

A close-up photograph of a chef's hands cracking two eggs into a black frying pan on a stove. The chef is wearing a white uniform. The background is a blurred kitchen with various cooking equipment and ingredients in bowls.

INSIGHT AT
PACIFIC COMMUNITY VENTURES

Moving Beyond Job Creation

APRIL 2016

DEFINING AND MEASURING
THE CREATION OF QUALITY JOBS

ABOUT INSIGHT AT PACIFIC COMMUNITY VENTURES

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EXECUTIVE SUMMARY

Since the Great Recession, too many American workers have seen their real incomes decline and have struggled to support themselves and their families. Employment numbers have recently bounced back to pre-recession levels, but the overwhelming majority of the jobs created have been in low-income, low-skilled sectors. The economy might be recovering, but the recent growth is small comfort to the millions of low- and moderate-income workers who were hit hardest by the financial crisis.

While the economy has continued to add jobs and unemployment has been reduced to 4.9 percent, real wages have not only remained stagnant but have dropped for U.S. workers, building on a troubling decades-long trend.¹ To make matters worse, wages for the lowest paid workers have declined even more, and the highest job growth post-recession has been concentrated in these same low-wage occupations.^{2,3} The Bureau of Labor Statistics predicts this trend will continue, with low-wage work adding the greatest number of jobs through 2022, suggesting that most American workers will not be part of the nation's economic recovery.⁴

Given their strong track record of investing in and creating jobs within underserved communities, Community Development Financial Institutions (CDFIs) are uniquely positioned to address the troubling trend of rising wealth and income inequality in the United States by focusing on the creation of higher quality jobs. To move toward a reality where quality jobs are the standard—not the exception—**CDFIs must build consensus around a common definition of a quality job, undertake practical efforts to foster the creation of quality jobs, and measure results to understand what works.**

This discussion paper seeks to answer two important questions at the center of CDFIs' efforts to create quality jobs: 1) what is a quality job, and 2) how can CDFIs measure job quality? This paper is the first in a series of research projects intended to support CDFIs, the broader impact investing industry, policymakers, and business owners. Working together, we can create jobs that are good for workers, good for businesses, and good for communities, ultimately bringing us closer to an economy that works for everyone.

What Is a Quality Job?

After conducting in-depth research and interviews with leading experts in labor issues, impact investing, and the small business sector, among other related fields, we have identified five core components of a quality job. Given that the specific elements of a quality job vary by industry, business size, job function, and employee demographics, we offer a flexible definition: **a quality job provides at least three (3) of the following five (5) key elements.**

1. **A living wage** sufficient to support a decent standard of living—or, at minimum, exceeds the median wage offered within the employer's industry.
2. **Basic benefits** that increase economic security, improve health, and promote work-life balance among workers. These include paid leave, health insurance, and a retirement savings plan.
3. **Career-building opportunities** that help employees develop the skills, networks, and experiences necessary to launch a career or advance along a career path. These opportunities can include training and mentorship—both formal and informal—and avenues for advancement within the company.

4. **Wealth-building opportunities** that enable and incentivize an employee to build the assets they need to manage financial emergencies and achieve long-term financial security for themselves and their families.
5. **A fair and engaging workplace** that balances the priorities and wellbeing of employees with the needs of the business. Examples include offering flexible and predictable schedules, treating all staff with respect and dignity, actively soliciting employees' ideas to improve the business, and helping staff understand how their work contributes to the business's success.

Interviewees emphasized that creating **quality jobs should not be viewed as a static goal, but rather as a continuous journey**. CDFIs and the businesses they support should strive to foster *incremental improvements* in job quality, raising standards in a deliberate yet meaningful way for employees. Businesses and CDFIs should also view the fostering of quality jobs as an ongoing process, and should not “rest on their laurels”—even if the jobs they support already meet three of the five quality job elements.

How Can CDFIs Measure Job Quality?

In order to measure the creation of quality jobs, CDFIs must first have in place a measurement system that enables them to understand their impact on their borrowers, clients, and other beneficiaries. Appendix E offers general guidelines for conducting impact measurement.

To embed quality job measurement into impact measurement practices, we recommend CDFIs adopt the following three steps to assess whether and how their borrowers are creating quality jobs:

1. **Select questions that pertain to each of the five core components of a quality job, and include these questions in surveys provided to borrowers during underwriting and annually.** Each CDFI

should identify questions that best meet their needs. Appendix D includes a brief catalog of standardized questions derived from our primary research, the [Global Impact Investing Network's Impact Reporting Investment Standards \(IRIS\) catalog](#), and [B Lab's B Impact Assessment](#) questionnaire. These questions assess whether a job embodies each of the five core characteristics of a quality job.

2. **Decide how your organization will determine whether a job embodies each of the core components of job quality.** Each CDFI should develop its own “scoring criteria,” so it can quantitatively assess borrowers' responses to job quality-related questions.
3. **Determine the number and percentage of all jobs supported that exemplify some or all of the five core components of a quality job.** This calculation should be determined first at the investee level, and then aggregated to the portfolio level. This number and percentage should be tracked over time so CDFIs can identify trends in the quality of the jobs they support, as well as opportunities to work more closely with borrowers to improve job quality.

Once a CDFI has determined the number and percentage of jobs it supports that exemplify the characteristics of a quality job, it can **establish job quality targets for borrowers and the portfolio as a whole, use data to inform future investment decisions, and over time better understand the impact of its work.**

The Way Forward

With a common understanding of how to define and measure a quality job, CDFIs can make the creation of quality jobs an actionable goal, rather than just a desired outcome or byproduct of their work. This focus on job quality will build the CDFI industry's capacity to address growing inequality and positively transform the lives of American workers and their families.

THE IMPORTANCE OF QUALITY JOB CREATION

While the U.S. national unemployment rate has returned to pre-recession levels (4.9 percent, as of January 2016), the nation's wealthiest citizens have prospered while real incomes for most Americans have continued to decline.^{5,6,7} A myriad of statistics illustrate this reality:

- Real median family income was \$53,000 in 2014, 6.5 percent lower than pre-recession levels and the lowest it has been since 1996.⁸
- Real median hourly wages have declined four percent from 2009 to 2014 for all occupations.⁹
- Real family income for the top 20 percent of earners has increased by nearly 50 percent while real family income for the bottom 20 percent of earners has decreased by 12 percent over the past 35 years.¹⁰
- Employers are creating relatively fewer living-wage jobs, and far more low-wage, poor-quality jobs: among the 30 occupations expected to have the largest employment growth during this decade, 23 require a high school diploma or less.¹¹
- The U.S. has the greatest wealth inequality of all developed nations—the richest three percent of families control a majority of the nation's assets, double that of the poorest 90 percent of American families.¹²

The societal issues created by widening income and wealth inequality are only exacerbated by the lack of benefits provided to U.S. workers relative to those in other developed countries.¹³ This is particularly true for the least affluent in our country, with one study indicating that only 28 percent of low-income workers receive paid sick leave, vacation, health insurance, and retirement benefits.¹⁴ **Amidst the economic recovery, it is clear that quality job creation has been anemic**, as too many workers have jobs that do not allow them to adequately support themselves and their families. Thankfully, not just state and municipal governments, but corporations, foundations, and many social sector organizations are committed to addressing this issue, and have made notable efforts to enhance the quality of jobs in the U.S. What began as a protest by fast food employees in New York City in 2012—along with the efforts of other labor advocates—has led 10 major cities and over a dozen states in the U.S. to adopt legislation or develop initiatives intended to increase the minimum wage as of 2015.^{15,16} Even in the absence of increases to the federal minimum wage, many major corporations, including Walmart, McDonald's, Target, TJ Maxx, Marshalls, and Ikea, all increased workers' wages in 2015. These decisions were driven by pressure from employees and labor advocates, as well as a desire to attract and retain talent.¹⁷ Many companies have also taken steps to improve the benefits they offer employees.¹⁸ **Given the national scope of the problem, however, these few efforts have been insufficient to reverse growing inequality and the lack of quality jobs available for American workers.**

The CDFI Industry Is Uniquely Positioned to Support Quality Jobs

Given the CDFI industry's historic success in deploying capital and creating jobs in low-income and distressed communities, CDFIs are ideally-positioned to lead efforts to boost quality job creation in the U.S.¹⁹ A recent study by the Opportunity Finance Network analyzed the CDFI industry's performance over the past 20 years, and concluded that the industry has provided much-needed capital to areas underserved by conventional banks with annual loan loss rates on par with FDIC-insured institutions (1.5 percent). The report also highlights the important role the CDFI industry played in fostering social and economic progress during the Great Recession: while conventional banks' lending contracted by 16 percent between late 2008 and early 2012, CDFIs' average outstanding loan portfolios increased from \$28.2 to \$28.6 million during this period.²⁰

Over the past 20 years, CDFIs have deployed over \$35 billion in investments, creating 721,000 jobs in the process. Seventy-five percent of these jobs were created for low-income individuals, 52 percent for minorities, and 48 percent for women.²¹ While comparable figures are not available from conventional banks' clients, they are available for lenders' home mortgage borrowers: in 2013, only 28 percent of home mortgage loans were made to low- or moderate-income borrowers, and 28 percent went to minorities. This comparison suggests that CDFIs have successfully provided capital that outpaces mainstream financial institutions in providing jobs and other economic benefits for women, people of color, and low-income communities.

