



# Private Employers and Public Benefits

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*Prepared for Workforce Innovation Networks—WINs*

**PART OF A SERIES OF REPORTS ON ENGAGING  
EMPLOYERS IN WORKFORCE DEVELOPMENT**



**JOBS FOR THE FUTURE**

CREATING STRATEGIES  
for Educational and Economic Opportunity



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## Workforce Innovation Networks—WINS

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WINS, a collaboration of Jobs for the Future, the Center for Workforce Preparation of the U.S. Chamber of Commerce, and the Center for Workforce Success of the National Association of Manufacturers, addresses the workforce development needs of businesses and communities. Launched in 1997, WINS works with local employer organizations across the country that are on the cutting-edge of workforce development, testing the proposition that they can play a unique intermediary role in achieving a dual goal:

- ★ Improving the economic prospects of disadvantaged job-seekers and workers; and
- ★ Meeting the needs of their member firms for employees at the entry-level and above.

## The Role of Employers in WINS

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A basic principle of WINS is that efforts to help individuals succeed must provide education and training that meet employer needs for knowledge and high skills. Similarly, individuals—particularly those with low education and skill levels—will not succeed in gaining family-sustaining employment unless they gain the skills necessary to perform in today's complex work environment.

Yet the top challenge faced by the people and organizations whose mission is to serve either constituency—job seekers or employers—is the challenge of engaging effectively with employers. For example, in July 2002, WINS asked a group of workforce development professionals, "What is the primary workforce development challenge facing your community?" Half the respondents answered, "Employers are not connected to the system." WINS then asked, "What is the biggest challenge you face in implementing the Workforce Investment Act?" Over 40 percent of respondents said, "Engaging employers."

Jobs for the Future has prepared a series of resources on meeting the challenge of engaging employers in workforce development. These include:

- ★ *Employer-Led Organizations and Career Ladders*
- ★ *From Stakeholders to Partners: Organizing Community Partnerships for Workforce Development*
- ★ *High-Leverage Governance Strategies for Workforce Development Systems*
- ★ *Hiring, Retaining, and Advancing Front-Line Workers: A Guide to Successful Human Resources Practices*
- ★ *Mentoring*
- ★ *Private Employers and Public Benefits*
- ★ *Working Together on Worker Training*



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## ■ Preface

As a great deal of research has documented, many low-income workers fail to take advantage of benefits for which they may be eligible, including tax credits, food stamps, medical insurance, housing subsidies, and transportation resources, among others. One strategy for improving access to and the use of these benefits is to provide them through the employers of low-income workers.

With funding from the Annie E. Casey Foundation, the three partner organizations in Workforce Innovations Networks—WINs—investigated the value of this approach. Between January and June 2003, Jobs for the Future, the National Association of Manufacturers' Center for Workforce Success, and the U.S. Chamber of Commerce's Center for Workforce Preparation conducted research on employers' knowledge of and experiences with public benefits for low-income families, including benefits aimed directly at increasing employers' hiring and retention of workers from low-income families.

*Private Employers and Public Benefits* builds upon the work of WINs since the mid-1990s to explore and develop the role of employer organizations as workforce development intermediaries, with funding from the Annie E. Casey, Ford, and Charles Stewart Mott foundations and the U.S. Department of Labor Employment and Training Administration. This report also parallels and draws upon a broader WINs research agenda to probe the question of how to improve the ability of the public workforce development system to meet employer needs. Conducted in 2003 on behalf of the Department of Labor and the Ford and Casey foundations, that larger project entailed two national surveys—one of employers, the other of low-wage workers—as well as focus groups with employers who are actively involved in workforce development programs and over 100 interviews with employers, federal, state, and local policy analysts, and representatives of employer associations and workforce development intermediaries. (See *Appendix A* for a list of interviewees.)

Staff from Jobs for the Future, the Center for Workforce Success, and the Center for Workforce Preparation conducted interviews in person and on the telephone, covering diverse topics regarding employer involvement with workforce development. WINs probed the topic of public benefits with additional questions for employers and other stakeholders, asking whether the

interviewees helped employees obtain any of four benefits on a list sent to them before the interview: the Earned Income Tax Credit, the Child Care Tax Credit, food stamps, and Medicaid and State Child Health Insurance Plans. We also asked if the employers—or, in the case of other stakeholders, their employer partners—were aware of any of four benefits aimed at businesses: the Work Opportunity Tax Credit, the Welfare to Work Tax Credit, the Empowerment Zone Employment Credit and the Renewal Community Employment Credit. Finally, we asked interviewees to describe their experiences with the benefits and why they had or had not accessed any of the benefits for employers or low-wage workers. (See *Appendix B* for the list of public benefits provided to the interviewees.)

We also conducted a Web-based search of foundations, government agencies, policy analysis organizations, advocacy groups, and media reports concerning the use of public benefits by the working poor and by employers. In the course of designing this research, the WINs partners decided to ask employers about two categories of public benefits for low-income individuals: tax credits to employers designed to encourage the hiring and retention of certain target groups and income supplements for low-wage workers, ranging from tax credits to direct subsidies.

While the original focus of this project was employer engagement in public benefits for low-income workers, we found that employers were more responsive to the research when the topic was linked to benefits for them. Throughout our interviews, we found that employers treated all these benefits as a block. Their attitudes toward and understanding of public benefits did not distinguish between tax credits aimed at them as employers and tax credits or other subsidies aimed at low-income workers. In consequence, this report treats both categories of benefits together. To illustrate points, we use comments about employer-oriented tax credits in the same discussion as observations about worker-oriented benefits because that is how employers perceived and talked about them.

## Why the Under-Use of Public Benefits Is a Problem

When most people hear about the idea of marketing public benefits through employers, their initial reaction is, “Why would a company want to get involved in a social service program?”

In fact, employers have good reason to be concerned that large numbers of working people with low family incomes do not take advantage of the public benefits intended to help them and their families achieve economic sufficiency—benefits that also help employers by contributing to the economic stability of their workforces. These public benefits bolster the ability of low-income workers to meet their basic needs, in effect providing a wage supplement to employers. For example, according to research in New York City conducted by Wider Opportunities for Women and the Women’s Center for Education and Career Advancement, income supplements of child care subsidies, food stamps, and Medicaid provide the economic stability of an \$18.43 hourly wage to a single parent with two children who earns \$8.04 per hour (Pearce 2000).

Consider also the Earned Income Tax Credit, which can reduce the tax liability of households with incomes up to \$40,000 by as much as \$4,140. For some low-income recipients, the tax credit represents as much as 40 percent of annual take-home income. According to the National Tax Association, 83 percent of low-income workers in a 1999 study used their increased tax refunds to pay a bill, and 73 percent used it help stabilize their lives with purchases, such as repairing or buying a car to get to work (Smeeding, Phillips, and O’Connor 2000).

Yet each year, according to the Center on Budget and Policy Priorities, “hundreds of thousands of eligible workers fail to claim their Earned Income Tax Credit” (Masiarchin 1999). In 2001, the Government Accounting Office’s *Report on EITC Eligibility and Participation Rates* estimated that only 62 percent of eligible families with three or more children applied for this benefit, while 93 percent of eligible households with only one child applied for it—and only 45 percent of eligible households with no children applied for EITC (GAO 2001). The same could be said for other public benefits designed to help low-income working families improve their economic stability. According to a 2002 study by the Food Research and Action Center, only 48 percent of eligible working families received food stamps in 1999 (Hayes 2002).

