

Low-Wage Worker

Employer Toolkit

The Council for Labor & Economic Growth
Low Wage Worker Advancement Committee

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Acknowledgements

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Did you know?

- Nearly 40 percent of all available jobs were hourly or low wage in 1998 — and that trend is continuing.
- Lower wage jobs account for 16 out of 30 of the fastest growing job categories.

Business Case

EMPLOYERS THAT VIEW workers as assets rather than merely a cost of doing business are finding greater success in their bottom line.

The cost of replacing a minimum wage worker is estimated at about \$3,700 per worker.¹ The replacement costs go up as the skill levels rise, ranging anywhere from 25 percent to 200 percent of a worker's annual salary.² Even in low wage industries the cost of employee turnover can be a significant business cost. Critically, reducing turnover is not all about increasing wages. Other organizational levers can also impact turnover, such as the availability of training, workplace supports, and organizational culture.³ The advantages of reduced turnover can far outweigh the cost of investment in employee workplace supports.

This toolkit focuses on a critical dimension of employee support — looking at how employers can help hourly and frontline workers build assets and thus reduce turnover. Much of the emphasis on entry-level worker development has been on getting an individual into a job. In fact, there is much to be gained from offering sustained support to individuals after they are employed. Employers can impact turnover and thus their bottom line by helping to create the support mechanisms found in an asset building model. This toolkit gives information about resources to help employers develop such models and makes reference to the myriad of funding opportunities that exist to build employee assets.

Asset building strategies include tangible and intangible aspects. Home ownership is a tangible asset that creates stability in workers. Banking options that reduce the cost of accessing a paycheck are an asset. Developing skills and knowledge is an asset that makes the employee more valuable to the employer. Creating mentoring and strong internal relationships within a company is an intangible asset but one that can have a big impact on turnover. Front line and entry-level workers are especially impacted by such employer actions.

Aside from the major cost factors associated with turnover, two other significant dynamics drive businesses to focus on the entry-level workforce. One, job growth is occurring in the hourly and service sector jobs,⁴ and two, these staff represent the company's brand. Investing in the staff who deliver the company's product or service is an investment in the company's brand, and ultimately, its own bottom line.



¹Mushrush, Willis. "Reducing Employee Turnover." *Creating Quality Newsletter*. Volume 11, N. 5, Missouri Small Business Development Centers, May 2002.

²Branham, Leigh F. *Keeping the People that Keep You in Business: 24 Ways to Hang onto Your Most Valuable Talent*. AMACOM; October 2000.

³Mushrush, Willis. "Reducing Employee Turnover." *Creating Quality Newsletter*. Volume 11, N. 5, Missouri Small Business Development Centers, May 2002.

⁴Osterman, Paul. "Employers in the Low-Wage/Low-Skill Labor Market" *Low-Wage Workers in the New Economy*. Eds: Kazis, Richard and Marc S. Miller. Washington, D.C.: The Urban Institute Press, 2001, pp. 45-66.

Business Case

“Since lower-wage workers are most often the employees that have a direct impact on the customer and the product care, their satisfaction and well-being are key business priorities.”⁵

Improving employee assets improves the bottom line.

Polices and programs targeted to lower-wage employees have a positive impact on employee retention and productivity, a recent study by the Boston College Center for Work and Family demonstrates. While many companies have workplace supports in place for management staff, fewer supports tend to cater to entry-level staff. Further, while most employees worry about family and financial issues to some extent, different kinds of supports are needed to effectively meet the needs of entry-level and hourly employees. The study, *Model Programs and Polices for Hourly and Lower Wage Employees*, presents case studies on effective workplace supports ranging from child care to financial education.

Workplace supports for low-income workers resulted in:⁶

- Improved retention of hourly employees
- Increased worker productivity
- Decreased absenteeism as workers better integrate work and life issues
- Increased worker competency and likelihood for advancement, thus reducing recruiting costs and improving customer service

Another major study revealed that employer-provided work supports that assist entry-level workers with immediate needs (such as transportation and child care subsidies) have a higher positive effect on first-year retention than do traditional HR benefits such as health insurance.⁷

Assets build stability and productivity in the workplace

The reason workplace supports targeted to lower wage workers improve a company’s performance is that these supports build assets among employees, contribute to worker/family stability, and ultimately result in increased workplace productivity.

According to recent research, assets:⁸

- Are associated with economic household stability
- Decrease economic strain on households
- Are associated with educational attainment
- Decrease marital dissolution
- Decrease the risk of intergenerational poverty transmission
- Increase health and satisfaction among adults
- Increase property values
- Decrease residential mobility
- Increase property maintenance
- Increase local civic involvement



⁵Corporate Voices for Working Families. *Model Workplace Supports for Lower-Wage Employees*. Washington D.C.; Corporate Voices for Working Families. 2005.

⁶Litchfield, Leon, Jennifer Swanberg, and Catherine Sigworth. *Model Programs and Polices for Hourly and Lower Wage Employees*. The Center for Work and Family, Boston College Carroll School of Management. 2004.

⁷Taylor, Judith Combes and Jerry Rubin. *Engaging Employers to Benefit Low-Income Job Seekers: Lessons from the Jobs Initiative*. Jobs for the Future. June 2005.

⁸Scanlon, E. and Page Adams, D. (2001). *Effects of Asset Holding on Neighborhoods, Families and Children: A Review of Research in Building Assets: A Report on the Asset Development and IDA Fields*. Washington D.C.: Corporation for Enterprise Development, pp. 3,043–3,045.

Business Case

This dynamic is especially important as many entry-level staff are asset-poor, meaning they and their families lack the asset base to weather even small hardships, such as a car that breaks down. Such an event is more likely to result in a lost job for a family without an asset base sufficiently robust enough to pay for the repairs and navigate an alternate way to get to work than for a family with a financial cushion and a good support network. In fact, almost 20 percent of the U.S. population lacks the assets to live at the federally defined poverty level for three months without income.⁹

Asset-building policies — policies that support families in building wealth for current and future generations — have long been an integral feature of the American political and economic landscape. In 1862, the Homestead Act provided 1.5 million families with land and the opportunity to start farms and to build homes, enabling them to accumulate and transfer assets to future generations. From 1944 onwards, the GI Bill has helped millions of World War II and Korean War veterans to invest in homes and education. However, most government policies that serve low-income families have focused on income

maintenance rather than asset accumulation.¹⁰ As a result, employer supports for entry-level staff represent the forefront of asset building strategies for workers.

The benefits to employers of helping workers create assets are becoming more and more important, driven by both the growing size of the low-wage workforce and from the dramatic impact such strategies can have. It is in a business's best interest to learn about how such strategies can be developed and what supports are available. This toolkit will help you begin that process by providing information about various types of assets and the resources available to support them. But this is only a first step. Every business is different and finding the right mix of supports that work for your employees will take internal discussion best achieved with a high degree of employee involvement. There is no doubt that this process will take time and investments but the returns can change your bottom line and increase your competitive advantage in a world where finding that advantage can mean the difference between success and failure. This toolkit can be part of your path to success.

Did you know?

- Almost twice as many people are asset poor as are income poor.

⁹Sherraden, Michael. "Asset Building Policy and Programs for the Poor." Thomas M. Shapiro and Edward N. Wolff, eds. *Assets for the Poor: the Benefits of Spreading Asset Ownership*. New York: Russell Sage Foundation. 2001.

¹⁰Asset Building Policy Project. *Helping Working Families Achieve Financial Security*. Community Economic Development Association of Michigan. January 2005.



Employer Quick Links

Websites

Child Care

4C Association: www.mi4c.org

MassGeneral Hospital for Children: www.massgeneral.org/children/ccahp

Employer Research on Best Practices

Corporate Voices for Working Families: www.cvworkingfamilies.org

Families and Work Institute: www.familiesandwork.org

Building Financial Assets

Center on Budget and Policy Priorities: www.cbpp.org

Michigan IDA Partnership: www.cmif/org/IDA.

