families - the federal welfare program) that was conducted by the Manpower Demonstration Research Corporation (MDRC), 66 percent of welfare leavers earned wages below the poverty level, with 59 percent of them earning \$7.50 or less per hour (Polit, Nov. 2001). Moreover, MDRC found that 86 percent of employed TANF leavers had household incomes below 185 percent of the poverty level (Polit, Nov. 2001).

These low-wage workers often must make difficult choices about how to allocate scarce dollars to family expenses. For instance, a recent study conducted by the Brookings Institution found that nearly three-fifths of the working poor spend more than 50 percent of their incomes on housing or live in substandard housing (Sard and Waller, 2002). And the 38 percent of families studied who left welfare for work devoted more than half of their incomes to housing expenses (Sard and Waller, 2002).

With housing taking a major share of their earnings, working families often skimp on other expenses, especially healthcare and food. A Mathematica Policy Research (MPR) study of TANF leavers in Iowa found that 16 percent of them had experienced hunger since leaving the welfare rolls. Similarly, the MDRC study showed that since the welfare leavers had stopped receiving TANF benefits, almost half (47 percent) of them reported having been "food-insecure" (unable to provide nutritional and/or adequate amount of food for their families), with 16 percent saying they had experienced moderate to severe hunger (Polit, Nov. 2001). Indicating that people who make a transition from welfare to work also use other cost-cutting measures to make ends meet, slightly more than a fifth (21 percent) of TANF leavers in the MPR study moved in with family members or friends to cut housing costs, and after leaving welfare over a third (35 percent) were without telephone service for at least 24 hours because they had not paid their bills (Hill and Kaurff, 2002).

² While many of the studies discussed in this section examine the experiences of former welfare recipients, Seedco's experience with the *EarnFair* Alliance suggests that these findings also apply to a broader category of low-wage workers. The majority of *EarnFair* participants has never received welfare, and we have found that their experiences with benefits and employment retention parallel those of former welfare recipients and therefore, the main findings presented in this section.

Public Benefits

Under-Utilization

Despite their low wages, large numbers of disadvantaged workers, both TANF leavers and others, often do not get access to key public benefits designed to support them. In particular, it appears that families moving from welfare to work are not taking advantage of the so-called "transitional benefits" - the traditional package of childcare subsidies, Food Stamps and Medicaid - which are designed to support their shift to sustained, full-time employment. According to a 2002 Urban Institute study, within three months of leaving welfare, only 20 percent of former recipients receive childcare assistance and only 8 percent get help with work-related expenses. The study also found that within three months of leaving welfare less than a third (29 percent) of recent welfare leavers get access to Food Stamps, which have significant power to boost income (Loprest, 2002).

The Needs of Working Families

According to the MDRC study of TANF leavers, considerably fewer than half (42 percent) of those who were employed still received Medicaid and only 15 percent had childcare subsidies (Polit, Nov. 2001). In addition, despite the potential of the Earned Income Tax Credit (EITC) to make a substantial difference in the incomes of working families, MDRC found that just 58 percent of former TANF recipients claimed this benefit (Polit, Nov. 2001).

Evidence about use of benefits among low-wage workers who have not necessarily just left welfare tells a similar story. For example, overall the Food Stamp Program has experienced alarmingly low take-up rates, with fewer than half of eligible working families participating (Fishman and Beebout, 2001). A national Food Stamp survey found that 72 percent of eligible non-participants were unaware of their own eligibility (Fishman and Beebout, 2001). Similarly, Family Health Plus, the New York State program created to reduce the number of uninsured, near poor adults, has experienced a very low 13 percent take-up rate during the 10-month period since it was established. And in 2000, only 14 percent of eligible U.S. families received subsidized childcare (Greenberg et al., 2002).

The Food Stamp Program has experienced alarmingly low take-up rates, with fewer than half of eligible families participating.

Reasons for low use of both transitional benefits programs and other programs designed to support working families include unawareness of eligibility as well as onerous application processes. For instance, according to the MDRC study of TANF leavers, 17 percent of eligible non-participating families cited the hassle involved in applying as their reason for non-participation in the Food Stamp Program (Miller et al., 2002). On average completing a Food Stamps application requires five hours and two visits to a Food Stamps office.

Even when low-wage workers do access public benefits, they often do not keep them for long. For example, the average length of time a family receives Food Stamps is 8.4 months - very likely a much shorter period than the time most poor families would be eligible for this benefit (Miller et al., 2002). One major obstacle to keeping benefits is reapplication requirements. Many states and localities require that Food Stamp recipients re-certify - that is, submit documentation, often in person, to prove continued eligibility - more than once a year. Although programs like Medicaid and other state-sponsored health insurance programs generally require less frequent re-certification, recipients

generally must re-certify for them annually (Pavetti, 2002).

Importance of Benefits in Sustaining Employment

Under-utilization of public benefits for low-income families is particularly troubling in light of what is known about the power of this assistance to supplement income. According to an analysis conducted by Wider Opportunities for Women (WOW) and the Women's Center for Education and Career Advancement (WCECA), entitled "The Self-Sufficiency Standard for the City of New York"

To satisfy her family's most basic needs without benefits, a single mother with two young children would have to earn \$18.43 per hour.

(The Standard), post-placement benefits have an enormous potential to bolster the income of working families. For instance, The Standard estimates that, to satisfy her family's most basic needs without benefits, a single mother with two young children would have to earn \$18.43 per hour, an unattainable wage for most disadvantaged workers (Pearce, 2000). However, The Standard also estimates that with a transitional childcare subsidy, she would need to earn only \$12.78 an

hour to be self-sufficient, and with Food Stamps, Medicaid, and a childcare subsidy, the amount she would need to earn would drop to \$8.04 per hour, a far more attainable wage for a new labor market entrant.

Appendix A contains a detailed hypothetical case study, which was developed by Seedco, using WCECA and WOW methodology, to illustrate the impact that work supports can have on a low-wage worker's ability to become economically self-sufficient.

In addition to boosting income, governmental benefits like Medicaid, Food Stamps, and childcare subsidies help low-income families stay in the labor market, allowing them to avoid the crises and other life situations, such as poor health, hunger, eviction, and unreliable childcare arrangements, which can cause them to stop working. For example, a childcare subsidy can allow low-income parents to afford a reliable caregiver, and thus to avoid less costly, informal childcare arrangements that often lead to frequent absenteeism and job loss. The MPR evaluation of the Work First New Jersey program found that many TANF leavers in this program (47 percent) used informal childcare-arrangements that are prone to breaking down and cause frequent work absenteeism and tardiness. Significantly, almost one-third (29 percent) of the sample cited a childcare problem as the reason for their most recent work absence and 38 percent reported that such a problem had been the source of their most recent episode of tardiness (Rangarajan and Johnson, 2002).

Twelve percent of currently unemployed TANF leavers from the New Jersey program reported having quit a job due to a childcare problem, and another 52 percent reported that they had been fired due to frequent tardiness and/or absenteeism related to childcare and/or health problems (Rangarajan and Johnson, 2002). Similarly, the MPR evaluation found that for TANF leavers, poor health was the most common reason cited (by 44 percent of the group) for having missed work (Rangarajan and Johnson, 2002). Increasing access to health insurance might improve the health of these workers, allowing them to reduce health-related absenteeism and stay employed.

There is a small but important body of research evidence that indicates that securing certain benefits, such as childcare subsidies, Food Stamps, and health insurance, greatly improves the probability that welfare recipients who go to work will remain employed. For instance, a study by the Economic

Policy Institute found that 35 percent of former welfare recipients who got access to childcare subsidies, but only 19 percent of former recipients who had not done so, were employed two years after leaving welfare (Boushey, 2002). Similarly, according to a 2002 Urban Institute study, 15 percent of former TANF recipients who secured transitional childcare benefits versus 25 percent of former recipients who did not get this help returned to welfare (Loprest, 2002).

The study revealed similar trends for transitional health insurance: 19 percent of former recipients who acquired the benefit and 27 percent of those who did not returned to welfare (Loprest, 2002). Moreover, the Urban Institute found that getting access to both Food Stamps and Medicaid increases the likelihood of job retention for TANF leavers: 20 percent of former recipients who secured both Food Stamps and Transitional Medicaid returned to welfare, but the proportion of former recipients without these benefits who re-joined the welfare rolls - 51 percent - was much higher (Loprest, 2002). The MDRC study of TANF leavers found that compared to former welfare recipients with no housing vouchers, former recipients who did get this benefit were 16 percent less likely to return to welfare (Sard and Waller, 2002).

The Needs of Working Families

While the research on the relationship between getting access to benefits and employment retention generally focuses on TANF leavers, it seems reasonable to assume that the trends just cited can be applied to the general population of low-wage workers.

Employer-Sponsored Benefits

Disadvantaged workers often face two major obstacles to employer-sponsored benefits such as help with childcare and health insurance: They cannot afford to purchase these benefits, and compared to higher-wage workers, they are less likely to be able to get them from employers, with one important reason being that many of them are employed by small businesses. Of the 57 percent of the nation's uninsured who are low-income workers (with family income below 200 percent of the poverty level), over half (56 percent) work for small firms (Garrett et al., 2001). Operating on limited margins, these businesses are often unable to provide critical benefits to their employees.

Of the 57 percent of the nation's uninsured who are low-income workers, over half work for small firms.

Health Insurance

The gap in health insurance coverage for the working poor remains a stubborn problem in the U.S. From 1994 to 2000, mostly a period of strong economic growth, the number of uninsured children fell, mainly due to an expansion in the Children's Health Insurance Program (CHIP). But disturbingly, there was no downturn and in fact a slight increase in the number of uninsured adults, with the rise concentrated among near-poor families (between 200 percent and 299 percent of the poverty level). The Kaiser Commission on Medicaid and the Uninsured, which reported on this trend, notes that while poor adults became eligible for more generous state health insurance programs, near-poor adults both remained ineligible for them and experienced a decline in access to employer-sponsored insurance (Holahan and Pohl, 2002).

An MDRC study sharpens the picture of the health insurance coverage gap for low-wage workers. It found that only 45 percent of welfare leavers had access to employer-sponsored health insurance (ESHI) for themselves and even fewer (35 percent) had it for their dependents (Polit, Nov. 2001).

The employee portion of the health insurance premium that many employers ask workers to pay often is too expensive for low-wage workers. According to a 2001 Urban Institute study on the nation's uninsured, there was a 15 percent differential (70 vs. 85 percent) in take-up rates for health insurance between workers with family income below the poverty level and those whose family income exceeded 400 percent of the poverty level (Garrett et al., 2001).

Overall, the low usage rates of health insurance among disadvantaged workers are of particular concern in view of their high incidence of health problems. For example, sixty-two percent of former welfare recipients report having one or more health problems that pose a barrier to job retention (Polit, Nov. 2001).

It is interesting to view the statistics on coverage of low-income workers against the backdrop of a body of academic literature that examines the relationship between access to ESHI and employee turnover. Relying on national longitudinal data, these studies typically use complex statistical models to control for factors other than ESHI that may contribute to employee turnover - for example, job characteristics (wages, non-health fringe benefits) and observable worker characteristics (race, gender, age, educational level, job tenure, marital status, access to coverage from spouse). These models also use sophisticated techniques to control for unobservable characteristics that may be correlated with employee turnover, such as more risk-averse employees being less likely to change jobs.