This not only hurts the workers who miss out on income and benefits; it also hurts their employers through higher turnover and increased absenteeism. Unreliable transportation, inadequate child care, and poor health are leading contributors to absenteeism, tardiness, and turnover among low-income workers. An evaluation of TANF leavers in New Jersey by Mathematica Policy Research reported that 52 percent had been fired as a result of frequent tardiness or absenteeism related to child care or health problems (Rangarajan and Johnson 2002). In the words of a call center manager who has hired many entry-level workers through the Annie E. Casey Foundation’s Jobs Initiative, “These people’s lives are in chaos. They have so many problems they cannot pay attention to work.”<sup>1</sup>

An unpublished survey conducted by ASE in Detroit, Michigan, highlights workplace problems that employers can experience when employees’ non-work needs are not addressed.<sup>2</sup> ASE asked entry-level workers and their supervisors in five companies about barriers to employee advancement. After “caring for a dependent,” “money problems” were reported more frequently than 19 other potential problems ranging from “understanding work assignments” to “getting along with colleagues.” “Financial worry about making ends meet” appears to contribute to absenteeism, distraction on the job, strained relations with supervisors and co-workers, and a number of other factors that can reduce productivity.

Clearly, it is in employers’ self-interest to help low-income workers overcome such problems. The Welfare to Work Partnership, along with myriad others, reports that former TANF recipients who take advantage of child care, transportation, housing assistance, food stamps, Medicaid, and the EITC experience significantly less hardship in the form of homelessness, the use of food pantries, trouble paying for medical and dental care, and domestic violence issues (Relave 2002a). The Urban Institute found that TANF-leavers who had access to both Medicaid and food stamps were more than twice as likely to remain employed as were those without both benefits (Loprest 2002). Similarly, the Brookings Institute found that TANF-leavers with housing subsidies were more likely to stay off welfare than were those without the benefit (Sard and Waller 2002).

It’s not just benefits for employees that are under-used. The same is true of public benefits for employers, particularly tax credits that encourage them to hire and

**Public benefits bolster the ability of low-income workers to meet their basic needs, in effect providing a wage supplement to employers. Financial worry about making ends meet contributes to reduced productivity on the job.**

retain low-income individuals. These credits, which provide up to \$8,000 over two years in reduced tax liability, are intended to encourage companies to hire and retain workers who might otherwise appear to be a financial risk due to high training costs. The credits provide a clear and direct financial benefit, reducing corporate income tax liability for every eligible worker hired and retained.

Yet a Government Accounting Office study (2001) found that in Texas and California, only 3 percent of participating employers were responsible for 83 percent of Work Opportunity Tax Credit hires. Most companies using the program were large employers in the retail and non-financial services industries, with gross receipts in excess of \$1 billion. The small to medium-sized firms that are often the major source of employment for first-time workers take limited advantage of wage subsidies designed to reduce the financial costs associated with hiring inexperienced workers.

### ■ What the WINS Research Reveals

With direct and indirect financial benefits available for the taking, why don't more employers and more workers gladly and widely take advantage of them? We found three broad causes:<sup>3</sup>

*Awareness:* Overwhelmingly, employers are unaware of tax credits or any of the other benefits available for low-income workers. Moreover, what employers do “know” about these benefits is often incorrect.

*Access:* States' procedures often make it difficult for employed people to access benefits, and varying processes from state to state make it difficult for companies to provide good information to their employees.

*Marketing:* The strategies for informing the public about these benefits rarely target employers, in content or language, or as an audience.

#### AWARENESS

Low awareness is a major factor contributing to the under-use of public benefits by both low-income workers and their employers. These benefits are poorly recognized, often misunderstood, and perceived to be either difficult to use or beyond an employer's proper role.

Despite the commitment, concern, and resources that have been expended—by government, non-profit organizations, and others—to promote awareness, acceptance, and utilization of both employee and employer public benefits, the message has neither been

delivered nor heard. The vast majority of employers interviewed did not know about the wide array of public benefits. Time and again, employers said they “had never heard of” or “don't know anything about” the benefits, whether for employees or employers. A few employers had heard of one or more of the employee benefits but not the employer benefits, and vice versa. Other categories of respondents said variants of “No one knows about them.”

Interviews further suggest that the message does not reach employees either. No employers said that their employees had requested assistance in obtaining any worker benefits.<sup>4</sup> This includes the Advance EITC, which could directly increase workers' take-home pay. With Advance EITC, the employer “advances” the worker the amount of the tax credit in the paycheck, so the worker doesn't have to wait to receive it as part of his or her annual tax refund. This can increase a family's take-home pay by as much as \$115 per month without any change in hourly wage (Masiarchin 1999). One consequence is to increase the size of the labor pool from which companies can recruit entry-level workers, at no cost to employers in recruitment, wages, or benefits.<sup>5</sup>

***Employers believe that neither they nor their workers would be eligible for public benefits.***

Employers often assume incorrectly that they and their workers probably are ineligible for the public benefits covered by this study. For instance, several employers paying \$12 an hour and more said they didn't bother with EITC because “our wages are too high.” In fact, as employers were often amazed to find out, working parents earning as much as \$17 an hour could receive over \$4,000 a year in EITC. Many families with incomes well above the federal poverty level are eligible for public subsidies to help them improve their economic stability.

***Many employers who are aware of public benefits mistrust them.***

Employers express concern about the possibility of liability or some other problem they might encounter from advising or assisting employees on income taxes, including the EITC, or on government subsidies such as food stamps. And they are concerned that dealing with these benefits may in some way be unwelcome by their workforce. Said one employer, “Our unions have raised concerns about these subsidies.”

Employers often assume incorrectly that they and their workers probably are ineligible for the public benefits covered by this study.

Not only is there mistrust about the administration of public benefits, there is mistrust of their purpose as well, a mistrust that some workers may share. According to an employer, “With regard to public benefits, there is a stigma attached to welfare-to-work people and those people you need to give benefits to. That’s not fair, but it’s there.”

The Advance Earned Income Tax Credit would seem to offer employers an immediate benefit: it acts, in effect, as a wage subsidy for their low-income workers. Yet companies are reluctant to offer Advance EITC. None of the employers interviewed said that their assistance on Advance EITC had been requested. This is consistent with national studies, which indicate that only about 1 percent of all EITC benefits are paid out through Advance EITC.

“Companies don’t seem very interested in implementing Advance EITC programs,” said the executive director of Origin, Inc., a national workforce intermediary.<sup>6</sup> He told of one employer’s resistance, highlighting several reasons employers shy away from getting involved with public benefit programs:

*I tried to interest a pharmacy chain in [Advance EITC] as a way of giving their workers bigger take-home checks at no cost to the company. They thought it was going to be more work than it was and were afraid that they would encounter some kind of liability if there were any mistakes. It’s a government program and therefore risky to get involved with. Furthermore, in the company’s opinion, the workers who were eligible could get the credit on their own, so there was no need for them to get involved.*

***Within a company, the people who are most knowledgeable about individual workers are often not the ones who are informed about tax credits and other public benefits for employers and employees.***

Tax credits for employers are an indirect—and ineffective—strategy for accomplishing their intended goal: increasing employment opportunity for designated groups. Hiring supervisors neither administer tax credits nor receive bottom line credit for them, but they are held accountable for their staffs’ productivity and overall performance. The WINs research found that companies that took advantage of employer tax credits often outsourced the task to a consultant who automatically submitted a Work Opportunity Tax Credit application for every new hire. Supervisors and human resource departments never knew which employees were eligible for tax credits.

Consequently, the potential tax benefit could not enter into the “financial package” they could offer in order to hire or retain a worker.