Michigan League for Human Services: www.milhs.org

Housing

National Low-Income Housing Coalition: www.nlihc.org/oor2005

Policy Topics

9 to 5, National Association of Working Women: www.9to5.org

Brookings Institution: www.brookings.edu

Center for Social Policy and Law: www.clasp.org

Community Economic Development Association of Michigan: www.cedam.info

Michigan League for Human Services: www.milhs.org

Urban Institute: www.urban.org

Note: The Brookings Institution, CLASP, and the Urban Institute have reports and studies on every topic covered in this employer toolkit.

Poverty Data

Census: www.census.gov

Economic Policy Institute: www.epi.org

Michigan League for Human Services: www.milhs.org

Reports

Children with Special Needs and the Workplace: A Guide for Employers. MassGeneral Hospital for Children. 2006.

Economic Self-Sufficiency in Michigan: A Benchmark for Ensuring Family Well-Being. Michigan League for Human Services. 2004.

From Poverty, Opportunity: Putting the Market to Work for Lower Income Families. Brookings Institution. 2006.

Helping Working Families Achieve Financial Security. A Report of the Asset Building Coalition for Michigan. Community Economic Development Association of Michigan. 2005.

High Cost or High Opportunity Cost? Transportation and Family Economic Success. Policy Brief. Brookings Institution. 2005.

Increasing the Visibility for the Invisible Workforce: Model Programs and Policies for Hourly and Lower Wage Employees. The Center for Work and Family, Boston College Carroll School of Management, 2004.

Keeping Jobs and Raising Families in Low-Income America: It Just Doesn't Work. A Report of the Across the Boundaries Project. Radcliffe Institute for Advanced Study. Harvard University. 2002.

Model Workplace Supports for Lower-Wage Employees. Corporate Voices for Working Families. 2004.

Out of Reach 2005. National Low-Income Housing Coalition. 2005.

Promising Practices: How Employers Improve their Bottom Lines by Addressing the Needs of Lower-Wage Workers. Families and Work Institute. 2003.

"Strategies for Promoting Tax Credits for Working Families." Center on Budget and Policy Priorities. 2006.

Wising Up: How Government Can Partner with Business to Increase Skills and Advance Low-Wage Workers. Center for Social Policy and Law (CLASP). 2006.

Workplace Benefits for Families of Children with Special Needs: A Guide for Employees. MassGeneral Hospital for Children. 2006.



Dependent Care

Child Care: Struggles with child care de-stabilize the workforce.

“Parents described child care not so much as a routine, but as an orchestra, a complicated ever-changing array of age-specific arrangements.”

Managing child care for low-income workers is anything but consistent. The cost of full time child care stretches many parents’ budgets but is beyond reach for low-income workers. As a result, they turn to family members, relatives, and others to provide care, in which providers and schedules differ from day to day. In fact, researchers find that the upheaval associated with the patchwork child care networks low-income workers cobble together can destroy their employment efforts.¹¹

Key findings from a study on low-wage workers raising families indicate that:

- Parents want to work.
- Family and child care needs were the most frequent reason parents left jobs.
- To many parents, workplace flexibility translates into whether or not their own particular boss will understand a family or health issue that might arise.

To download the full report *Keeping Jobs and Raising Families in Low-Income America: It Just Doesn’t Work*, visit www.radcliffe.edu or www.9to5.org/media.

For reference,

- **\$6,863** is the average annual cost of full time child care in Michigan.
- **\$6,500** is the average annual cost of tuition at a Michigan college.
- **300,000** children under six in Michigan have both parents in the labor force.¹²

What you can do:

- Formalize and promote flexible work schedules, where appropriate.
- Form a collaboration with your local 4C Association, which can provide child care referrals to your staff.
- If you are an employer with less than 50 employees, you are not required to follow the Family and Medical Leave Act (FMLA), but doing so will benefit your employees.
- Implement a dependent care flexible spending account.

For more information on dependent care flexible spending accounts, please refer to *Increasing the Visibility of the Invisible Workforce: Model Programs and Policies for Hourly and Lower-Wage Employees*, a report by the Boston College Center for Work and Family which can be accessed at www.cvworkingfamilies.org.

Asset Building at Work

Dependent Care: Oakland County Government

Oakland County Government collaborated with a local child care provider to offer onsite child care to its employees. The center opens at 6:45 a.m. for an 11-hour day to accommodate staff on shift, and staff who commute to other county offices. The idea for the center arose when the county realized they were losing female staff due to child care and commuting issues. While the center is not subsidized, it is incredibly convenient for staff, accepts children at age six weeks to complement standard maternity leave, and offers educational programs on child rearing for all staff. The county considers the child care center an important retention tool.

Contact: Jodie Kramer, Oakland County; Phone: (248) 858-0543; email: kramerj@oakgov.com

¹¹Dodson, Lisa, Tiffany Manuel, and Ellen Bravo. *Keeping Jobs and Raising Families in Low-Income America: It Just Doesn’t Work*. A Report of the Across the Boundaries Project. Radcliffe Institute for Advanced Study. Harvard University. 2002.

¹²Michigan 4C Association. “Michigan 2006: A Profile of Child Care.”

Dependent Care

State Subsidized Child Care Assistance

The Michigan Department of Human Services Child Development and Care Program may provide payment for child care services for qualifying families when the parent, legal guardian or substitute parent is unavailable to provide the child care because of employment, education and/or because of a health/social condition for which treatment is being received. Applications are processed by the local DHS office.

The Michigan 4C (Coordinated Community Child Care) Association is the state referral network to access child care. This association refers qualifying parents to state licensed or registered child care providers.

The 4C Association offers the following services for employers:

Enhanced Referral Service

Referral counselors will help your employees find child care programs in their community and provide them with the resources needed to find the best care for their children. This process is highly individualized and focused on addressing the employee's needs. This service helps families to conduct the most effective search for a child care placement, thereby reducing leave time from the work place for investigating child care programs, and increasing stability of care for the child. This is a very cost effective benefit that serves many employees, with differing child care needs, for a low cost.

Internet Referral Service

Michigan 4C Association has an extensive, online resource to help your employees find child care. Michigan 4C Association and its 16 regional 4C offices maintain a database of more than 21,000 regulated child care programs. Employees can access this database at any time, an unlimited number of times, to find quality child care providers that will match their specific criteria.

Employer Benefits

- Decreased Absenteeism — Child care breakdowns leading to employee absences cost businesses \$3 billion annually in the United States
- Increased Productivity — 49 percent of employers report that child care services had helped boost employee productivity
- Reduced Turnover — almost 2/3 of employers found that providing child care services reduced turnover
- Recruitment Appeal — 85 percent of employers report that providing child care services improved employee recruitment

Data from various research compiled by the 4C Association — call the Association for details.

To find out more about the DHS program, visit www.michigan.gov/dhs — assistance programs — child care. Download the related brochure *Michigan Cares for Today's Child* at www.michigan.gov/dhs-publications.

To find out more about 4C's services, visit www.mi4c.org or phone 1-800-950-4171.

Financial Assets

Tax and Savings Asset Building Mechanisms

Financial assets stabilize working families.

Many programs and policies focus on improving low wage workers' financial asset base. As an employee's financial outlook improves, he or she can then enhance the other assets discussed in this guidebook, such as improved transportation, more consistent child care, or better housing, all of which in turn, improve employee performance on the job. However, two dynamics challenge a low-wage worker's ability to improve his or her financial assets.

1) Low usage of financial services inhibits ability to build assets.