While the *quality* of the jobs created by the CDFI industry over the last 20 years remains unclear, based on their history and track record of creating transformative social impact, CDFIs are well suited to address the issue of quality job creation in the U.S. Despite their ideal positioning, however, the industry faces a variety of challenges to promoting and measuring job quality, including:

- A broadly-accepted definition of a quality job has not been adopted by the CDFI industry. Without a clear definition, it becomes challenging to understand and measure whether CDFI investments have created quality jobs.
- Social impact measurement remains an imperfect practice, and uncertainty persists regarding general best practices in evaluating social impact, let alone specific approaches to measuring the creation of quality jobs.
- CDFIs recognize that the businesses and nonprofits they support face significant time and resource constraints, and may not wish to request additional information that might take financed organizations' attention away from the management of their enterprise. This fear stems from a concern that requiring borrowers to report impact data will hamper, not enhance, their ability to run their business.²²

PURPOSE OF THIS PAPER

This discussion paper seeks to help CDFIs overcome the challenges described above, and is the first in a series of research projects intended to support the efforts of CDFIs, the broader impact investing industry, policymakers, and business owners to create quality jobs. The paper answers two critical questions that are central to the CDFI industry's efforts to foster the creation of quality jobs:

1. What is a quality job?
2. How can CDFIs measure job quality?

What Makes a Job a Quality Job?

Establishing a common understanding of the characteristics of a quality job is central to any effort to promote the creation of quality jobs. To answer this question, we reviewed existing research and industry standards, and conducted extensive interviews with experts on this topic. Through this process, we sought to identify and clearly define the core components of a quality job. While the precise elements of a quality job differ by industry, sub-sector, and even specific job function, we believe that certain features of job quality are universal. Defining these characteristics will help bring clarity to the conversation in the CDFI industry and hone the focus of CDFIs already committed to supporting quality job creation.

How Can CDFIs Measure Job Quality?

Promoting a clear understanding of what comprises a quality job is a necessary, but insufficient, first step to support quality job creation. CDFIs and other organizations committed to promoting quality jobs must also measure the extent to which their investments are supporting and creating quality jobs. Effective measurement will enable them to better understand how their work has contributed to the creation of quality jobs, as well as how their efforts can be improved. Therefore, in answering the second question, we identify a set of impact measurement practices to assess and report on job quality. These recommendations synthesize impact measurement approaches taken by the CDFIs and fund managers we interviewed. They also draw upon the best practices PCV InSight has identified through our decade of experience working with CDFIs, fund managers, foundations, and institutional investors on impact measurement. Lastly, we share approaches CDFIs can take to utilize job quality data in ways that encourage and support their borrowers' efforts to enhance the quality of the jobs they offer.

RESEARCH APPROACH AND METHODS

Our research approach combined an extensive review of industry reports and academic literature on job quality with in-depth interviews with foundations, CDFIs, fund managers, researchers, and impact investing intermediaries focused on the issue of quality job creation.

Figure 1: Summary of Research Methods

RESEARCH METHOD	DESCRIPTION
Literature Review	<ul style="list-style-type: none"> • Literature review on job quality with emphasis on the CDFI and impact investing fields. This review included the most recent academic literature on the characteristics of a quality job as well as reports and other resources identifying approaches to measuring job quality. • Examination of social impact reports and methodologies published by CDFIs, investors, and other intermediaries focused on quality job creation, as well as review of the Global Impact Investing Network’s Impact Reporting Investment Standards (IRIS) catalog and B Lab’s B Impact Assessment questionnaire. • See Appendix A for a comprehensive list of reports and resources examined as part of our literature review.
In-depth Interviews	<p>Interviews focused on the following topics:</p> <ul style="list-style-type: none"> • The relevancy of job quality to the interviewee’s organization. • The core components of a quality job, and how these can be measured effectively. • The most significant challenges to ensuring job quality is measured and reported—and suggestions for overcoming these challenges. • Examples of best practices in measuring and reporting on job quality. • The feasibility of adopting new, job quality-related impact metrics and measurement processes. • How, if at all, the measurement of quality jobs influences investment and portfolio management strategy and decision-making. <p>See Appendix B for a list of interviewees.</p>



WHAT IS A QUALITY JOB?

From our research and extensive interviews, five distinct components of job quality emerged as the most widely cited and significant. Our findings indicate that a quality job is one that offers:

1. A Living Wage
2. Basic Benefits
3. Career-Building Opportunities
4. Wealth-Building Opportunities
5. A Fair and Engaging Workplace

We recognize that defining a quality job is an inherently subjective process because people value different aspects of jobs to varying degrees, making it difficult to objectively classify a job as “quality” or not.^{23,24} For this reason, we do not suggest that a job *must* include all five components to be considered a quality job. **We do posit, however, that a quality job should offer—at minimum—a majority of the five core components of job quality.**

This flexible definition accommodates the significant diversity in the types of jobs supported by CDFIs, while still enabling stakeholders to measure their progress towards the creation of higher quality jobs. Indeed, we acknowledge that the *specific* characteristics of a quality job will vary by occupation, industry, business size, and location, and are partially determined by the opportunities available to the individuals hired.²⁵

For example, a business that employs people who face barriers to employment, such as formerly incarcerated or homeless individuals, is more likely to be perceived by staff, managers, and investors as providing quality job opportunities compared to a similar company that does not hire from difficult-to-employ communities.

Several interviewees emphasized that **businesses and the CDFIs that support them should continuously strive to improve job quality**, and should not “rest on their laurels” even if the jobs they create meet the standards of the quality job definition offered above. While a job that embodies three characteristics of a quality job may constitute a *good* job, one that exemplifies four or five components, all else equal, is better for the worker, their family, and their community. Interviewees also stated that **CDFIs should strive to foster incremental improvements in job quality even if a business owner faces significant hurdles to creating quality jobs**. Indeed, a CDFI that works with businesses not currently offering quality jobs, but that demonstrate a desire to *improve* job quality, can just as effectively support the creation of quality jobs as a CDFI that only works with businesses already providing quality jobs.

Taking into account the contextual factors cited above, we offer the following definitions as guidelines that CDFIs and others in the impact investing community can use to determine what proportion of the jobs they support are, in fact, quality jobs.

THE BUSINESS CASE FOR QUALITY JOBS: A BRIEF LOOK

One of the major barriers preventing small business owners from offering quality jobs is a widespread belief that doing so will negatively impact their bottom line. While an in-depth exploration of the “business case” for quality jobs is beyond the scope of this report, readers are encouraged to consult the notable, growing body of research devoted to the positive correlation between job quality and profitability.

Numerous studies have emerged over the past two decades analyzing the financial effects of offering employee benefits and living wages. Several reports have shown that quality jobs can in fact generate cost savings for employers across a wide variety of industries and firm sizes. Not only do higher quality jobs boost recruitment and retention rates, but in many prominent cases they have also increased company profits by improving employee performance and productivity.²⁶

For more information on the benefits that providing quality jobs can offer employers, readers are encouraged to explore the following:

- The National Employment Law Project has identified [five studies from the past 13 years](#) that identify several ways that raising employee wages is good for business.
- A [2013 study from the Journal of Occupational and Environmental Medicine](#) found that publicly-traded companies that invest more in worker wellness and safety significantly outperform those that do not in terms of both share value and returns to investors.
- The National Partnership for Women and Families has found that employers that offer flexible workplace policies—paid sick leave, flexible schedules, and maternity/paternity leave—see [lower rates of turnover, absenteeism, and “presenteeism,” especially among low-wage workers](#).
- A [2015 report from the Society for Human Resource Management](#) found that as job seekers place increasing importance on access to health care and flexible schedules, these aspects of job quality are vital for employee recruitment and retention.
- In [The Good Jobs Strategy](#), Zeynep Ton, Adjunct Associate Professor of Operations Management at the MIT Sloan School of Management, demonstrates how leading companies successfully offer living wages, job training, and employee benefits while keeping prices low and profits high.

