



# Employer Resource Networks

A REVIEW

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A M E R I C A N   E N T E R P R I S E   I N S T I T U T E

# Executive Summary

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Employer Resource Networks (ERNs) are an innovative model through which local networks of employers collectively provide work support services to their entry-level workforces, with the goal of enhancing productivity and retention. In this report, we describe the ERN model and detail the current state and functions of these programs nationwide. We explore existing evidence on their efficacy in enhancing employment retention, suggest a future research agenda, and offer proposals to support further expansion.

We find that ERNs hold promise for addressing the societal challenge of unstable labor market attachment among low-earning workers while increasing productivity by reducing churn among entry-level, low-income workers. However, ERNs are limited by the extent of available community resources.

While employer testimonials and program data indicate considerable promise, there is no rigorous

evaluation of the model to date. A broader literature investigation finds that coaching and employer involvement in training—key components of the ERN model—can boost earnings and educational attainment. Due to the novel structure of ERNs—particularly the placement of services at work sites and the fact that it is employer initiated—we suggest a set of additional studies that would descriptively examine who the employees and employers are that are served, and we further propose a rigorous impact evaluation of ERNs to see whether they can produce sustained impacts on employment, earnings, and well-being for workers over time. As the debate over how to best encourage and support sustained work for low-skilled individuals receiving social service benefits continues, a deeper examination of ERNs as a private-sector solution could reveal new and promising strategies for supporting workers and their families.

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## A REVIEW

### H. Luke Shaefer and Joshua Rivera

Amid debates preceding welfare reform in 1996, Fred Keller, the CEO of Cascade Engineering, a plastics fabrication company in West Michigan, wondered whether his company could successfully employ public assistance recipients or homeless residents. Following some initial attempts, he concluded that the answer was decidedly “no,” stating in an interview with *Crain’s Detroit Business*, “We weren’t prepared to receive them, and they weren’t prepared to work.”<sup>1</sup>

In response, Cascade Engineering collaborated with Michigan’s state social service agency to place a case manager at the firm, to intentionally recruit from these populations and support all entry-level employees in navigating challenges at work and home. Other companies in the surrounding community became interested in Cascade’s model, and their efforts birthed the SOURCE, a group of employers led by Cascade that worked to enhance outcomes for entry-level workers, especially from vulnerable populations.<sup>2</sup> Building on the SOURCE’s work, a new model emerged and was further developed under the leadership of James Vander Hulst. With resources through a grant from the US Department of Labor in the late 2000s, the first two Employer Resource Networks (ERNs) in Michigan were born.

The novelty of ERNs’ origins is that the model developed in direct response to a business human resource need, identified by business leaders. ERN leadership comes from the human resource management world rather than workforce development or social services. In this way, ERNs are a market-based solution to a challenge facing both businesses and society writ large: to ensure that workers from low-income families can find and maintain employment over time.

### The ERN Model

ERNs are community-based, employer-led business consortiums created to share the cost of providing education, training, and support services to entry-level and low-earning employees. Established first in 2007, ERNs are licensed by ERN USA, which assists in developing new ERNs in communities and provides new communities with services such as lobbying local government, hosting meetings to share best practices, and providing technical support to identify and track outcome metrics.<sup>3</sup>

ERNs’ primary objective is to increase job retention for participating employers, and a secondary goal is to improve worker productivity. ERNs are particularly focused on addressing job retention among entry-level workers who come from disadvantaged backgrounds, especially those on public assistance. ERN USA contends that this model meets members’ immediate needs while providing a wider benefit to society by enhancing economic self-sufficiency and increasing the human capital of the workforce. Vander Hulst and Dee Ann Sherwood argue that ERNs are “socially sustainable intermediaries that function as learning communities,” with the twin goals of facilitating assistance to workers to increase productivity and retention and developing a business network to share information and resources to achieve business ends.<sup>4</sup>

ERNs are employer led. They are established by groups of typically six to eight businesses employing around 50–250 workers.<sup>5</sup> Businesses join together to take advantage of economies of scale to provide resources they could not afford on their own.

Each business plays two roles in an ERN. First, it pays a membership fee that is scaled to the size of the employer and usage of services. Fees range from \$3,000 to \$41,000 a year.<sup>6</sup> Membership fees ensure that businesses have a tangible stake in an ERN's success and motivate their participation in shaping the organization.

While a majority of an ERN's funding comes from membership fees, a significant portion also comes from public funds, grants, and donations. In Grand Rapids, Michigan, for example, the ERN initially covered only a quarter of total operating costs through membership fees. Grants and donations covered the remaining three-quarters. According to Vander Hulst, over time, the ratio of business to external philanthropic and other funding flipped, with businesses covering 100 percent of total operating expenses two years after the ERN was established.

Second, businesses are representatives on the ERN governing board. Each governing board decides whether to contract out the ERN's administrative functions or hire internal staff to perform those functions. The board decides the types and intensity of services offered to employees and contracts with an agency for all direct services. One major benefit of business members' participation in the governing board is that it ensures the services provided are responsive to the needs of each firm and its employees.