High interest rates of financial services for low income people inhibit their ability to save earnings and build financial security.¹³ For example, lower-income consumers are much more likely than higher income consumers to pay high prices to cash checks and take out short-terms loans. The Brookings Institution found that customers in large metropolitan areas who lack a banking account could be charged \$5 to \$10 to cash a check. Essentially, workers lose money every time they have to pay a check cashing service to access their paychecks. Furthermore, tax preparation and return services tend to charge exorbitant interest rates for refund anticipation loans, which lower income people are three times more likely to buy.¹⁴

2) Tax credits and tax refunds are underutilized by low income families

"To spur savings, the federal government provides tax breaks of roughly \$150 billion a year, mostly for contributions to IRA and 401(k) plans. Low-income workers don't benefit because they don't earn enough to pay income taxes."¹⁵ Tax credits only reduce the income tax a person owes; therefore, a tax credit is useful only if a person owes taxes. On the other hand, a tax refund represents a return of actual cash to the person even if he or she owed no taxes.

According to the Center on Budget and Policy Priorities, employers can play a key role in helping employees access the tax credits and refunds available to them. Workers may fail to take advantage of tax credits because:¹⁶

- Workers are unaware of the credits or if they qualify for them.
- Workers may lack experience in filing taxes.
- Workers may be unaware that free tax filing assistance is available.

As a result of these dynamics, a number of asset building strategies target financial health and tax strategies: basic banking skills, tax refunds and credits, and long term savings for education or home ownership. The following section delves into these various strategies.

Asset Building at Work **Financial Assets: Dunnage Engineering**

Dunnage Engineering's retirement plan includes a 401(k) and Profit Sharing Plan. Dunnage offers a 50 percent match for the 401(k) up to \$1,000 per year. Says Janet Joseph, co-owner, "We strongly advise our employees that a retirement savings of \$2,000 per year will give them a solid retirement savings, so our match encourages them to contribute the \$2,000."

The Dunnage plan offers security and future assets for employees and also allows them to borrow 50 percent of their vested balance at any given time. Employees have used this loan program for down payments on big ticket items

(Continued on Pg.16)

¹³"Maximizing Personal Potential for National Prosperity: A Blueprint for Changing the Way This Country Thinks About and Addresses Poverty." Office of Community Services. Department of Health and Human Services. Washington D.C. May 2005.

¹⁴Fellowes, Matt. *From Poverty, Opportunity: Putting the Market to Work for Lower Income Families*. Urban Institute. July 2006.

¹⁵Calmes, Jackie. "Saving Incentives for all Income Levels." *Wall Street Journal*. January 22, 2006.

¹⁶"Strategies for Promoting Tax Credits for Working Families." Center on Budget and Policy Priorities. 2006.

Financial Assets

REFUNDABLE TAX CREDIT: EITC

What is it?

The Earned Income Tax Credit (EITC) is a refundable income tax credit for low-income workers and families administered through the IRS. Individuals who have earned income and filed tax returns are eligible. Even workers whose earnings are too small to owe taxes are eligible to receive the EITC. The maximum credit is \$4,300; actual credit received is dependent upon the number of qualifying children and marriage status.

For more information on eligibility criteria visit www.michiganeitc.org or www.irs.gov/pub/irs-pdf/p596.pdf.

How does access to the EITC build your employee's stability?

An EITC improves a family's financial outlook. According to the Michigan EITC Statewide Initiative, families use their refunds for short term needs such as paying bills and for long term investments in their own skill set, such as paying for training or education.

According to the General Accounting Office, Michigan's EITC-eligible workers left nearly \$400 million dollars unclaimed in 2002. A Michigan State University study of a four-county collaborative initiative targeted at raising EITC claims found that the initiative raised household income in all sites. "Adjusted gross income increases ranged from 13.7 percent to 17.5 percent per site, with an average of 14.5 percent."

What you can do:

- Share information with your employees about filing their taxes and applying for the EITC.
- Include paycheck stuffers in your payroll or W2 envelopes about the EITC.
- Display tax credit information in prominent places at the workplace, such as the employee break room or via computer screensavers.
- Tell your employees about free tax preparation services or host such an event at your place of work.
- Encourage employees to file for the EITC free of charge on the I-CAN! EITC website.
- Partner with local organizations to run a local EITC campaign.

For ready-to-use tools:

- Visit the Michigan EITC statewide initiative at www.michiganeitc.org to access payroll stuffers, find out more about free tax preparation sites, and how to run an EITC campaign.
- Access the "Make Tax Time Pay" materials on tax credits for working families produced by the Center for Budget and Policy Priorities at www.cbpp.org.
- Download the "Money Back in Michigan" toolkit for information and tips from the Michigan League for Human Services at www.milhs.org- budget and tax.

Asset Building at Work **Financial Assets: Peckham EITC**

Peckham has been helping employees access the EITC and other tax credits for years. At first, Peckham worked with IRS VITA volunteers to provide free tax preparation services. Once Peckham installed its own computer lab, however, Peckham staff took on a much more active role. Now, its accounting staff volunteers their staff time to help Peckham team members file their taxes directly at the computer lab. Says Greta Wu, Director of Human Services, "We are helping our team members on the path to self-sufficiency— they do the filing themselves and we are here to help them when needed." Result: More than 150 Peckham team members have taken advantage of this opportunity.

Contact: Greta Wu, Director of Human Services, Peckham Inc.; Phone: (517) 316-4000; email: gwu@peckham.

Financial Assets

REFUNDABLE TAX CREDIT: Child Tax Credit

The child tax credit is a reduction in tax liability via both credit and refund after a certain earnings threshold is met. Currently, the refund is capped at \$1,000 per qualifying child. Low-income households can claim the credit as a refund equal to 15 percent of any earnings over \$11,000, up to the maximum amount. It is possible to be eligible for a credit of \$1,000 but receive less than this amount as a refund due to the refund formula. However, for families that have earnings below \$11,000, no refund is available.¹⁷

REFUNDABLE TAX CREDIT: Child and Dependent Care Tax Credit

This tax credit reduces tax liability via a credit only for certain child or dependent care expenses related to working or looking for work. The credit can also be applied to costs associated with caring for a spouse or adult dependent who is incapable of caring for himself or herself. Families can claim up to \$3,000 in care for one child or dependent and up to \$6,000 for more than one child or dependent. Eligible families then receive a credit between 20 to 35 percent of these expenses, depending on their income level.

Employer Benefit

Just like the EITC, an influx of cash or reduction of tax liability represents a financial asset for a worker. Employees can then apply these monies to building additional assets such as long term savings, safer housing or improving their own skills.

What you can do:

Share information with your employees about filing their taxes and applying for these tax credits.

- Include paycheck stuffers in your payroll or W-2 envelopes.
- Display tax credit information in prominent places at the workplace, such as the employee break room or computer screensavers.
- Tell your employees about free tax preparation services or host such an event at your place of work.
- Get involved in an EITC campaign, which also covers these tax credits.

For ready-to-use tools:

- Access the “Make Tax Time Pay” materials including handouts, fliers, payroll stuffers in Spanish and English from the Center on Budget and Policy Priorities at www.cbpp.org.
- Download the “Money Back in Michigan” toolkit for information and tips from the Michigan League for Human Services at www.milhs.org — budget and tax.

¹⁷Burman, Leonard E., and Laura Wheaton. “Who Gets the Child Tax Credit?” Tax Notes, October 17, 2005. www.taxpolicycenter.org

Financial Assets

Individual Development Accounts: Matched Saving Accounts

Individual Development Accounts (IDAs) are matched savings accounts that low- to moderate-income workers can use to help them acquire an asset such as a home, education or advanced job training, or small business that will help their household become more financially stable. IDA programs are more than just down payment assistance or scholarships—they include financial management training, budgeting, credit building and repair, and training specific to helping the IDA saver learn how to best shop for, purchase, and retain the asset of his or her choice.