On the whole, the studies suggest that providing employees with access to ESHI significantly reduces employee turnover, thereby lowering costs associated with recruiting and training new employees. For instance, a 1994 study using data from the National Medical Expenditures Survey found that offering health insurance to employees reduces the probability that they will change jobs by between 26 and 31 percent (Buchmueller, 2000). Similarly, a 2003 study using 1996 panel data from the Survey of Income and Program Participation found that offering ESHI reduced employee turnover by 35 to 60 percent, with ESHI having the greatest effect on turnover for married men and women and the least impact on single men (Sanz de Galdeano, 2003).

Providing employees with access to ESHI significantly reduces employee turnover.

Notwithstanding this kind of evidence, for several different reasons most small businesses do not offer ESHI to their employees. According to the 2002 Small Employer Health Insurance Survey, 63 percent of

small business owners who did not provide coverage claimed they could not afford the expense; 43 percent of them cited employees not being able to afford the employee portion of the premium, while 40 percent said that their employees had coverage elsewhere and therefore did not need it. Interestingly, these employers generally did not feel that the lack of ESHI affected their ability to recruit and retain workers or reduce absenteeism.

Among small businesses that did provide ESHI, the most prevalent reason for doing so was the general feeling that it is the right thing to do (77 percent). But in contrast to the businesses without ESHI, many of these managers also said that the practice improves their ability to recruit workers (45 percent), and that it increases loyalty and decreases turnover (52 percent). Furthermore, 34 percent and 35 percent of these businesses, respectively, reported that offering ESHI has had a major impact on their ability to recruit and retain employees.

Seventy-one percent of firms not offering ESHI claimed that they would be either much more likely or somewhat more likely to do so if the government subsidized employer premiums on a quarterly basis, while 77 percent said that a tax credit program (to help small employers reduce their healthcare costs for their low-wage workers) would make them somewhat or much more inclined to take this step (Blue Cross Blue Shield Association, et al., 2002). However, the surveys do not explore the issue of how large the subsidy would have to be to induce small businesses to offer ESHI. Seedco's survey of small businesses was designed to provide further information on this issue. The survey results are discussed at the end of the next section.

The Needs of Working Families

Other Benefits

Besides health insurance, employees with low wages are also less likely to have access to other important employer-sponsored benefits. For example, only 26 percent of workers in small firms - which are such an important source of employment for low-wage workers - versus 52 percent of employees in large firms are offered employer-sponsored assistance with education, which can raise income levels (Bureau of Labor Statistics, Jul. 2002).

In general, very few U.S. workers have access to employer-supported childcare assistance, but compared to the small proportion that have this benefit in large firms (9 percent), the share of small-business workers who get this help - which can promote job retention for low-wage workers - is still much lower (1 percent) (Bureau of Labor Statistics, Jul. 2002).

Despite the scarcity of employer-sponsored childcare, it is worth taking note of some of the major businesses that have taken the step of providing it. For instance, Bank of America provides childcare subsidies of up to \$152 per month to its low-to moderate-income employees and refers them to high quality childcare providers. In addition, in New York City, Solomon Smith Barney gives its low-wage employees access to on-site emergency childcare and a pre-tax, flexible spending account for childcare expenses. While these solutions are beyond the financial reach of any single small employer, several consortia of small firms have been established to meet their employees' childcare needs. For instance, in New Berlin, Wisconsin, a group of small businesses has founded the New Berlin Child Care Center, a cooperative which provides childcare services to 140 children.

Besides health insurance, employees with low wages are also less likely to have access to other important employer-sponsored benefits.

5

Experience with Benefits in the *EarnFair* Alliance Program

The *EarnFair* Alliance has been successful in exceeding its targets for job placements and short-term job retention: By thus far placing over 3,000 people in jobs, *EarnFair* has registered outcomes that are 18 percent higher than contractual targets. In addition, 66 percent of the workers who found jobs remained in them for three months after placement.

But longer-term job retention has posed a significant challenge. Just two years ago, *EarnFair's* average six-month retention rate was a low 29 percent. When Seedco looked at underlying causes for these rates, it became clear that, consistent with much of the earlier discussion in this report, the lack of benefits and supports played an important role in *EarnFair's* capacity to help participants keep jobs. One aspect of the problem was that participants had significant needs that existing government programs were not filling. Specifically, Seedco found wide-ranging needs related to financial literacy, childcare, asset building, and transportation.

In response, Seedco developed a comprehensive package of supplementary post-placement benefits to address needs unmet by government programs. The package is supported by a combination of public and private resources, with the *EarnFair* Alliance CBOs facilitating the delivery of the benefits to participants. In combination with strengthened management techniques for the *EarnFair* Alliance, the benefits package has improved the program's six-month retention rates, which now have risen sharply to 48 percent. However, as will be discussed at the end of this section, thus far some benefits and supports seem to have more immediate appeal and accessibility for participants than others, and Seedco is still in the midst of a learning process about how best to increase use of some components of the overall package.

Following is a summary of all elements of the package.

For a description of the EarnFair Alliance and the place of benefits in the full program, see Appendix B.

THE *EARNFAIR* POST-PLACEMENT BENEFITS PACKAGE

Transportation Assistance

MetroCard Program

The MetroCard Program consists of transportation assistance to supplement the income of new, low-wage employees and promote job retention. Through Seedco's major workforce contract, *EarnFair* CBOs are funded to provide free, unlimited-ride MetroCards - the pass for the New York City transit system - to *EarnFair* clients for a six-month period, starting from the date they are employed.

Ride to Work

Seedco provides Ride to Work, a shuttle van service that helps *EarnFair* Alliance participants get access to jobs in areas underserved by public transportation. Seedco began operations on a route in Sunset Park, Brooklyn in May 2003 and will phase in additional routes in other areas.

Childcare Assistance

Emergency Child Care

Seedco's Community Childcare Assistance (CCA) program provides licensed, back-up childcare for entry-level, low-wage workers whose childcare arrangements have been temporarily disrupted. Thus far, Seedco, through participating Bronx CBOs, has enrolled 230 families in this program. CCA is also developing relationships with business clients who purchase CCA services for their employees.

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Financial Services

EarnAssets Individual Development Account (IDA) Program

The IDA Program offers incentives for participants to build assets by providing a 2:1 savings match. Based on federal guidelines, savings must be dedicated to the purchase of a first home, start-up of a small business, or one's own education, as opposed to shorter-term goals. Seedco and the federal government each provide a \$1,000 match for every \$1,000 an *EarnFair* participant saves toward one of these goals. Through a partnership with Citibank, IDA participants can have their IDA contributions automatically deducted from their paychecks each pay period and can monitor their savings progress online.

Family Loan Program

Seedco is currently piloting a Family Loan Program (FLP), which provides low-interest emergency loans to low-income families who otherwise would not qualify for loans from mainstream lending institutions. The loans are intended to prevent participants from losing their jobs. Over the next year, Seedco expects to review loan applications for approximately 1,000 families and provide loans to 200-250 applicants.

The Family Loan Program provides low-interest emergency loans to low-income families who otherwise would not qualify for loans.

Financial Literacy Initiative

Seedco offers financial literacy classes in connection with the IDA and FLP programs and as part of a broader effort to introduce participants to the concepts of financial goal setting, budgeting, credit, borrowing, and predatory lending.

Free Checking Accounts

Like low-wage workers in general, many *EarnFair* participants have had limited or no interaction with major financial institutions and mainstream banking. To fill this gap, Seedco has developed a partnership with Citibank to secure one free year of checking for all *EarnFair* participants. The service encourages direct deposit and saving and discourages the use of check cashing outlets, which notoriously charge inflated fees.

Training to Upgrade Skills

Although, as noted earlier, many low-wage workers, especially new labor market entrants, are not in a position to engage in training to upgrade skills, Seedco thinks it is important to offer training opportunities to *EarnFair* participants who are willing and able to make investments in their education.

Thus, the benefits package includes two special programs to help interested *EarnFair* participants upgrade their skills.

Career Ladder in Information Technology

Through the New York Information Technology Career Ladders Consortium, Seedco provides *EarnFair* participants with training opportunities that begin with industry certifications required for entry-level Information Technology (IT) positions, and progress to upgrade and advanced training that corresponds to a career track.

ITA Training Vouchers

The Individual Training Account (ITA) Voucher Program was created as a provision of the federal Workforce Investment Act as a mechanism to promote career mobility, and ultimately self-sufficiency, for welfare recipients and other low-income workers. Under its major workforce contracts, Seedco has leveraged these training vouchers for *EarnFair* participants. Participants who are either actively searching for work, or who are employed but motivated to upgrade to a job requiring a degree or certificate from a training program, can use an ITA voucher to cover the costs of a training program.

Staff of CBOs participating in the *EarnFair* Alliance have frontline responsibility for the often labor-intensive work of guiding participants to take advantage of the different elements of this benefits package. Because major government workforce funding streams compensate service providers only for job placement and retention outcomes, Seedco has developed a creative strategy to provide resources that allow CBOs to dedicate staff to working on post-placement benefits. The Alliance earned supplemental income by exceeding its performance-based contract goals. This income was used to give a bonus to each CBO subcontractor for program enhancements and post-placement supports.

While the *EarnFair* benefits package has been an extremely valuable addition to the *EarnFair* Alliance, Seedco is aware that additional strategies could do still more to broaden participants' access to benefits. Thus, Seedco has recently developed a new *EarnBenefits* initiative that it plans to pilot both in the *EarnFair* Alliance and other localities. The *EarnFair* package of benefits just described

will be folded into the overall *EarnBenefits* initiative, but the project will also encompass other newer strategies, including efforts to facilitate workers' access to public benefits. *(For a fuller description of the EarnBenefits strategies, see the last section of this report and Appendix C.)* As with the current package of *EarnFair* private benefits, CBOs are expected to take the lead in helping participants take advantage of the *EarnBenefits* services.

Seedco has developed a creative strategy to provide resources that allow CBOs to dedicate staff to working on post-placement benefits.

Findings from the Focus Groups

To supplement the literature review and gain a deeper understanding of the experiences of *EarnFair* participants, Seedco conducted a series of focus groups with former welfare recipients and other low-wage workers. Each session was organized around a particular set of benefits and supports - for example, government benefits, childcare, financial services. Overall, the sessions provided rich infor-

mation on the challenges low-income workers face in getting access to benefits and on the many obstacles they encounter in their struggle to maintain full-time employment. The focus groups confirmed the main findings from the literature review, suggesting that the studies of welfare leavers are also relevant for non-welfare recipients.

Government Benefits

Use of Government Benefits

Focus group discussants did have extensive experience with many of the government benefits that have been discussed in this report. For instance, most of them were either currently receiving Food Stamps or had done so, usually in conjunction with receiving TANF benefits. And many had previous experience with Medicaid, again most often in conjunction with welfare. But significantly, discussants generally associated receipt of Food Stamps and Medicaid only with TANF. Many of them, who appeared to qualify for these benefits, believed they were ineligible for them and were surprised to learn that eligibility is often extended to non-welfare recipients.