ERNs develop relationships with nonprofits, public agencies, and training providers to leverage additional resources and financial support. For example, some ERNs choose to work with Temporary Assistance for Needy Families (TANF) and Workforce Investment Act programs to hire TANF recipients. This benefits businesses in that they can access both a talent pool and work supports for these workers available through TANF-funded programs.<sup>7</sup>

In sum, in the ERN model, employers are actively engaged in creating, funding, and leveraging consortium resources to provide a suite of services to entry-level and low-income workers. While all ERNs share a set of characteristics and the same model, each local ERN tailors its approach to its employers and community.

**A Logic Model for ERNs.** Once an ERN is established, the organization engages in three main activities to achieve its goals: It provides case management to address job retention issues, funds education and skills training, and coordinates supportive services.<sup>8</sup> In Table 1, we offer a logic model for ERNs, which proposes a framework for program evaluation that shows the relationship between program components and the impact the model seeks to achieve.<sup>9</sup> We use this model to show in detail how an ERN seeks to improve employee retention and productivity.

As stated above, the initial inputs into forming an ERN include the administrative, legal, and financial formation of the business consortium. Following that is hiring success coaches and identifying service providers. Through a series of activities and outputs, these inputs aim to primarily increase employee productivity and retention. Moreover, reaching these outcomes may in turn produce socially desirable impacts such as a more engaged and skilled workforce and greater economic self-sufficiency among those served.

How does an ERN affect retention and productivity? For starters, each ERN hires success coaches (also known as retention specialists) who provide intensive case management on a voluntary basis to all employees, with a primary goal of serving low-income workers and those on public assistance. Workers with performance issues can also be referred to them. Success coaches complement a firm's human resource department by bringing expertise addressing barriers to retention that all too often reside outside the workplace.<sup>10</sup> Success coaches should be easily accessible to workers and knowledgeable about public benefits and community resources to address issues that the human resources department is typically ill-equipped to address, such as transportation, childcare, and personal family issues.<sup>11</sup>

One innovation of the ERN model is that success coaches are on-site at the workplace or a convenient, accessible location. These success coaches' schedules are patterned around the work schedules of those they serve. Success coaches are typically co-employed via a public-private partnership with public health and human services agencies. For

**Table 1. The ERN Model**

Inputs	Activities	Outputs	Outcomes	Impact
6–10 small to medium-sized businesses	Fund and develop ERN education and training opportunities in collaboration with training partners	Employees attend trainings in activities such as soft skills, basic skills and language, and sector-specific trainings	↑ Employee productivity	↑ Workforce skills and engagement
Public, philanthropic, and donated resources supplement funding from the ERN members	Define specialized resources and supports	Workers receive job supports such as access to public benefits, counseling with family issues, and referral to mental health services	↑ Employee qualification for higher-paid positions in the firm	↑ Economic self-sufficiency
Creation of governing board and administrative infrastructure	Offer “high touch” case management on a volunteer basis, or mandate it based on performance issues		↓ Public assistance use	
Success coaches or retention specialists	Assist employees in accessing services, such as Volunteer Income Tax Assistance		↓ Barriers to work	
Identification of partners (e.g., community colleges, nonprofit service providers, state and local workforce, and social service agencies) to provide direct services or collaborate with to achieve mutual goals			↑ Employee retention	
			↓ Turnover cost	

Source: Authors.

example, the Southwest Michigan ERN uses case managers employed by the Michigan Department of Health and Human Services.<sup>12</sup>

ERNs also provide access to education, skills training, and supportive services. By leveraging the economies of scale available to the consortium, ERNs often receive discounts on general education (such as soft skills) and firm-specific education (such as industry training). For example, one ERN partnered with a community college to offer certification trainings in pharmacy and phlebotomy.<sup>13</sup> Another ERN partnered with a local community college and received a grant to provide training in “green job” occupations.

In addition to training, ERNs can provide direct supportive services. In some cases, ERN members establish employee assistance programs (EAPs) that connect workers with support such as counseling for

mental health issues.<sup>14</sup> Other ERNs organize members to be program sites for Volunteer Income Tax Assistance programs.

Through these trainings, employees can learn skills that boost their productivity and potentially increase their qualifications for higher-paid positions. Higher wages could decrease reliance on public assistance. With these supportive services, workers can reduce their barriers to retention. This reduces turnover costs for the employer while helping the worker become economically self-sufficient.

The ERN model is novel among other employee retention and advancement initiatives because employers must organize themselves into an ERN. Unlike traditional retention programs, the ERN service is neither purchased by employers nor provided by a government workforce agency. For an ERN to exist, employers must

take the initiative and bring in the nonprofit and public sector as they find appropriate.

Also unusual is the placement of success coaches at the work site, in contrast to public services typically offered at a government agency such as an American Job Center or a social service agency office. Moreover, unlike traditional EAPs, success coaches offer a confidential resource and provide active instead of passive referrals by assisting with access to other resources in the service environment.

Finally, services provided through ERNs are not means-tested. As we will discuss later, many prior employment retention initiatives are targeted toward low-income families and those on public assistance. Instead, ERNs are available to all employees, which may reduce stigma related to use.

