

Low Quality Jobs Can Be Costly for Employers, Families:

A Caring Workplaces, Committed Employees Fact Sheet

Report No. 1

Unfavorable employment conditions for low-wage workers contribute to family instability, which in turn can undercut job performance and tenure. When nonprofit human services organizations invest in their workforce, the benefits to the organization, staff and families, and agency clients are many.

Overview

“Good jobs” provide access to fringe benefits, work-life assistance, and income that can provide for a family’s basic needs. However, most lower-paid workers—including frontline health and human services staff—lack these basic elements of employment quality.

The indirect costs of not investing in these workers can be steep: high turnover, low employee engagement, and absences and job distractions related to family and personal issues. These costs apply to all employers of low-wage workers—including nonprofit human services employers.

Some notable human services organizations have found that providing a supportive, caring workplace improves retention and enhances not only productivity but also client and employee satisfaction.

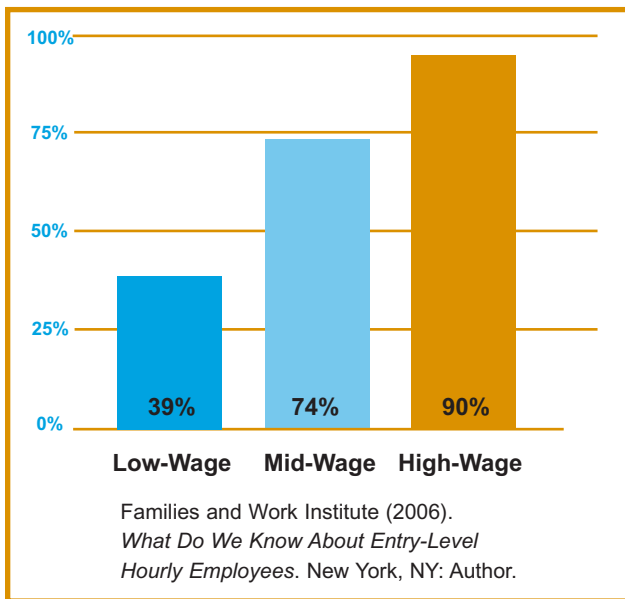
Low Earners Face Disparities in Employment Quality

Low-wage and low-income workers have less access to fringe benefits, work-life assistance, and earnings that can support families than their better-paid peers. Although not all human services employees have low earnings, employment quality in the sector can be problematic.

Job stability

- On average, job turnover rates are higher for less educated and lower-skilled workers as well as welfare recipients than other workers.⁷
- Turnover among frontline human services workers is high. Low pay, inadequate training and support, and heavy workloads are leading reasons why these workers resign; some even leave the field. The Annie E. Casey Foundation estimates average turnover rates as follows.
 - Child care workers: 40 percent (annual)

FIGURE 1: Percentage of Workers with Paid Sick Leave



- Child welfare workers in private agencies: 40 percent
- Juvenile justice workers: 40 – 80 percent³
- Many health and health care agencies also have trouble retaining their frontline workforce (e.g., medical assistants, social and human services assistants, mental health and substance abuse counselors, and others).³³

Income to meet a family's needs

- More than 25 percent of American working families earn wages so low that they have difficulty supporting their families financially.¹
- 24 million U.S. jobs, or one-fifth of all jobs, cannot keep a family of four above the poverty level and provide few or no benefits.¹

Paid leave: Only 39 percent of low-wage workers receive paid time off for personal illness, whereas 74 percent and 90 percent of mid- and higher-wage workers receive this benefit, respectively.² (See Figure 1).

Employer-sponsored health plans

- 33 percent of low-wage employees have no health insurance coverage from any source; in contrast, 94 percent of high-wage and high-income workers receive personal health insurance coverage paid in part or full by their employer.^{2,3}
- The United States is the only industrialized country that does not mandate that employers provide paid sick leave or paid vacation days. Furthermore, paid leave benefits in the U.S., when provided by the employer, are typically less generous than in other wealthy nations.⁴

Supportive environments

- 42 percent of the people in the human services workforce said that talent and achievement were not rewarded at their workplace.⁵
- In the human services workforce, a field often characterized by low pay, workers experience considerable stress. Not only do employees face heavier workloads than other groups, they also tend to work long hours.⁵
- 45 percent of the human services workforce claimed that their organizations lack the support they need from the community. Also, 31 percent mentioned a lack of access to equipment and supplies, and 23 percent indicated they had insufficient access to training.⁵

Flexible scheduling: An Urban Institute study found that only 10 percent of low-wage workers in low-income families received high levels of flexibility on the job, while 38 percent had jobs with low levels of flexibility. In contrast, 30 percent of mid- and high-wage workers had high levels of flexibility in their workplace, and only 19 percent had jobs with low flexibility. In addition, low-wage workers are more likely to have an unpredictable schedule.⁶

Career advancement: Low-wage jobs offer few advancement opportunities, so low-wage workers often must change jobs to increase their earnings.⁹

Low-Quality Jobs Shortchange Employers and Working Families

An obvious connection exists between low-quality jobs and family instability. Namely, the lack of fringe benefits, work-life assistance, and family-sustaining earnings for lower-paid positions has a negative impact on workers as well as their employers and families.