In a focus group on the EITC, a sizeable minority of discussants said they had claimed the federal EITC in past years. However, none of them was aware of the analogous state credit, the New York State Earned Income Credit (EIC). More serious is the finding that in a group of 15 low-income workers, only one had received free tax preparation assistance in claiming the federal EITC; others used commercial tax preparers, which cost \$100 on average, to help them secure the credit (Berube et al., 2002).

Discussants had limited experience with other programs designed to support low-wage workers. For example, while a few had some knowledge of the Low-Income Home Energy Assistance Program (LIHEAP), none was using or had ever used it. Similarly, discussants had limited knowledge of and experience with the New York State public health insurance programs, with a few of their children participating in Child Health Plus - the State's insurance program for low-income children - and no-one having heard of, let alone enrolled in, Family Health Plus - the State's free insurance program for low-income adults. While many people had heard of New York City's childcare subsidy programs - Agency for Child Development childcare subsidies and Transitional Child Care - few had ever used them.

Barriers to Utilization of Benefits

Discussants' comments strongly suggested that knowledge of a program's existence does not ensure that someone will get access to it. They also indicated that keeping these benefits often conflicts with work responsibilities. A common complaint was that the office hours of government agencies are often inconvenient for full-time workers. Several people reported that they had had to miss a day's work in order to apply for Food Stamps and Medicaid because these offices do not have evening or weekend hours.

Others recalled visiting government offices several times before completing their applications and returning to bring numerous pieces of supporting documentation - typically to prove their identity,

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Discussants' comments strongly suggested that knowledge of a program's existence does not ensure that someone will get access to it.

residence, income, resources, and citizenship or immigration status. While just assembling these documents is difficult, some discussants faced the additional challenge of having to acquire a non-driver identification card, a copy of a birth certificate, or other papers for programs like Food Stamps and Medicaid. Some people said they had to miss work to attend to these procedures.

While most discussants cited onerous application processes as the reason for non-participation in a given program, several reported that another obstacle was caseworkers who had insulted them and generally treated them with disdain. Particularly, former welfare recipients were reluctant to apply for government benefits due to these kinds of negative experiences. Some discussants said the stigma associated with receipt of these benefits deterred them from seeking them out. Many, both former welfare recipients and those who had never received welfare, linked any government program offering benefits with welfare receipt and therefore hesitated to apply to it.

Not surprisingly, most discussants expressed a desire to apply and receive benefits without having to return to a government agency. Some suggested that they would like to apply for benefits at a community-based organization or their place of employment - locations they saw as friendlier and more convenient than government agencies.

Just as knowledge of a program does not guarantee that someone will use it, a successful application does not ensure that a disadvantaged worker will keep a benefit. Discussants cited two main reasons why they were unable to maintain their benefits. First, many reported that the re-certification processes were frustratingly unclear; particularly, they were unsure how often to submit documentation to prove their continued eligibility. Second, as with the initial application process, some discussants said that re-certifying for benefits often forced them to miss work. Adding to the application and re-certification difficulties is the fact that many government programs have separate applications that must be submitted at different offices.

A few discussants reported that although they were eligible for both Medicaid and Food Stamps, they were receiving only Food Stamps because they could not invest the time needed to maintain both benefits. Although the Medicaid application processes are significantly less burdensome than application procedures for Food Stamps, several discussants had opted for Food Stamps because of the program's capacity to bolster their incomes. Many discussants, who reported they relied on clinics and emergency rooms, went without health insurance because they did not see the immediate benefit of preventive care.

Many discussants went without health insurance because they did not see the immediate benefit of preventive care.

Several participants were using Children's Medicaid and Child Health Plus. These programs are generally more accessible (shorter application forms, administered by CBOs that have extended hours of operation and are located in low-income communities, less frequent re-certification, and less required documentation) than Food Stamps or Medicaid for adults.

Needs Unmet by Existing Government Benefits

Discussants had wide-ranging needs related to financial services. Several had free checking and savings accounts through Seedco's partnership with Citibank. For most of these users, the accounts represented their first experience with mainstream banking and the financial industry. Other discussants

reported using check-cashing outlets instead of banks. Many of them lacked a general knowledge of banking and expressed interest in financial literacy workshops. In particular, they seemed interested in learning how to develop a budget, create a savings plan, and get good credit. Many of them expressed an interest in building assets, especially to further their educations and become homeowners.

Credit problems and the need to repair one's credit were topics that surfaced frequently in focus group discussions related to checking accounts, Seedco's emergency loan program (The Family Loan Program) and its IDA program. Most discussants reported either having no credit history or credit problems. Many had bad credit due to unpaid credit card and/or utility bills and were very interested in learning more about credit repair and debt consolidation programs.

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Discussants also cited a variety of childcare problems. In a session that covered Seedco's back-up childcare program, many people mentioned instances in which their childcare arrangements had fallen apart at the last minute, causing absenteeism and tardiness for work. Discussants also reported difficulty in paying for childcare and finding high quality childcare providers. Several cited difficulties locating suitable providers in their neighborhoods and reported traveling great distances to transport their children to and from care.

Lessons from Seedco's Operational Experience and the Focus Groups

Drawing on both information from the focus groups and direct experience to date in the *EarnFair* Alliance, Seedco has distilled several preliminary lessons about post-placement benefits. One set of lessons centers on the use of benefits and supports provided through programs such as the *EarnFair* Alliance. Perhaps not surprisingly, Seedco's experience and the focus groups show that it is not enough to construct and offer a benefit that can be helpful to low-income workers. Because these workers are usually under pressure to make ends meet and are subject to many different kinds of stress, they will not automatically start using a discretionary benefit especially if it requires - as some do - considerable, extra effort.

Consistent with this insight, we have found that low-wage workers are most likely to take advantage of benefits that directly supplement their incomes and that have the most simplified eligibility rules. The easily accessible MetroCard program, which provides unlimited rides on the New York City public transit system, is used by 77 percent of *EarnFair* participants, the highest rate of use for all *EarnFair* benefits. We believe that the MetroCards have significantly contributed to the upsurge in the Alliance's six-month job retention rates.

Low-wage workers are most likely to take advantage of benefits that directly supplement their incomes and have simple eligibility rules.

Conversely, providers of work supports should be prepared for the possibility that there will be less enthusiasm for benefits that do not offer immediate tangible rewards. For example, use of Seedco's IDA program has amounted to only 34 percent of the target take-up rate. Our experience has shown that even though some focus group discussants expressed interest in investing in education and buying homes, generally it is difficult to sell the program's federally prescribed, long-term savings goals to low-income New Yorkers. Particularly in New York City, where a rental market dominates, homeownership is not necessarily an attainable objective. The two remaining IDA savings goals - financing

one's own education and the start-up of one's own business - may be difficult to contemplate for people who have not yet or only just found jobs.

However, because Seedco believes the IDA program is quite valuable for encouraging longer-term self-sufficiency, we are making a concerted effort to market it more effectively to participants. For example, CBOs will both discuss the benefit thoroughly with participants as soon as they join *EarnFair* and re-introduce the concept to them once they have settled into jobs, at a point when some may be more inclined to process information about the program and see its relevance to their lives.

Another lesson from the *EarnFair* experience concerns programmatic resources, namely, that workforce service providers cannot offer the intensive assistance associated with work supports without extra financial support. As noted, Seedco decided to dedicate extra funds the *EarnFair* Alliance received for exceeding its contract targets to CBO case management to promote work supports.

Workforce service providers cannot offer the intensive assistance associated with work supports without extra financial support.

Seedco's stipulation that CBOs should use the funds for work focused on benefits and supports highlights the role new resources can play in strengthening an agency's emphasis on this kind of effort. Of course, the extent to which workforce development programs are willing to focus on expanding access to benefits along with their more traditional job placement and retention goals tends to be heavily influenced by their

organizational climates and the interests of their managers. But certainly financial help can also be an important incentive for providers to invest time and energy in the benefits supports components of their programs.

Findings from a Survey of Small Businesses

It is generally assumed that small businesses that currently do not offer benefits to their employees are unwilling to contribute even a modest amount toward this assistance. The small-business survey was designed to test this assumption by examining whether and under what circumstances small business employers were willing to subsidize some of the costs of employee benefits.

The survey sample included a mix of service and retail firms, with most categorizing themselves as either restaurants or retail businesses. Half of the surveyed firms were offering health benefits to their employees at the time of the survey. In addition, half of the surveyed businesses were "low-wage firms," defined as businesses where 35% or more of the employees earn less than \$9 per hour. All surveyed firms employed less than 50 employees, and the great majority of these businesses employed less than 25 employees.

The survey results show that the small business respondents generally thought that it was important to provide benefits, especially health insurance, to their employees. But the findings also showed that many firms could not afford to absorb the entire cost of these benefits. Specifically, most firms stated that they would be willing to pay for health insurance if the monthly contribution per employee was between \$50 and \$100.

The results also suggest that the smallest firms (1-10 employees) are not only least likely to currently offer health or other benefits but are least willing to pay for them, even with a subsidized premium. Presumably, these businesses are particularly fragile and are operating on extremely limited margins.

Surveyed firms also said that they would need help to administer benefits - a reaction that is understandable since small firms often lack a human resource department or staff member to handle this function. Thus, besides the cost of providing or helping to provide a benefit, the extra work and expense involved in administering it is another obstacle to small businesses taking on this responsibility.

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Firms that were already offering health benefits to their employees also expressed interest in offering them a "facilitated access service" to help them take advantage of a range of government benefits including Food Stamps, the EITC, and childcare subsidies. These firms were willing to contribute a modest amount (\$10 to \$15 monthly) to make this kind of service available to their employees.

Small businesses generally thought it was important to provide benefits, especially health insurance, to their employees.

Programs to subsidize benefit premiums are unlikely to induce certain categories of small firms to offer health benefits. For instance, the survey showed that retail firms are the least likely to offer employee health benefits even with a subsidy. Presumably, these firms experience high turnover rates and may therefore be unwilling to invest in benefits for employees who will likely have short job tenure. Moreover, firms that employ a majority of female workers are unlikely to be enticed by subsidy programs to provide employee health benefits.

6. STRATEGIES TO CONNECT DISADVANTAGED WORKERS TO BENEFITS

6

This section draws on the literature review and discussions with service providers to give an overview of new initiatives that support working families by helping them get access to post-placement benefits and supports. One way to view these initiatives is arrayed on a continuum ranging from less to more intensive levels of intervention. At one end of the continuum are information campaigns and efforts to pre-screen workers for eligibility.³ At the other end are efforts to ensure that families take advantage of benefits by facilitating access to them and initiatives that address needs unmet by standard government programs, either by creating new private benefits or making existing ones, such as health insurance, more affordable.

The Strategies

Information Campaigns

Numerous nonprofit and governmental organizations are involved in efforts to educate working families about governmental and non-governmental benefits and services. Typically, these efforts combine media advertising campaigns intended to familiarize people with benefits, with CBOs taking the lead in organizing the dissemination of printed materials and applications at community sites. For instance, using a combination of print, radio, and TV advertising, state health departments have partnered with local children's advocacy groups to promote participation in Children's Medicaid and CHIP, the federally sponsored health insurance programs for low-income children. Similarly, during the 2002 tax season, the New York State Earned Income Tax Credit (EITC) Coalition, which consisted of the Robin Hood Foundation, for-profit corporations, community-based service providers, and city and state governments, used print, radio, and television advertisements to promote the use of the EITC and free tax preparation services available to EITC applicants.