**Limitations.** ERN USA finds that utilization rates are 15 percent for ERN services compared to 1 percent for participation in standard EAPs. Yet, 15 percent remains a low rate of program participation, particularly in industries with large shares of entry-level, low-wage workers. The program may also not be serving the most disadvantaged workers at a firm due to selection bias.

The program is also limited by the community resources available. ERNs typically work with community providers to address serious barriers to work such as housing instability and drug addiction. If there are only a few external partners or if funding for those programs is limited, it can leave ERNs ill-equipped to address their workers' needs. ERNs complement, but are not a replacement for, a robust nonprofit and social service sector that can work collaboratively with the private sector. This is particularly true in rural areas with limited resources where employers are geographically dispersed.

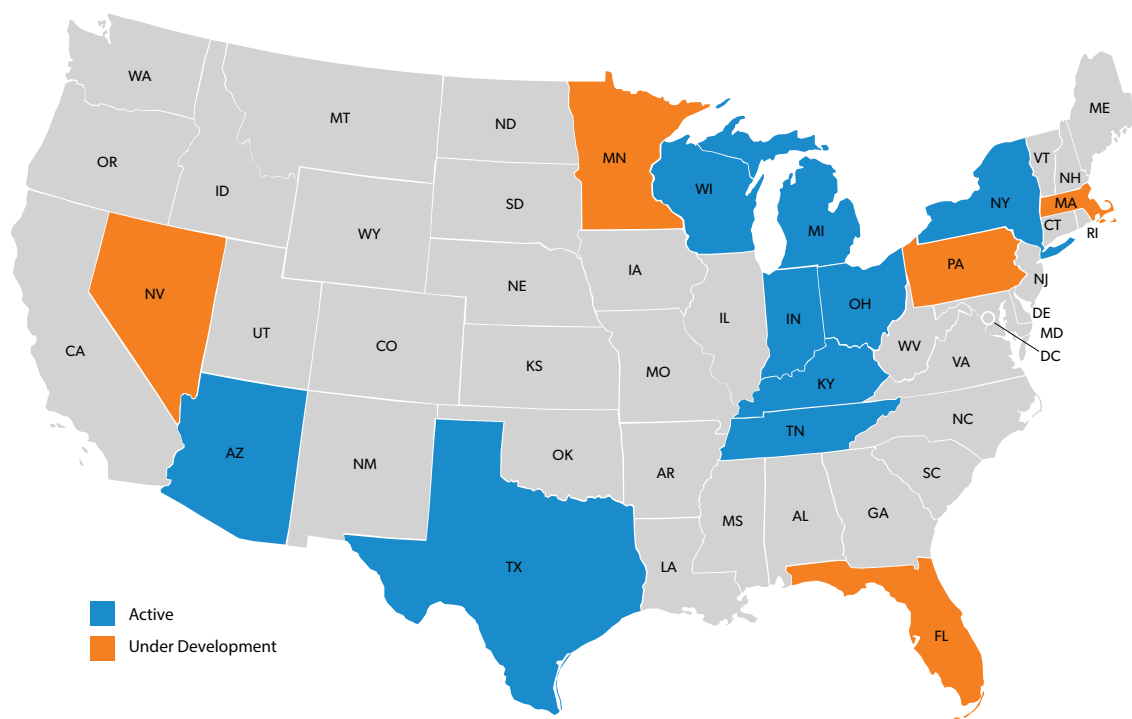
ERNs often engage in creative problem-solving to address the lack of nonprofit capacity in their area. For example, in Southwest Michigan, the ERN partnered with a local community foundation to provide a childcare scholarship for workers at risk of losing publicly subsidized childcare as their incomes rise. A goal of ERNs is to help establish resources in the community where there are gaps in services.

ERNs may also be limited by business engagement in the program. Some businesses may be hesitant to participate or may terminate their participation during a recession. In one study of a failed ERN launch, recession fears may have reduced the pool of employers willing to invest in the ERN.<sup>15</sup> If such a reaction is common, this would severely limit ERNs' effectiveness because an economic downturn is precisely the time when employees need the most help. Alternatively, ERNs could bolster businesses during an economic downturn by allowing firms to share layoff information and hire workers across firms. Survey research suggests that legacy ERNs can weather a recession, while startups struggle to gain their footing.<sup>16</sup>

Ineffective communication to employees may also inhibit ERNs' effectiveness. According to an employer in Ohio, the key to successful operation of an ERN is that it is differentiated from traditional EAPs. In contrast to EAPs, success coaches provided by an ERN aim to establish one-on-one relationships built on trust. This relational model helps workers feel comfortable going to the success coach for assistance. Without proper communication about the confidentiality of success coaches and encouragement to use the ERN's resources, employees may feel stigma about using the assistance program or not understand its potential. As a result, take-up may suffer, and employers will not see the benefits of improved retention and productivity.

To combat this, ERN USA provides ERNs with outreach resources, such as a "Getting Ready to See Your Success Coach" exercise and a "Who's Your Success Coach" flyer. ERN USA also uses tools such as a Facebook page, model language for employers to use when communicating to workers, quarterly peer learning calls, and sessions at ERN conferences to provide ongoing ideas and guidance for employee and employer engagement.