Undercutting Performance and Tenure

Without fringe benefits and supportive environments associated with “good jobs,” low earners are more vulnerable to job disruptions or job loss.

- The top three competing demands that take employees away from the job are related to personal or family needs.
 - Routine illnesses: 29 percent
 - Problems with child care: 22 percent
 - Transportation for family members: 10 percent¹⁰
- Low flexibility on the job for low-wage workers can lead to job loss or other “job actions” when family or personal matters require attention.^{6,11,12,13}
- In general, low-income families tend to experience greater health, developmental, academic, and other issues that can require parents to take time away from work for themselves or for their children.⁶

Raising Employers’ Costs

An unstable workforce can be costly for employers.

- Low retention rates hurt employers in terms of the costs of hiring and training replacements. To fill a position paying \$16,000 per year, employers typically spend anywhere from \$6,000 to \$12,000.¹⁴

- Because low-wage employees are less likely to be given paid time off for personal illnesses, they are more likely to come to work sick, a situation known as “presenteeism.” It is costly to employers as working while ill means low productivity and increased likelihood of infecting coworkers and clients.^{2,15}

Holding Back Disadvantaged Families

Unfavorable employment conditions for low-wage workers contribute to family instability, which in turn can interfere with job performance and tenure.

- Only 7 percent of families in poverty receive the four main “work supports,” which are the earned income tax credit, food stamps, child care subsidies, and Medicaid or State Children’s Health Insurance Program.¹⁶ There is strong evidence that receipt of tax credits and government benefits improves job retention, increases work effort, and reduces poverty.^{17,18,19,20}
- Despite hard labor, many lower-income workers have limited economic and social resources to meet their families’ basic needs. Difficulties, such as a flat tire, an unexpected expense, or an illness, can disrupt a family’s delicate balance and result in distractions at work and unplanned absences.²¹
- Socioeconomic disparities in opportunities and barriers have produced generations of children and families at the lower end of the economic ladder who do not escape their disadvantages.²² For example, a Brookings Institution analysis indicates that only 36 percent of persons born into poverty move into the middle class as adults; 58 percent stay in low-income groups.²³
- Too many young adults—about 57 percent—are not fully Ready by 21™ for college, work, and life, as called for by the Forum for Youth Investment.²⁴ The consequence, from an employer’s perspective, is a future workforce that is less equipped to succeed at their job.

Employers Can Make a Difference

By investing in the quality of lower positions by providing fringe benefits, work-life assistance, and opportunities to earn family-supporting wages, employers can make a difference for their own organizations, the lives of their workers, and families in the community.

- Jobs that offer benefits, especially health care and paid vacation days, have been shown to attract more long-term workers. A Working Poor Families Project analysis reports that a job providing health insurance has an 80 percent chance of keeping its employees for 18 consecutive months, as opposed to a 52 percent chance for a job that does not offer insurance.^{1,25}
- Flexible scheduling and fringe benefits not only reduce absences, but also improve job retention, work effort, and employees' engagement and commitment to their employers.^{26,27,28}
- Tax credits and government benefits reduce the amount of income that families need to meet their basic needs.²⁹
- Employers that offer fringe benefits, work-life assistance, and better pay for lower positions report these benefits.
 - Reduced turnover costs
 - Enhanced recruitment and retention
 - Lower costs for training new hires
 - Increased profits
 - Improved customer service
 - Productivity gains
 - Reduced absenteeism^{30,31}

Success Stories from the Human Services Sector

- The **Community Council of Greater Dallas**, a nonprofit service organization, provides a caring environment and an encouraging atmosphere for its staff. Employees have the flexibility to decide their daily hours, telecommute, and set aside hours in their workday to do volunteer work. They also are given the opportunity to grow professionally within the organization through cross-training. With the provision of these benefits, the council's effective staff helps connect almost half a million people each year to health care and social services.³²
- **Family Service of Rhode Island**, a nonprofit human services organization, has not only satisfied 97 percent of its clients, but many employees as well. Staff can receive tuition reimbursement for continuing education credits, place their youngsters in the organization's child care center, older children in summer jobs, and access 15 days of paid vacation each year. By switching jobs with coworkers, employees have opportunities for personal growth.³²
- The turnover rate among protective services workers in New York City's **Administration for Children's Services** was reduced from 50 percent to 30 percent through the implementation of career advancement opportunities and the integration of a system to reward performance.⁸

Endnotes

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This series of policy briefs produced by the Family Strengthening Policy Center (FSPC) seeks to describe a new way of thinking about how to strengthen families raising children in low-income communities and how this approach can and should influence policy. The premise of “family strengthening” in this context, and as championed by the Annie E. Casey Foundation, is that children do well when cared for by supportive families, which, in turn, do better when they live in vital and supportive communities. The series describes ways in which enhancing connections within families and between families and the institutions that affect them result in better outcomes for children and their families.

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The Center benefits from the guidance and involvement of the Family Strengthening Peer Network, which provides opportunities for its members to share knowledge on family strengthening strategies, learn what other organizations are doing, and find synergies and potential areas of collaboration.

This brief reflects the findings and views of the Family Strengthening Policy Center, which is solely responsible for its content. For more information or to access other family strengthening policy briefs, visit www.nassembly.org/fspc.

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