Typically, education and information efforts are limited to a single benefit or related set of benefits such as health insurance programs. While many of these campaigns use sophisticated marketing strategies more commonly found in the private sector, others conduct grassroots outreach, borrowing strategies from neighborhood organizing efforts. However, campaigns vary in the clarity and accessibility of their educational materials.

A few organizations are using technology to create virtual communities to educate low-income people workers about available resources. For example, the nonprofit One Economy Corporation, created www.beehive.org, a website designed to help working families and others learn about a range of governmental and non-governmental programs and benefits. The website is highly interactive and user-friendly, allowing large numbers of people with little internet experience to get access to accurate information quickly and easily.

³ Throughout this section, the terms "pre-screening" and "eligibility determination" refer to efforts by non-governmental organizations to do preliminary screening for eligibility rather than legal-binding eligibility determinations, which can only be made by the government agencies that administer the programs. When these terms are used to describe governmental screening efforts, they refer to legally binding eligibility determinations.

Pre-Screening Efforts

Even when working families are given information about eligibility guidelines for programs, they may still find it hard to determine if they qualify for them, and this uncertainty, compounded by the complexity of application procedures, often deters them from applying. To simplify the determination process, a number of organizations use online calculators that allow low-wage workers to quickly find out if they qualify for government benefits. For instance, through its Public Benefits Resource Center, which helps CBO staff serving disadvantaged workers, the Community Service Society of New York (CSSNY) has created a Food Stamp Calculator. This tool guides users through the complex process of determining eligibility for Food Stamps, explaining the various categories of earned and unearned income the program counts in establishing eligibility. Most recently, the United States Department of Agriculture has developed its own Food Stamp calculator, which allows people to screen for eligibility in any state. Similarly, MDRC and the Neighborhood Jobs Initiative have created the Jobs-Plus Income Calculator, which enable low-wage workers to quickly determine eligibility for TANF, Food Stamps, and the EITC. Different versions of this calculator are available for 10 cities, with many versions available in both Spanish and English.

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Among pre-screening efforts, the Women's Center for Education and Career Advancement (WCECA)'s Self-Sufficiency Calculator stands out as particularly promising because it looks at benefit eligibility screening comprehensively. Low-wage workers in New York City input data about family composition, household income, resources, and expenses, and the Calculator produces eligibility determinations and benefit allotment estimates for a range of programs, including Food Stamps, WIC (Supplemental Food Program for Women, Infants and Children), EITC, childcare subsidies, and public health insurance programs. In addition, drawing on information on the worker's resources, monthly income, and expenses, the tool generates a budget for the user, which includes income from government benefits, demonstrating both how getting access to one benefit influences eligibility for others and how securing several benefits affects an overall budget.

A number of organizations use online calculators that allow low-wage workers to quickly find out if they qualify for government benefits.

Another innovative feature of this calculator is that it does not require identifying information about the users, thus preserving an anonymity that encourages them to learn about benefits without fear that government agencies will use information against them. The anonymity also allows them to make informed employment decisions by inputting hypothetical information. For instance, they can use the calculator to determine how a wage increase - associated with a raise or skills upgrade - would affect eligibility for benefits and whether they would on the whole do better by accepting the increase along with any associated decrease in income from benefits.

Facilitated Access

Although pre-screening efforts help low-income workers determine eligibility for public benefits, they fall short of ensuring that people successfully complete the application process and retain the benefit. To address this issue, community-based groups in partnership with government agencies are undertaking facilitated access projects. These projects typically screen individuals for eligibility for a program; assist them in completing and submitting applications, including compilation of required documentation; and monitor submitted applications for approval. In the case of some federally

sponsored health insurance programs, such as CHIP, CBOs are given legal authority by the state to facilitate the enrollment of an individual in the benefit. However, in most cases CBOs help to "facilitate access" to the benefit, while the government agency retains the right to officially enroll people.

One example of a facilitated access program is the United Way Food Card Access Program in New York City, which builds on Food Force, a pre-screening project of the Community Food Resource Center. Recognizing the strengths of pre-screening efforts as well their shortcomings, the United Way project combines grassroots outreach strategies with sophisticated technology and intensive follow-up to ensure that people access Food Stamps. Outreach workers from CBOs use laptops with customized software to screen community members for potential eligibility. Applications are generated electronically based on information provided by the applicant. Outreach workers then work with the local government agency to schedule required interviews and submit applications. The program includes intensive one-on-one assistance throughout the application process to ensure that any barriers to enrollment are addressed. After enrollment, outreach workers follow-up with recipients to address issues related to maintaining the benefit, such as questions about recertification and changes in eligibility rules that require further action.

Increasingly, government is relying on CBOs to enroll eligible families for state-sponsored health insurance programs.

Using technology to screen for a related set of benefits, the State of California and the California Healthcare Foundation have partnered to develop Health-e-App, a user-friendly online application system for the state-sponsored children's health insurance programs. The system allows CBOs to enroll eligible families in Medi-Cal and Healthy Families. As the Health-e-

App examples suggests, increasingly, government, recognizing the capacity of CBOs to reach out to low-income families, is relying on these organizations to enroll eligible families for state-sponsored health insurance programs. For example, in New York State, CBOs have enrolled 499,689 children and 83,112 low-income adults in Child Health Plus and Family Health Plus (New York State Coalition of Pre-Paid Health Services Plans, 2002).

While most facilitated access efforts focus on a single benefit or related set of benefits, the State of Pennsylvania pioneered an innovative model by creating the user-friendly Commonwealth of Pennsylvania Application for Social Services (COMPASS). This multi-agency effort combines facilitated access with an effort to simplify the application process for a range of programs. The system allows working families to first determine their eligibility for public benefits including public health insurance, Food Stamps, and public assistance - and next year, childcare subsidies and Low-Income HEAP - and then to apply for these benefits online using a universal application available in both English and Spanish and written in easily understandable language. Users submit documentation by mail to support their applications. If they do not get enough online help from COMPASS, staff of participating CBOs can help them complete their applications. In contrast to other facilitated access systems, COMPASS makes it unnecessary for applicants to undergo interviews at government offices.

Noteworthy best practices of the facilitated access projects just discussed include user-friendly technology, translation of information into more than one language, and providing a role for CBOs in connecting workers to benefits. The COMPASS program is unique in combining all these features while eliminating in-person interviews with government workers and providing facilitated access to a

range of programs through a streamlined application process that relies heavily on technology.

New Health Benefit Products

Given the troubling gaps in health insurance coverage that have been discussed, some of the most interesting work related to creating new benefits for workers centers on a small group of initiatives that bring new ideas and resources to bear on the health insurance problem. Although diverse, all of these initiatives seek to respond directly to the needs of workers who neither can afford ESHI nor have access to government-sponsored coverage. For example, through the RITE Share Program, the Rhode Island Department of Human Services subsidizes the employee portion of the insurance premium for workers offered coverage by their employers.

Using a different approach, the New Mexico Department of Human Services, through the New Mexico State Coverage Initiative, allows low-income workers and their employers to buy into Medicaid. Employers must pay \$75 monthly per employee, and employees pay a fee based on a sliding scale.

The Healthy NY Program, an initiative of the New York State Department of Health, offers a subsidized health insurance package to low-wage workers and small businesses that employ them. But the program's take-up rates have been low, probably because its subsidy levels leave workers and small businesses with relatively high costs - for example, \$200 monthly per employee for individual coverage.

While the efforts just discussed target employers and employer-based coverage, Working Today, a New York-based nonprofit organization, offers group rates on health insurance premiums to uninsured independent workers. By giving them access to discounted benefits that are not linked to employers, Working Today has created a truly portable benefits product for an important segment of the workforce that has no employer-based access to benefits.

Characteristics of Promising Strategies

While all of the strategies that have just been described tackle important aspects of the problem of how to increase access to benefits, they also all have limitations. To start, the outreach and education efforts use private sector and grassroots marketing strategies to make individuals aware of many government benefits, but often they do not translate into families applying for them. While pre-screenings give people more information about their own eligibility, they, too, fail to ensure that eligible workers actually secure benefits because the workers are not guided through the application process. Furthermore, pre-screening efforts typically are not tied to aggressive outreach or marketing campaigns and thus may only reach a limited number of people.

Clearly, facilitated access projects, particularly when combined with efforts to streamline applications for government programs, do the most to connect low-wage workers to benefits. However, most of these projects focus on a single benefit or at most on related benefits. While COMPASS does not share this limitation, it covers only traditional governmental benefits. (And of course, this Pennsylvania system requires a high level of commitment and coordination from participating state agencies, meaning that it would likely be very challenging to replicate.)

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to Benefits*

These initiatives respond directly to the needs of workers who neither can afford ESHI nor have access to government-sponsored coverage.

Clearly, efforts to create new benefit products make an important contribution to ongoing work to expand access, but their power will be maximized if they are combined with the other kinds of

Best practices include user-friendly technology, translation of information into more than one language, and providing a role for CBOs.

strategies just discussed. Seedco's recognition of this limitation in the *EarnFair* Alliance project has led to its decision to fortify the program's package of benefits with the newer *EarnBenefits* strategies, which include efforts to help families secure public benefits.

MDRC has been tasked by the US Department of Health and Human Services to evaluate the Employment Retention and Advancement (ERA)

Evaluation Project - a multi-site demonstration aimed at uncovering promising approaches to promoting sustained employment and self-sufficiency among low-wage workers. We expect that MDRC's forthcoming interim ERA evaluation will shed further light on effective approaches to comprehensively supporting low-wage workers and ensuring their sustained attachment to the full-time workforce.

7. CONCLUSION

Post-placement benefits and supports have strong potential to help low-income workers stay in the labor market and become economically self-sufficient. But disadvantaged workers often fail to secure these important sources of aid both because they under-utilize key government benefits and because they have very limited access to employer-sponsored benefits, especially health insurance.

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Programs in the emerging and dynamic field that focuses on post-placement benefits and supports are trying a number of interesting solutions to these problems. But most programs seek to alleviate only a subset of the many difficulties that confront working poor families. For example, a particular family may be touched by a program that offers guidance in applying for Food Stamps or by another one that offers new benefits such as IDAs, but the chances that one family will get both kinds of help, let alone assistance in securing a full range of benefits, are thus far very low.

Of course, any degree of improved access to benefits and supports can strengthen a family's economic outlook. But if this kind of intervention is to tip the balance in favor of stable employment, families should be exposed to the broadest possible set of supports that can help. Thus, practitioners involved in the next generation of work on post-placement benefits should make it a priority to try to integrate promising approaches with one another, creating solutions to benefit problems that are as comprehensive as possible.

Practitioners involved in work support efforts should integrate promising approaches with one another, creating comprehensive solutions.