Finally, for ERNs to be sustainable, they must find a pricing model that is affordable to employers while providing enough revenue for robust services. One human resource manager at an ERN employer noted that their ERN struggled to contain the cost of the network's success coach, who was hired from a local

**Figure 1. Geographic Coverage of ERNs Across the US**

Source: Adapted from ERN-USA.com.

social service agency. Meanwhile, a consultant working to start ERNs noted that the areas that priced ERN services too low struggled to be self-sustaining over time. Others find it difficult to transition off initial startup funding provided by governments or foundations because such funding “bakes in” employer expectations that the program is lower cost than it is. All these stories show that accurate and transparent pricing is necessary for sustained operation.

### The Current State of ERNs

Since their inception in Michigan in 2007, ERNs have expanded to 12 states, serving more than 200 employers.<sup>17</sup> ERNs are concentrated in the Midwest with local networks in Indiana, Michigan, Ohio, and Wisconsin. ERNs are also present in the South with ERNs in Kentucky, Tennessee, and Texas. Elsewhere in the US, there are ERNs in Arizona and New York.

As shown in Figure 1, ERNs are also in development in Florida, Massachusetts, Minnesota, Nevada, and Pennsylvania.

#### ERN Case Study: Southwest Michigan ERN.

The Southwest Michigan ERN (SWMERN) is the largest ERN in Michigan, serving 31 employers and 3,512 employees and staffed by five success coaches throughout four counties. Like all ERNs, SWMERN is an employer-led, public-private partnership that provides success coaches and supportive services to employees of the business consortium. SWMERN works closely with the State of Michigan Department of Health and Human Services, the local workforce board, and service providers throughout the four-county area.

This particular ERN is notable in that it partners with a research institute to receive technical assistance and evaluation support. In 2014, the Upjohn Institute received a \$3 million Workforce Innovation Fund grant to expand the network.<sup>18</sup>

**Table 2. Success Coaches and Companies in the Southwest Michigan ERN**

Success Coach	Company	Company Type
Kelli Adams	Bell's Brewery Inc.	Brewery
	Fabri-Kal	Packaging company
	Greenleaf Hospitality Group	Corporate offices
	Impact Label	Custom label printing
	Summit Polymers	Auto parts
April Hall	Bronson Battle Creek Hospital	Hospital
	DENSO Manufacturing Michigan Inc.	Manufacturing
	Garden of Dreams Community Preschool and Child Care	Preschool
	Janesville Acoustics	Auto parts
	Marshall Excelsior Company	Manufacturing
	Melling Engineered Aluminum Castings	Foundry
	Paws and Stripes Learning Center	Day care center
	Presbyterian Center for Children	Day care center
	Rosler	Machining manufacturer
	Stars and Stripes Learning Station	Childcare agency
Take-a-Break Childcare Center	Day care center	
Betsy Sanchez	Bronson Methodist Hospital	Hospital
	CLS Image	Linens store
	Heritage Community of Kalamazoo	Retirement community
	Kalamazoo Regional Educational Service Agency	Learning center
	Schupan	Recycling center
Sarah Beckle	Landscape Forms	Manufacturing
	GT Independence	Payroll service
	TH Plastics	Plastic fabrication
	Outerwears	Auto parts
	Fibre Converters	Paper distributor
Stephanie Bourne	Eimo Technologies	Plastic fabrication
	Clemens Food Group	Livestock farming
	Edwards Garment	Clothing supplier
	Summit Polymers–Sturgis	Plastic fabrication
	Summit Polymers–Vicksburg	Plastic fabrication

Source: Authors' analysis of materials available at Michigan ERN, website, <https://ern-mi.com/>.

As shown in Table 2, the 31 employers that SWMERN serves represent a diverse array of industries and sectors. For example, success coach April Hall serves a hospital, a day care center, a foundry, and several manufacturing companies. The typical employer in SWMERN is in manufacturing, yet the presence of companies such as livestock farming and a day care center suggest fidelity to the principle that

sectoral diversity is important to ERNs in their daily functioning and sustainability.

According to literature provided to SWMERN employees, success coaches are available to help workers with employment issues such as basic computer skills, math proficiency, leadership, and problem-solving.<sup>19</sup> Success coaches also help with personal issues that could present barriers to



employment such as foreclosure prevention and home repair. Employees can also receive assistance with issues such as parenting, financial management, and basic or postsecondary education.

From October 2017 to September 2018, the ERN fielded 5,320 employee requests for services. The most common service needs were for financial literacy (858), housing (705), coaching (663), financial assistance (471), and assistance navigating government agencies (436). All told, the employee utilization rate for the 2017–18 year was 15.6 percent.

In addition to the above-mentioned services, SWMERN helps employees build financial assets by offering a savings and loan program that provides loans in partnership with a local credit union to cover financial emergencies as an alternative to payday lending. Employees who take out a loan are required to open and contribute to a savings account with the credit union. The mandatory savings contributions are then added to the loan repayment amount but are returned to the employee when the loan is paid back in full. The purpose of this repayment mechanism is to help the employee build savings. From October 2017 to September 2018, \$351,001 in emergency loans were provided, resulting in \$185,679 in savings.