Once program participants have completed the program, their savings of up to \$1,000 is matched by the MI IDA Partnership at a ratio of 3:1 for a home purchase and 2:1 for post-secondary education/job training or to start or expand a small business. The match to the IDA saver comes from donations to the IDA partnership, not the employer.

Employer Benefits

- Is an effective recruitment tool.
- Reduces hiring and training costs through long-term retention.
- Provides a tax deduction on an employee benefit.
- Improves employee morale and loyalty.
- Enhances reputation as “family friendly” or “community minded.”

Employee Benefits

- Assists families in accessing affordable housing.
- Facilitates paying for advanced training and education.
- Helps improve household budgeting skills.
- Makes more discretionary income available since many mortgages cost less than rent.
- Increases job satisfaction.
- Potentially reduces commuting time because employees can afford to live closer to their work site.

What you can do:

- Join an IDA program as an employer partner.
- Donate a financial match to your employees who are participating in an IDA program.
- Provide free office space to host financial management classes.
- Communicate information about local IDA programs to your employees.

For ready-to-use tools:

Visit the Michigan IDA Partnership website at www.cmif.org/IDA. Alternatively, contact the Michigan IDA Partnership at (734) 542-3951 or email Susan Lindson, Program Coordinator, at slindson@earthlink.net.

Financial Assets

MESP: Michigan's 529 College Savings Program

The Michigan Education Savings Program (MESP) is a type of 529 savings program for higher education and college. 529 refers to Section 529 of the Internal Revenue Code. 529 plans are tax-advantaged programs that help families save for college. Individuals make after tax deposits into their accounts to fund future higher education expenses such as tuition, fees, books, supplies and equipment. The earnings are exempt from federal income tax and Michigan income tax.

The Michigan Department of Treasury administers the MESP. MESP is managed through employer payroll deduction and requires no W-2 adjustments or 5500 administration on the employer's side.

Employer Benefits

- Provides a consistent method for employees to save for college at no cost to the employer.
- Easy to manage and set up.
- Can be part of overall benefit plan offered to employees.

Employee Benefits

- **Earnings Grow Tax-deferred**
When employees contribute to MESP, their account earnings grow federal and Michigan income tax-deferred until withdrawn.
- **Earnings Used to Pay for Qualified Higher Education Expenses Are Tax-Free**
Earnings on any distributions used to pay for qualified higher education expenses will be free from federal and Michigan income tax. (The law allowing federal income tax-free qualified withdrawals is set to expire December 31, 2010. Congress may or may not extend this law beyond this date.)

- **Michigan Income Tax Deduction**

Employees may also be eligible for a Michigan income tax deduction. The amount contributed by a Michigan tax payer to MESP accounts during a tax year, less the amount of any qualified withdrawals from those accounts during that tax year, is deductible from Michigan adjusted gross income in an amount not to exceed \$5,000 for a single return or \$10,000 for a joint return for that tax year.

How employers can get involved:

- Call MESP at 1-877-861-MESP to set up the MESP program.
- Partner with MESP to provide financial education to your employees.

For ready-to-use tools:

Visit the MESP website at www.misaves.org/faq/employers.html.

Asset Building at Work

Financial Assets: Dunnage Engineering (Continued from Pg.11)

such as homes and auto purchases. For example, one employee took out a loan to purchase a car for her daughter so the daughter could get a better job — a great example of family asset building.

Results: Dunnage has an extremely low turnover rate for employees with more than one year of service. The company's management feels that the teamwork and efficiency that employees gain from the profit sharing plan has contributed to improved productivity.

Contact: Janet Dunnage, Co-Owner, Dunnage Engineering; Phone: (810) 220-4122; email: janet@dunnage-eng.com

Health/Nutrition Assets

Food Insecurity: Lack of adequate food can harm employee nutrition and health.

- Nearly 50 percent of people in low-income families experienced some worries about or difficulties affording food, compared to 14 percent of families with higher incomes.¹⁸

Parents working more hours have less time to seek nutrition assistance, especially from programs such as WIC (Women, Infants and Children) and food stamps that require applications during the regular work day. This dynamic is especially important since one in 10 school age children living in poverty and one in five children in near poor families (incomes below 150 percent of poverty) receive no food assistance.¹⁹

The Michigan League for Human Services analyzed the USDA low-cost meal plan to determine the percentage of income spent on food in relation to a self-sufficiency wage. The USDA plan assumes that all meals are prepared at home; no eating out, no buying snacks or soda.

For a single parent with two children earning a self-sufficiency wage, food costs of \$361 represent 13 percent of monthly expenses.²⁰ However, the percentage of income spent on food increases significantly to 29 percent when compared to annual earnings based on the state's minimum wage of \$6.95. Thus, lower wage workers spend a larger portion of their income just to meet nutrition needs.

What you can do:

- Partner with community organizations such as food pantries to get eligible employees enrolled in food assistance programs or in WIC.
- Allow flexibility in work schedules for employees to go to Department of Human Services interviews (required for many assistance programs).

For more information:

For additional information on food programs, visit www.michigan.gov/dhs — assistance programs — food assistance or call 1-800-26-BIRTH for more information on the WIC program.



¹⁸McKenzie, Daniel and Stephen Bell. "Income and Hardship: Food Concerns and Affordability." Urban Institute. January 1999.

¹⁹Zedlewski, Sheila and Kelly Radar. "Feeding America's Low Income Children." Urban Institute. Series B, NO. B-65. March 2005.

²⁰Michigan League for Human Services. *Economic Self-Sufficiency in Michigan: A Benchmark for Ensuring Family Well-Being*. March 2004.

Health/Nutrition Assets

Government Subsidized Food Programs

The Food Assistance Program (FAP), also known as food stamps, supplements the food purchasing power of low-income individuals and families. The U.S. Department of Agriculture funds 100 percent of this program. The Department of Human Services (DHS) determines eligibility for food assistance. Generally, eligibility for food assistance depends on the financial situation of all members of the household group. Please note, only U.S. citizens and certain lawfully admitted aliens are eligible for benefits.

FAP benefits can be used to buy eligible food at any Food and Nutrition Service (FNS) authorized retail food store or approved meal provider. Benefits are issued to a food account via a “pre-paid” electronic debit card known as the Michigan Bridge Card.

WIC (Women, Infants and Children)

WIC is a food and nutrition program funded by the U.S. Department of Agriculture through the Michigan Department of Community Health. Local agencies, such as health departments and nonprofit organizations, deliver WIC services and benefits to the public.

WIC helps to correct or prevent malnutrition in low-income pregnant and breastfeeding women, women who recently had a baby, infants, and children up to five years old who are at health risk due to inadequate nutrition. WIC provides supplemental food, offers professional nutrition education and makes referrals based on health screening and assessments of need. Participants exchange WIC food coupons at approved retail grocery stores and pharmacies.

Health/Nutrition Assets

Health and nutrition: Employees in poor health reduce company productivity.

Absenteeism, turnover, and reduced on-the-job performance can all occur when the employee or a member of the family suffers from poor health. In addition, employees with children in poor health struggle to care for their children while still meeting the demands of their job. While many companies offer health benefits to more senior staff, entry-level staff struggle with access to care. However, companies that invest in the health of their staff see worker productivity improve.

Key facts about the uninsured:²¹

- While nearly all uninsured adults and children have at least one worker in their family, only 16 percent have a worker with employer provided health insurance.
- Nearly 60 percent of uninsured non-elderly adults are low-income.
- Many of the uninsured view the cost of coverage options available to them as “too high,” which is why they are uninsured.

What you can do:

- Institute company sponsored health fairs to promote wellness.
- Provide flu shots to employees.
- Offer health insurance to employees if possible.
- Choose and promote wellness promotion incentives, such as smoking cessation coverage or gym discounts, if offered by your health insurance provider.
- Promote use of the stairs over the elevator in your building.
- Partner with a local community organization to share information on various state health programs with your employees.
- Include information on state health programs in your employee orientation packets.
- Be flexible in allowing staff time off to go to the Department of Human Services office as many state assistance programs require interviews during normal business hours.