As efforts to broaden the scope of benefits initiatives proceed, policymakers and practitioners must have principles that can guide them in assessing the potential efficacy of the ideas they wish to test. Based on the lessons learned from focus groups, experience operating post-placement programs, and assessment of promising strategies, Seedco has identified five main principles that should be incorporated into efforts to connect low-wage workers to critical benefits and supports. Those should encompass:

- Strong marketing and education strategies - Even free benefits will be under-used without a structured marketing effort to educate workers about the availability and value of these supports. Information campaigns should use materials and websites with clear, easy-to-understand language and functionality. And in contrast to many current campaigns that focus on a single program or related set of programs, concerted efforts should be made to educate low-wage workers about the widest possible range of government and non-government benefits available to them. Only when they have that information will they be able to see the full potential of these supports to make work pay.
- Comprehensive and integrated benefits packages - There is an overdue need for new programs and products that both simplify access to government benefits and offer workers critical, non-governmental supports. New technology products have the potential to streamline application processes, thereby making the level of effort needed to apply for an additional benefit marginal, rather than overwhelming.

- Post-application tracking and feedback - Facilitating access to both government and non-government benefits does not end with initial enrollment. The process must continue, with monitoring to ensure that families are receiving the benefits they applied for and receive necessary help with reapplications.

CBOs and employers can offer low-wage workers accessible locations where they can learn about and apply for benefits without stigma.

- Accessible point of contact - Workers often regard government offices as forbidding and inconvenient places to go to secure benefits. In contrast, many CBOs and employers can offer low-wage workers more accessible locations where they can feel comfortable learning about and applying for benefits without stigma. Because most people receive benefits through their employers, the workplace is a natural venue in which to

reach out to and help low-wage workers with this aspect of their work lives. And for two reasons, CBOs are particularly well positioned to facilitate access to benefits. First, they can develop relationships with government agencies that will ease the application processes. Second, CBOs that operate workforce development programs can integrate post-placement benefits assistance into their job placement, training, and other workforce development activities.

- Enlistment of small businesses in helping workers get access to benefits - Seedco's survey results suggest that many small firms, which are such an important source of work for low-income people, are willing to contribute a modest amount to provide benefits to their employees. Moreover, Seedco believes that the availability of group rates for insurance and other premiums and/or the use of other creative financing strategies could bring the provision of critical benefits to low-wage workers within the financial reach of these businesses. The literature review also suggests that small businesses that help workers get access to needed benefits can reduce the high costs associated with staff turnover.

In addition to reflecting these programmatic principles, promising strategies should be sustainable, and replicable and/or capable of being brought to scale. To facilitate the effort involved with helping workers get access to benefits, programs should explore creative financing schemes, tapping into new or under-used revenue streams or building public/private partnerships.

While the economic problems facing most disadvantaged workers may at first seem daunting, Seedco's program experience and research suggest that well crafted interventions focused on post-placement benefits and supports offer important new opportunities to improve the lives of these workers and their families. By developing effective strategies that reflect the principles just discussed, Seedco and other organizations serving this population can help these workers remain employed and set them on the path to long-term self-sufficiency.

Next Steps

Seedco's *EarnBenefits* product, now under development, reflects one effort to follow many of the principles that have just been presented. For example, *EarnBenefits* - which is more fully described in Appendix C - uses an intensive marketing and education strategy to provide low-wage workers with thorough information about a wide range of benefits. *EarnBenefits* also is oriented to facilitated access, using technology to streamline the eligibility screening and application processes for a host of

benefits and featuring post-application follow-up and tracking. Another key feature of the system is its provision of new benefits products, which enhance Seedco's current package of work supports to more fully meet the needs of low-wage workers - particularly for affordable health insurance.

EarnBenefits continues the practice, already established in the *EarnFair* Alliance, of having CBOs play an important role in helping workers secure benefits. Finally, *EarnBenefits* encompasses several innovative strategies, such as lease-back agreements and pre-tax spending accounts, which could make it more affordable for small businesses to provide or help to provide benefits to low-wage workers. Over the next several years, Seedco looks forward to exploring the potential of the *EarnBenefits* system and to sharing the lessons and insights it generates with others who are trying to level the playing field for low-income workers.

Conclusion

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APPENDIX A: THE *EARNFAIR* EXPERIENCE**Origins of the *EarnFair* Alliance**

Founded in 1986, Seedco provides financial and technical assistance, and management support, for the community-building efforts of nonprofit organizations and small businesses in targeted disadvantaged communities throughout the United States. Working in partnership with local community organizations, universities, and other local and national groups, Seedco develops and supports wide-ranging initiatives that support working families, promote community economic development, and strengthen community-based nonprofits.

Since February 2000, Seedco, through the network of CBOs that constitute the *EarnFair* Alliance, has provided comprehensive employment services to over 8,000 disadvantaged workers in New York City and has placed over 3,130 of these workers in jobs. The *EarnFair* Alliance builds upon lessons Seedco learned while operating a multi-site welfare-to-work initiative started in partnership with the New York Community Trust's Neighborhood Strategies Project. NSP Works, as the collaboration was called, was Seedco's initial venture into the administration and coordination of large-scale, multi-service workforce development programs delivered in partnership with CBOs. Starting in 1998 and operating through 2000, the program placed over 400 disadvantaged individuals, namely long-term PA recipients facing multiple barriers to employment, such as limited English proficiency and limited work history.

Recent policy changes in the field of workforce development have accentuated the organizational weaknesses of CBOs and have, in effect, shaped the development of the *EarnFair* Alliance. WIA emphasizes performance-based payments for job placement and retention milestones and has created an environment where only large providers with suitable cash flows are well positioned to participate in the service delivery system. While this arrangement has improved general accountability in workforce development, it has also marginalized the valuable services that trusted CBOs provide to disadvantaged workers.

In addition, sweeping reforms of the welfare system have forced organizations to restructure their programs to accommodate new service philosophies and more aggressive time frames. The 1996 PRWORA legislation, which was recently re-authorized, requires that welfare recipients join the workforce as soon as possible, typically in "workfare" or community service positions, in order to continue to receive their benefits. Additionally, the law limits total lifetime welfare benefits to five years putting additional pressure on recipients to enter the labor force. While "work-first" strategies have produced short-term reductions in the welfare rolls, many organizations have struggled to adapt to new service delivery requirements and to the funding and management requirements that accompany them.

In addition to the operational challenges experienced by neighborhood-based providers, the work-first policies of PRWORA and WIA have created complicated circumstances for low-income individuals. These individuals are often pushed into the workforce in low-wage positions that fail to offer benefits or prospects for career advancement, while allowing no free time for acquiring skills training required to land career track positions. Additionally, these new workers struggle to access

government benefits which requires them to miss work (and risk being fired) in order to complete onerous application and re-application processes. Cut off from benefits and living wages, these workers have little hope of achieving self-sufficiency for themselves and their families. The typical pattern is that these workers lose their jobs due to their inability to access affordable childcare, transportation, or medical coverage, and are then forced back into the low-wage labor market.

The *EarnFair* Alliance is Seedco's response to the challenges faced by both organizations and people struggling to succeed under the current workforce development system. Recognized by USDOL as a Promising Practice, and in light of this shifting environment within the field of workforce development, Seedco made the strategic decision to step into the workforce arena as an intermediary organization with the goal of strengthening the organizational capacity of CBOs that might otherwise be blocked from providing workforce services in their communities. This was particularly essential in New York City, where all training and placement services for PA recipients and other disadvantaged workers were consolidated into large, multi-year contracts and awarded to organizations with the capacity to serve large numbers of people under a fully performance-based contract. Seedco took the lead in applying for one of these contracts, administered by the City's Human Resources Administration (HRA), and was funded to provide job placement and training services in partnership with a variety of CBOs. (See Table 1 for a complete list of *EarnFair Alliance* contracts.)

As the central administrative entity of the *EarnFair* Alliance, Seedco pools the collective capacity of our community partners under a common administrative and operational infrastructure. Under this arrangement, Seedco is responsible for fiscal and operational management, and provides capital to ensure that cash flow needs are met. The CBOs, in turn, adhere to a common program model, with a common curriculum for providing workforce services. For instance, each CBO in the Alliance provides intake and assessment, case management, job readiness, job placement and retention services to program participants. Alliance members then receive comprehensive technical assistance and support from Seedco to ensure that they have the institutional capacity necessary to deliver these employment services effectively.

The *EarnFair* Alliance focuses not only on placing people in jobs - in accord with the work-first policies - but on helping people find promising positions with quality employers that hold the opportunity for career advancement. One of our methods for achieving this goal is the *EarnFair* LLC, a flexible and employer-driven staffing company owned by Seedco. *EarnFair* LLC hires participants for a transitional period, ranging from a few months to two years, and contracts out their services to business clients. This employee-leasing arrangement encourages employers, who might otherwise be reluctant to hire individuals with limited work histories, to try out workers for a trial period before hiring them. LLC positions are publicized regularly to job developers in the *EarnFair* Alliance, who identify and screen candidates from their applicant pool. While typical job placement programs assess participants, provide basic skills and job readiness training, and assist with a job search, the *EarnFair* LLC customizes its services to meet the needs of its business clients and emerging workforce trends. For instance, the LLC has developed employer-linked skills training programs in areas such as direct care (for the mentally retarded and developmentally disabled) and maintenance.

*Appendix A:
The EarnFair Experience*

The *EarnFair* Alliance is Seedco's response to the challenges both organizations and people face under the current workforce system.

Characteristics of *EarnFair* Participants

The population served by the *EarnFair* Alliance represents a broad cross-section of families and individuals struggling to escape the clutches of poverty. The CBOs that comprise the *EarnFair* Alliance operate in some of New York City's most distressed neighborhoods, characterized by large numbers of people living below the poverty level and on PA, and a high percentage of minority residents. For instance, the average number of people living below the poverty level for the nine *EarnFair* communities is 34 percent, compared to a citywide average of 19 percent. Likewise, the average percentage of people receiving PA is 27 percent, significantly higher than the average citywide rate of 13 percent. Moreover, the median household income for the *EarnFair* communities is \$20,566, compared to the median income for New York City of \$33,000. (See Table 2 for complete socio-economic statistics.)

In addition to these socio-economic traits, a range of disadvantaged job seekers receives services through the *EarnFair* Alliance, from non-custodial parents to young adults aging out of the foster care system. Alliance organizations also serve a variety of populations with special needs, including recovering substance abusers and individuals with limited English proficiency.

Performance and Challenges

With Seedco's centralized management and strategic support, Alliance organizations are exceeding their placement, retention and wage targets and producing results that are comparable to, and even better than, the largest, most experienced for-profit and nonprofit employment and training providers in New York City. For instance, through our main workforce contract with the city, Seedco has placed a total of 3,137 individuals in jobs, which is 18 percent above our contractual targets, and retained 66 percent of these individuals for three months post placement. In addition, because contracts are performance based, and we are required to verify placement by submitting pay stubs or employer letters, which are oftentimes difficult to attain from newly employed workers, performance data tends to undercount individuals who were placed and retained in jobs as a result of our services.

While comparing our placement data to those of other contractors is not particularly telling, given the range of populations served, differences in organizational capacity, and variations in performance targets, comparing retention rates is a more useful measure of performance. For instance, citywide data shows that Seedco is exceeding average contractor performance in retaining TANF leavers and other low-income individuals in jobs for three months after placement, by a significant 11 percent margin in the case of our non-TANF population.