#### ACCESS

**Overcoming the awareness barrier is a significant—but insufficient—step toward increasing both employer and employee use of public income supports.**

Many procedural and regulatory barriers make it difficult for either employers or low-income workers to learn about, apply for, or receive public benefits. Small employers, in particular, find it difficult to become knowledgeable about eligibility guidelines and to navigate the documentation requirements of programs that could help them provide competitive employee benefits. In other words, far too often the “benefit” does not justify the “cost.”

***Employers view state procedures as bureaucratic and unresponsive.***

Smaller employers are especially likely to perceive these public benefits as complex, difficult, and time-consuming to access. Coping with public bureaucracies that they consider unresponsive is “just one more thing to do that I don’t need.” A typical comment: “You know, I’m so busy that I just don’t know about all these kinds of things and can’t take time to figure them out.”



#### Some employers think that helping people access public benefits may intrude into their employees’ personal lives.

Despite the advantages that will accrue to their businesses from better accessing public benefits, employers say they are wary of treading into the personal affairs of their workers. Yes, many will take action if substance abuse impairs worker effectiveness and employability, but getting involved in a worker’s personal finances is a highly sensitive matter that often lacks the clear workplace impact that would justify employer involvement. This is certainly true with respect to an employee’s taxes—and EITC is an income tax refund.

Interviews with staff members of One-Stop Career Centers and Workforce Investment Boards provide additional evidence of this barrier. Promoting access to public benefits is clearly within the mission of such organizations, but these staff members are reluctant to talk to employers about benefits for employees. Observed a One-Stop staff member who is responsible for employer services, “We don’t really push employers to use public benefits except EITC, but that was through TANF. Employers are uncomfortable with this concept, wondering ‘Is this my job to help these people get benefits? Or to provide this type of information?’”

This evidence points to the need for raising awareness around public benefits among employees as well as among employers.

**The value of the benefit is insufficient to offset the cost of the disruption of a risky hire.**

An exception was a store manager who takes advantage of some public benefits, yet even he cited difficulties in the process: “We have stores in some poor areas and have a lot of low-wage people, so we have a couple of staff who do the administration on this. That’s needed because these applications are complicated and the jargon scares store managers so we have to help them to realize the benefits.”

A manufacturing company vice president told a similar story. His human resources manager “knows all about public benefits because she is involved in the system and she uses EITC. Nonetheless, she thinks it’s bureaucratic, regimented, and cumbersome.”

Another interviewee brought home the difficulty employers face even in taking advantage of benefits aimed directly at them: “If we call that toll-free number they advertise for the Work Opportunity Tax Credit, we get no response. What these workforce training programs ought to do is send their people out with all the forms when they refer people, but they don’t.”

More typical were those respondents who felt that the benefits were modest compared to the difficulty of taking advantage of them: “Frankly, they’re not worth the hassle you have to go through.”

In fact, the value of the benefit is insufficient to offset the cost of the disruption of a risky hire. The cost of turnover is estimated at 150 percent of the annual salary

of the position to be filled, much greater than the 50 percent of first year’s salary tax credit. Several employers indicated that tax credits were unlikely to influence their hiring decisions; they would always hire the best applicant rather than take a perceived risk on what might be an unqualified worker. When the executive director of Origin, Inc., tried to market the Work Opportunity Tax Credit to employers as a job-retention tool, he was informed that “it is no kind of incentive to keep a sub-par worker. The supervisor has no idea whether someone is eligible for a credit, and no HR manager is going to encourage a supervisor to keep an under-performing worker to get a tax credit.”

### ***Regulations often discourage use.***

State procedures often make it difficult to apply for public benefits. For the Earned Income Tax Credit, a federal program, the employee simply applies as part of filling in a federal income tax return, but other benefits, both for workers and for companies, are handled quite differently by different states. There is little consistency, for example, in how states certify workers for the Work Opportunity Tax Credit. In some states, this is handled by non-profit organizations that refer low-income individuals to jobs; in others, the Employment Service does it directly. In some states, the certification application is a half-page form; others require extensive documentation, with applications full of warnings that often intimidate small companies.

Regarding worker benefits, the application processes often are not even standardized *within* a state. Different agencies might handle food stamps, Medicaid or SCHIPS, child care subsidies, and transportation and housing subsidies, with each agency having its own timetables and documentation requirements. States are not required to continue providing welfare-related benefits to former welfare recipients, and they have widely differing policies regarding who may receive benefits and for how long. States’ re-certification practices for continuing worker benefits after leaving welfare range from every three months to a year; some states allow workers to apply online, while others require office visits lasting as long as five hours during work hours for each separate benefit, such as child care subsidy, food stamps, Medicaid or SCHIPS, or transportation subsidy (Relave 2002). A minimum-wage worker could lose up to 20 hours of work every quarter just to prove ongoing eligibility to receive these benefits (O’Brien et al. 2000).

### **Smaller companies need help accessing public benefits.**

Larger companies have professional staffs and top-tier accountants who often know about and can cope with benefit applications and procedures, and many workforce intermediaries contacted for this study reported that very large companies automatically checked whether new hires were eligible for tax credits. Small companies, on the other hand, were either unaware of tax credits or lacked a simple way to apply for them. According to an executive of the Michigan Chamber of Commerce, small businesses get short-changed in their efforts to receive what should be a basic service from the public system, such as information about tax credits for employers.

Small and mid-sized employers, who provide the bulk of the jobs held by workers eligible for these benefits, often express a feeling of being overwhelmed by the day-to-day challenges they face. Few of the small employers interviewed have full-time professional human resource staff. These companies often outsource personnel and payroll functions to vendors, or HR and payroll become collateral duties for someone with broader administrative responsibilities. While providing access to Medicaid or SCHIPS could fill a void in the ability of small employers to provide benefits, they have no effective way to learn about public benefits or to disseminate such information to their workers.



This “quality control” places a burden on employers as well as workers. The missed work time affects the bottom line, and the complexity and diversity of documenting eligibility make it difficult for employers to provide accurate, useful information to workers and government agencies. Making life even more complicated for workers and employers, state agencies do not have to share information, and some have regulations prohibiting such sharing of personal information about public assistance recipients.

## MARKETING

**As low awareness of—and significant misinformation about—public benefits suggest, information is not effectively reaching most employers.**

Moreover, business publications or organizations make little or no mention of these benefits. How these benefits are “marketed” to employers appears to be a major factor in their reluctance to access them.

### *The messenger matters.*

A primary marketing weakness appears to be the “messenger”: employers hear about employee and employer benefits mainly from government agencies or from organizations with a social mission. Employers may shrug off or leave at the bottom of their in-boxes information about benefits from such sources.

In the case of community or non-profit organizations, employers don’t see them as allies. These organizations rarely have experience with or knowledge about working with employers, and sometimes mistrust their profit motive. Reciprocally, some employers mistrust these organizations’ “social work” mission, perceiving that it conflicts with a business’s need for skilled productive employees. Said a Medicaid service manager for a home health services company outside St. Louis, “Some of these agency staff will try to talk me into hiring people that I have told them are not qualified. I cannot rely on what they tell me.”

When it comes to employers’ opinions of government agencies, mistrust can go deeper. State departments of labor, which publicize or administer many of the benefits, are often viewed as regulators rather than partners of businesses. Similarly, the EITC is administered through the Internal Revenue Service, not an agency that employers lightly approach in terms of services or benefits. And in general, employers, especially small and mid-sized

employers, are wary about involving themselves with government in connection with their employees. More than one interviewee said that some employers feared that OSHA would soon be on their doorstep if they involved themselves with any employee-related government agency.