Much of the recent research into the advantages of offering higher quality jobs has focused on large publicly-traded companies. While some small and mid-sized companies have been able to adapt these strategies to fit their needs, more research is needed on the particular benefits and challenges associated with small businesses’ adoption of these practices.

1. A LIVING WAGE

“While wage level is not the only aspect of a job that makes it good or bad, the first thing that defines a good job is whether or not you can live off of it.”

— Anne Geggie, Director of Impact Evaluation, Capital Impact Partners

A quality job provides **sufficient income to afford a decent standard of living**, or at minimum offers financial remuneration closer to a living wage than the employer’s competitors. Cited by a majority of interviewees as the most critical component of job quality, a living wage remains out of reach to millions of low-income workers in the United States, and has not been effectively addressed by national minimum wage laws. For example, in 2015, a single parent working full-time and earning the national minimum wage fell five percent below the federal poverty line.

To better understand the disparity between living and minimum wage jobs, MIT professor Amy Glasmeier developed the [Living Wage Calculator](#), which estimates how much an individual or family would need to earn in a particular county, major metropolitan area, or state to cover their own or their family’s essential costs: food, childcare, medical expenses, housing, and transportation.^{27,28} This tool has emerged as a standard gauge for businesses seeking to provide living wages to their staff. In fact, the global furniture retailer IKEA was the largest company as of 2015 to use the Living Wage Calculator to set wages.²⁹

Measurement of Living Wages

CDFIs seeking to understand how many living wage jobs are provided by the companies they have financed should answer the following two questions:

Figure 2: Assessing the Extent to Which Financed Companies Offer a Living Wage

LIVING WAGE
<ul style="list-style-type: none">• How many and what percentage of workers are paid a living wage?• Does the company offer higher wages than the industry median?

We recognize that answering the above questions can be challenging for two key reasons: 1) many companies are reluctant to provide employee data to lenders or investors, and 2) classifying a wage as a living wage or industry-competitive wage can require significant analysis. We recommend CDFIs take the following approach, which balances the need for both accuracy and feasibility:

STEP 1: COLLECT WAGE DATA

We recommend providing financed organizations with a spreadsheet to report the wages paid to each worker, which can be copied from reports produced by the company’s payroll system, if one exists. This process is typically easier than reporting wage data via a survey, because in most cases, surveys require respondents to input wages manually for each worker rather than copying all wage data at once. CDFIs should be sure to ask whether workers are full-time or part-time, because some part-time workers may be paid a living wage on an hourly basis even if their annual income falls short of the living wage. To estimate whether any part-time workers are paid a living wage, CDFIs can ask, “How many hours do your part-time employees work on average each week?”

If a CDFI is unable to collect employee-specific wage data, they can pose the question, “What is the median wage paid to workers?” A median wage that falls above the living wage indicates that at least half of a company’s staff is receiving a living wage.

STEP 2: REFER TO THE LIVING WAGE CALCULATOR WEBSITE TO DETERMINE THE LIVING WAGE BASED ON THE LOCATION OF THE FINANCED ORGANIZATION.³⁰

This approach is less intensive than collecting individual addresses or ZIP codes of workers' place of residence—information that companies do not always share.³¹

To select the appropriate living wage benchmark, which varies by location and workers' family size, CDFIs must make two decisions. First, they need to **choose whether they will use county, metropolitan area, or state-level living wages** to determine whether workers' wages are high enough to cover essential costs. Second, CDFIs need to estimate the family size of the average worker, which will then determine the living wage to support that family. **We encourage CDFIs to use a one working adult, one child household as a conservative estimate for the living wage required to support workers' families**, if they are not able to estimate the family size of the average worker employed by the businesses they support. See Appendix C for more details on selecting the appropriate living wage benchmark.

Measurement of Industry-Competitive Wages

Given that many industries pay significantly less than the living wage, comparing wages paid by a CDFI's borrower or investee to those paid by its competitors can be a useful proxy for job quality. CDFIs can determine whether financed organizations provide higher wages than their competitors by referring to occupational employment statistics from the Bureau of Labor Statistics, which offer median wages by industry, specific occupation within each industry, and by state.³² Appendix C provides more details on approaches to measuring industry-competitive wages.

Measurement of Living Wages in Practice



Craft3, a Washington-based CDFI, has undertaken impressive efforts to measure living wage jobs in Oregon and Washington. Initially, Craft3 elected to use a three-person household to conform to the 2.5-person average household size in Oregon and Washington. They then used the MIT Living Wage calculator to apply a county-specific living wage to assess the number of living wage jobs created and retained by each of their borrowers.

Craft3 has since simplified its approach to measuring living wage jobs. "To streamline our process for our lenders and achieve more consistent data from our borrowers, we decided to use an average of the living wage across all Oregon and Washington counties, and use an average between [the living wage required to support] a two-parent and one child-household and a two-parent, two-child household," explains Sharla Delfs, Craft3's Commercial Portfolio Manager. "Our standard threshold of \$40,000 per year, or \$19.25 per hour, was in the ballpark of the county-by-county MIT Living Wage Calculator results, which streamlines the measurement of the metric. By using a standard, we were also able to incorporate this question, [How many of your employees are paid at least \$40,000 annually?] into our loan application, which is how we collect this information today. We review this approach annually."

2. BASIC BENEFITS

“One of the things that we’re looking for is a perspective from the owners and management that labor is not just another widget that should be obtained as cheaply as possible. There should be ‘humanity’ to their management practices, and providing basic benefits is part of that.”

— Paul Scalzone, *Program Director, CEI*

A quality job **provides basic benefits that increase workers’ economic security, improve health, and promote work-life balance.** Benefits are especially important to low-wage workers who are more vulnerable to the negative effects of ill health or other unexpected life events, yet are less likely to have access to employee benefits than higher income individuals.³³ Responses from interviewees and reviews of the relevant literature revealed three types of benefits that are most important to workers: A) paid leave, B) health insurance, and C) a retirement savings plan. These are also important to employers’ retention and recruitment strategies.³⁴

A. PAID LEAVE

A quality job provides paid time off for vacation, sick leave, maternity and paternity leave, bereavement, and other reasons.³⁵ Surprisingly, paid leave was reportedly more important than compensation for low-wage earners, highlighting the need for employers to pay equal attention to developing attractive benefits packages and determining staff wages.³⁶

Many interviewees cited the business case for offering paid leave. Enabling workers to take sick leave without fear of losing their job has been shown to reduce ‘presenteeism,’ or instances of sick employees coming to work, functioning at lower levels of productivity, and running the risk of spreading an illness to their coworkers. Paid leave, among other benefits, improves morale and increases productivity, which can help to bring down operation costs and increase business competitiveness.³⁷

B. HEALTH INSURANCE

A quality job gives workers access to paid health insurance that covers—at minimum—hospitalization, maternity and newborn care, laboratory services, preventative and wellness services, and oral and vision care.³⁸ Healthcare coverage is essential to job quality, and to maintaining a healthy and financially secure life. Lack of healthcare coverage has been established as a cause of both poverty and premature death.³⁹ In fact, uninsured people in the United States are 25 percent more likely to die prematurely than insured people, with over 20,000 people dying each year due to lack of coverage.⁴⁰

While the recently introduced Affordable Care Act requires employers with 50 or more full-time equivalent workers to offer health care coverage to their full-time workforce as of 2015, this requirement does not apply to most of the small businesses financed by CDFIs.⁴¹ Indeed, an estimated 96 percent of all employers in the U.S. have fewer than 50 full-time employees, employing six people on average.⁴²

C. RETIREMENT SAVINGS PLANS ⁴³

An employer-provided retirement savings plan is a critical component of job quality. This is especially true for low-income workers, who are less likely than higher-income individuals to have sufficient disposable income to set aside for savings. As is the case with other benefits, unfortunately, low-income workers have both greater need and less access to retirement plans than other workers: although 69 percent of all workers in the U.S. had access to retirement benefits as of March 2015, only 31 percent of the bottom decile of wage earners had this access.⁴⁴

Employers can offer a variety of retirement plans, including traditional 401(k), Roth 401(k) savings plans, traditional defined benefit pension plans, and cash balance pension plans, as authorized by the Employee Retirement Income Security Act (ERISA).⁴⁵ Plans vary by the contribution amount made by employers, the time at which the employee can access or withdraw benefits, and enrollment practices, such as whether employees are auto-enrolled (a practice that has been shown

to dramatically increase participation rates for low- and moderate-income workers⁴⁶), borrow from the savings funds, and contribute on a post-tax elective deferral basis.⁴⁷ One of the most important features of any employer-provided retirement savings plan is the employer match, which financially incentivizes employees to contribute to their retirement accounts.

