

**THE ROLE OF EMPLOYERS:
EITC AND BENEFIT SCREENING**

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PARTICIPATING ORGANIZATIONS: Altman Foundation, Robin Hood Foundation, Piton Foundation, Weinberg Foundation, Fulfill the Dream Fund, Meyer Foundation, Ford Foundation, Denver United Way, Washington Area Women's Foundation, City of Denver, Arizona Community Foundation, United Way of the Bay Area, Annie E. Casey Foundation, Arabella Philanthropic Advisors, Center for Economic Progress, Step UP Savannah, Bank of America, Jacobus Family Foundation

WELCOME AND DISCUSSION OVERVIEW - AMI NAGLE, EITC FUNDERS NETWORK

In February 2005, the EITC Funders Network had an initial discussion about employers' roles in connecting employees with EITC and work supports. We talked about what was going on; who was doing what; and what was working. That was the Network's first real introduction to the idea of employers playing an integral role in EITC efforts. At that time, there was not much going on. This call will allow us to bring the topic back to the Network so that we can share what the Ford Foundation has been doing to get this work off the ground and hear directly from people in some of the sites that Ford is funding.

FORD FOUNDATION AND EMPLOYER ENGAGEMENT - HELEN NEUBORNE, FORD FOUNDATION

This work is exciting but it is quite new. The focus on work supports grew out of the post welfare reform research that showed more workers were trapped in low wage jobs than remained in welfare. Few of them were connected to public system of work supports and public benefits. The research showed that, of the 30 million who were entitled to government supports, the numbers that were receiving them were quite low – other than EITC. Only about half of the eligible workers were getting some work supports and only about 10% were getting all of the supports for which they were eligible. There are several reasons for these low take up rates, including the fact that work supports are associated with welfare, that there are many complicated hurdles to jump through to apply for them, that it is difficult for people to complete those hurdles while juggling their workload and that many people don't even know they qualify.

The government doesn't have an incentive to increase take up rates, but employers do. We started to think about how we could encourage employers to support that. The research showed that workers who are receiving work supports perform better on the job, have fewer absences, have less frequent job turnover, return to welfare less frequently and improve their lives. We shouldn't overplay these research findings, of course, because they are mostly anecdotal from both employers and employees. But, they do begin to help us build a business case for employers to show that helping connect employees to work supports can improve their bottom line.

Tackling the hurdles to increase work support uptake can be difficult even for large businesses with HR departments and is even more difficult for small businesses that don't have an HR department. To determine how to build the case to get businesses and involved and to identify actions that businesses could take, Ford worked with the Families and Work Institute (FWI) to pull together a working group of researchers, software developers, employer groups, CBO's and others. Ellen Galinsky at FWI led the work group as they sought to identify the components of a successful, scaleable and sustainable employer-based strategy.

Once they developed the list of components, they created an RFP that outlined the components, inviting sites to apply for funding. The RFP outlined a "3-legged stool" model. The legs include:

1. *CBO* - The CBO is at the core of the effort. They must be able to reach out to businesses and to serve as the link between the employer and employee and the benefit agencies. They need to both be informed about agencies and their processes and willing to reach out and work with businesses. It is not easy to find CBO's that can wear both of those hats well. The group decided to focus on CBO's that were ready and able to identify the employers and recruit them.
2. *Employer* - The employers cover range from large, big box retail, health care, restaurant associations, hotels/hospitality and city agencies. The industry was less important for the work group than the willingness of the employer to commit to do this
3. *City leader or public agency* – This partner not only is critical to connecting employees to the work supports but is also important in the messaging that this is a strategy to create an economy that works for everyone.

The RFP went out last winter, offering \$140,000 for each city effort. The local effort had to connect employees to at least two work supports; it could not only focus on EITC. While we expected to provide four local and one national grant, we received 65 applications and didn't want to narrow it down too much. We decided to fund 11 of the applicants. The grant period extends for a year to 15 months. The grants were made in May. Nine are local efforts and two are national efforts.

