

Career Builders

By Mary-Alane Wiltse

Employee Benefit Programs May be the Answer to High Turnover Rates

Service-industry employers across the country, who mainly hire minimum-wage workers, have been complaining for years that they cannot find or keep “good” help. An ex-McDonald’s franchise owner, Steven Bigari, believes he has found an answer. In the 1990’s Bigari, from Colorado, bought several McDonald’s restaurants and during the first year his employee turnover rate was close to 280%. By adding a menu of benefits for his employees, he reduced his turnover rate to only 135% in one year. So, even though these additional benefits increased his operating costs, the savings from lower employee turnover increased his profit margin by three percent.

The benefit packages that Bigari first implemented at McDonalds focused on dealing with the issues that impacted his turnover rates the most: child care, transportation, and health care. In an interview Bigari gave to the National Retail Association he explained his philosophy, “The keys to escaping poverty are three: hard work, education and relationships. The family used to provide the support mechanisms necessary to accomplish these. Erosion of the family along with the nomadic life we live in America – especially poor folk – has eroded the base of the support or infrastructure that the working poor require. We’re providing [a] family-like relationship of support structures to help people who want to become – and this is key – want to become successful”.

His program has had such a proven track record in reducing costs that McDonalds’ corporate headquarters is now encouraging all of their franchisees’ to implement similar “McFamily” programs.

Last year Bigari sold his restaurants and started a non-profit organization with financial help from Ashoka, a world-wide organization that supports social entrepreneurs. Mr. Bigari’s organization is called America’s Family, and it is designed to assist other businesses, outside of McDonalds, in providing Employee Benefit Programs for their low-wage workers.

Although America’s Family is currently only operating out of Colorado and Texas the concepts behind the program can be duplicated anywhere. Bigari’s program provides low-wage workers with help in accessing the array of government support programs available to low-income families and combines that help with a payroll deduction and employer match program. The advocacy services make certain that employees know about the assistance that is available to them. It helps them apply for government support programs and also helps them deal with the fear, embarrassment, frustration or confusion they may feel during the application process.

All of the government programs that America’s Family promotes are available in our community. The Columbia-Greene Health Care Consortium helps people apply for health insurance programs, like Child or Family Health Plus. The Child Care Council of Columbia and Greene counties helps people find child care and apply for assistance to help pay for it. In Greene County, Community Action can offer transportation to and from work.

In the America’s Family model the payroll deduction and employer match programs become available to employees once they have been working for 90 days and have completed a “Money 101” course, which teaches basic financial management skills. The program also involves helping employees open an account with a participating credit union or bank. A cafeteria style plan is then offered to help employees pay for health insurance

and/or day care. Other deduction/match options are used to assist the employee in saving for the purchase of a car, or a computer, or even tuition. Once the employee has saved 50% of the total cost they are provided with a short-term/no-interest loan to pay for the rest of the purchase price. In his time at McDonalds, Bigari lent nearly \$30,000 to front-line employees, and all but \$960 was repaid.

Locally, some of these services are also available free of charge. The Consumer Credit Counseling Service of Central New York or the Cooperative Extension offices can offer personal financial management services. Both Columbia Opportunities and Community Action of Greene County can help with income tax preparation services and information on the Earned Income Tax Credit. Community Action also offers a “Wheels for Work” program that provides low-interest used car loans for working people. I am particularly fond of the free tuition assistance that can be provided by the Workforce New York Career Center.

There are other services that low-income working people can also access through the Departments of Social Services. HEAP can help pay for their heating costs. Food stamps can be used to reduce the percentage of their income that has to go towards feeding themselves and their family.

With some effort, local businesses could start helping their low-wage workers connect with the services that are available in our community. These efforts might be time consuming, but they do not have to be expensive. Just by arranging for different organizations to come in and help their employees apply for services they will be letting their workers know that even though they cannot pay a higher wage, they do value their contribution and care about their overall welfare. Starting a payroll deduction and employee match program could also help attract the type of entry-level employee all businesses are looking to hire.

In the process, local businesses could become like Mr. Bigari, and help their employees start the long climb out of poverty.

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