Measurement of Basic Benefits

CDFIs can ask some or all of the following questions to assess whether investees offer their employees basic benefits. While we recognize that there are many benefits employers can provide that improve workers' standard of living, the questions below only pertain to paid leave, health insurance, and retirement benefits.

Figure 3: Sample of Questions to Assess the Quality of Workers' Benefits

PAID LEAVE	RETIREMENT SAVINGS PLAN
<ul style="list-style-type: none"> • Does the company offer employees paid leave? • Does the company offer paid vacation? Paid sick leave? Paid maternity leave? Paid paternity leave? • For each of the questions above: how many days are offered? How many and what percentage of full-time and part-time employees receive each benefit? 	<ul style="list-style-type: none"> • Does the company offer a retirement savings plan to employees? • What is the structure of this plan (e.g., traditional 401(k), Roth 401(k) savings plans, defined benefit pension plan)? Are employees auto-enrolled into the plan? • How many and what percentage of full-time and part-time employees are eligible for participation in these retirement plans? • Does the company match employees' contributions to a retirement savings account? If so, by how much?
HEALTH INSURANCE	OTHER
<ul style="list-style-type: none"> • Does the company offer health insurance to employees? • How many and what percentage of full-time and part-time employees are eligible for health insurance? • How many and what percentage of full-time and part-time employees are enrolled in company-provided health insurance? 	<ul style="list-style-type: none"> • How long must an employee be on the company's payroll to be eligible to receive the above benefits?⁴⁸ • Does the company pay more in aggregate wages to employees than to independent contractors?⁴⁹

Measurement of Basic Benefits in Practice



Capital Impact Partners (CIP), a national CDFI, began collecting information in 2011 on the percentage of borrowers' employees who receive paid benefits, including vacation days, sick days, retirement savings plans, and health insurance. Anne Geggie, Director of Impact Evaluation at CIP, stresses the importance of assessing paid benefits provided by employers.

"Anecdotally, I know low-income workers who were offered healthcare benefits by their employer but unfortunately were not able to afford them," she says. Geggie emphasizes the importance of collecting only the information that a CDFI can actually use. "I'd like to ask for a lot more detailed information about paid benefits, but I know that we aren't going to have the capacity to assess and actually use this information. Additionally, we don't want to ask too much of our customers."

3. CAREER-BUILDING OPPORTUNITIES

“I remember when I did not have a career path, but instead had a set of tasks to do every day. The reality is that I didn’t know what any greater level of connectivity with a company would feel like or look like. I remember the day when senior management approached me and said, ‘Michael, you are important to the company, and we want to be sure that if you want to grow with this company, we are making room for you.’ And so we had a conversation about my career path, and the ways the company could support it. It was at that point that I was connected to the company in a way that I never was before.”

— Michael Jeans, *President, Growth Opportunity Partners*

A quality job offers not only immediately-realizable value to an employee (e.g., a living wage, benefits package, and a fair and engaging workplace), but also **provides opportunities to develop the skills, networks, and experiences necessary to launch a career or advance along a career path.**

Employers can take two approaches to offering career-building opportunities to employees: A) training and mentorship, both formal and informal, and B) opportunities for advancement within the company.

A. TRAINING AND MENTORSHIP

Building on findings from our literature review on job quality, interviewees consistently cited training and mentorship as essential components of a quality job. Training can be either formal or informal,⁵⁰ and may be provided by company staff or by third-party workforce development programs or educational institutions. Formal training can include annual training programs or workshops; tuition-assistance; or time off during work hours for staff to acquire relevant credentials, such as educational degrees (e.g. an associate’s or bachelor’s degree), industry-recognized certifications, or other certificates of skill development.⁵¹

Informal training and mentorship, while harder to define, is also a key characteristic of job quality—especially because many small businesses may not have capacity to offer formal training to their staff. Informal training and mentorship include support provided to staff *in addition* to the training provided during the onboarding process, and which enables staff to develop skills and expertise beyond what is required to perform their jobs. One example is a business owner who mentors and trains an employee across business management functions because the worker is interested in starting her own business, and seeks to broaden her management expertise.

B. OPPORTUNITIES FOR ADVANCEMENT

Beyond helping staff develop skills and gain experiences that will improve their employability and career options, a quality job is one that offers advancement opportunities within the company. Promotion opportunities directly provide staff the ability to benefit from the skills they have acquired on the job and through training and mentorship opportunities, positioning them to *further* improve the quality of their job. While promotion opportunities may not be available to employees at smaller firms, there are ways employers can enhance the scope of responsibility in a job so that an employee is growing within the business even if he or she doesn’t receive a change in title or level.

Measurement of Career-Building Opportunities

To assess the extent to which their investees are offering career-building opportunities to their workers, CDFIs should consider asking investees some or all of the following qualitative and quantitative questions. Qualitative questions are especially important, as they provide businesses opportunities to explain answers to quantitative questions, while offering useful context for CDFIs in understanding and validating quantitative responses.

Figure 4: Sample of Questions to Assess Career-Building Opportunities

TRAINING AND MENTORSHIP
<ul style="list-style-type: none">• Does the company offer a formal training program to employees? If so, please describe.<ul style="list-style-type: none">» If so, how many and what percentage of workers participate in this program?• Does the company pay or reimburse workers for the cost of obtaining relevant credentials, such as degrees or industry-recognized certifications?<ul style="list-style-type: none">» If so, what types of certifications does the company support (e.g., Acute Care Nurse Practitioner-Board Certified, NIMS Machining Level I)?» How many, and what percentage, of workers obtained relevant credentials offered or financed by the company within the last 12 months?• Does the company offer informal training in addition to the training provided during the onboarding process? If so, please describe.
OPPORTUNITIES FOR ADVANCEMENT
<ul style="list-style-type: none">• How many and what percentage of positions have been filled by internal candidates within the last 12 months?• How many and what percentage of management positions have been filled by internal candidates?

Promoting Career-Building Opportunities



Several CDFIs and impact investors highlighted innovative approaches they or their investees have taken to create career-building opportunities. These include:

- **CEI**, a CDFI serving small businesses in Maine and New England, suggests a **company-driven approach to creating career-building opportunities for workers**. “Identify the jobs that are going to be created by a company, the skills and educational requirements to fill those roles, and then enlist workforce development partners to train individuals so that they can excel in these jobs,” suggests Paul Scalzone, Program Director at CEI. Additionally, CEI supports organizations’ efforts to develop employees’ skills by **connecting them to state- and federal-level funding and training centers**, including the State of Maine’s adult education system and community college system.
- **DBL Partners**, a mission-driven venture capital firm, cites as an example **the introduction of an English as a Second Language program** by one of its portfolio companies for its hourly workers. DBL described this practice as supporting improved quality of life and career advancement opportunities for employees—assisting employees in moving up to higher paying positions through improved English language proficiency.

4. WEALTH-BUILDING OPPORTUNITIES

“Some of our biggest impacts come from prodding a business to add profit sharing for front-line employees. We have done this successfully with many of our investments.”

— John Hamilton, *New Hampshire Community Loan Fund / Vested for Growth*

Beyond providing a wage that allows staff to afford a decent standard of living, a **quality job enables and incentivizes an employee to build the assets they need to manage financial emergencies and achieve long-term financial security** for themselves and their families. In addition to offering retirement plans and matching retirement contributions as outlined in the Basic Benefits section above, interviewees pointed to the important role employers can play to help staff save and create wealth by: A) sharing profits of the business, and B) offering programs to improve employees’ financial wellness.