***Marketing materials are often obscure, bureaucratic, and hard to understand.***

Interviewees said that the public-benefits materials that federal or state agencies sent them were complex and hard to comprehend, particularly with respect to employer benefits.

A scan of state Web sites regarding the Work Opportunity Tax Credit supports this perception. For example, Oregon’s Web page, which is typical of states’ marketing materials, opens with the legislative etymology of the tax credit. This is followed by a five-line summary of the benefit in which the phrases “federal income tax liability,” “qualified wages,” and “certified new-hire” appear. The section on “How to Apply” instructs employers that they *must* apply for and receive a certification authorizing use, using Pre-Screening Notice IRS Form 8550 and Form ETA 9061.<sup>7</sup> Such language suggests a highly bureaucratic application process.

Even professionals in WIBs, One-Stops, and employer associations said they were often hard put to understand what the benefits were and how to explain them to employers. This was the case even when state or other agencies had made efforts to simplify and make the benefits accessible.



## Benefits to employers are often hidden.

Organizations and agencies that promote the use of public benefits for low-wage workers and their employers tend to speak in “social mission” language, speaking of social values, of helping people and communities.

Employers frequently say they are open to community-oriented motivations but point out that their primary concerns have to be with cost savings, reduced turnover, and improved employee loyalty, productivity, and competitiveness. Employers say that the materials they received are not in “business” language, nor are they attuned to business concerns. “It’s odd, if the sponsors of these benefits want employers to use these benefits, that they don’t use employer language and employer concerns, but instead they stick to the individual or community social benefits,” said an employer association staff member. “They just don’t use basic marketing principles—that if you’re not speaking their language, they’re not hearing you.”

Several representatives of employer associations and One-Stops told us they did try to inform companies about public benefits through articles in their newsletters or training sessions, yet they added that the marketing materials from state agencies were unsuitable for employers and needed translation and recasting into more appropriate language and formats. Said a staff member at one NAM affiliate, “We as an association constantly inform our members of these benefits; I’ve written about it four times in our newsletter in last year. We have to translate some of the materials we get to be more effective with employers.”

### Model Programs and Other High Potential Responses

Low-income workers and their employers under-use public benefits designed for them for many reasons, not the least of which is that they misunderstand and mistrust them. Also, in many states, regulations and public policies make these benefits difficult to apply for, and a stigma often attaches to their use. Yet some employers use public benefits enthusiastically, and not all the messages we received from the employer interviews were negative. A few employers not only are aware of a wide range of public benefits but take advantage of them. A Detroit firm could be the “poster-child” for a marketing campaign aimed at employers:

*Oh, sure, I know just about all of those benefits on your list—EITC, Child Tax Credit, Savers Tax Credit. My son over there does all the income taxes of our people because we want to be sure they get all that’s coming to them—and a lot of those neighborhood tax places will rip our people off. And my son says, “Man, does this EITC help these people.” We got into this because we want to get those guys some money. Our customers don’t pay us enough to pay them higher wages, and we want them to get every penny they’re entitled to.*

This employer may be unusual, but he clearly sees reasons for his company to help its employees access public benefits. Helping them take advantage of EITC not only boosts employee loyalty, it provides workers with a *de facto* pay raise without increasing the cost of wages to the company.

Moreover, as WINs research reveals, at least some barriers to increasing the use of public benefits could be addressed through better information and marketing strategies.

***There is good reason to believe that general outreach and education can increase the use of public benefit programs.***

Cities, in particular, have initiated campaigns to recruit and train volunteers to help low-income workers prepare their tax returns, including helping them file for the EITC and other tax credits. In Tulsa, Oklahoma, for example, an Earned Income Tax Credit Campaign reportedly brought an additional \$11 million to city residents. In Washington State, the return to low-income workers—and consequently the local economy—for an EITC marketing campaign conducted in 1999 was \$16.77 for every dollar spent on outreach and marketing (Masiarchin 1999).

A marketing and education program oriented toward employers could have as good a result—or better—in improving the uptake of public benefits among low-income workers. Workers look to their employers for information on other asset building resources, such as tuition reimbursement programs, pre-tax health and child care savings plans, and retirement investments. Positioning EITC, food stamps, and other public benefits with other asset-building programs may help reduce the stigma attached to them and increase their accessibility to low-income working families.

Based on feedback from WINs interviews and other research, it appears that well-organized efforts to improve employers’ understanding of the business benefit of helping workers access public benefits could make a significant difference. Employer organizations and associations can play a strong role in encouraging employers to help their employees enhance their financial stability by taking advantage of public benefit programs.

The Hopkinsville-Christian County Chamber in Kentucky conducted an EITC marketing campaign aimed at employers, with the message that the credit could reduce workplace turnover. The chamber identified \$1.63 million in unclaimed refunds due to eligible employees. In Tennessee, the Clarksville Chamber has begun an employer outreach program on food stamps aimed at promoting the message that these “are a tool to make ends meet, a work support . . . not a hand out.” While the Clarksville program is too new to document results, it demonstrates that employer associations are both willing to participate in marketing a broad range of public benefits and knowledgeable about how to shape the message to the employer audience.



*Employers are interested.*

In the WINs interviews, many employers who previously knew nothing of the public benefits discussed here became very interested when those benefits were described, asking where to find more information. This employer was fairly typical: “I am not familiar with these. I bet we’re not using any of them, and, as you say, our low-wage people probably qualify. I’ll take this up with our HR payroll people if you can let me have that page of listings.”

Employers were also receptive to the idea of learning about these benefits from a trusted source, such as an employer association. “I’ve actually never heard of most of these benefits,” said an employer, adding, “How would I learn about them? It’d be nice to have the employer association do a training session and advise us on these.”

Another employer suggested the value of “a check-list put out by an employer association—or even a One-Stop, since they supply workers to employers—and we would use that ourselves to get these benefits for people.”

And a third: “We need good information from the management association or other business groups in accessible form.”

As a rule, it was easier to begin conversations about public benefits for employees with a discussion of benefits targeted to employers. Because the employer tax credits are associated with hiring and retaining targeted groups of (usually) low-income job seekers, the segue to income supplements for these same workers could come in a business, rather than social-service, context. Including benefits for employers appears to be a crucial component of discussing public benefits for low-income workers with employers.

## Recommendations: The Role of Employer Organizations

The experience of the WINs partners demonstrates that employer associations can conduct public outreach campaigns to aggressively market the EITC and other programs, building on their experience in engaging companies in practices and policies that improve their success with their low-income workforces.<sup>8</sup> Because unaddressed, off-the-job problems (e.g., family illnesses, financial difficulties, lack of reliable and safe housing, problems with immigration regulations) are connected to turnover, poor attendance, and similar problems at work among front-line workers, employer associations may seek to increase employer participation in helping low-income workers take advantage of public benefits.

Employer associations are well-positioned to play such a role:

- They are generally trusted by their membership to represent business interests.
- They have regular communications with their membership on topics of general business interest.
- They speak business language, so can present the business case for helping workers access benefits.
- They can incorporate into their association membership services assistance to companies in accessing public benefits for employees.

Employer organizations can increase employer access to public benefits for workers in a number of ways. For example, they can hire staff members who both know about community resources *and* understand how to operate in a business environment: the Connecticut Business and Industry Association employs a qualified social worker who visits member companies to provide on-site, confidential case management to individual workers, with the company paying CBIA on a fee-for-service basis. Employer associations can also broker between companies and the public system in regions where the public system serves employers well. In these cases, the associations can link companies to a community-based organization or a One-Stop account representative who provides access to asset development services from a host of public agencies.