SWMERN also developed the Drive to Succeed app, which functions as a network-wide ride-sharing application, responding to employees' common transportation issues such as unaffordable car repairs; lack of a vehicle, insurance, and driver's license; and lack of public transit.<sup>20</sup> Employees log in as either drivers or those in need of a ride and connect with a fellow coworker to commute to work. Payment functions through a suggested ride price that allows employees to be reimbursed for the ride-share service. While no program data are publicly available, this app represents the type of problem-solving initiatives that ERNs engage in to address barriers to employment for workers.

**ERN Case Study: EaRNed Success.** In Lucas County, Ohio, EaRNed Success operates a population-specific ERN for service providers working with the Lucas County Board of Developmental Disabilities.<sup>21</sup>

The goal is to support businesses with which the county contracts to provide services for people with intellectual and development disabilities (DD). The first of its kind, this ERN works with six DD agencies across the county. Like all ERNs, the agencies fund a success coach and work with nonprofit agencies to provide services to the low-income, entry-level workforce.

The ERN started with a 2017 grant from the Ohio Department of Jobs and Family Services made to a local collective impact initiative called the Lucas County Healthier Buckeye Council–Impact Coalition. The coalition includes the county department of planning and development, the county commission as a fiscal agent, and the Hospital Council of Northwest Ohio's Pathways. In the addition, the coalition includes a multi-faith coalition, credit unions, economic development providers, the YMCA, and organizations representing direct support professionals. Now the program is funded entirely by the Lucas County Board of Developmental Disabilities.

Economic conditions and community collective action were the motivating forces for developing EaRNed Success. According to the pilot grant presentation in 2017, Lucas County lost 10 percent of its population over nearly five decades. Compounding the population losses' effect on economic conditions was the skill mix of the current population.<sup>22</sup> For a large group of residents, the highest level of education obtained is a high school diploma. In addition, stagnating wages contributed to low economic opportunity in the area.<sup>23</sup> As a response to these conditions, the collective impact coalition spotlighted the retention of direct support professionals already hired through contracts with the county as a means of stopping population loss and supporting economic self-sufficiency.<sup>24</sup>

The employers in EaRNed Success reflect the program's focus on direct support professionals. There are eight employers in the ERN, including Anne Grady Corporation, a respite care provider, and Sunshine Communities, a supportive community for persons with disabilities. Employer testimonials suggest satisfaction with the program. For example, the following testimonial comes from Sunshine Communities:

**Table 3. Comparison of Services Provided by ERNs**

Issue	HR/Company Benefit	EAP	ERN
<i>Onsite at Workplace</i>	X		X
401(k)/Retirement Account	X		Referral to HR
Auto Repair			X
Career Counseling			X
Childcare			X
Child Support			X
Clothing			X
Community Food Resources			X
Coaching			X
Counseling/Psychological		X	Referral to EAP
Domestic Violence			X
Education/Training			X
Elder Care			X
Emergency			X
Employment/Attendance	X		X
Financial/Loan and Savings			X
Financial Literacy			X
Food Assistance			X
Foreclosure/Eviction Prevention			X
Furniture			X
Government Agency Navigation			X
Health Care/Insurance	X		X
Home Repair			X
Homeless Shelter			X
Housing			X
Immigration			X
Legal Assistance			X
Literacy			X
Other			X
Substance Abuse/Addictions		X	Coordinate with EAP
Transportation			X
Tuition Reimbursement	X		Coordinate with HR
Utilities			X

Source: Adapted from Ohio Provider Resource Association.

In a short time we have seen many employees utilize the Success Coach and have felt significant impact within our organization. Employees have collectively accessed \$60,000 in employer small dollar sponsored loans, allowing them to overcome barriers and meet financial goals.

This suggests that success coaches were able to immediately integrate and collaborate with an existing firm to support employees.<sup>25</sup>

The focus on direct support professionals also brings a public health perspective to EaRNed Success, which is exemplified by the program's hire of five community health workers (CHWs) in collaboration with the Hospital Council of Northwest Ohio. The CHWs take the role of success coaches in this program and are skilled in referring workers to services available in the community and helping them navigate assistance. Some examples of assistance provided by the CHWs include helping the workers retain a primary care physician, helping with domestic violence issues, and providing childcare resources.

As shown in Table 3, ERN success coaches can provide assistance on a broader array of issues than a typical human resource department with an EAP. Human resource departments typically help an employee deal with employment and attendance questions, health insurance, retirement accounts, and some tuition reimbursement.<sup>26</sup> EAPs assist with counseling needs and substance abuse, but services are often not available on-site. By contrast, ERN success coaches are on-site and able to address issues such as auto repair, food assistance, immigration, and legal assistance. EaRNed Success leverages these services to address an average employee turnover rate for DD providers of 50 percent.<sup>27</sup>

How does a visit to a success coach look from the employee's perspective? Figure 2 shows a document given to employees to prepare them for their first meeting with a success coach through EaRNed Success.<sup>28</sup> It begins by making it clear that the success coach is there to help employees with challenges and personal and professional advancement. Employees are asked a set of questions to identify barriers to employment and financial issues, such as "What bills

do you find difficult to afford?" Success coaches also help the employee identify immediate and long-term goals and provide workers with access to job supports.