A. PROFIT SHARING

Profit sharing includes all approaches businesses take to provide staff with income or assets linked to the company’s profitability. Often viewed as a tool to attract and retain talent and boost worker productivity, profit-sharing plans may include stock options, phantom stock, and bonuses based on company or individual financial performance.⁵² Some businesses choose to adopt alternative structures, such as worker cooperatives, which embed profit sharing into an organization’s business model by requiring that profits and earnings be distributed among its members.⁵³ The U.S. Department of Labor, recognizing that profit sharing can be a “powerful tool in promoting financial security,” offers a host of resources for small businesses interested in implementing a profit-sharing program.⁵⁴

B. FINANCIAL WELLNESS PROGRAMS

Employers can support staff’s efforts to build wealth not just by increasing their effective income via profit-sharing programs, but also by actively encouraging them to save and improve their understanding and management of personal finances. Financial wellness programs, typically offered by third-party providers,⁵⁵ take a range of approaches to help individuals improve their financial health, and include assessments of individuals’ finances; budgeting tools to set, track, and achieve financial goals; financial workshops; and one-on-one financial coaching.

Measurement of Wealth-Building Opportunities

To determine whether investees are offering wealth-building opportunities to their workers, CDFIs can ask a selection of the open-ended and quantitative questions below:

Figure 5: Sample of Questions to Assess Wealth-Building Opportunities

PROFIT-SHARING
<ul style="list-style-type: none">• Does the company offer an annual bonus plan based on the company’s and/or individual’s performance?<ul style="list-style-type: none">» If so, how many and what percentage of full-time and part-time employees participated in the annual bonus plan within the last 12 months?• Does the company offer an employee stock ownership plan, phantom stock, or stock appreciation rights?<ul style="list-style-type: none">» If so, how many and what percentage of full-time and part-time employees are given stock options or phantom stock?
FINANCIAL WELLNESS PROGRAMS
<ul style="list-style-type: none">• Does the company offer any financial wellness programs to workers? If so, are these employer-funded? Please describe.<ul style="list-style-type: none">» How many and what percentage of full-time and part-time employees participated in these financial wellness programs within the last 12 months?
GENERAL/MISCELLANEOUS QUESTIONS
<ul style="list-style-type: none">• Does the company offer direct deposit? Is direct deposit available for both full-time and part-time employees?⁵⁶• In what other ways does the company help workers build wealth?

Promoting Wealth-Building Opportunities



Several interviewees offered examples of strategies that they or their investees have taken to create wealth-building opportunities for workers. These include:

- Louisa Quittman at the **U.S. Department of the Treasury** discussed the importance of offering to **pay workers via direct deposit**, which is crucial to reducing transaction costs and accessing financial services that enable workers to save. Direct deposit is currently required to access the Treasury Department's **myRA program**, which is free to employers and allows workers who are not provided with a retirement savings program by their employer to efficiently save for retirement.
- Hope Mago of **HCAP Partners**, a private equity mezzanine debt fund, shared how some of his firm's investees offer workers **Individual Development Accounts** (i.e., government-funded matched savings accounts) as well as **homeownership assistance programs**.
- Anne Claire Broughton mentioned that during her tenure at **SJF Ventures**, a private equity impact fund, the firm worked with some investees to **provide stock options to employees** at all levels, which in some cases enabled substantial payouts for lower-wage workers at the time of SJF's exit.
- Lisa Hagerman, Director of Programs at **DBL Partners**, noted that all of the employees of DBL's portfolio companies are eligible for 401(k) packages. As part of DBL's employee wealth creation programmatic work, DBL works with the company's senior management to help them **initiate programs such as a 401(k) match and employee stock ownership plans (ESOP)**.

5. FAIR AND ENGAGING WORKPLACE

“When I interviewed workers in the retail sector, one of their frustrations was that they believe they are interchangeable parts. One of the workers I’ve interviewed said ‘*we are throwaways, we are a dime a dozen, just human robots.*’ So the issue is not just poverty-level wages or unpredictable schedules, but also poor job design with little meaning.”

— Zeynep Ton, *Adjunct Associate Professor, MIT Sloan School of Management, Author of “The Good Jobs Strategy”*

“Both the U.S. Financial Diaries project and the Pew Charitable Trusts’ Economic Mobility Project have found that, if given a choice, most households would prefer more stable finances than a move up the income ladder. Low-wage workers greatly benefit from predictable scheduling, advance notice of scheduling, and a say in scheduling.”

– Tamra Thetford, *FIELD Program Manager, The Aspen Institute*

Essential to job quality is the extent to which an employer creates a work environment that balances the needs and wellbeing of staff with the needs of the business.

Interviewees identified a series of elements that contribute to improvements in an employee’s workplace, including the following: A) employers offer flexible *and* predictable schedules, and B) staff across levels are treated with respect and dignity, management actively solicits employees’ ideas to improve the business, and staff understand how their work contributes to the business’s success.

A. FLEXIBLE AND PREDICTABLE SCHEDULING

Many American workers are often faced with irregular or unpredictable work schedules. In particular, low-income workers are most likely to have jobs with irregular or unpredictable schedules. Research has shown that these types of schedules contribute to greater economic instability, work-family conflict, and personal stress.⁵⁷

A quality job allows individuals to accommodate unforeseen circumstances, such as illness or family emergencies, without undermining job security. At the same time, a quality job provides individuals with a stable, predictable schedule that offers workers advance notice of shift changes. Schedules that are more responsive to workers' needs enable employees, especially low-wage earners, to better coordinate and obtain multiple jobs to supplement their income, manage childcare, attend classes outside of work, and manage their personal lives.⁵⁸

B. EQUAL TREATMENT AND WORKER ENGAGEMENT

Core to job quality is the manner in which workers are treated by peers and superiors. This seemingly self-evident component of job quality is the foundation upon which the other key elements of a fair and engaging workplace are built. All individuals have the right to be treated with dignity and respect in the workplace, free of discrimination and harassment.⁵⁹

In addition to guaranteeing this basic right, a quality job provides workers with the opportunity to shape and provide input into the daily operations of the workplace. A worker's buy-in to the overall strategy and operations of an organization will generate returns in the form of overall company productivity.⁶⁰ To facilitate this engagement, employers should actively solicit staff's ideas on improving the business, in turn strengthening staff's understanding of how their work contributes to the business's success.

Measurement of a Fair and Engaging Workplace

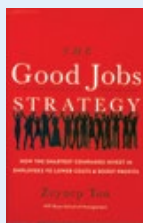
Investors can utilize the following questions to gauge whether investees have prioritized the needs and interests of their staff. We recognize that while some of these questions would more accurately be answered by employees, as opposed to employers, CDFIs cannot often survey investee employees directly.

Figure 6: Sample of Questions to Assess a Fair and Engaging Workplace

FLEXIBLE AND PREDICTABLE SCHEDULING
<ul style="list-style-type: none">• Can staff work with management to set their schedules to accommodate family or personal priorities?<ul style="list-style-type: none">» If so, how many and what percentage of staff have work schedules that differ from the majority of workers?• Please describe the company's policies regarding scheduling flexibility, if applicable.• What percentage of staff has fixed work schedules?• Approximately how many days in advance are employees with variable schedules informed of their schedule?
EQUAL TREATMENT AND WORKER ENGAGEMENT
<ul style="list-style-type: none">• How many and what percentage of workers undergo a regular performance review?• Are key business performance indicators shared regularly with workers?• Do workers generally understand how they contribute to these key business performance indicators?
GENERAL QUESTIONS
<ul style="list-style-type: none">• What was the employee turnover rate over the past year (percentage of employees who left the company voluntarily or involuntarily out of the total workforce)?⁶¹



Promoting a Fair and Engaging Workplace



Some interviewees offered examples of strategies that they or others have taken to promote a fair and engaging workplace. These include:

- **New Hampshire Community Loan Fund/Vested for Growth** has developed a [menu of approaches](#) that employers can take to engage with employees more effectively. During underwriting, CDFI staff meet with management to discuss these options and seek to identify new employee engagement approaches they will implement over the term of investment. Staff then meet with investees to gauge progress towards adoption of these new practices.
- **Zeynep Ton, an Adjunct Associate Professor of Operations Management at MIT and author of “The Good Jobs Strategy,”** has identified human-centered operations strategies that emphasize scheduling predictability and flexibility, cross-training, and the use of personal discretion as essential to job quality. In her book, Ton analyzes the key examples of these operational practices, particularly within the retail sector, which differentiate companies from their competitors by boosting customer and employee satisfaction, increasing productivity levels, improving brand loyalty, and enhancing business’s ability to respond quickly to market changes.