An effective education, information, and technical assistance strategy could yield impressive gains in employer willingness either to apply for public benefits

**Well-organized efforts to improve employers’ understanding of the business benefit of helping workers access public benefits could make a significant difference.**

Even employer associations that lack staff dedicated to workforce issues can contribute to an outreach campaign

or to assist their employees in accessing benefits. But, as the WINs research strongly suggests, the message needs to be in employer language, addressed to employer concerns, and conveyed through a vehicle or medium that employers both attend to and trust.

Employers are more apt to respond to marketing from a business-oriented source. For example, the U.S. Chamber's Center for Workforce Preparation conducts Workforce Leadership Institutes that teach Chamber leaders about workforce development resources and how to access them. In areas where Chamber staff have participated in these workshops, there is a significant increase in local employer awareness and use of workforce development resources. This demonstrates that educating employer association staff about public benefits may be an effective means of communicating the philosophy that public benefits serve the interests of employers.

The first step to accomplishing any of these tasks is *to design and launch a campaign that would prepare employer associations to increase companies' participation in providing public benefits to low-income workers.*

Such an effort would consist of four major tasks:

- Design a how-to guide and a curriculum to teach association staff about asset-building public benefits.
- Conduct workshops to train association staff on public benefit campaigns.
- Develop marketing materials for association newsletters, Web sites, and other venues.
- Develop a "tool kit" for association staff to use with employers during site visits.

#### **A HOW-TO GUIDE AND CURRICULUM**

Employer associations have no simple source for learning about public benefits for low-income workers and their employers. That is one reason why so few associations have programs to teach their member companies about these benefits. The staff at One-Stops or most community-based organizations and at employer associations all tend to have a poor understanding of the benefits managed by different federal and state agencies and the multiplicity of different policies in different states. A reference manual and training guide would help address this lack.

The reference guide and training curriculum would include:

- An introduction to the various benefits, ranging from the EITC and other tax credits to food stamps and

- housing, transportation, and child care subsidies;
- Resources on how to identify the social service and community agencies with good reputations for advocacy, administering public benefits programs, or providing information on eligibility criteria and application procedures;
- Information on how benefits to workers also benefit employers; and
- Information on advocating for improved business services within the public workforce system by organizing employer campaigns on the need for asset development services for workers.

#### **WORKSHOPS FOR EMPLOYER ORGANIZATION STAFF MEMBERS**

Association staff need training with their peers if they are to become expert resources on public benefits for employers and employees. An educational project based on the reference guide and curriculum would help equip employer associations to serve as resources to companies on how to access public benefits for themselves and their low-wage workers.

National employer associations are well-positioned to offer their affiliates workshops and conferences that focus on the relevance of this issue to their membership. Through such workshops, a cadre of professionals would learn about the public benefits, share their experiences marketing them, and develop strategies to implement outreach programs on public benefits for low-income workers and their employers.

#### **MARKETING MATERIALS**

Even employer associations that lack staff dedicated to workforce issues can contribute to an outreach campaign on public benefits by placing articles in their newsletters, putting information on their Web sites, and making presentations at regular association meetings. The significant feature of these materials would be that they present the case in "business language" and from a trusted source—a business organization. They would refute the "it's not my concern" attitude by presenting the economic and productivity benefits to employers.

The "language issue" is of particular concern with respect to marketing benefits like food stamps to employers. These are individual benefits that employees can apply for without the involvement of employers, and they appear to confer no direct financial benefit to employers. Yet employers can be a prime potential vehi-

cle for communicating information to their employees, and there *are* significant indirect benefits to employers who help employees get the benefits. A strong message on these indirect benefits needs to be formulated in clear employer language and promoted effectively.

### A “TOOL KIT”

As employers respond to a marketing campaign, associations would follow-up with easily understood and accessible materials to help companies implement a program. Employer association staff members frequently visit their membership to provide information on a variety of programs and resources available through the association. They have found that it is important to be able to act promptly on recommendations that interest companies.

Yet association staff report that mere information for employers is insufficient. Citing their experience with obtaining training grants for small employers, some employer associations said that someone on their staff would need to sit with employers and assist them with the applications. Consequently, a “tool kit” with informational posters on specific public benefits and application forms that can be completed during the course of the visit could significantly increase participation rates.

In this respect, there is great value in the innovative programs developed to simplify the application process and make it more worker- and employer-friendly. For example, RealBenefits is a Web-based information service and toolset developed by Community Catalyst and Bluemark, LLC, with funding by the U.S. Department of Agriculture, U.S. Dept of Commerce, Annie E. Casey Foundation, John D. and Catherine T. MacArthur Foundation, and the Chicago Community Trust. It collects in a single application all the income, asset, and personal information needed by several benefit programs, and can be completed either online or in person, and distributed to all pertinent agencies. It can also produce written reports listing programs and the amount of benefits that individuals might be able to receive ([www.real-benefits.org](http://www.real-benefits.org)).

## Conclusion

WINs research indicates that few employers are aware of the existence of public benefits for low-wage workers, and employers who are aware of these benefits frequently misunderstand them. While many causes underlie this lack of information, it is evident that public agencies have yet to make a concerted effort to educate employers about public benefits for low-wage workers.

At the same time, public outreach campaigns for the EITC, organized by municipalities, have increased the uptake of the tax credit. Employer organizations have also been successful in educating their membership about how to access workforce development programs, and they could expand this effort to include a campaign on public asset development benefits. The recommendations presented here add up to the elements of a campaign, organized and led by employer organizations, to reach out to and engage employers in accessing these public benefits, yielding benefits to employers and low-wage workers and their families.

### Resources for Marketing Public Benefits

Fortunately, some high-quality marketing and educational materials are available regarding many public benefits, especially tax credits for low-income workers, and these materials can be adapted for employers. The IRS provides employers with posters, pay envelope stuffers, and similar materials—at no charge—to educate workers about EITC. A number of publications, such as the National Women's Law Center's booklet *Credit Where Credit is Due*, provide easily understood and attractively presented step-by-step guidance on a range of benefits, including the EITC, Child Care Tax Credit, and Savers Tax Credit (NWLC 2003).

Excellent materials help communities plan their outreach and provide tax-preparation assistance. An example is *Help Workers Boost Their Paychecks! Promote Tax Credits for People Who Work*, a tool kit developed by the Center on Budget and Policy Priorities, which is updated annually. Similar materials are needed for employer associations. Information about public benefits is also found on government, foundation, and advocacy Web sites. Better links among Web sites, highlighting information aimed at or appropriate to employers, might get the word out more successfully.

See *Appendix C* for more resources on public benefits.

## Notes

- <sup>1</sup> Unless otherwise noted, all quotes are from interviews conducted for this report. See Appendix A for a list of interviewees.
- <sup>2</sup> ASE, formerly the American Society of Employers, is a project site in WINs.
- <sup>3</sup> While this study focused on employer experiences with public benefits, it should be noted that many procedural and regulatory barriers are major factors as well, making it difficult for low-income workers to learn about, apply for, or receive public benefits.
- <sup>4</sup> For various reasons, workers who need assistance in obtaining EITC or other benefits may be reluctant to approach their employers.
- <sup>5</sup> A 1996 study documented that the Earned Income Tax Credit increased the labor force participation of single women with children by a statistically significant 2.8 percent, without adversely affecting the number of hours worked by eligible workers (Eissa and Liebman 1996). It is logical that the Advance Earned Income Tax Credit would have a similar effect.
- <sup>6</sup> Origin, Inc., is a non-profit social venture business that works with corporations and community organizations to develop the skills of low-income individuals and place them into employment—at no cost to the individuals or the corporations. It is a partnership of Jeff Jablow and Jobs for the Future.
- <sup>7</sup> <http://findit.emp.state.or.us/emprsvcs/wotc.cfm>, accessed on January 27, 2004
- <sup>8</sup> The public policy barriers to simplified access to public benefits present another area for engaging employer associations: organizing the employer voice with state legislatures, Workforce Investment Boards, and other state and local agencies responsible for managing programs.