Alliance CBOs are exceeding their placement, retention and wage targets, keeping pace with the largest workforce providers.

On the other hand, long-term job retention, which is measured six months post placement, has posed a significant challenge for Seedco and other providers city-wide. Just two years ago, our average six-month retention was a low 29 percent. We responded, however, by strengthening our management techniques and building the foundations of a post-placement support system, and for a variety of reasons, our ability to retain workers in their jobs has improved. Our average 6 month

retention rate is currently 48 percent.

Given our assumption that a worker's starting wage is an important building block for self-sufficiency, tracking initial salaries over time provides an additional indicator of our progress. Despite a sink-

ing economy, we have found that *EarnFair* participants are, in fact, earning more at the start of employment. In the initial days of the *EarnFair* Alliance, the average starting wage was \$7.87 per hour, while participants are now earning \$9.85. For individuals receiving PA prior to receiving our employment services, starting wages have also increased, albeit less significantly, from \$7.15 to \$7.91. While it is difficult to isolate the specific causes for these increases, our experience has shown that helping CBOs build expertise in job development can play a significant role in increasing wages. First, by providing CBOs with up-to-date data on wages, they can plan strategies for identifying higher paying jobs, such as strengthening relationships with higher-paying employers or identifying openings in more lucrative industries. Second, Seedco creates ongoing opportunities for CBO staff and management to share best practices.

*Appendix A:
The EarnFair Experience*

Post Placement Supports

Despite our success in boosting starting salaries, unless these wages are supplemented with a comprehensive package of work supports or other income enhancements, they are still insufficient for allowing a family to meet their basic needs. Responding to this need, Seedco developed an integrated, comprehensive system of post-placement benefits and supports designed to promote sustained employment and self-sufficiency. While allowing working families to maintain their employment and ultimately attain self-sufficiency is our primary goal, we also focus our efforts on building the capacity of the *EarnFair* Alliance CBOs to deliver a comprehensive package of post-employment services.

Long-term job retention has posed a significant challenge for Seedco. We responded by building a post-placement support system.

Our package includes the following:

Transportation Assistance

MetroCard Program

The MetroCard Program is transportation assistance to supplement the income of new, low-wage employees and promote job retention. Through Seedco's major workforce contract, *EarnFair* CBOs are funded to provide free, unlimited-ride MetroCards to *EarnFair* clients for a six-month period, starting from the date they are employed. In exchange for the benefit, *EarnFair* CBOs require that participants submit pay stubs on a monthly basis. In this way, the CBOs can document and track earnings and job retention - a central requirement of its performance-based contracts. The program also creates an incentive for new employees to keep in touch with their case manager and access post-placement assistance. The MetroCard Program is the most-utilized benefit in Seedco's package, enjoying a 77% take-up rate.

Ride to Work

Seedco is implementing Ride to Work, a shuttle van service that allows Alliance participants to access jobs in areas underserved by public transportation. Seedco has begun operations on a route in Sunset Park, Brooklyn, and will phase in additional routes in other areas. The project is funded by the Federal Transit Administration as part of the Job Access Reverse Commute initiative.

Childcare Assistance

Emergency Child Care

Seedco's Community Childcare Assistance (CCA) program is a pilot effort to provide licensed, back-up childcare for entry-level, low-wage workers whose childcare arrangements have been temporarily disrupted. Thus far, Seedco, through participating Bronx CBOs, has enrolled 230 families, representing a 60% take-up rate. CCA is also developing relationships with business clients who purchase CCA services for their employees. CCA's operations are supported through a combination of public and private funding sources, including the Child Care and Early Education Fund, the New York State Office of Children and Family Services, the New York Community Trust, the Picower Foundation, the Sirius Fund, the United Way of New York City, and HRA.

Financial Services

EarnAssets Individual Development Account (IDA) Program

The IDA Program, partially funded by the U.S. Department of Health and Human Services (DHHS), offers incentives for participants to build assets by providing a 2:1 savings match. Based on federal guidelines, savings must be dedicated to the purchase of a first home, start-up of a small business, or one's own education, as opposed to shorter-term goals. For every \$1,000 an *EarnFair* participant saves toward one of these goals, the federal government and Seedco matches with \$1,000 each. Through a partnership with Citibank, IDA participants can have their IDA contribution automatically deducted from their paycheck each pay period and can monitor their savings progress online. To date, the program has experienced a 34% take-up rate.

Family Loan Program

We are currently piloting our Family Loan Program (FLP), which provides low-interest emergency loans to low-income families who otherwise would not qualify for loans from mainstream lending institutions. The loans are intended to prevent participants from losing their jobs. Over the next year, Seedco expects to review loan applications for approximately 1,000 families and provide loans for 200-250 of them. Thus far, we have experienced a 16% take-up rate for this program. FLP was made possible by a grant from the New York State Department of Labor and a loan from Ways to Work, an organization that provides financial and technical assistance to emergency loan programs nationwide.

Community Childcare Assistance provides backup childcare for families whose normal childcare arrangements have been disrupted.

Financial Literacy Initiative

Seedco offers financial literacy classes, in connection with the IDA and FLP programs and as part of a broader effort to introduce participants to the concepts of goal setting, budgeting, credit, borrowing, and predatory lending.

Free Checking Accounts

Many *EarnFair* participants, and low-wage workers in general, have had limited, if any, interaction with major financial institutions and mainstream banking. Consequently, Seedco has developed a partnership with Citibank to secure one free year of checking for all *EarnFair* participants to discourage the use of check cashing outlets, which notori-

ously charge inflated fees, and encourage direct deposit and saving. IDA participants are eligible for checking and savings accounts, while all *EarnFair* participants are eligible to open a checking account.

Upgrade Training

IT Career Ladder

Through the New York Information Technology Career Ladders Consortium (NYITCLC), Seedco is providing *EarnFair* participants with training opportunities that begin with industry certifications required for entry-level IT positions, and progress to upgrade and advanced training that corresponds to a career track. NYITCLC is a partnership between the Workforce Strategy Center, the City University of New York, the New York Software Industry Association, NPower NY, the Federal Reserve Bank of New York, and Seedco.

*Appendix A:
The EarnFair Experience*

ITA Training Vouchers

As a provision of WIA, the Individual Training Account (ITA) Voucher Program was created as a mechanism to promote career mobility, and ultimately self-sufficiency, for PA recipients and other low-income workers. Under its major workforce contracts, Seedco has leveraged these training vouchers for *EarnFair* participants. Participants who are either actively searching for work, or who are employed but are motivated to upgrade to a job requiring a degree or certificate from a training program, can use an ITA voucher to cover the costs of a training program. In New York City, as WIA funds have shifted from the HRA to the Department of Small Business Services and new administrative systems are under development, voucher availability has been limited. To date, 245 *EarnFair* participants have used training vouchers.

Seedco is providing participants with training required for entry-level IT positions, and upgrade training corresponding with a career track.

TABLE 1

Major Funding Sources for *EarnFair* Alliance Employment and Training Services

CONTRACT	FUNDING SOURCE	POPULATIONS SERVED	CBOS PARTICIPATING	TYPE OF CONTRACT
Employment Services and Placement (ESP)	Human Resource Administration (local TANF agency)	<ul style="list-style-type: none"> • TANF recipients • New York State Safety Net recipients (former TANF recipients who have reached 5-year, lifetime limit on TANF) • Non-custodial fathers (whose children's mothers are receiving TANF) • Children aging out of the foster care system (to prevent eventual receipt of TANF) 	<ul style="list-style-type: none"> • Citizens Advice Bureau (CAB) • Northern Manhattan Improvement Corporation (NMIC) • St. Nicholas Neighborhood Preservation Corporation (St. Nick's) • Cypress Hills Local Development Corporation • Center for Family Life • Henry Street Settlement • Pius XII Youth and Family Services • Harlem Congregations for Community Improvement 	Performance-based contract, milestones include job placement, 13- and 26-week retention
Special Population Substance Abuse	Human Resource Administration	<ul style="list-style-type: none"> • TANF and Safety Net recipients who have substance abuse problems. 	<ul style="list-style-type: none"> • Bowery Residents' Committee (BRC) 	Same as ESP contract.
Welfare-to-work	New York State Department of Labor	Same population as ESP contract, just different funding source and structure of contract	<ul style="list-style-type: none"> • CAB • NMIC • St. Nick's 	Line item contract, annual targets include enrollment in program, job placement and retention.
Special Population Limited English Proficiency (LEP)	New York City Department of Employment	<ul style="list-style-type: none"> • Individuals with limited English skills seeking employment assistance. • Individuals must meet WIA income eligibility requirements. 	<ul style="list-style-type: none"> • CAB • NMIC • St. Nick's 	Performance-based contract, milestones include job placement and retention

TABLE 2

Socio-Economic Characteristics of *EarnFair* Alliance Communities

		<i>Poverty Rate</i>	<i>Receiving PA</i>	<i>Median Household Income</i>	<i>Unemployment Rate</i>	<i>English Not Primary Language</i>	<i>Non-White</i>
Brooklyn	East New York/Starrett City	33%	27%	\$24,154	8%	46%	84%
	Sunset Park	24%	20%	\$25,000	9%	74%	59%
	Williamsburg/Greenpoint	28%	17%	\$25,000	5%	71%	36%
Bronx	Kingsbridge Heights/Mosholu	33%	28%	\$24,000	7%	66%	71%
	Morrisania/Belmont	48%	43%	\$12,780	11%	58%	78%
	Mott Haven/Hunts Point	49%	43%	\$12,000	11%	68%	76%
Manhattan	Central Harlem	33%	22%	\$17,200	12%	24%	95%
	Lower East Side/Chinatown	27%	18%	\$22,000	9%	62%	61%
	Washington Heights/Inwood	28%	23%	\$22,960	8%	77%	71%
	<i>EarnFair</i> Alliance Average	34%	27%	\$20,566	9%	61%	70%
	New York City Average	19%	13%	\$33,000	7%	48%	48%

Source: Daniels, Glynis, and Schill, Michael H.

APPENDIX B: THE *EARN*BENEFITS PRODUCT

Informed by our experience, focus groups, and research, and the principles that have emerged, Seedco has designed and is in the process of launching a comprehensive employment benefits and work support product called *Earn*Benefits that is targeted to low-wage workers and delivered through CBOs and small businesses.

The *Earn*Benefits Product is a three-tiered approach in which we educate low-income workers about available government-sponsored benefits and non-governmental supports, facilitate access to available work supports, and offer an enhanced package of work supports specifically tailored to the needs of low-wage workers. Many of the components of the *Earn*Benefits Product have already been developed, such as those described in the *EarnFair* Experience section of this paper. Others are in an earlier stage of development.

The components of the *Earn*Benefits Product are described below:

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

EarnBenefits Guide

Our experience with the *EarnFair* Alliance suggests a need to use a marketing approach when educating low-wage workers about benefits, using language that is accessible to working families, and "selling" benefits to workers by framing the program as a solution to something they perceive as a problem rather than in terms of the ostensible program purpose. Failing to both frame programs in terms that are salient to low-wage workers and to use user-friendly materials, many efforts to educate workers about benefits fall short. Diverging from this trend, Seedco employed a marketing approach - informed by numerous focus groups with low-wage workers and consultation with a marketing specialist - to develop an effective work support education strategy. Specifically, we developed the *Earn*Benefits Guide, a comprehensive, user-friendly resource that provides low-wage workers with in-depth information on important public and private benefits, including Medicaid, tax credits, child-care subsidies, Food Stamps.