The national efforts are following the Employee Assistance Program model (EAP). EAP's provide access to counseling for employees in a large numbers of companies for a small fee per worker. Work supports have never really been a part of the package they offer to employees but this project is allowing us to test out if this could be a model for reaching low wage workers.

The goals were:

- To demonstrate a delivery model that would help families gain access to work supports
- To build a business case so that employers will become an ally in the effort to simplify access to benefits – We have already heard that one employer is outraged about the hurdles for food stamps.

Ford has committed \$2 million to this effort and is looking for more money to sustain it. Eventually, the goal is to have employers step up and support it but we will need more time to demonstrate the model and recruit more employers.

THE SUPPORTING WORK PROJECT - ELLEN GALINSKY, FAMILIES AND WORK INSTITUTE

This effort began with a convening of national and local organizations that were working in this area, including some employers. We felt that employers were a critical link to pursue if we wanted to build a scaleable, sustainable project. We spent time talking to national organizations that had local connections with employers. We concluded that there were great things going on locally and we needed to go into communities and find what is going on and cull the lessons learned.

Guiding this work is a conceptual framework about effective public engagement campaigns developed by FWI. Ten years ago, FWI convened people who had launched good public engagement campaigns (including stop smoking, wearing seat belts, and stopping child abuse) to determine how you can translate research into awareness and action. Out of that meeting came eight principals.

1. It takes a long time to bring about change
2. You need to know how people view issue before the campaign begins – Ford has looked at how the low wage work force is framed.
3. Know what you want people and organizations to do
4. Messaging is critical, including different messages targeted at different groups.
5. Spell out the costs and benefits, projecting into the future
6. Unexpected messengers make a difference – that’s a reason why business is a good ally
7. Target folks who have power to bring about change
8. Take advantage of opportunities and assess results in order to make changes.

The RFP was very rigorous, requiring the proposals to be quite detailed. When we got the proposals, we were wonderfully surprised to learn about what was already happening. In the proposals, we asked them to spell out the need and demonstrate that they had pulled together a steering committee that represented the “three-legged stool” structure outlined in the RFP. The partners from those “three legs” had to have demonstrated experience working together and clear assignments. They needed to show a long experience working with employers and getting buy in from employers. Many submitted MOU’s that they had from employers. Successful proposals also had to show experience connecting low wage workers with at least two work supports. They needed to have measurable outcomes they wanted to achieve, including documented impact on employers and employees, raised awareness and a vision of sustainability in their community.

When we received the 65 proposals, we reviewed and shared them with four external reviewers. From those, we selected 11 projects to be funded. They include projects in Chicago, Oklahoma, New Hampshire, Wisconsin, Texas, Florida, Iowa, Arizona and Georgia. They use different frames and reasons for doing this effort – improving prosperity, workforce development, increasing community economic security, reducing poverty, etc. They represent a wide range of communities, including population and geography. They are partnering with a range of employers, including education, recreation, health care, groceries, restaurants, nonprofits, manufacturing, small businesses, hotels/hospitality, etc. They are connecting workers with at least two work supports. Most are providing free tax preparation and connecting workers with EITC and other tax credits. They are also providing WIC, Food Stamps, heat, transportation, IDA’s and others. We will have a great data set on what works and doesn’t from their efforts.

Goals:

- Increase the number of employers linking employees to work supports
- Increase the number of eligible employees receiving work supports
- Evaluate how increasing access and use of public benefits improves the workforce and the workplace
- Increase awareness and support among employers and public

FWI and MDRC are partnering on the evaluation of these efforts. They are using standardized measures for impact on employers and employees, including employee turnover, absenteeism, job performance, engagement in the success of the company, job satisfaction, family's financial stability and business reputation. They will compare the community data to national data that FWI collects on employers and employees.