Asset Building at Work **Health/Nutrition: Peckham**

Peckham encourages health and wellness in all its employees through a number of complementary activities. The company sponsors an annual wellness fair which includes eye exams, blood pressure and cholesterol readings. Through a third party, employees can access an annual health assessment. In addition, the HR department manages company reimbursement for wellness incentive programs such as smoking cessation, exercise routines, and gym attendance. Employee feedback and participation has been strong.

Contact: Greta Wu, Director of Human Services, Peckham Inc. Phone: (517) 316-4000. email: gwu@peckham.org

²¹Grave, John A. and Sharon K. Long. “Why do people lack health insurance?” Urban Institute. 2006.

Health/Nutrition Assets

State of Michigan Health Care Programs

State and government subsidized health care coverage is available to individuals and families who meet certain eligibility requirements. The goal of these health care programs is to ensure that essential health care services are made available to those who otherwise do not have the financial resources to purchase them. In Michigan, there are many health care programs available to children, adults, and families.

Healthy Kids is a Medicaid health care program for low-income children under age 19 and for pregnant women of any age. There is an income limit. There is no monthly premium for Healthy Kids. Contact the local Department of Human Services to apply for this program.

MIChild is a health care program administered by the Department of Community Health. It is for the low-income uninsured children of Michigan's working families. MIChild has an income limit which is higher than Healthy Kids. MIChild is for children who are under age 19. There is a \$5 per family monthly premium for MIChild. For more information and an application, contact MIChild at 1-888-988-6300 or visit www.michigan.gov/mdch — healthcare coverage — children and teens.

Health/Nutrition Assets

Children’s Special Health Care Services (CSHCS) is a program within the Department of Community Health that provides certain approved medical service coverage to some children and adults with special health care needs. Children must have a qualifying medical condition and be under 21 years of age. Persons age 21 and older with cystic fibrosis or certain blood coagulating disorders may also qualify for services. For more information call the Family Phone Line at 1-800-359-3722 or visit www.michigan.gov/mdch —healthcare coverage — children and teens.

Low Income Families (LIF) Medicaid is available to families under the Low Income Family (LIF) Program. There are income and asset tests. Families that receive cash assistance (Family Independence Program or FIP) are automatically eligible for this program. Other families must apply at the local MDHS office. Families don’t have to apply for FIP in order to receive health care coverage under this program. Most beneficiaries are enrolled in a Medicaid health plan and receive a comprehensive package of health care benefits including vision, dental, and mental health services.

For more information on these and other Medicaid programs, visit www.michigan.gov/ — healthcare coverage — Medicaid.



Homeownership Assets

Affordable Housing

Housing: Lack of safe and affordable housing threatens employee stability.

Low income workers struggle to afford stable, safe housing. Unreliable or unsafe housing reduces an employee's ability to secure and maintain a job. In addition, due to a lack of affordable housing, workers often cannot live close to their place of work, resulting in long commutes or an inability to advance in the workforce. For employers, this trend has led to unstable retention, a loss in productivity and a decreased ability to attract new talent to their businesses.²²

Cost of Housing in Michigan²³

The cost of housing at fair market value exactly meets the earning capacity of two full-time wage earners at the new Michigan minimum wage.

- The Fair Market Rent (FMR) for a two-bedroom apartment is \$724. To afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn \$2,413 monthly or \$28,961 annually. Assuming a 40-hour workweek, 52 weeks per year, this level of income translates into a "Housing Wage" of \$13.92.
- To afford the FMR for a two-bedroom apartment, a minimum wage earner must work 80 hours per week, 52 weeks per year. Or, a household must include two minimum wage earner(s) working 40 hours per week year-round to afford a two-bedroom FMR.

What you can do:

- Encourage employee access to credit counseling, debt reduction or other financial services, which can improve an employee's ability to secure safe and affordable housing.
- Set up an employer assisted housing program (described below).

Affordable Housing Employer Assisted Housing Program

Employer assisted housing is an HR benefit that employers provide to their employees. The Michigan State Housing Development Authority (MSHDA) can provide assistance to employers to set up an EAH program. Essentially, employers provide a financial "match" in the form of a grant or loan to an employee to assist in the purchase of a home as well as access to MSHDA backed home loans.

Benefits to employers offering an EAH program:

- Increases ability to recruit and retain staff who live near the worksite.
- Increases effective recruitment and retention of staff due to proximity of affordable housing.
- Less absenteeism and more productivity for employees living closer to work and commuting less.
- Helps to revitalize neighborhoods and promote a positive community environment.

For more information:

Contact Karen Lawson, MSHDA EAH Specialist, (517) 373-2307 or lawsonk@michigan.gov

Asset Building at Work Housing: CVS

CVS initiated a home buying assistance program called Prescriptions for Home Ownership in the Washington D.C. area in 2005. The strength of the program rests in its many committed partners: employers, faith-based groups, non-profits and state agencies. While a local church provides financial education classes and home buyer workshops, a local lender and Freddie Mac assist CVS employees in purchasing homes through the state housing agency. CVS offers a \$500 forgivable loan and access to loans that are 1.5% below the prime rate to eligible employees.

Contact: Lena Barkley, Detroit Regional Learning Center, CVS; Phone: (248) 888-6341; email: lbarkley@cvs.com

²²National Low-Income Housing Coalition: Advocate's Guide. Washington, D.C.: National Low-Income Housing Coalition www.nlihc.org/detail/article.cfm?article_id=2763&id=46. ²³National Low-Income Housing Coalition. *Out of Reach 2005*. Washington, D.C.: National Low-Income Housing Coalition. www.nlihc.org/oor2005/

Homeownership Assets

Affordable Housing

Housing Assistance from the State of Michigan

The Michigan State Housing Development Authority (MSHDA), established in 1966, provides financial and technical assistance through public and private partnerships to create and preserve decent, affordable housing for low- and moderate-income Michigan residents.

Regional Housing Commissions (part of HUD) throughout the state also offer access to housing for low income families or seniors. Housing Commissions provide rental assistance through access to housing stock and federal voucher programs described below. Rents are computed at 30 percent of income after certain deductions. In certain cases, and depending on regulations, an earned income disregard can be applied to the lease.

Renter Assistance: Housing Choice Voucher (HCV) Program

This federal program provides rent subsidies for very low-income people who find their own housing in private homes and apartment buildings. MSHDA administers approximately 21,000 Housing Choice Vouchers. Renters can find more information in the MSHDA "Guidelines for Tenants" brochure. Note: The waiting list for this program is very long and is closed when full. Open application periods are advertised in the newspapers.

Family Self-Sufficiency Program (FSS)

The FSS Program is administered through the Michigan State Housing Development Authority's (MSHDA) Housing Choice Voucher Rental Assistance Program as well as through regional

Housing Commission offices. MSHDA provides housing assistance, an interest-bearing escrow account, and the general coordination of the FSS program. FSS applicants must be current HCV participants. As a family's earned income rises, and therefore their rent payment increases, the amount of money MSHDA pays to the landlord decreases and the difference is put in an escrow account for the family to access upon completion of the program contract.

Visit www.michigan.gov/mshda — renter assistance — housing choice voucher program — family self-sufficiency, for more information. Or contact a MSHDA FSS specialist for more information at (517) 373-9344.

For information on the demonstrated results of this program, visit www.fsspartnerships.org.