According to EaRNed Success' most recent key performance indicators report, from January to December 2018, success coaches served 155 distinct employees and fielded 304 service requests. The top requests were for financial literacy (33), financial assistance (26), coaching (26), education (25), and housing (22). This means that much like the impact coalition predicted, finances are clearly an issue for direct support professionals.

## The Impact of Employer Resource Networks

ERNs aim to help low-income workers, particularly those on public assistance, remain employed and advance in the labor market. While an innovative model, no rigorous evaluation of the causal impact of ERNs on employee retention and productivity has been conducted to date. Without direct evidence of ERNs' impact, we look to whether similar models have produced intended impacts.

We first examine the evidence on employment retention and then look at the use of a success coach to see if the evidence base supports that program component. We find that while limited evidence supports employment retention initiatives, programs that provide employer-driven training and one-on-one coaching have been shown to increase education and earnings. Moreover, to our knowledge, there have been no prior evaluations of employer-led retention interventions that focus services at work sites. Thus, we believe there is ample reason for a rigorous evaluation of the ERN model.

**Existing Employment Retention Interventions and Evidence.** Much of what we know about employment attachment and retention comes from the welfare-to-work literature. In the past few decades, evaluations of employment programs find that successful ones provide job-search assistance, education, and training; focus on rapid employment;

Figure 2. EaRNed Success Introduction to Success Coach Document

**What are your challenges? What are your dreams?**  
Getting ready to see your Success Coach





**In the past week, month, 6 months, have you:**

- been late for or absent from work due to non-related work issues?
- had difficulty budgeting, affording your bills or paying for an emergency?
- have a challenge you are having at home?
- have work issues that make you feel like you don't want to come to work?
- are interested in setting up savings or investments?
- are interesting in learning new skills or advancing your education?
- have goals or dreams you aren't sure how to achieve on your own?

**Success Coaches serve employees at every level**

- **A benefit for all:** whether you are a busy supervisor needing help setting up elder care for a family member or a line worker seeking transportation assistance, Success Coaches are here to help you succeed at both work and home.
- **Not employed by your company:** Your Success Coach is provided as a benefit by your employer. They are contracted through a local Employer Resource Network® (ERN), and are part of a rapidly growing network of state and national ERNs.
- **Confidential:** Unless set-up as a referral by HR or your supervisor, your company will not know that you visited your Success Coach.

**Success Coaches help both employees and companies**

<p><b>EMPLOYEE</b></p> <ul style="list-style-type: none"> <li>Stress</li> <li>Childcare</li> <li>Financial Pressures</li> <li>Public benefits</li> <li>Relationship conflicts</li> <li>Aging parents</li> <li>Substance abuse</li> <li>Transportation</li> <li>Housing/Foreclosure</li> </ul>	<p><b>EMPLOYER</b></p> <ul style="list-style-type: none"> <li>Increased productivity</li> <li>Reduced absenteeism</li> <li>HR productivity increase</li> <li>Outsourced social work</li> <li>Increased EAP usage</li> <li>Employer of Choice</li> <li>Increased retention</li> <li>Reduced training cost</li> <li>Reduced recruiting costs</li> </ul>
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**What challenges do you have getting to work?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**What bills do you find difficult to afford?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**What challenges do you have at home?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**What issues do you have at work?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**What skills or education do you want to gain?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Contact your Success Coach: walk-ins welcome!**

Call, email, or text: you will receive a reply on the same or next business day. Off-site meeting locations available. Request additional times if needed.

**Faith McCreary, Success Coach**  
fmccreary@lucasdd.org; 419-304-2178 (cell)

**What are your goals and dreams?**

Do you want to buy a house or car? Have you always dreamed of an advanced degree? Do you want to move to a higher work position? Do you want to lose weight or address health issues? Your Success Coach can help you figure out what steps you need to achieve your goals and will be there to assist every step of the way.

- **My six month goal:**  
\_\_\_\_\_
- **My one year goal:**  
\_\_\_\_\_
- **My two year goal:**  
\_\_\_\_\_

Source: ERN USA.

and mandate participation in employment activities. Yet while these federal and state job-training programs rapidly place participants into employment, they often fail to keep participants employed or lift them out of poverty.<sup>29</sup> As a result, the US Department of Health and Human Services and the US Department of Labor funded a series of evaluations of interventions that sought to help workers with job retention, employment retention, and employment advancement. In addition, efforts by philanthropy

and state governments have sprung up to address similar issues, particularly for welfare recipients.

We summarize key findings from an array of programs evaluated via randomized controlled trial. We focus on evidence obtained from well-designed randomized control trials because they provide the most reliable evidence on the effectiveness of interventions.

*The Employment Retention and Advancement (ERA) Project.* The goal of the ERA project was to test the effectiveness of 16 different program models designed to promote employment retention and wage growth. One program in Cleveland mirrored an aspect of the ERN model by providing counseling, peer support groups, and supervisory trainings at work sites in the long-term nursing care industry.<sup>30</sup> The program's purpose was to improve job stability by providing services to workers at a convenient location. While the ERA program increased participation in services, it did not increase employment retention or wage growth.

Three models tested by the ERA did produce positive impacts on employment and wages.