Having developed the prototype of a comprehensive, user-friendly benefits guide, we intend to facilitate its widespread dissemination by customizing it to the needs of each participating small business in the selected project sites. In effect, each employer would receive a tailored employee benefits manual to distribute to its employees listing the array of benefits and work supports available to its employees.

Case Manager's Toolkit

To complement the *Earn*Benefits Guide, Seedco created a Case Manager's Tool Kit, intended to help CBO case managers navigate the eligibility guidelines and application processes for the various programs included in the Guide.

Smart Choices Marketing Campaign

The Smart Choices Marketing Campaign is a concerted effort to help low-wage workers think through the long-term effects of everyday decisions. For example, many low-wage workers use

check-cashing outlets rather than bank accounts. While check-cashing outlets are convenient and quick, they are not as cost-effective as using a bank, since each transaction comes with a substantial fee. Choosing a bank account rather than a check-cashing center is a money-saving decision that can improve a low-wage worker's financial situation. Similarly, many low-wage workers rely on informal childcare arrangements, rather than enrolling their children in a formal childcare program. Unfortunately, informal arrangements are more likely to be less reliable, and put the worker at risk for excessive absenteeism, ultimately leading to job loss.

*Appendix B:
The EarnBenefits Product*

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

Seedco is creating an online system, *EarnBenefits Online*, which will allow low-wage workers to learn about a host of post-placement benefits and apply online for a subset of these benefits using a universal application system. The *EarnBenefits Guide* and *Tool Kit* will serve as the foundation for *EarnBenefits Online*. Using technology will enhance our capacity to facilitate access to benefits by providing participants with a central location to learn about benefits and a streamlined application system.

Technology will facilitate access to benefits by providing a central location to learn about benefits as well as a streamlined application system.

EITC Initiative

While research shows that low-income workers can significantly bolster their income by claiming the federal Earned Income Tax Credit (EITC), many EITC recipients use commercial tax preparation services, which erode the benefit of the EITC. In response to this trend, Seedco has partnered with a local service organization, the Community Food Resource Center (CfRC), to offer free tax preparation assistance to *EarnFair* participants. All *EarnFair* Alliance CBOs have been trained to pre-screen clients for EITC eligibility and refer clients to a tax preparation site for filing assistance.

In addition, two Alliance CBOs, NMIC and CFL have been designated as CfRC tax preparation sites. During the 2002 tax season, these two CBOs collectively processed a total of 881 tax returns, 56 percent of which were found to be EITC eligible. These EITC returns alone generated \$823,338 in income for low-wage workers, an average EITC of \$1670 per household. While these tax preparation sites do not exclusively serve *EarnFair* participants, their experience provides a community-based snap shot of EITC utilization.

Facilitated Access to Child Care

Given the onerous application process for childcare subsidies, often the hassle involved in applying precludes participation in these programs. Providing education on these programs alone does not guarantee that a client will actually access these subsidies. Given the potential of these subsidies to bolster the income of *EarnFair* participants, Seedco feels it is paramount that the *EarnFair* Alliance does more to increase the likelihood that eligible participants actually access these benefits. Therefore, Seedco is developing an effort to facilitate access to childcare subsidies. The facilitated access process will include reviewing the eligibility requirements for the subsidy, assisting the family in completing the application and compiling the required paperwork, submitting completed applica-

tions to the appropriate agency, and monitoring submitted applications for approval. Through this process, case managers will be able to track the application process and troubleshoot as necessary to ensure a successful application.

Seedco is currently negotiating an agreement with New York City's HRA, which would allow Seedco to enroll eligible *EarnFair* participants in the city's transitional child care program. In addition, as part of the Liberty Zone Facilitated Childcare Enrollment Project, Seedco has partnered with the New York Union Child Care Coalition to enroll eligible employees of lower Manhattan small businesses for Agency for Child Development childcare subsidies. For both facilitated access initiatives, Alliance staff will work with the city's childcare resource and referral agencies to help participants identify high-quality, reliable childcare providers.

Food Card Access Program

In response to the recent economic downturn and the dramatic decline in Food Stamp utilization in New York City, the United Way of New York City, with support from HRA, is forging partnerships with a variety of local organizations, including Seedco, to plan for and implement its Food Card Access Program. The goal of this pilot initiative is to increase utilization of the federal Food Stamp Program in New York City among low-income individuals in need of, but not currently accessing,

the benefit. The City is well below the state and national average in terms of food stamp utilization, with less than 50% of eligible individuals participating in the program. In particular, Seedco is coordinating the operations of five CBOs that provide out-stationed client assistance to potential Food Stamp applicants in their respective communities, and consequently building its organizational knowledge of how to facilitate access to critical public benefits.

Seedco is coordinating the operations of five CBOs that provide out-stationed client assistance to potential Food Stamp applicants.

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

Building on the package of post-placement programs currently being piloted through the *EarnFair* Alliance, as detailed above, these products include:

Financial Services

- Free Checking Accounts - Through a partnership 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, Seedco is considering expanding this benefit by forming a Professional Employer Organization to allow small businesses to offer affordable health insurance to their low-wage employees.

*Appendix B:
The EarnBenefits Product*

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

The *EarnBenefits* Product is designed for delivery through either CBOs or employers.

CBOs are important neighborhood institutions that offer a wide variety of services and supports to low-wage workers in the areas of housing, continuing education, and especially employment and training services. Therefore, CBOs are a natural place for low-wage workers to obtain assistance in accessing work supports. In New York City, the CBO members of the *EarnFair* Alliance host Work Support Centers that are in the early stages of implementing a comprehensive *EarnBenefits* package to low-wage workers, as described above. Case managers assist clients in the use of the *EarnBenefits* product and serve as a One-Stop point of contact and resource.

Given that most workers receive benefits through their employer, *EarnBenefits*' employer-based component reflects that the workplace is a natural and effective place to deliver work supports. We 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. We have found that small firms are interested in providing benefits to their employees, particularly health benefits, but admit the need for subsidies to make the benefits affordable.

Conclusion

Seedco's multi-faceted approach to providing work supports and employment benefits is unique in several ways. First, since the model incorporates an employer-based component, it delivers employment benefits and work supports through the method traditionally available to higher wage workers, thereby reducing the stigma sometimes associated with the receipt of public work supports. Second,

Seedco is considering forming a Professional Employer Organization to allow small firms to offer health insurance to their employees.

EarnBenefits' employer-based component reflects that the workplace is a natural and effective place to deliver work supports.

since the proposed strategy relies on varied funding sources that are nationally available and is not reliant on the idiosyncrasies of a particular locality, it is both replicable and sustainable. Finally, since the model represents a continuum of services, it would allow Seedco to provide a basic level of services to many low-wage workers, while offering more comprehensive services to those individuals who require more assistance.

Seedco is planning a phased roll-out of *EarnBenefits* in three cities. In New York City, the CBOs in the *EarnFair* Alliance will serve 2,500 new workers annually; by January 2004 we expect to launch our Lower Manhattan small business pilot, which will serve 1,000 employers annually. During 2004, we expect to replicate the project on a slightly smaller scale in two additional pilot cities. The *EarnBenefits* Product initiative is supported through a combination of private and public sources that includes Ford Foundation, Altman Foundation, Picower Foundation, US Department of Commerce, and NYS Office of Children & Family Services.

APPENDIX C: CASE STUDY ON THE IMPACT OF WORK SUPPORTS ON A LOW-WAGE WORKER'S SELF-SUFFICIENCY

To illustrate the impact of work supports on economic self-sufficiency, we have constructed a case study that simulates the experience of a single, working mother with two young children living in New York City. The methods of this study were adapted from a 2000 report by the Women's Center for Education and Career Advancement (WCECA) and Wider Opportunities for Women (WOW) called, "The Self Sufficiency Standard for the City of New York." For the purposes of this case study, self-sufficiency is defined as the state in which income level is sufficient to pay for basic needs. Based on a consistent monthly expense budget, we look at the self-sufficiency level (or the wage to expense ratio) for different hourly wage rates. We then determine benefits eligibility and dollar value at the wage rates and recalculate the self-sufficiency level based on income from both earnings and benefits. This case study reveals that utilization of benefits can lift low-wage workers to the self-sufficiency level.

The Self-Sufficiency Level

The single mother in our case study lives in Brooklyn with her two young children, one an infant and the other of pre-school age. The mother has a full-time job in the health services industry, where she works eight hours a day, 40 hours per week. Her basic monthly needs are the following:

- Rent: \$930
- Utilities: \$80
- Childcare: \$1,000
- Food: \$383
- Transportation: \$70
- Health care: \$315
- All other (clothing, entertainment, savings, etc): \$300
- **Total monthly expenses: \$3,078**

We have selected dollar amounts that match the true costs of the expense categories. For example, the transportation cost of \$70 is the price of an unlimited monthly fare on the New York City Transit system and the childcare cost of \$1,000 is the amount charged by the YWCA for one month of full-time daycare services. The other categories are more variable, especially rent. The \$930 is based on the cost of a non-rent controlled, two-bedroom apartment in Brooklyn in a safe neighborhood and in close proximity to the subway. This amount will certainly vary by location, from one building to the next, and depend on current housing market conditions.

Next, we selected four different jobs and corresponding wage rates for our working mother to use as our basis for determining self-sufficiency. We focused on high-demand jobs within the health services sector that fit within the registered nurse career track. The job titles and wages are based on the Bureau of Labor Statistics' Career Guide to Industries. The jobs and their wages are:

- Home Care Aide: \$7.00/hour
- Home Health Aide: \$9.85/hour
- Licensed Vocational Nurse (LVN): \$12.00/hour
- Registered Nurse (RN): \$21.38/hour

Table 3 displays the monthly and annual earned income at these hourly wage rates. Monthly earnings are based on 176 hours worked (eight hours a day, 22 days per month). Annual earnings are based on 12 months in a year. As the table shows, the RN's gross annual pay is \$45,155, the LVN is \$25,344, the home health aide is \$20,808, and the home care aide is \$14,784. With the exception of the RN, at each job, our working mother and her household of three is below 200% of the Federal Poverty Level (FPL) (or \$30,250). The FPL is the income standard used by New York State to determine eligibility for TANF funded services, which applies to many government-funded benefits.

The RN's after tax monthly earnings (based on the 2003 tax year) of \$2,898 is \$179 short of the \$3,077 monthly budget. However, this shortfall is covered by the tax credits our RN receives for her two children and for her childcare expenses (details provided in Table 5). The tax credits' monthly value brings our RN's monthly income to \$3,078, bringing her to the level of self-sufficiency with respect to the monthly budget. It should be noted that the \$21.38 wage was also selected as the self-sufficiency standard by WCECA's 2000 study, which used the 2000 tax year and a slightly different monthly budget (for example, WCECA used a lower rent amount than used here of \$800, but a higher child care amount, \$1,246).