"Key to Own Program"

This program provides extensive homebuyer education, credit counseling and other services prior to the home purchasing process. Once a participant has purchased a home that meets the financing requirements of the program, MSHDA's housing subsidy can be used to pay the mortgage instead of rent. Applicants to this program must be participants in both the HCV and FSS programs, along with meeting other eligibility requirements. For more information, visit www.michigan.gov/mshda (click on: renter assistance — housing choice voucher program — homeownership.)

Homeownership Assets

Affordable Housing

Housing Assistance from the State of Michigan

Home Purchase Assistance

LINKS to Homeownership Program

The LINKS to Homeownership Program increases homeownership opportunities for low to moderate-income families in Michigan. The LINKS to Homeownership is a home purchase counseling program funded by MSHDA. The program was designed to ensure successful homeownership by screening candidates for purchase potential, providing pre-purchase counseling and down payment assistance, up to \$7,500. It also provides credit repair to qualify for a MSHDA mortgage, home maintenance training, and pre-purchase home inspections. For more information visit www.michigan.gov/mshda — Homebuyers — Homebuyer counseling.

MSHDA Financing: Homeownership Family Home Mortgages

The Michigan State Housing Development Authority offers low-interest rate loans for families and individuals to purchase homes. The loans are available through MSHDA participating lenders across the state who take applications on behalf of MSHDA. For more information visit www.michigan.gov/mshda — Homebuyers — MSHDA Financing or contact a local lender.

For ready-to-use tools:

- Download the “Money Back in Michigan” toolkit for information and tips on the homestead property tax credit from the Michigan League for Human Services at www.milhs.org — budget and tax.

Asset Building at Work **Housing: Sparrow Health**

Sparrow Health, a Lansing-based hospital, initiated their Employer Assisted Housing Program (EAH) program with the Michigan State Housing Development Authority (MSHDA) two years ago. For eligible employees, Sparrow offers a \$2,500 loan that is forgiven after five years of service. Sparrow’s strong partnership with the MSHDA-approved lender ensures that the program runs smoothly for participants. Result: with six employees who have become homeowners, Sparrow considers the program successful.

Contact: Jeff Armstrong, Sparrow Health; Phone: (517) 364-5816. email: jeff.armstrong@sparrow.org

Homeownership Assets

Energy Use: Workers who under-utilize or lack money for energy use endanger their health and reduce their job productivity.

Employees who are struggling with basic needs such as paying heating bills are less likely to be focused at work. In addition, they may be endangering their own health or their family's health when services are cut off or families conserve money by decreasing their energy use. Such actions can in turn impact employee health care costs. By stabilizing their home energy needs, employees can improve their physical well-being and be more productive at work.

The Low Income Home Energy Assistance Program (LIHEAP) consists of federal money allocated to each state to assist low-income families with energy costs. Your employees may have seen fliers in their utility bills about help with paying bills; these fliers often refer to LIHEAP. In Michigan, the LIHEAP block grant is used for the following programs:

- Home Heating Credit
- State Emergency Relief (SER)
- Weatherization Assistance Program (WAP)

What you can do:

- Provide information about LIHEAP to your employees.
- Post the DHS Energy Hotline phone number in your employee break room.
- Partner with a community action agency to share information about WAP to your employees.

For ready-to-use tools:

- Download the "Money Back in Michigan" toolkit for information and tips on the homestead property tax credit from the Michigan League for Human Services at www.milhs.org — budget and tax.

For more information about LIHEAP, call the toll-free DHS Energy Hotline at 1-800-292-5650 between the hours of 8:00 – 11:45 a.m. and 1:00 – 4:15 p.m. or visit the LIHEAP website at www.michigan.gov/heatingassistance.

Home Heating Credit

Basic maintenance benefits for LIHEAP are issued through the Home Heating Credit to all eligible low-income households. The Michigan Department of Treasury determines eligibility and makes the payments. Applicants do not need to file a state income tax return to receive the Home Heating Credit. Eligibility is based on income, number of exemptions and household heating costs.

State Emergency Relief

The LIHEAP crisis intervention program is coordinated with Michigan's State Emergency Relief (SER) program. Administered by the Department of Human Services (DHS), SER provides a wide range of emergency services. SER provides services such as payment for heating fuel, electricity and home repairs. Eligibility is based on a number of factors.

Weatherization Assistance Program (WAP)

Michigan's Weatherization Assistance Program (WAP) is a federally funded, low-income residential energy conservation program. The program provides free home energy conservation services to low-income Michigan homeowners and renters. These services reduce energy use and lower utility bills, thus creating more self-sufficient households. Services are typically administered by local community action agencies.

Human Capital

BY INVESTING IN EMPLOYEE SKILLS and knowledge, companies reduce turnover and hiring costs.

Employers are facing a tremendous mismatch of available jobs and potential employees who have the needed skill sets and aptitudes for occupations in demand. Many jobs now require skills and training beyond secondary education, yet 40 percent of prime age workers have completed high school or less. According to one researcher, “the largest share (about 72 percent) of the increase in postsecondary education requirements comes from ‘upskilling’ higher skills demanded by employers for jobs that previously did not require any college.”²⁴

In addition to this skills mismatch, high turnover rates — particularly of the frontline workforce — require employers to invest resources in retention services and vocational evaluation to increase job “fit”, and reduce associated hiring and turnover costs.

To address identified skills mismatch and high turnover rates, some employers are investing in building “career ladders”— horizontal and/or vertical paths of job progression tied to mastery of particular skills and knowledge. These career ladders are often internal and address individual employer needs; however innovative models are building industry consortiums allowing for cross-employer progression. Each step up the career ladder requires additional training; this training is often provided by a community college partner via government funded programs.

What you can do — Invest in an employee’s education:

- Devote a portion of your budget to professional development for employees.
- Offer tuition reimbursement and/or flexible scheduling for educational purposes.
- Partner with community colleges to offer classes at your workplace.
- Pay for ESL classes for your employees. For an example of this practices see *Increasing the Visibility for the Invisible Workforce: Model Programs and Policies for Hourly and Lower Wage Employees*. Boston College Center for Work and Family, Carroll School of Management, 2004.

Examples in this toolkit

- Support IDA programs which match employee savings for expenses such as education — see IDA under “financial assets.”
- Set up a Michigan Education Savings Program (MESP) (college 529) savings program for your employees — see MESP under “financial assets.”
- Promote the EITC — employees can use this cash back to pay for educational expenses — see EITC under “financial assets.”

Invest in an employee’s advancement:

- Set up a mentoring or job shadowing program.
- Invest in managers’ supervisory training programs.
- Take advantage of public incumbent worker training opportunities and resources.

²⁴Carnevale, Anthony P. and Donna M. Desrochers. “The Missing Middle: Aligning Education and the Knowledge Economy.” Office of Vocational Education, U.S. Department of Education. Washington DC: 2002.

Human Capital

Identifying skills gaps and improving vocational evaluation

- Write job descriptions for competencies, not lists of tasks to be completed.
- Invest in thorough applicant screening to ensure match of personality to workplace culture.
- Partner with One-Stop centers and your local Michigan Works! agency to fully articulate to job applicants not only skills required, but also aptitude and desire for work in that field.

Government programs and resources for employers seeking to build training programs

- EDJT This program is administered through the Michigan Economic Development Corporation (MEDC). Economic Development Job Training (EDJT) awards are discretionary and require that businesses and training providers work closely with an MEDC account manager and workforce development specialist to develop an effective training plan.
- For more examples of innovative government programs to assist employers, see *Wising Up: How Government Can Partner with Business to Increase Skills and Advance Low-Wage Workers*. CLASP, 2006. Get info at: www.clasp.org.

For tools and assistance:

The Michigan Economic Development Corporation is an excellent resource for employers seeking to understand government grant programs. (See the Employer Resources section for more information.)

- Visit www.michigan.org — Our services — business services — small business outreach.
- Contact Chris Holman, Small Business Advocate, at (517) 373-9808 at the MEDC.