EXAMPLES OF WORK AT THE LOCAL LEVEL

Daniel Dodd, Step Up Savannah (Savannah, GA)

Step Up Savannah is a poverty reduction initiative, involving about 80 organizations. For three years, they have been linking poverty reduction efforts to economic development. It is based out of the Chamber of Commerce and includes employees from the city and county. It receives funding from various organizations in town. The bBusiness community has responded well to it.

Step Up Savannah had a lot of relationships with business folks. They decided to target several sectors, including hospitals, hospitality, government city and county, warehousing (since Savannah has a port) and the warehouses of IKEA and Dollar Tree.

The feedback from employers initially was that they were struggling with a high turnover of entry level workers, the cost of retraining new workers, the need to increase direct deposit payments, the high cost of health care and parking and the hours offered and geography covered by the bus system.

We have whole assortment of community partners and strategies being implemented under Step Up. The strategies are focused on understanding and acting in partnership with businesses. They bring the work supports to business sites.

The IKEA general manager was outraged when she realized the difficulties required in applying for food stamps. The employers can't understand why the bureaucracy is not trying to simplify the process by coming out to job sites, extend hours, etc. They are now working closely with the Department of Families and Children now and showing them examples of successful efforts in other communities to build support for streamlined processes locally.

They thought that getting them on board for food stamps would be hard but that EITC would be easy. We have found many willing employers though who want to make these supports available to their employees.

The response has been overwhelming on the part of employers. They are trying to get the employers to talk to one another to support expansion. The CEO of the local hospital talked about what they have been doing, their successful EITC site and how these efforts are a benefit to employees. He is encouraging other employers to take note. Already, the other hospital in tow has signed up. The first hospital is acting as a liaison to the second hospital and offering them lessons learned.

Erika Shafer, Center for Economic Progress (Chicago, IL)

The Center for Economic Progress is a 501c3 organization based in Chicago which seeks to encourage financial stability for low income workers and their families. CEP has sought to do mainly through its free tax preparation that connects low income workers with the EITC throughout the state. As a part of the tax campaign, they also provide credit counseling, community education, financial education and advocacy.

With the Ford funding they launched the Chicago Supports Working Initiative, recruiting a handful of employers into a pilot program developed in collaboration with the City of Chicago and the Chamber of Commerce. Because they are working with the City, they have been limited to only recruiting employers that are based inside the city limits which has been an issue since many large employers are moving their locations to the suburbs.

They have done very well with recruitment. To date, three employers are already signed up and two other employers have almost completed the process of signing up. The employers include health care, food service, hospitality and nonprofits. No employers have said no to date. They were very selective in targeting employers. One hedged initially but decided to sign on.

They are using the Real Benefits screening tool which screens applicants for food stamps, insurance programs such as SCHIP, fuel assistance, Medicare cost sharing and Medicare drug plans and evaluates them for potential EITC qualification.

Initially, they thought that the employers would be most interested in the EITC and health service benefits but the employers have really wanted the whole comprehensive package for their employees. In addition to benefit screening, they will also be offering financial education training. They have partnered with Educated Investor which will offer an online financial education product. It will be offered to all employees at these employers (higher and lower wage) but it will be targeted to serve the lower wage employees.

As tax time approaches, they will funnel those who are eligible into the CEP free tax preparation program. At least one of the tax locations will have a night dedicated to serving employees who are connected with the Chicago Supports Working Initiative. They will also issue coupons to the employees at these employers to help streamline their tax preparation. Typically the CEP tax sites are set up on first come-first serve model but they will set up appointments for some of these employees.

Their observations to date are very good. The employers are excited. They are curious as to the receptivity of their employees. One employer, Aramark staffing center, believes that all of their employees will be eligible for some benefit. Another employer, Hyatt, believes that because their lower income employees are unionized and pay into health plans through their union dues, there will be less take up on the insurance programs. But they think the other supports will be of interest.

They will be onsite at the employers in last two weeks of September to conduct initial outreach and begin screening sessions.