- An ERA model in Texas provided job coaching and financial incentives conditional on employment retention and produced positive effects on annual earnings relative to the control group.

- An ERA model in Chicago provided welfare recipients with a mandatory work-focused advancement program, provided by a for-profit firm, which resulted in increases in annual earnings.
- The Riverside Post-Assistance Self-Sufficiency ERA program involved community-based organizations and a community college providing individualized services such as reemployment, referrals, education and training, social services, and life skills workshops to former TANF recipients. The program led to increases in average annual earnings.

The lesson from the ERA evaluation is that efforts encouraging job stability struggle to achieve results. The Cleveland model attempted to help workers stay in their current job and advance but faced struggles in establishing a career pathway for workers. Like the ERN model, the Cleveland model focuses on job retention and providing services on-site. However, unlike ERNs, the Cleveland model is not employer led, and the program experienced difficulty recruiting employers. Moreover, the Cleveland model only worked with employees in the long-term nursing industry, in contrast to the varied industry mix found in most ERNs. Regardless, the Cleveland evaluation model should offer pause about the potential impacts of programs that simply provide services at employer sites.

*The United Kingdom's Employment Retention and Advancement Project (UK ERA).* Drawing on the lessons of the US ERA project, the UK ERA provided financial incentives and job advisory services following participants' entry into work. The UK ERA mirrors the ERN model in that job coaches, known in the UK as "advancement support advisers," were expected to address barriers to employment facing workers.<sup>31</sup> The advancement support advisers also provided assistance in career advancement at either their current employer or a new one. Unlike the ERN model, the UK ERA advisers provided cash, tuition assistance, and access to emergency payments to

workers who met retention goals. The program led to sustained increases in employment and earnings for participants who were unemployed long term before program entry.

*Work Advancement and Support Center (WASC) Demonstration.* The WASC model provided retention and advancement services alongside simplified access to work supports in a colocated workforce and welfare office at One-Stop Career Centers. In addition, the program offered career coaches, referral to education and training, and simplified access to works supports such as Medicaid and subsidized childcare.<sup>32</sup>

The career coaches in the WASC model offered similar services as did success coaches in ERNs. Career coaches, like success coaches, worked with employees to accomplish goals, addressed barriers to job retention, and provided assistance in accessing work supports and education and training. However, WASC career coaches were not located at the employer site, and WASC was not an employer-led initiative. While the WASC evaluation found that One-Stop Career Centers could incorporate access to a broader array of welfare services, the program failed to improve advancement and earnings.

The evaluation also found that while streamlined access to education and training can increase program take-up, trainings need to be tailored to career pathways to produce permanent earning gains. Moreover, some sites found that encouraging access to programs such as food assistance and Medicaid may encourage workers to reduce hours to avoid having their benefits taxed away as earnings increase. ERNs may face similar hurdles.

*The Sectoral Employment Impact Study.* Sectoral training programs are employer-led and industry-specific trainings aimed at preparing unemployed and under-skilled workers for job opportunities at participating businesses. The theory is that providing specific technical skills tailored to employer demand can address businesses' needs while providing advancement opportunities for workers. The Sectoral Employment Impact Study tested three programs.

- The Wisconsin Regional Training Partnership provided preemployment training, in response to a specific employer's request, to low-income and unemployed residents through an association of employers and unions.
- Jewish Vocational Service in Boston provided training programs in medical billing and accounting.
- Per Scholas provided computer technician training, while refurbishing computers and providing them to people with low incomes.

The evaluation of all three programs found that participants in sector-focused programs saw increases in earnings, work, and employment in jobs that provided benefits.<sup>33</sup> Specifically, participants earned an average of 18 percent (nearly \$4,500) more than the control group did over two years. These findings suggest that employer involvement in designing and encouraging participation in specific types of education and training can help low-income workers advance economically.

The type of training that ERNs provide varies by site, so it is unclear if the results from the Sectoral Employment Impact Study translate to their context. Yet, employers' active involvement in selecting training can clearly be beneficial to workers.

*The WorkAdvance Demonstration.* Building on the Sectoral Employment Impact Study, the WorkAdvance project combined employed-focused sectoral programs with post-employment retention and advancement services.

Sites first intensively screened program applicants to ensure they could take advantage of sector-specific skills training. After screening, participants were provided preemployment services such as career coaching and then occupational skills training focused on job openings in specific sectors.<sup>34</sup> Finally, participants were given assistance in career development to ensure successful transition into positions and provided follow-up services post-placement to identify next-step career pathways and assist

with reemployment for any participants who lost their job.

Evaluation of the WorkAdvance sites found that the program increased participant earnings by an average of 14 percent (nearly \$2,000 in annual income).

**Existing Evidence on Coaching and Case Management.** The personalized coaching offered by ERN success coaches aims to help employees overcome issues that can hurt their work performance. A diverse set of domains include coaching as either a distinct intervention or a supplement to existing programs. Evaluations have shown promise.

The Consumer Financial Protection Bureau commissioned the Urban Institute in 2011 to conduct an evaluation of the impact of financial coaching. These programs helped clients work on their financial goals, such as making regular savings deposits and paying down debts.<sup>35</sup> Results of the evaluation showed that clients increased savings and lowered debt. Besides money management, coaching also resulted in measurable gains for low-income consumers in two areas: subjective feelings of financial confidence and financial well-being.