Asset Building at Work

Human Capital Investment: Aztec Manufacturing

An Economic Development Job Training (EDJT) grant allowed Aztec, a tier one automotive industry supplier, to upgrade the skills of its incumbent workers as part of an overall strategic push to attain ISO 14001 certification. Working closely with the Michigan Manufacturing Technology Center, Aztec trained workers on topics such as robotics and geometric tolerances. Aztec credits much of its success in helping employees advance to collaborative efforts with community colleges and organizations such as the Michigan Economic Development Corporation (MEDC). MEDC administers EDJT grants. Result: retention at the company is very high due its investments in staff.

Contact: Frank Lopez, CEO, Aztec Manufacturing. Phone: (734) 942-7433. email flopez@aztecmfgcorp.com

More examples continue on page 30...

Transportation Assets

Transportation and Employee Retention: The lack of reliable transportation (good public transit or reliable car) negatively affects an employee's ability to get to work or arrive at work on time.

- Poor workers are more likely to commute by public transit, especially by bus.
- Public transit systems rarely take central city residents all the way to the door of suburban employers. Consequently, a car or another means of transportation is required to take employees to their final destination.
- Members of poorer households are more likely to share a car — so not every worker in a household has reliable access to the car.

Even when a household does own a car, a larger portion of the household's disposable income is devoted to transportation costs because low-income families are more likely to own an older car in such poor condition that it requires more expensive maintenance. In addition, the household is more likely to pay higher insurance premiums if its members do not have a bank account, which many low-income people do not.²⁵

What you can do:

- Promote ride sharing or car-pooling among employees.
- Partner with local transportation agencies to set up on-site bus pass purchasing.
- Offer public transportation subsidies or incentives (such as before tax payroll deduction for bus passes).
- Advocate for bus route modification and stop relocation. For more on how UPS pursued this strategy, see *Promising Practices: How Employers Improve their Bottom Lines by Addressing the Needs of Lower-Wage Workers*, a report by the Families and Work Institute. Visit: www.familiesandwork.org
- Use financial services resources to link your employees to debt reduction, credit counseling, and asset building strategies, all of which can be used to secure a cheaper, more reliable car.

For more information

See the Brookings Institution's policy brief *High Cost or High Opportunity Cost? Transportation and Family Economic Success*, which can be accessed at www.brookings.edu.

Asset Building at Work Transportation: Peckham

Peckham Inc. tackles transportation issues through advocacy and through programs for its staff. Peckham staff are active on the local transportation board. In addition, Peckham offers a monthly bus pass program for its employees to ensure that they have reliable transportation to get to work. If an employee needs funds to cover car repairs, for example, in certain cases Peckham will grant the employee a loan which the employee then pays back through payroll deduction.

Contact: Greta Wu, Director of Human Services, Peckham Inc. Phone: (517) 316-4000. email: gwu@peckham.org

²⁵Waller, Margy. "High Cost or High Opportunity Cost? Transportation and Family Economic Success." Brookings Institution Policy Brief. Center on Children and Families #35. December 2005.

Asset Building at Work **Human Capital Investment: CVS**

CVS has implemented a number of career ladders for entry level staff through its Learning Centers. Staff interested in a pharmacy path, for instance, may start out working as a pharmacy technician and can advance all the way to pharmacist as they complete the required education and training. CVS partners with community colleges to develop the career ladders. Result: CVS is able to promote staff from within, reducing turnover and hiring costs.

Contact: Lena Barkley, Detroit Regional Learning Center, CVS. Phone: (248) 888-6341. email: lbarkley@cvs.com

Asset Building at Work **Human Capital Investment: St. Mary's Healthcare**

St. Mary's Healthcare in Grand Rapids offers a tuition reimbursement program covering up to \$3,600 per fiscal year per employee. Employees get reimbursed for 60 percent of credit hour cost up to a certain limit for any credit classes at any accredited college — not just classes related to their area of work. One hundred percent of costs are covered for employees who make a three year commitment to St. Mary's for education related to shortage positions such as nursing, radiology and pharmacy. Results: Approximately 85 percent of employees who participate in the tuition reimbursement program and take classes in a health care field stay with St. Mary's.

Contact information: Julie MacFarland, Coordinator of Employment, St. Mary's Health Care. Phone: (616) 752-6060. email: macfarlj@trinity-health.org



Employer Resources



What is it?

Michigan created the first state-wide, unified workforce development system in the country. Workforce Development Boards administer the system at the local level. The business-led boards have representation from economic development, community based organizations, social services, rehabilitation services, labor and other groups that influence workforce development in the community.

The Michigan Works! System prepares people for jobs so that employers have the skilled workers they need to be competitive in our global economy and matches job candidates to job openings for employers. The bottom line is jobs for people and people for jobs.

Michigan Works! Service Centers

Service centers offer a range of services for job seekers and employers. Employer-specific services are available at each service center at no charge.

Services for Employers

- *Assistance in finding qualified workers*— Assistance with selecting employees, connecting to Michigan Talent Bank postings at www.michigan.gov/talentbank, job fairs, or hosting search and interviews.
- *Information on customized training programs*— Service centers offer access to a variety of training opportunities to meet your needs.
- *Information on business start-up, retention, and expansion services* — Service centers offer a host of small and new business resources, seminars, and information.
- *Information on labor markets and work place accommodations*— Information on growth industries, labor market projections, Equal Opportunity, and required employer posting information are just a few of the resources an employer can access at a service center.
- *Information on tax credit opportunities*— Tax credits exist for employers whose employees and new hires meet specific criteria. Service centers have valuable information on the Work Opportunity Tax Credit (WOTC) and the Earned Income Tax Credit (EITC).
- *Information on insurance and bonding programs*— In addition to selecting a qualified worker, staff at the service centers can connect employers with insurance and bonding programs.

For more information on Michigan Works! or finding your local Michigan Works! Service Center, call **1-800-285-WORKS** or visit www.michiganworks.org.

Employer Resources



MI Opportunity Partnership

The MI Opportunity Partnership helps employers find skilled workers by improving programs and services that match workers with job providers. This collaboration includes State agencies, business, community colleges and universities, organized labor, associations, Michigan Regional Skills Alliances, and Michigan Works! Agencies.

The MI Opportunity Partnership's goal is to retool Michigan's job training programs and proactively steer unemployed workers toward high-demand career fields. Current goals include placing 40,000 workers into jobs by May 2007 and conducting programs to provide accelerated training for jobs in health care and skilled trades.

A key component of the MI Opportunity Partnership is the Working for Jobs Today! Employer pledge drive. There is no cost to employers and it is an easy way for employers to find the workers they need.

Workers seeking jobs post their resumes on the Michigan Talent Bank (a free website for employers and workers) and employers search the website.

For more information, visit www.michigan.gov/miop



Michigan Talent Bank

The Michigan Talent Bank is a free website for job seekers to post resumes, search for jobs, and for employers to post available jobs.

By signing up, employers can create job postings, search resumes, and find the qualified job candidates. Employers can:

- Keep track of preferred job candidates
- Get automatic email alerts of new resumes that match their job orders
- Save and re-use their search criteria.

For more information, visit: www.michigan.gov/talentbank.

Employer Resources

Michigan Economic Development Corporation (MEDC)

The Michigan Economic Development Corporation is the State of Michigan's one-stop resource for businesses seeking to expand in Michigan. The MEDC serves as the state's economic development corporation and provides a number of services to businesses. Since the MEDC is a collaboration state and local governments, it can provide excellent coordination with local communities and agencies across the state.

Business Services — Small Business Outreach

The Small Business Outreach promotes job creation and retention in small firms by fostering communication between the MEDC and public and private sector groups that advocate for and/or provide services to small companies and minority businesses.