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*This project was conceived of and designed by Jerry Rubin, who also oversaw its development. Interviews and focus group facilitation were conducted by Beth Buehlmann and Roberta Shulman of the Center for Workforce Preparation; Stacey Wagner and Basil Whiting of the Center for Workforce Success; and Jack Mills, Mary Frances Mitchner, Heath Prince, and Geri Scott of Jobs for the Future. They all also reviewed various drafts and contributed invaluable insights to the report.*

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**Geri Scott** brings more than 25 years of experience with the workforce development system to Jobs for the Future, where she is a member of the Building Economic Opportunities Group. She manages projects that develop policies and demonstrate a cadre of best practices for business to retain and advance low-wage workers. Ms. Scott has worked with a broad range of workforce development programs in Massachusetts and nationally. Formerly the New England Regional Director for the National Alliance of Business, Ms. Scott contributed to a number of technical assistance guides for building the capacity of the workforce development system to address human resource development needs. As Director of Vocational Education Programs for the Massachusetts Department of Manpower Development, she refocused occupational training efforts to incorporate employers' skills standards, nearly doubling the resulting job placement rates. At the Massachusetts Office for Refugees and Immigrants, she managed the Refugee Employment and Education Program, strengthening linkages with the workforce development system to provide access for new Americans to training and job placement.

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## Appendix A Interviews and Focus Groups

*Private Employers and Public Benefits* draws upon WINs research probing the question of how to improve the ability of the public workforce development system to meet employer needs. That research included focus groups with employers who are actively involved in workforce development programs and interviews with employers, federal, state, and local policy analysts, and representatives of employer associations and workforce development intermediaries.

### FORUMS/FOCUS GROUPS

Detroit Regional Chamber of Commerce  
Employers working with the Annie E. Casey Foundation Jobs Initiative  
National Association of Workforce Boards  
United States Chamber of Commerce Forum

### INTERVIEWS

#### *Employers*

*CEOs, human resources personnel, and other executives were interviewed at each of the following firms, all of which are customers of the public workforce development system. The interviews were conducted anonymously.*

Birdseye/Agrilink, Peoria, Illinois  
Caterpillar, Inc., Peoria, Illinois  
CityLink Transportation, Peoria, Illinois  
Clark Engineers, Inc., Peoria, Illinois  
Classic Caramels, York, Pennsylvania  
CoorsTek, Golden, Colorado  
Coherent DEOS, Inc., Bloomfield, Connecticut  
CUNO, Inc., Meriden, Connecticut  
Detroit Chassis, LLC, Detroit, Michigan  
Detroit Diesel, Detroit, Michigan  
Eyster's Machine and Wire Products, Seven Valleys, Pennsylvania  
Fayette Companies, Peoria, Illinois  
FES Systems, Inc., GEA Refrigeration Division, York, Pennsylvania  
Goldendale Aluminum, Goldendale, Washington  
Graham Packaging Company, York, Pennsylvania  
Hackett Brass, Detroit, Michigan  
Hamill Manufacturing Company, Trafford, Pennsylvania  
International Communications Materials, Inc., Connellsville, Pennsylvania  
Keystone Steel and Wire Company, Peoria, Illinois  
Lincoln Office/Steelcase, Peoria, Illinois  
MRA Managed Care Solutions, Long Beach, California  
Mitsubishi Electric Power Products, Inc., Warrendale, Pennsylvania  
Mott Metallurgical Corporation, Farmington, Connecticut  
Pepperidge Farm, Inc., Norwalk, Connecticut  
PersonnelExpress, Washington  
Precision Speed Manufacturing, Windsor, Connecticut

Safeway/Wal-Mart, Aurora, Colorado  
Sony Electronics, Inc., Mt. Pleasant, Pennsylvania  
Southwest Airlines, Bethesda, Maryland  
Stylette, Oakdale, Pennsylvania  
Trumpf, Inc., Farmington, Connecticut  
Visiting Nurse Association, Inc., Oak Park and Detroit Michigan, St. Louis, Missouri  
Willco Graphics, LLC, Detroit, Michigan  
York Wallcoverings, Borders and Fabrics, York, Pennsylvania

#### *Employer Organizations*

Gloria Anthony, Tampa Chamber of Commerce, Florida  
Dana DeHoff Bond, Director of Education and Training, Manufacturers Association of South Central Pennsylvania  
Karen Campbell, SMC, Pittsburgh, Pennsylvania  
George Coulter, Greater Cleveland Growth Association, Ohio  
Terry Feeley, San Francisco Works, California  
Janet Gemmiti, Employer Services Liaison, Connecticut Business and Industry Association, Hartford, Connecticut  
David Donlon, Chamber of Commerce, Pennsylvania  
Steve Gilbert, Tulsa Chamber of Commerce, Oklahoma  
Jack Hornbeck, Hampton Roads Chamber of Commerce, Virginia  
Mike Hudson, Workforce Institute and Association of Washington Business, Washington  
Wes Jurey, Chamber of Commerce, Arlington, Texas  
Lauren Kaufman, Connecticut Business and Industry Association, Hartford, Connecticut  
Stephanie Lovell, Employer Services Liaison, Connecticut Business and Industry Association, Hartford, Connecticut  
Steve Mitchell, Workforce Connections, Pennsylvania  
Paul Ouellette, Northern Rhode Island Chamber of Commerce  
Beth Payne, Raleigh-Durham Chamber of Commerce, North Carolina  
Randy Peers, Brooklyn Chamber of Commerce, New York  
Judy Resnick, Connecticut Business and Industry Association, Hartford, Connecticut  
Michael E. Smeltzer, Manufacturers Association of South Central Pennsylvania  
Tom Thomas, Greater El Paso Chamber of Commerce, Texas  
Kathryn A. Tuck, ASE, Detroit, Michigan  
Ron Turner, Greater Sarasota Chamber of Commerce, Florida  
Vonda Turner, Detroit Chamber of Commerce, Michigan  
Tim Witsman, Wichita Area Chamber of Commerce, Kansas  
Eileen Zewski, Greater Holyoke Chamber of Commerce, Massachusetts

#### *Workforce Intermediaries, Local Workforce Investment Boards, One-Stops, and Training Providers*

Paul Anselmo, New Century Careers, Pittsburgh, Pennsylvania  
Eileen A. Beckett, Southeast Michigan Community Alliance (SEMCA)  
Peter Damian Bellis, Tri-County Opportunities Industrialization Center, Inc., Yakima, Washington