Based on the self-sufficiency standard of \$21.38 per hour, our working mother is well below the standard as an LVN (62 percent self-sufficient), home health aide (52 percent self-sufficient), and home care aide (38 percent self-sufficient). Since wages alone are not sufficient in helping our working mother meet her basic needs, our next step is to determine the benefits that she is eligible for based on her earnings and household size and composition.

A working mother would be well below the self-sufficiency standard as a licensed vocational nurse, home health aide, or home care aide.

An Overview of Government Benefits

Table 4 attempts to inventory government benefits available to low-wage workers in New York City, including workers transitioning off TANF. Each benefit includes the total number of beneficiaries in New York, the average annual benefit, and the rate at which eligible recipients actually utilize the benefit (take-up rate). The average annual benefit amounts are quite substantial, especially the healthcare, childcare, food

stamps, and tax credit benefits. Although the benefit with the largest value is subsidized apartments, this benefit is extremely difficult to access due to the long waiting list of New York City subsidized apartment units.

While the take-up rate for the EITC is strong at 86 percent, take-up rates for healthcare, childcare, and food stamps are incredibly low. The food stamp take-up rate is only 43 percent; the child care and Family Health Plus rates are both 14 percent. These low take-up rates are especially dismaying considering that the combined average annual benefit amount of food stamps and childcare (not including Family Health Plus) is nearly \$3,500.

The Impact of Benefits on the Self-Sufficiency Level

Turning back to our working mother with two young children, Table 5 reports the benefit eligibility and value for the different jobs and wage rates in our case study, and then calculates the collective income effect of the benefits. The table breaks down all monthly income, including after tax wages

and benefits. This is followed by the four types of annual refunds: the federal and state EITC and the childcare and child tax credit. The highlighted line reports total annual net income. Our RN's total annual income including her wages and child-related tax credits comes to \$36,936 or \$3,078 per month, which is \$1 more than the income needed to cover basic needs. Going down the line, each of our other jobs and wage rates slightly exceed the self-sufficiency level when accounting for the income effect of benefits: The LVN's self-sufficiency level is 103 percent of the standard; our home health aide's self-sufficiency level is even greater, at 106 percent; and our home care aide's self-sufficiency level is 105 percent of the standard.

Appendix C: Case Study

In each wage rate, tax credits play a substantial role in augmenting income. The subsidy related to childcare is also very substantial, with the LVN spending just \$152 per month for \$1,000 worth of childcare, the home health aide paying \$84 per month, and the home care aide not having to pay at all for childcare. In the case of the home health aide and the home care aide positions, the annual benefits values are actually greater than the after tax earned income values (and in the case of the home care aide, benefits are more than double net earnings).

Our analysis demonstrates that the income effect of benefits lifts low-wage workers to the self-sufficiency standard over the course of the year. But considering that a substantial portion of benefits come in the form of one-time tax credits, at any point in time during the year, our working mother may have trouble sustaining self-sufficiency. The programs operated through Seedco's *EarnBenefits* Product are designed to assist low wage workers maintain short-term self-sufficiency and help them achieve long-term self sufficiency.

Table 6 lists these programs and the potential dollar values associated with them. The MetroCard program provides up to six months of free transit fare. This program has an income effect of \$70 per month (the cost of an unlimited monthly fare) or \$420 total over the six months. The Family Loan Program provides low-interest, short term loans to low-wage workers who face unexpected expenses that might interfere with their ability to remain employed. The IDA matched savings program helps low-wage workers build personal assets.

Year-end tax credits play a substantial role in augmenting annual income but have little impact on managing day-to-day expenses.

Conclusion

The best determinant of long-term self-sufficiency is continuous employment, with sustained employment associated with good jobs, i.e. generous employer-based benefits and high wages. However, given that most disadvantaged workers command low wages and have limited access to employer-sponsored benefits, the goals of continuous employment and long-term self-sufficiency become difficult to realize for this group of workers. However, the analysis provided in this case study shows that government benefits have the power to substantially bolster the income of low-wage workers, enabling them to sustain employment and ultimately attain economic self-sufficiency.

T A B L E 3

Self-Sufficiency Standard Shortfall of Low-wage Workers
Single Mother with Two Children Working 40 Hours per Week

Income (after-tax ^a)	\$21.38 ^b	\$12.00	\$9.85 ^c	\$7.00
Monthly Wages ^d	\$2,898	\$1,793	\$1,516	\$1,110
Annual Wages	\$34,776	\$21,516	\$18,192	\$13,320
Self Sufficiency Level	100%	62%	52%	38%

NOTES:

- a. Taxes determined by Automatic Data Processing, Inc., Online Paycheck Calculator (excluding tax credits), <http://www.paycheckcity.com/coadp/netpaycalculator.asp>. Taxes are based on the 2003 tax year.
- b. This wage is the Self-Sufficiency Standard for a single parent with one infant and one pre-school age child living in Brooklyn, New York, as calculated by "The Self Sufficiency Standard for the City of New York", WCECA and WOW, September 2000.
- c. This wage is the average starting wage of non-Public Assistance individuals placed in jobs through Seedco's *EarnFair* Alliance.
- d. Monthly wages are calculated at 176 hours worked per month (8 hours per day times 22 days per month).

TABLE 4

Government Benefits Available to Low-wage Workers
Beneficiaries and Average Benefit in New York State

Program	Number of Beneficiaries	Average Annual Benefit	Take-up Rate ^a
Medicaid (for adults)	689,543	\$3,032	NA
Medicaid (for children)	1,315,777	\$1,766	NA
Transitional Medicaid	NA	NA	NA
Child Health Plus	521,301	\$490	NA
Family Health Plus	83,112	NAP	14%
Transitional Child Care	NA	NA	NA
Child Care and Development Fund ^b	158,605	\$2,479	14%
School Lunch	1,168,691	\$336	NA
School Breakfast	412,826	\$221	NA
Food Stamps	1,376,034	\$983	43%
Special Supplemental Insurance Program for Women Infants & Children (WIC)	476,564	\$574	NA
Low-Income Home Energy Assistance Program	600,834	\$135	NA
LifeLine ^c	NA	\$180	NA
New York City Housing Authority Public Housing Units	181,000	\$4,896	NA
New York City Housing Authority Section 8 Certificates/Vouchers	80,966	NA	NA
Earned Income Tax Credit (Federal)	NA	\$2,142	86%
Earned Income Credit (NY State)	1,159,320	\$311	NA
Child & Dependent Care Credit (Federal)	NAP	\$960	NA
Child Tax Credit /Additional Child Tax Credit (Federal)	NA	\$996	NA

Sources: U.S. House of Representative, Committee on Ways and Means, 2000 Green Book; The City Of New York, The Mayor's Management Report, FY 2002; The Citizens Budget Commission, Better Managing New York State's Health Insurance Subsidy Program, October 2001.

NOTES:

NA: Not Available.

- a. The Take-up Rate is the rate at which individuals or households that are eligible for a program actually access the program's benefits.
- b. The Child Care and Development Fund includes federal grants as well as state maintenance of effort funds used to fund state child care vouchers and other child care programs.
- c. LifeLine is a telephone bill discount program offered by Verizon Communications to income eligible customers.

T A B L E 5

The Effect of Government Benefits on Annual Income
Single Mother with Two Children Working 40 Hours per Week

Income Source/Subsidy	H O U R L Y W A G E			
	\$21.38 ^a	\$12	\$9.85 ^b	\$7
Monthly Wages (after taxes)	\$2,898	\$1,793	\$1,516	\$1,110
Medicaid (for adults)	NE	NE	NE	NE
Medicaid (for children)	NE	NE	NE	NE
Child Health Plus	NE	\$157	\$157	\$157
Family Health Plus	NE	NE	\$158	\$158
Agency for Child Development Program	NE	\$848	\$916	\$1,000
School Lunch	NE	NE	\$28	\$28
School Breakfast	NE	NE	\$18	\$18
Food Stamps	NE	NE	NE	\$240
Women Infants & Children	NE	\$48	\$48	\$48
Home Energy Assistance Program	NE	\$11	\$11	\$11
LifeLine	NE	\$15	\$15	\$15
Section 8 Housing Credit	NE			
Advanced Earned Income Tax Credit (monthly)	NE	\$125	\$125	\$125
TOTAL MONTHLY INCOME (after taxes)	\$2,898	\$2,997	\$2,992	\$2,900
Annual Refunds				
Earned Income Tax Credit (Federal)	NE	\$154	\$1,102	\$2,376
Earned Income Credit (NY State)	NE	\$455	\$716	\$1,066
Child & Dependent Care Credit (Federal)	\$960	\$435	\$262	\$0
Child Tax Credit/Additional Child Tax Credit (Federal)	\$1,200	\$1,200	\$1,014	\$421
Total Annual Earned Income (after taxes)	\$34,776	\$21,516	\$18,192	\$13,320
Total Annual Benefits Value	\$2,160	\$16,692	\$20,806	\$25,463
TOTAL ANNUAL INCOME (after taxes)	\$36,936	\$38,208	\$38,998	\$38,783
Self Sufficiency Level	100%	103%	106%	105%

NOTES:

Benefits calculated using WCECA's online calculator, www.wceca.org.

NE: Not Eligible; Section 8 Housing Credits are not included in the calculation. Income includes subsidies based on the following monthly expenses: housing \$930; utilities \$65; childcare \$1,000; food \$383; transportation \$70; health care \$315; miscellaneous \$300.

Low-wage workers transitioning off of Public Assistance may also receive benefits through the Transitional Medicaid and Transitional Child Care programs.

T A B L E 6

Seedco's *EarnBenefits* Product
 Dollar Value of Selected Post-Placement Programs

Program	Dollar Value	Terms
Community Childcare Assistance (CCA)	Varies	Free emergency back-up childcare
MetroCard Program	\$420	Unlimited rides up to six months
Individual Development Accounts	\$2,000	2 to 1 matched savings program
Family Loan Program	\$4,000	Emergency loans for work-related expenses
Citibank Checking Account	\$180	Free year of checking
Individual Training Account Vouchers	\$4,000	Tuition vouchers

APPENDIX D: SAMPLE SMALL BUSINESS SURVEY

Below is a sample set of four benefit packages, which surveyed firms were asked to rank according to their preferences. Each firm was presented with four such sets of benefit packages, containing varying prices.

Card Number: 0384y

Your Monthly Fee Per Employee \$11

Total Value of Your Employee's Benefits Package \$20

Your Benefits Package

No Health Insurance
Earn Benefits Service

Card Number: 6781b

Your Monthly Fee Per Employee \$130

Total Value of Your Employee's Benefits Package \$245

Your Benefits Package

HMO Health Insurance from: Empire Health Choice, Inc.
EarnBenefits Service

Card Number: 8450b

Your Monthly Fee Per Employee \$119

Total Value of Your Employee's Benefits Package \$225

Your Benefits Package

HMO Health Insurance from: Empire Health Choice, Inc.
No EarnBenefits Service

Card Number: 1587q

Your Monthly Fee Per Employee \$0

Total Value of Your Employee's Benefits Package \$0

Your Benefits Package

No Health Insurance
No EarnBenefits Service

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