Small Business Outreach Activities:

- Building ongoing relationships with small business organizations to exchange information and expand awareness of services provided to member firms.
- Working with small business organizations to ensure that firms owned by minorities receive appropriate information, referral, and services.
- Serving as a resource to the MEDC on issues involving small business groups and organizations.
- Maintaining a statewide referral network for small business questions, concerns, and issues.

For more information:

- Visit www.michigan.org — Our services — business services — small business outreach
- Contact Chris Holman, Small Business Advocate, at (517) 373-9808 at the MEDC.

Michigan Small Business & Technology Development CenterSM

The Michigan Small Business and Technology Development CenterSM network provides a full range of services for a variety of small businesses that are emerging and growing throughout Michigan, including new venture companies, existing small businesses, expanding businesses, new technology companies, and innovators. The MI-SBTDCSM network is a grassroots advocate for small businesses working in partnership with local resources to grow and strengthen companies.

The state headquarters, located at Grand Valley State University, supports 12 regional offices and more than 30 satellite offices, each providing counseling and training to small business owners and entrepreneurs throughout the 83 counties in Michigan through a cooperative agreement with the U.S. Small Business Administration.

For more information, visit:

www.misbtdc.org/ or call 1-877-873-4567.



Appendix

What is a low wage job?

There is no standard definition of low income or a low wage. However, many people who study working families use the general benchmark of income or wages that are twice the federally defined poverty level. Others consider lower wage employees to be those employees who are paid the lowest 25th percentile of wages in a particular company.

What is the federal poverty level?

The federal poverty level is a dollar figure; families with income below the benchmark are considered to be in poverty, those above, are not. The dollar amounts are updated annually by the U.S. Census Bureau. For more information, see:

www.census.gov/hhes/www/poverty/threshld.html

Because the federal poverty benchmark formula was developed more than 50 years ago and does not accurately reflect today's costs of child care, transportation and housing, the use of twice the poverty level is believed to be more accurate assessment of what it takes to be economically self-sufficient in today's economy.²⁶

Who works in low-wage jobs?²⁷

There is a persistent misconception that workers employed in most low-wage jobs are primarily teenagers or single adults without children, and that for such workers the job is often transitional or short-term. While it is true that some of the most visible low-wage jobs, such as those in the fast-food industry, tend to attract many teenagers and college students, in fact a very large number of low-wage workers are adults with families to support.

According to the most recent data available, fully 10 percent of Michigan's working families with children can be classified as "working poor families" because their total household earnings are not enough to put them above the poverty threshold for their family size. (This figure includes not only the families of poverty-wage earners, but also those workers who earn an hourly wage above the poverty wage but who are not working enough hours to bring them above the poverty level.) The majority of these working poor families have a breadwinner who is employed at least 26 weeks out of the year, a large number of whom work full time year-round. The heads of these families diligently show up for work each day, arrange for the care of their children, budget their paychecks and pay taxes, yet their jobs do not pay enough to enable them to meet all of their family's needs or to bring them out of poverty.

The characteristics of many working poor families contradict commonly held notions about poor families: 65 percent of all working poor families in 2003 had a family head in his or her prime working years (age 25–44), less than half the working poor families were racial minorities, and nearly one-third of working poor families were headed by a married couple. It is widely recognized that a college degree increases a worker's chance of full-time employment with a good salary.²⁸ However, 41 percent of all Michigan's working poor families in 2003 had a primary wage earner who had some college education.

²⁶Miller, Jennifer; Grossman, Lisa; Molina, Frieda; and Golonka, Susan. *Building Bridges to Self-Sufficiency*. Washington D.C.: MDRC. March 2004.

²⁷This section appears in *Economic Self-Sufficiency in Michigan: A Benchmark for Ensuring Family Well-Being*. Michigan League for Human Services. March 2004.

²⁸For more information, see the Michigan League for Human Services, *Michigan's Weak Link: Unemployment, the Skills Gap, and the Declining Support for Adult Education*, April 2005.

Appendix

Michigan's Working Poor Families with Children, 2003

- There were 119,000 working poor families with children, comprising 10 percent of all Michigan working families with children. An additional 218,000 families with children are near-poor (between 100 percent and 200 percent of poverty).
- 250,000 children in Michigan lived in working poor families, comprising 10.1 percent of all children and 66.7 percent of all poor children in Michigan.
- 57 percent of individuals in working poor families are children.
- 78 percent of all poor families in Michigan had a parent who worked at some point during the year. (This does not include families in which each parent was out of the labor force due to disability or exceeding age 65.)
- Working poor families with children worked an average of 37 weeks, with more than two-thirds working at least 26 weeks.

Source: Center on Budget and Policy Priorities tabulations of U.S. Census Bureau American Community Survey data.

Appendix

Talking Money: Wage Classifications

According to the U.S. Census Bureau, in 2003, 11 percent of Michigan residents lived in poverty, totaling over one million people. 17 percent of children under age five lived in poverty.

What is a poverty threshold wage?

The “poverty threshold wage” is defined as the hourly wage that a full-time, year-round worker must earn to sustain a family at the federal poverty level.²⁹

**\$9.52 X 40 hours per week X 52 weeks a year
= \$19,806**

The poverty wage is a useful benchmark for discussing low-wage jobs. Be aware, however, that it is impossible to draw inferences about family poverty from wage data alone, given that many poverty-wage workers have spouses or partners who also bring earnings into the household. Also, some workers routinely work overtime or at second jobs to enhance their earnings. It is therefore possible that workers can earn poverty wages but their families may have more income than the federal poverty level.

What is the minimum wage?

The federal minimum wage is \$5.15. Working full time at the minimum wage does not generate enough earnings to pull a family above the federal poverty level.

**\$5.15 X 40 hours a week X 52 weeks a year =
\$10,712**

The new Michigan minimum wage is \$6.95 effective October 1, 2006.

**\$6.95 X 40 hours a week X 52 weeks a year
= \$14,456.**

What is a self-sufficiency wage?

Many families of low-wage earners have a total household income below the poverty level and are considered “working poor,” while many others earn too much to be considered poor yet cannot meet all of their needs without government or private help. The Michigan League for Human Services has calculated the wage a family needs to earn in order to meet all of its basic expenses without relying on government or nonprofit assistance.³⁰ This “economic self-sufficiency wage” is considerably higher than the poverty wage, and factors in such considerations as rent, child care costs, food, transportation, health costs, and taxes.

In 2004 the self-sufficiency wage level was:

- Single individual — \$8.28 per hour;
- Single-parent family with two children under six — \$16.58 per hour;
- Two-parent family with two children under six in which both parents work — \$9.23 per hour each;
- Two-parent family with two children under six in which one parent works — \$10.79 per hour.

Hourly Wages

\$5.15	federal minimum wage
\$6.95	Michigan state minimum wage
\$9.52	poverty threshold wage
\$10.79	self-sufficiency wage

\$10.79	gap between minimum wage and
- 6.95	self-sufficiency
<hr/>	
= 3.84	

²⁹The poverty level used to determine poverty wage, unless otherwise noted, is the Census Bureau's estimate of the weighted average poverty threshold for a family of four, divided by 40 hours per week and 52 weeks per year to equal an hourly wage.

³⁰For more information, see the Michigan League for Human Services, *Economic Self-Sufficiency in Michigan: A Benchmark for Ensuring Family Well-Being*, March 2004.

Appendix

For a single parent with two children:

\$15.13 and under = low-wage
\$31,470 annual salary, 2X federal poverty level

\$7.56 and under = poor/poverty wage
\$14,456 annual salary, before taxes

For reference
\$6.95 = Michigan minimum wage
\$14,456 annual salary, before taxes

In 2005, the poverty thresholds were:

\$10,160 for a single person with no children
=> \$847 a month

\$15,735 for a single parent with two children
=> \$1,311 a month

\$19,806 for a family of four => \$1,651
a month



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