HOW CAN CDFIs MEASURE QUALITY JOBS?

Impact Measurement: General Guidelines

In order to measure the creation of quality jobs based on the five components outlined above, CDFIs must first take the steps outlined in Figure 7 to assess their social impact. These guidelines are relevant to all investors seeking to understand the impact of their investments, whether or not they are focused on creating quality jobs. More details on each of these steps can be found in Appendix E.

CDFIs should refer to Appendix D, which includes a selection of standardized questions—derived from our primary research, the Global Impact Investing Network’s IRIS catalog, and B Lab’s B Impact Assessment questionnaire—to assess whether employers offer jobs that embody each of the five core characteristics of a quality job. CDFIs should select the questions which they believe most directly assess job quality for employees of their financed organizations.⁶²

Figure 7: Six Steps to Measure Social Impact



The following section details how CDFIs can analyze the extent to which they are supporting the creation of quality jobs.

Process for Measuring Quality Jobs

Building upon the general process for conducting impact measurement, as outlined above, we recommend CDFIs adopt the following three steps to assess whether and how their borrowers are creating quality jobs. While CDFIs can take a customized approach to measuring quality jobs based upon the size, sophistication, location, and industry of the businesses they finance, these three steps are relevant to all CDFIs committed to supporting quality jobs.

1. Select a few questions (at least two, and at most six) that pertain to each of the five core components of a quality job, and include these questions in surveys provided to borrowers during underwriting and annually.

For example, microenterprises are less likely to offer formal training programs than larger businesses, so CDFIs lending to microenterprises should consider asking borrowers to describe informal training opportunities provided to employees. CDFIs lending to larger businesses may choose to ask their borrowers this question as well; however, other questions, such as whether the company reimburses staff that obtain relevant credentials, may be more relevant when assessing career-building opportunities.

2. Decide how your organization will determine whether a job embodies each of the core components of job quality. Each CDFI should develop its own “scoring criteria,” so it can quantitatively assess borrowers’ responses to job quality-related questions. See Figure 8 for sample approaches CDFIs can take toward this end.

Figure 8: Framework to Measure the Number and Percentage of Quality Jobs

A QUALITY JOB PROVIDES:					
FOR EACH OF THE FIVE COMPONENTS OF A QUALITY JOB:	A LIVING WAGE	BASIC BENEFITS	CAREER-BUILDING OPPORTUNITIES	WEALTH-BUILDING OPPORTUNITIES	A FAIR AND ENGAGING WORKPLACE
1) SELECT SEVERAL QUESTIONS TO ASSESS WHETHER A JOB EMBODIES EACH COMPONENT →	E.g., What is the wage paid to each employee?	E.g., Does your company offer employees paid leave? Health insurance? A retirement savings plan?	E.g., Does your company pay for the cost of obtaining relevant credentials? What percentage of positions have been filled by internal candidates within the last 12 months?	E.g., Does your company offer an annual bonus plan? Do you offer an employee stock ownership plan, phantom stock, or stock appreciation rights? Do you offer a financial wellness program?	E.g., What is your employee turnover rate? Can staff set their schedules to accommodate family or personal priorities? How many days in advance are employees informed of their schedule?
2) DECIDE HOW YOU WILL DETERMINE WHETHER A JOB EMBODIES EACH COMPONENT →	E.g., Must equal or exceed the living wage at the country level	E.g., Must offer paid leave AND either health insurance OR retirement savings to a majority of employees	E.g., Must support at least 10% of employees to obtain credentials, or fill 20% of positions with internal candidates	E.g., Must answer “yes” to at least two out of the three questions above	E.g., At least two of the three must be true: 1) Annual turnover rate is below 10%; 2) Staff can set schedules; or 3) Staff are informed of schedules one week in advance
3) DETERMINE THE NUMBER AND PERCENTAGE OF JOBS CREATED THAT EMBODY EACH COMPONENT →	74 out of 200 jobs supported by borrowers (37%)	50 out of 200 jobs supported by borrowers (25%)	42 out of 200 jobs supported by borrowers (21%)	24 out of 200 jobs supported by borrowers (12%)	46 out of 200 jobs supported by borrowers (23%)

While any set of scoring criteria will be subjective, this particular analysis has several benefits. First, this process enables CDFIs to more easily understand whether investees are improving job quality both in the aggregate and across the five core characteristics of a quality job. Second, this analysis can be used to inform lending decisions. If a potential borrower offers jobs that embody a majority of the quality job characteristics, then a CDFI committed to supporting the creation of quality jobs may be more inclined to approve the loan.

While CDFIs should attempt to collect wage data for each employee of financed businesses to assess whether these jobs pay a living wage, **we recommend that CDFIs examine each of the other four quality job components at the business level, not for each employee of that business.**

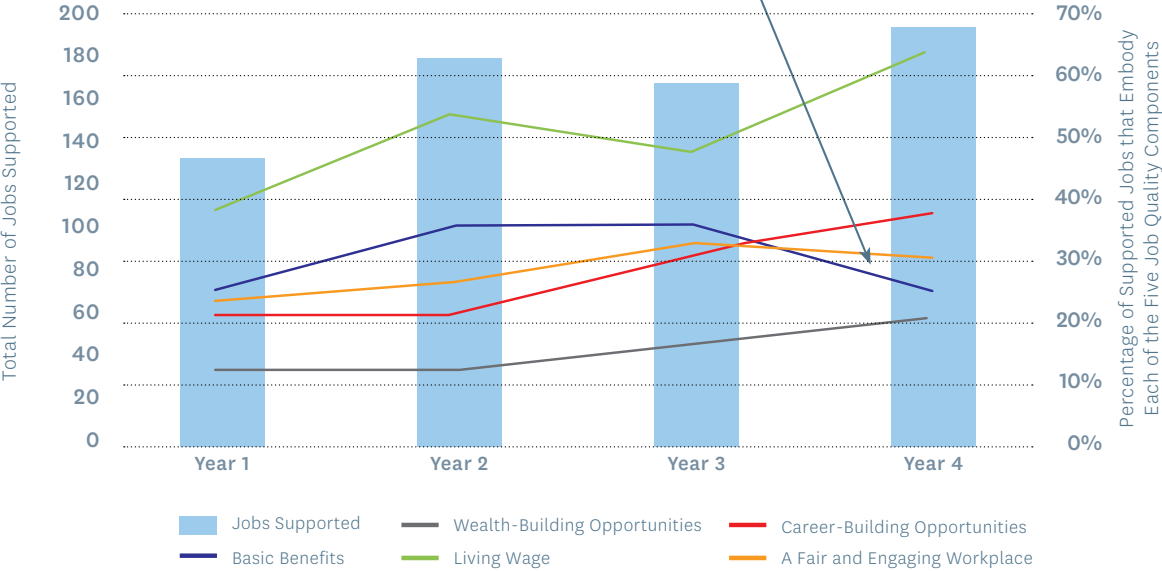
In other words, CDFIs should determine whether a business provides basic benefits, career-building opportunities, wealth-building opportunities, and a fair and engaging workplace, not whether each individual job created by that firm has these characteristics. For example, if a company provides basic benefits, career-building opportunities, and wealth-building opportunities to a sufficient number of employees to meet a given CDFI’s scoring criteria for those job quality components (say, a majority of employees), then the CDFI should indicate that the business offers quality jobs. This approach simplifies the measurement of job quality, ensuring it is not overly burdensome for CDFI staff.

3. Determine the number and percentage of jobs supported that exemplify some or all of the five core components of a quality job. Measurement should be conducted at the investee level, then aggregated to the portfolio level. This data should be tracked over time so that the CDFI can identify trends in the quality of jobs they support, as well as opportunities to work more closely with borrowers to improve job quality.