Chauncy Lennon, SeedCo and FEI Behavioral Health (New York and Milwaukee)

Seedco is national workforce intermediary. They are partnering with FEI, an Employee Assistance Program provider that offers call center based benefits to corporations to help their employees access services related to family and work. FEI is a spin off of the Alliance of Children and Families spin and is a for profit provider now.

Seedco wanted to create a product for FEI to enable them to offer screening and benefits for low income employees of large regional employers. The goal is to figure out how to create a program that can be marketed to businesses so that it will be a sustainable model at the end of the pilot.

They are trying to develop a web-based, technology tool to screen employees. The call center folks have already been trained to use the tool Seedco developed. They are now in the process of engaging businesses, including current and new FEI clients, to be pilot partners. Dole Food Processing has agreed to participate. They are beginning the marketing push to connect with employees there now through envelope stuffers, hiring packets, meetings with managers, etc. With FEI, employees can call 24 hours a day to be screened. If they go through a food stamps screening, FEI can collect the information they need to generate a paper application that is mailed to the employee. FEI can also encourage them to find out if they also qualify for other benefits. It takes just a few short minutes. By partnering with FEI, they have the capacity to follow up with the employee and re-engage them over time to ensure that they enrolled and to do new screenings. The goal is to go back to the business and show the dollar amount leveraged, the increase in employee satisfaction and in employee retention. The product will be self-sustaining through the FEI suite of services offered.

QUESTIONS AND DISCUSSION

1. When people are applying for benefits, they may have to share information that they would never want their employer to know – pregnancy and immigration information. How do you deal with those confidentiality issues?

That is why we use intermediaries. The employees don't have to talk to their employers about this. They talk to an intermediary. Confidentiality is of utmost importance.

The EAP industry confronts this all the time. These businesses were created as a way for employers to provide services around issues that involve confidentiality.

There has been an interest among some employers to train their HR staff to connect employees to benefits. We have been concerned about these issues of confidentiality though. If employers develop an HR model, we can test that out and might learn that it could work or that it won't.

In some localities, food stamp applicants are required to be screened and apply in person at the agency. The agencies are not allowing that kind of information to be shared.

With regards to immigration, CEP has been asking its employer partners if they have any sense of employees who might not be a legal resident. One employer has a tight process for checking citizenship up front. Another one is likely to have some holes. Some of the work support programs require that the applicant be a legal resident in order to qualify but the main insurance program doesn't require legal residency. CEP is listing out all of the documentation required and saying that applicants don't need to be legal in order to qualify for many of the benefits. They don't want the employers to view them as catch mechanism. Confidentiality is absolutely protected. No details will be reported back to HR.

2. *Do you have different expectations for on-site v. call in approaches?*

Chauncy: We are curious to see how much you penetration you can get with the call center model. The on-site model is expensive, especially for small businesses. One reason we are testing out the call center model is the recognition that you can only go so far with the on-site model. We need to test the call center model to see how much you can connect.

Ellen: One of the advantages of this project is that we can look at very different approaches to figure out what is better and under what circumstances different strategies work.

Erika: I have wondered if we could do some of ours with a call in model. We will hire part time screeners soon so we can try a hybrid approach. There is more opportunity for a breakdown in the process since we need to get documentation. That could be harder in a call center model.

Ellen: There is another national experiment through Ceridian, a work life vendor. They are using a call-in approach to help folks with family issues. But, they are working with employers to get permission to do some calling-out efforts to employees. This will enable us to test the effectiveness of just putting out information and actively recruiting employees through employer. Can find more on the Families and Work Institute website: www.familiesandwork.org

EITC NETWORK ANNOUNCEMENTS:

- On September 30, in conjunction with the Piton Foundation, there will be a funders' reception at the National Community Tax Coalition meeting.
- On October 9 at 12pmEST, there will be a conference call on error rates. New information has just come out from a study looking at tax preparation sites.
- December 6-7 – EITC Funders Network Meeting, hosted by Casey and Kellogg, will focus on EITC and family strengthening strategies in rural communities.