Patricia Buys, Arapaho/Douglas Works! Career Center, Colorado  
 Susan D. Corey, Southeast Michigan Community Alliance  
 Cheryl Feldman, 1199c Training Fund, Philadelphia, Pennsylvania  
 Sarah Griffin, Boston Health Care and Research Institute, Boston, Massachusetts  
 George Hempe, Southcentral Workforce Investment Board, Harrisburg, Pennsylvania  
 Gary V. Hoover, Southcentral Workforce Investment Board, Harrisburg, Pennsylvania  
 Jeff Jablow, Origin, Inc., New York, New York  
 Bennetta Johnson, Alameda Corridor Project, Los Angeles, California  
 Robin C. Klock, Southcentral Team, Pennsylvania, Inc.  
 Marie Lallemand, Southeast Massachusetts Manufacturing Partnership, Fall River, Massachusetts  
 Margie LeNoir, Workforce Development, Southeast Michigan Community Alliance  
 John B. O'Reilly, Jr., Southeast Michigan Community Alliance  
 Eric Parker, Wisconsin Regional Training Partnership, Milwaukee, Wisconsin  
 Mary Pena, Project Quest, San Antonio, Texas  
 Thomas L. Phillips, Capital Region Workforce Development Board, Connecticut  
 Steve Rothschild, Twin Cities Rise!, St. Paul, Minnesota  
 Abby Snay, San Francisco Jewish Vocational Services, California  
 Kris Stadelman, Seattle/King County Workforce Development Council, Washington  
 Chuck Thomas, Advanced Skills Center of Southcentral Pennsylvania  
 William J. Thompson, Westmoreland-Fayette WIB, Pennsylvania  
 James Van Erden, Goodwill Industries International, Bethesda, Maryland  
 Linda Wong, Los Angeles Manufacturing Networks Initiative at the Community Development Tech Center, California  
 Ray Worden, City of Long Beach, California

### ***State Workforce Investment Boards, Community Colleges, and Other State Policymakers***

Keith Bird, Chancellor, Kentucky Community and Technical College System  
 Roberta Gassman, Secretary of Workforce Development, Wisconsin  
 Mary Crabbe Gershwin, Executive Director, System Advancement, Colorado Community College System  
 Booker Graves, Executive Director, Colorado Workforce Development Council  
 Mary Anne Handley, Governor's Policy Advisor for Workforce Development, Connecticut Office of Workforce Competitiveness  
 Don Ingram, Manager of Workforce Transition, Tennessee Department of Labor and Workforce Development  
 Charla Anne King, Policy Director for Employer Commissioner, Texas Workforce Commission  
 Jack King, Director, Massachusetts Department of Employment and Training  
 April Lackey, One-Stop Coordinator for the State of Oregon  
 Nancy LaPrade, Director, Kentucky State Workforce Investment Board

Mishy Lesser, Vice President for Program and Resource Development, Commonwealth Corporation, Massachusetts  
 Luis Macias, Workforce Director, Texas Workforce Commission  
 Bruce Madson, Director, Ohio Department of Jobs and Family Services, Office of Workforce Development  
 Paul Niedzwiecki, Vice President and General Counsel, Commonwealth Corporation, Massachusetts  
 Ellen O'Brien Saunders, Executive Director, Washington Training and Education Coordinating Board  
 Elaine Perryman, Interim Director, Tennessee Employment and Training  
 Henry Plotkin, Executive Director, New Jersey Employment and Training Commission  
 Mike Porter, Washington Community and Technical College Board  
 Cam Preus-Bralley, Commissioner for Oregon Community Colleges  
 Larry Temple, Department Director, Texas Workforce Commission  
 Greg White, Special Assistant to the Secretary on Workforce Development, Pennsylvania Department of Community and Economic Development  
 Bryan Wilson, Washington State Workforce Investment Board

### ***Federal Policymakers and National Organizations***

James Bergeron, staff for Congressman Buck McKeon, California  
 Teri Bergman, Director for Public Economic and Workforce Development Strategies, Working for America Institute, Washington, DC  
 Kathleen Cashen, National Association of State Workforce Agencies, Washington, DC  
 Kristen Driscoll, The Workforce Alliance, Washington, DC  
 Lee Foley, International Association of Workforce Professionals, Kentucky  
 Steve Gunderson, former Congressman, Wisconsin  
 Karen Johnson, National Conference of State Legislatures, Washington, DC  
 Stephanie Milburn, staff for Congressman John Boener, Ohio  
 Jane Oates, staff for Senator Edward M. Kennedy, Massachusetts  
 Whitney Rhodes, staff for Congressman John Boener, Ohio  
 Martin Simon, National Governors Association, Washington, DC  
 Ray Uhalde, National Center on Education and the Economy, Washington, DC  
 Andy Van Kleunen, The Workforce Alliance, Washington, DC  
 Michele Varnhagen, Minority Labor Counsel, Committee on Education and Workforce, U.S. House of Representatives

### ***Other Stakeholders***

Mary Jeffries, Mayor's Office of Workforce Development, Denver, Colorado  
 Ledy Garcia-Eckstein, Mayor's Office of Workforce Development, Denver, Colorado  
 Robert G. Garraty, Lecturer, Penn State University, Pennsylvania  
 Barry Nathan, Keys2Work, Pittsburgh, Pennsylvania  
 C. Mark Owens, Deputy Director, Warren/Conner Development Corporation, Detroit, Michigan





■ **Appendix B**

## Public Benefits for Employers and Their Employees

**M**any federal and state programs are designed to help working people and their employers. Yet employers and employees who are eligible for public benefits frequently fail to take advantage of them, whether because they do not know about them, do not know how to apply for them, or find the applications too complicated. When employers and employees access the available benefits, the result can lessen the personal financial difficulties and lost work time that the programs were designed to avert.

**The Renewal Community Employment Credit (RC Wage Credit)** provides up to \$1,500 credit on federal taxes for businesses for each year of RC designation for every existing employee and new hire living and working in the RC.

Other specific federal benefits are available for employers of Native Americans, individuals with disabilities, and the elderly. Similar types of tax credits may be available at the state or local level, depending on the location of the business. Moreover, other financial assistance may be available to businesses in an industry experiencing workforce fluctuations or to small businesses trying to compete and grow.

Several states and cities offer wage subsidies to firms that hire former welfare recipients. State or county welfare agencies can “divert” cash grants, which welfare recipients otherwise would receive, and use the funds as wage subsidies for those recipients when they participate in public job creation programs.

■ **Public Benefits to Employers for Hiring Certain Employees**

*Companies that locate in targeted areas or hire targeted workers are eligible for these tax credits.*

**The Welfare to Work Tax Credit** is a federal income tax credit that encourages employers to hire long-term welfare recipients. Established by the Taxpayer Relief Act of 1997, it can reduce an employers’ federal tax liability by as much as \$8,500 per new hire.

**The Work Opportunity Tax Credit** is a federal income tax credit to encourage employers to hire eight targeted groups of job seekers. The credit can reduce an employer’s federal income tax liability by as much as \$2,400 per qualified new hire. Local One-Stop Career Centers can provide information. To locate the nearest center, call 877-US-2JOBS.

**The Empowerment Zone Employment Credit (EZ Wage Credit)** is available to any employer engaged in trade or business in an empowerment zone. For each resident employee or new hire, the business is eligible for up to \$3,000 each year in tax credits.

■ **Public Benefits for Employees**

*Businesses whose employees make use of these benefits report improvements in attendance, productivity, and job retention. To help their employees take full advantage of the available opportunities, employers can, for example, distribute brochures and display posters, provide information and even applications through their human resources departments, or invite employer organizations or community agencies to help workers apply.*

**FEDERAL TAX CREDITS**

**The Earned Income Tax Credit** is a federal tax benefit for low- or moderate-income workers. Depending on the number of children and the amount earned, full-time or part-time workers may receive an EITC of up to \$4,000. Payments are made either as an addition to workers’ annual income tax “refund” or as “Advanced EITC” from their employers in paychecks. (Employers subtract the



## For More Information

### [www.workforceadvantage.org](http://www.workforceadvantage.org)

This Web site, a collaboration of Jobs for the Future and the Initiative for a Competitive Inner City, presents promising practices for achieving workforce success.