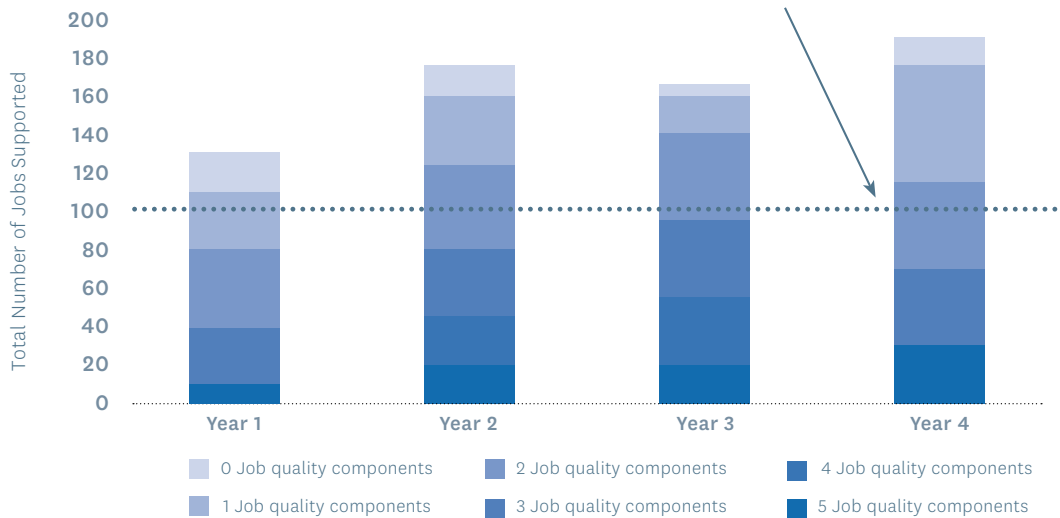
In addition to measuring the number of jobs that meet the 'baseline' quality job definition, CDFIs should be sure to track the number of businesses offering jobs that embody four or five of the quality job characteristics. This analysis gives the CDFI the ability to identify employment practices or lessons learned by these high-performing businesses that could be shared with others, and offers a more nuanced assessment of the CDFI's ability to support the creation of higher quality jobs. See Figure 9 for two examples of analyses that CDFIs can perform over time to understand the quality of jobs they support.

Figure 9: Two Examples of Analyses of the Quality of Jobs Supported by Investees

By assessing the percentage of jobs supported that embody each job quality component, CDFIs can identify opportunities to work more closely with borrowers to improve job quality. In this example, while job quality is generally increasing, the CDFI may seek to understand why borrowers are providing basic benefits to a smaller percentage of workers in year 4.



By analyzing the number of supported jobs that embody some or all five of the core components of job quality, CDFIs can quantify the number of quality jobs they support, which we define as embodying a majority (3) of the quality job components. This analysis can be used to assess performance towards targets: for example, a target to support **100 quality jobs** is met in Year 4.



Approaches to Using Job Quality Data to Promote the Creation of Quality Jobs

Once a CDFI has determined the number and percentage of jobs it supports that exemplify the characteristics of a quality job, it can take two key approaches to support the creation of quality jobs: establish job quality targets for borrowers and the portfolio as a whole, and use data to inform future investment decisions. We acknowledge that these approaches require additional expertise and financial resources to implement, so we encourage CDFIs to decide which approach would most effectively support their efforts to promote the creation of quality jobs.

ESTABLISH JOB QUALITY TARGETS

As highlighted in the second example in Figure 9, CDFIs can set targets for the total number of quality jobs supported by borrowers or percentage of total jobs supported that are quality jobs. **We define a quality job as one that embodies a majority of the core components of a quality job identified here.** Target-setting at the portfolio level can encourage CDFI staff to work with borrowers to improve job quality, identify hurdles to improving job quality that need to be overcome, and seek out potential borrowers who are committed to offering quality jobs.

Target setting with individual borrowers can help align expectations and encourage financed businesses to think through various approaches to improving the quality of jobs they offer.

USE DATA TO INFORM FUTURE INVESTMENT DECISIONS

By incorporating assessments of job quality into underwriting and due diligence, CDFIs can prioritize investments to organizations that offer higher quality jobs than similar companies within the portfolio, or which exceed the average job quality score within the portfolio. This prioritization will ensure CDFIs are meeting their job quality targets, if they have set any. Alternatively, a CDFI may seek to prioritize financing organizations that offer lower quality jobs, but demonstrate a concrete commitment to working with the CDFI and others to improve job quality. Indeed, providing capital to these types of companies allows CDFIs to ‘move the needle’ on this critical issue. CDFIs can also implement job quality thresholds for potential borrowers. For example, a CDFI may consider rejecting all potential borrowers with jobs that offer fewer than two of the five core job quality components, unless the borrowers express a desire to improve in this regard.

CONCLUSION

Creating quality jobs within the United States, particularly within low-income communities, has the potential to address ever-widening income and wealth inequality—trends that have persisted, even amidst the overall national economic recovery.

The CDFI industry's historic success in deploying capital and creating jobs within low-income communities demonstrates that it is poised to continue supporting disadvantaged communities in the coming years.

The creation of quality jobs presents an important and timely opportunity for CDFIs to build on their strong track record of creating truly transformative impact in areas most in need. By fostering a clear understanding of the core components of a quality job and honing the methods for measuring them, CDFIs can facilitate crucial changes among the small businesses they support throughout the U.S. This focus on job quality should be applied:

- **During underwriting:** by identifying potential borrowers that prioritize the wellbeing of their employees and are committed to improving the quality of jobs they offer.
- **Following loan deployment:** by working more closely with borrowers to improve their employment practices.
- **As part of portfolio management:** by understanding which activities, such as different loan products or forms of technical assistance, most effectively drive quality job creation.
- **Within strategy-setting discussions:** by using job quality data to inform key decision-making to deliver greater social impact.
- **When sharing your work with stakeholders:** by demonstrating your organization's social impact through the analysis of job quality data.

By embedding a commitment to quality jobs into day-to-day operations, CDFIs can make the creation of quality jobs an actionable goal, rather than just a desired outcome or byproduct of their work. Doing so will build the CDFI industry's capacity to address growing inequality and positively transform the lives of American workers and their families.

APPENDIX A

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APPENDIX B

INTERVIEWEES

Dan Pedrotty, *American Federation of Teachers*

Sted Garber, *The Annie E. Casey Foundation*

Lori Glass, *Appalachian Community Capital*

Tamra Thetford, *The Aspen Institute*

Flory Wilson, *B Lab*

Anne Claire Broughton, *Broughton Consulting*

Anne Geggie, *Capital Impact Partners*

Keith Bisson, *CEI*

Kevin Smith, *CEI*

Paul Scalzone, *CEI*

Dan Betancourt, *Community First Fund*

Adina Abramowitz, *Consulting for Change*

Maggie Kirby, *Craft3*

Sharla Delfs, *Craft3*

Lisa Hagerman, *DBL Partners*

Noelle Baldini, *Federal Reserve Bank of Philadelphia*

Ellen Carey, *GIIN*

Michael Jeans, *Growth Opportunity Partners*

Hope Mago, *HCAP Partners*

Amy Orr, *Heron Foundation*

Tom Strong, *Hitachi Foundation*

Ben Hecht, *Living Cities*

Zeynep Ton, *MIT Sloan School of Management*

Catherine Howard, *NCCLF*

John Hamilton, *New Hampshire Community Loan Fund / Vested for Growth*

Nicole Simoneaux, *REDF*

Andrea Armeni, *Transform Finance*

Michael Swack, *University of New Hampshire*

Louisa Quittman, *U.S. Department of the Treasury*

APPENDIX C

DETERMINING THE LIVING WAGE AND INDUSTRY-COMPETITIVE WAGE

SELECTING AN APPROPRIATE LIVING WAGE BENCHMARK

To determine the wage level that constitutes a living wage in a given geography, CDFIs need to make two decisions:

First, CDFIs must choose **whether they will use county, metropolitan area, or state-level living wages** to determine whether workers' wages are high enough to cover essential costs. While we recommend using the living wage at the county level, the smallest geographic unit available for this analysis, we encourage CDFIs to select the geographic unit most appropriate for their service area. In some cases, it may be more accurate or feasible for CDFIs to use the relevant metropolitan area or state-level when determining the living wage, especially in areas where a large percentage of workers commute across county lines and where variations in the living wage are minimal within the geographic area.

Second, CDFIs must **estimate the family size of the average worker, which will then determine the living wage to support that family.**

We recommend using a one adult, one child family as a conservative estimate, given the following:

- The average U.S. household in 2014 had 1.94 adults and 0.6 children.⁶³
- 59.2 percent of U.S. workers over 16 are employed, as of September 2015.⁶⁴
- Given the above statistics, **there is an average of roughly one employed adult, one non-working adult, and one child per U.S. household.**
- Families with two adults (one of whom is working) and one child require slightly less income to cover essential costs than do one parent, one child households, due to the fact that single working parents tend to pay significantly more for childcare than do working parents who have a nonworking spouse.⁶⁵

We recognize that the estimation of workers' average family size is an imprecise exercise, and we therefore encourage CDFIs to select the family size most representative of the employees their particular investments support. CDFIs can also use the living wage for a one adult, no child household to determine whether wages paid are, at minimum, sufficient to cover one employee's own basic needs.