The ERA program in the UK included two years of job coaching for participants. From 18,000 samples evaluated, initial findings point to ERA leading to improved average earnings among many types of single parents, including more disadvantaged participants such as those with younger children and ethnic minorities. Participants in ERA earned £1,550 more, on average, than the control group did.

A randomized controlled trial of InsideTrack, a college student mentoring and coaching program, found that the program increased retention and completion at higher rates than did other programs such as increasing financial aid.<sup>36</sup>

A college application coaching program for high school seniors in New Hampshire provided mentoring, financial support, and incentives for application completion.<sup>37</sup> The mentoring component involved weekly meetings to identify goals, assist with essays, and help students fill out applications. An evaluation of the program in 12 high schools found that the program increased postsecondary enrollment.

Across these numerous studies, coaching has been shown to be an effective means of increasing program take-up while boosting educational attainment, employment, and earnings.

## Supporting the Growth of ERNs

Employers, the nonprofit community, and policymakers can take concrete actions to support the expansion and strengthening of ERNs throughout the United States. Here we draw on interviews with employers, established and recently developed ERNs, success coaches, and public-sector advocates to understand what supports are needed for ERNs to thrive.

- **Provide Flexible Startup Grants.** Starting an ERN with a consortium of employers can be challenging. Some of these costs come from procurement of technical assistance and initial staffing. Typically, a grant or public funding source covers the cost of startup. With flexible startup grants, provided by either the charitable sector or government, the model could expand to meet national demand.
- **Bring ERNs' Perspectives into the Policymaking Process.** Policymakers looking to expand economic opportunity can support existing ERNs by providing them a seat at the table. ERNs collect data of interest to policymakers, such as what barriers employees are facing, what services are requested, and what services are delivered. Bringing that information to state, county, and local policymakers can enhance decision-making by providing real-time data on area capacity and needs.
- **Educate Employers About the Benefits of ERNs.** Across interviews with established ERNs, there was a consistent theme that communication was the key to the model's successful adoption and growth. These ERNs note that employers need to be convinced of the financial return of ERNs for most to adopt the

model. With this in mind, efforts that convene employers with large entry-level and low-wage workforces and educate them about the cost of employee churn and how to prevent it could go a long way toward spreading the adoption of the ERN model. Many noted that employer referrals are consistently the best way to sell the model.

In addition, for employers interested in starting an ERN, there is an existing guide on how to develop and sustain an ERN, created by Social Policy Research Associates in collaboration with ERN USA and Michigan Works! Southwest.<sup>38</sup> The guide covers topics such as identifying a lead organization, conducting a readiness assessment of the community, planning for implementation, choosing a fee structure, hiring success coaches, and establishing an ERN member governance structure.

## A Research Agenda for ERNs

In designing a research agenda for ERNs, it is important to keep in mind the unanswered questions about the ERN model. The following are study concepts that could answer important questions about the efficacy of ERNs.

**Descriptive Study of ERN Workers.** We first propose a descriptive analysis of existing sites that looks at the characteristics of employees in an ERN. Relevant questions to be answered in this study include: What are the socioeconomic characteristics of ERN workers? What fraction are on public assistance? What share of workers at ERN employer sites use success coaches, and what are the differences between workers who use a success coach and those who do not? Do we find evidence that ERNs are targeting the neediest workers, or do workers at all income levels use the program? Are ERNs serving vulnerable groups such as workers with criminal records, those with disabilities, and those with incomes below the federal poverty level? In sum, this line of research could shed insight on whom ERNs are serving and could guide future efforts to serve workers more effectively.

**Descriptive Study of ERN Employers.** Why are some ERNs successful at creating collaborative networks of employers who engage in mutual problem-solving while others fail? A descriptive study could attempt to answer this question by interviewing employers and collecting data to understand whether differences in employer type, motivation, resources, or context are associated with the successful operation of an ERN. While prior research has shown that scale, industry mix, and upper management approval matter, more can be known about the role that industry and organizational capacity play in making ERNs successful.<sup>39</sup>

**Impact Evaluation of ERNs' Effect on Retention and Productivity.** What is the effect of participating in an ERN on worker retention and productivity? Despite promising data from ERN employer sites, there has been no rigorous evaluation that isolates the causal impact of ERNs on workers' employment outcomes.

A randomized controlled trial could be conceivably designed to randomly assign interested businesses with access to the ERN and compare firm-level outcomes to those on a waiting list. For ERNs with large workforces, it may even be possible to conduct random assignment at the individual level. Regardless of approach, a randomized control trial of ERNs would significantly contribute to the debate on how to best improve employment retention, especially for low-income, entry-level workers.

## Conclusion

ERNs are an innovative model through which local networks of employers collectively provide work support services to their entry-level workforce, with the goal of enhancing productivity and retention. It is employer driven, for the benefit of firms and with

the goal of benefiting society for better outcomes for low-earning workers. As the debate over how to best encourage and support sustained work for low-skilled individuals receiving social service benefits continues, a deeper examination of ERNs as a private-sector solution could reveal new and promising strategies for supporting workers and their families.

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