### [www.cbpp.org/pubs/eitc.htm](http://www.cbpp.org/pubs/eitc.htm)

The Center on Budget and Policy Priorities has a variety of resources on the Earned Income Tax Credit.

### [www.aecf.org/initiatives/fes/fes/supports.htm](http://www.aecf.org/initiatives/fes/fes/supports.htm)

The Annie E. Casey Foundation's Family Economic Success Initiative provides resources on a broad range of supports.

### [www.brookings.edu](http://www.brookings.edu)

See: "Rewarding Work Through the Tax Code"

### [www.welfareto.org](http://www.welfareto.org)

See: "Show Me the Money: Receive Federal Tax Credits in Five Simple Steps"

EITC amount from the total withholding payments they pay to the IRS.)

**The Child Tax Credit** is a federal tax credit worth up to \$600 per dependent child for workers earning over \$10,000. It is payable as an income tax refund even if no income tax is owed. Workers may qualify for *both* the EITC and the CTC.

**The Savers Tax Credit** is a non-refundable federal tax credit of up to 50 percent of a maximum \$2,000 contribution by low- or moderate-income workers to a retirement plan (e.g., a 401k plan) or an Individual Retirement Account. When this credit is combined with the exclusion of 401(k) contributions from taxable income, the savings almost equals the amount invested.

**The Dependent Care Tax Credit** is a federal tax credit of up to \$720 for employment-related care for one child or other dependent, plus \$1,440 for employment-related care of more than one child or dependent. Any taxpayer is eligible for the DCTC, but only those who owe some taxes will benefit from it.

## INCOME SUPPLEMENTS

*Income-supplement programs help workers pay for benefits that are not available through their employers. Each state and program has its own guidelines for who is eligible and how to apply for these supplements.*

**Child Care Subsidies** may help a low-income person keep a job. Federal and state governments provide grants to help low- and moderate-income working families pay for child care.

**The State Child Health Insurance Program** is state-provided health insurance for all children under the age of 19 whose families have incomes under 200% of the federal poverty guideline.

## OTHER BENEFITS FOR WORKERS

*These benefits can reduce financial stresses on workers, and they often improve productivity and attendance and reduce turnover.*

**Education and Training** helps low-income working people pay for education and work-related training. The variety of federal and state programs includes tuition assistance through Pell Grants, Individual Training Accounts through the Workforce Investment Act, and many other resources.

**Financial Literacy Training** enables adults outside the financial mainstream to enhance their money-

handling skills and create positive banking relationships. The FDIC has developed *Money Smart: Building Knowledge, Security and Confidence*, a set of 10 instructor-led training modules covering basic financial topics.

**Food Stamps** are available to help people who meet certain qualifying conditions buy food.

**Housing and Homeownership Programs** subsidize rents, provide emergency heating fuel assistance, and assist with home ownership. A number of federal programs help low-income families find and afford reliable housing.

**Individual Development Accounts** are "matched savings accounts": workers' deposits are matched by federal, state, foundation, or financial institution funds to encourage saving for buying homes or cars, paying college tuition, and other needs.

**Transportation Assistance**, available from many non-profit organizations and government agencies, helps a low-income person to buy a car to get to work or to keep a car on the road. Also, many states subsidize the cost of public transportation for low-income workers.



### Center for Workforce Preparation

U.S. Chamber of Commerce  
1615 H Street, NW, Washington, DC 20062  
t 202.463.3525  
f 202.463.5308  
www.uschamber.org



### Center for Workforce Success

The Manufacturing Institute  
National Association of Manufacturers  
1331 Pennsylvania Avenue, NW, Suite 600  
Washington, DC 20004  
t 202.637.3000  
f 202.637.3182  
www.nam.org



### Jobs for the Future

88 Broad Street, Boston, MA 02110  
t 617.728.4446  
f 617.728.4857  
www.jff.org

## Appendix C Selected Resources

*All in One Stop? Accessibility of Work Support Programs at One Stop Centers* (September 2003) discusses the barriers to better access and innovative techniques for making work supports more accessible. Center for Law and Social Policy. [www.clasp.org/DMS/Documents/1063733515.9/one-stop\\_rpt.pdf](http://www.clasp.org/DMS/Documents/1063733515.9/one-stop_rpt.pdf)

*Benefits and Low Wage Work* (September 2003). Seedco and the Non-Profit Assistance Corporation. [www.seedco.org/about/publications/publications/benefits\\_and\\_low\\_wage\\_work.pdf](http://www.seedco.org/about/publications/publications/benefits_and_low_wage_work.pdf)

*The Benefit Bank* offers information and application assistance on federal, state and local government benefits, as well as workplace-related private, philanthropic benefits for low- and moderate-income individuals and families. The benefits covered include federal Earned Income Tax Credits (EITC), state Earned Income Tax Credits (for 16 states), State Children's Health Insurance Programs (SCHIP), food stamps, Low Income Heating and Energy Assistance Program (LIHEAP), child care subsidies, voter registration, and individual development accounts. Solutions for Progress, Inc. [www.solfopro.com/sfp/Projects/thebenefitbank.htm](http://www.solfopro.com/sfp/Projects/thebenefitbank.htm)

*Credit Where Credit Is Due* is a state-based outreach campaign regarding access to tax credits. National Women's Law Center. [www.nwlc.org/details.cfm?id=1742&section=tax](http://www.nwlc.org/details.cfm?id=1742&section=tax)

*The EITC Tool Kit* (December 2003) provides resources for employers interested in helping eligible employees apply for the tax credit. Corporate Voices for Working Families. [www.cvworkingfamilies.org/toolkits/eitc/index.html](http://www.cvworkingfamilies.org/toolkits/eitc/index.html)

*Family Economic Success* is a Web site with information in three areas: workforce development (the skills and education necessary to get good jobs and build careers), family economic support (information, resources, and policies needed to meet basic family needs, retain and keep jobs, and build assets), and community investment (investments and grantmaking in housing, facilities and business, and commercial development). Annie E. Casey Foundation. [www.aecf.org/initiatives/fes](http://www.aecf.org/initiatives/fes)

*Make Tax Time Pay* is a community outreach campaign kit promoting EITC and the Child Care Tax Credit. Center on Budget and Policy Priorities. [www.cbpp.org/eic2004/index.html](http://www.cbpp.org/eic2004/index.html)

*Online Information About Key Low-Income Benefit Programs* links to state information about a number of benefit programs. Center on Budget and Policy Priorities. [www.cbpp.org/1-14-04tanf.htm](http://www.cbpp.org/1-14-04tanf.htm)

*RealBenefits*, a Web-based information service and tool set, analyzes eligibility for multiple public benefit programs and electronically files completed applications. Community Catalyst, Inc. [www.realbenefits.org](http://www.realbenefits.org)

*Smart Solutions*, a series of informational guides, focuses on proven solutions to various challenges faced by employers hiring former welfare recipients. The Welfare to Work Partnership. [www.welfare-towork.org/publications/smart\\_solutions.htm](http://www.welfare-towork.org/publications/smart_solutions.htm)

*The Welfare Information Network* is a Web-based clearinghouse for information, policy analysis, and technical assistance related to welfare, workforce development, tax credits, and other human and community services. The Finance Project. [www.financeproject-info.org/win/](http://www.financeproject-info.org/win/)



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