CALCULATING THE INDUSTRY-COMPETITIVE WAGE

We recommend that CDFIs compare reported wage levels to the median wage for all workers within a given industry, rather than the median wages for specific occupations within an industry. To do this, CDFIs must determine the North American Industry Classification System (NAICS) code of each financed organization.⁶⁶

For example, if a CDFI in Connecticut wants to determine whether a restaurant borrower pays its workers more than competitors, it should use BLS data to determine the median wages paid to all workers within the restaurant industry in Connecticut, rather than referring to the median wage paid to each type of worker employed by the restaurant (e.g., servers, cooks, managers). Comparing wages of each type of employee to industry wages is typically too time- and resource-intensive, and potentially infeasible, as financed organizations may not be able to provide information on each employee's job description.

APPENDIX D

QUESTIONS TO ASSESS WHETHER INVESTEES OFFER QUALITY JOBS

	IRIS METRIC?	ALIGNED WITH QUESTIONS INCLUDED IN THE B IMPACT ASSESSMENT?
LIVING WAGE		
How many and what percentage of workers are paid a living wage?	No	Yes
Does the company offer higher wages than the industry median?	Similar to OI9767	Yes
BASIC BENEFITS		
PAID LEAVE		
Does the company offer employees paid leave?	Similar to OI2742, which covers all employment benefits	Yes
Does the company offer paid vacation? Paid sick leave? Paid maternity leave? Paid paternity leave?	Similar to OI2742, which covers all employment benefits	Yes
For each of the questions above: how many days are offered? How many and what percentage of full-time and part-time employees receive each benefit?	Similar to OI2742, which covers all employment benefits	Yes
HEALTH INSURANCE		
Does the company offer health insurance to employees?	Similar to OI2742, which covers all employment benefits	Yes
How many and what percentage of full-time and part-time employees are eligible for health insurance?	Similar to OI2742, which covers all employment benefits	Yes
How many and what percentage of full-time and part-time employees are enrolled in company-provided health insurance?	Similar to OI2742, which covers all employment benefits	Yes
RETIREMENT SAVINGS PLAN		
Does the company offer a retirement savings plan to employees?	Similar to OI2742, which covers all employment benefits	Yes
What is the structure of this plan (e.g., traditional 401(k), Roth 401(k) savings plans, defined benefit pension plan)? Are employees auto-enrolled into the plan?	Similar to OI2742, which covers all employment benefits	Yes
How many and what percentage of full-time and part-time employees are eligible for participation in these retirement plans?	Similar to OI2742, which covers all employment benefits	Yes
Does the company match employee contributions to a retirement savings account? If so, by how much?	Similar to OI2742, which covers all employment benefits	Yes

APPENDIX D

QUESTIONS TO ASSESS WHETHER INVESTEES OFFER QUALITY JOBS *(continued)*

	IRIS METRIC?	ALIGNED WITH QUESTIONS INCLUDED IN THE B IMPACT ASSESSMENT?
OTHER		
How long must an employee be on the company's payroll to be eligible to receive the above benefits?	Similar to OI2742, which covers all employment benefits	Yes
Does the company pay more in aggregate wages to employees than to independent contractors? ⁶⁷	Similar to OI2742, which covers all employment benefits	Yes
CAREER-BUILDING OPPORTUNITIES		
TRAINING AND MENTORSHIP		
Does the company offer a formal training program to employees? If so, please describe. If so, how many and what percentage of workers participate in this program?	No Similar to OI4229	No No
Does the company pay or reimburse workers for the cost of obtaining relevant credentials, such as degrees or industry-recognized certifications? If so, what types of certifications does the company support (e.g., Acute Care Nurse Practitioner-Board Certified, NIMS Machining Level I)? How many and what percentage of workers obtained relevant credentials offered or financed by the company within the last 12 months?	No No Similar to OI4229	Yes No Yes
Does the company offer informal training in addition to the training provided during the onboarding process? If so, please describe.	No	Yes
OPPORTUNITIES FOR ADVANCEMENT		
How many and what percentage of positions have been filled by internal candidates within the last 12 months?	Similar to OI4884	Yes
How many and what percentage of management positions have been filled by internal candidates?	NO	Yes

APPENDIX D

QUESTIONS TO ASSESS WHETHER INVESTEES OFFER QUALITY JOBS *(continued)*

	IRIS METRIC?	ALIGNED WITH QUESTIONS INCLUDED IN THE B IMPACT ASSESSMENT?
WEALTH-BUILDING OPPORTUNITIES		
PROFIT-SHARING		
Does the company offer an annual bonus plan based on the company's and/or individual's performance?	No	Yes
If so, how many and what percentage of full-time and part-time employees participated in the annual bonus plan within the last 12 months?	No	No
Does the company offer an employee stock ownership plan, phantom stock, or stock appreciation rights?	Similar to OI2742, which covers all employment benefits	Yes
If so, how many and what percentage of full-time and part-time employees are given stock options or phantom stock?	Similar to OI2742, which covers all employment benefits	No
FINANCIAL WELLNESS PROGRAMS		
Does the company offer any financial wellness programs to workers?	No	Yes
If so, are these employer-funded? Please describe. How many and what percentage of full-time and part-time employees participated in these financial wellness programs within the last 12 months?	No	No
GENERAL / MISCELLANEOUS QUESTIONS		
Does the company offer direct deposit? Is direct deposit available for both full-time and part-time employees?	No	No
What other ways does the company help workers build wealth?	No	No

APPENDIX D

QUESTIONS TO ASSESS WHETHER INVESTEES OFFER QUALITY JOBS *(continued)*

	IRIS METRIC?	ALIGNED WITH QUESTIONS INCLUDED IN THE B IMPACT ASSESSMENT?
FAIR AND ENGAGING WORKPLACE		
FLEXIBLE AND PREDICTABLE SCHEDULING		
Can staff work with management to set their schedules to accommodate family or personal priorities?	OI7983	Yes
If so, how many and what percentage of staff have work schedules that differ from the majority of workers?	OI7983	No
Please describe the company's policies regarding scheduling flexibility, if applicable.	OI7983	Yes
What percentage of company staff has fixed work schedules?	OI7983	No
How many days in advance, approximately, are employees with variable schedules informed of their schedule?	OI7983	No
EQUAL TREATMENT AND WORKER ENGAGEMENT		
How many and what percentage of workers undergo a regular performance review?	No	Yes
Are key business performance indicators shared regularly with workers?	No	Yes
Do workers generally understand how they contribute to these key business performance indicators?	No	No
GENERAL QUESTIONS		
What was the company's employee turnover rate over the past year (percentage of employees who left the company voluntarily or involuntarily out of the total workforce)?	OI1638	No

APPENDIX E

IMPACT MEASUREMENT GENERAL GUIDELINES

In order to measure progress towards the creation of quality jobs, an investor must develop and implement an impact measurement system using the following six steps as guidelines:

- 1. Establish concrete impact objectives.** What are the specific social or environmental impacts that your organization seeks to support (e.g., the creation of quality jobs)? To answer the question specifically and comprehensively, CDFIs should also consider the following:
 - What are the most and least impactful investments you have made? Why?
 - How does your organization differ from its peers and competitors? What is unique about the loans, investments, or technical assistance that you provide?
- 2. Select both qualitative and quantitative questions that are directly aligned with your impact objectives.** Doing so will help you determine the extent to which investees are making progress toward your organization's goals. CDFIs should refer to the [IRIS catalog](#) of generally accepted social, environmental, and financial performance metrics and [review the metrics that other CDFIs and impact investors](#) use to measure social impact when selecting appropriate impact metrics and qualitative questions. CDFIs should also utilize where appropriate the sample of questions included in this report and in **Appendix D** to assess whether they are supporting the creation of quality jobs.
- 3. Develop a survey for borrowers.** CDFIs can use as a model the questions in Appendix D. These surveys can take the form of online or offline questionnaires, and CDFIs should be mindful of the amount of time it would take for borrowers to respond. Online surveys are generally less resource-intensive for CDFIs to administer; however, response rates for online surveys tend to be lower than those for phone or in-person surveys. CDFIs should note that certain impacts can only be determined by analyzing survey results and not by directly providing questions to borrowers. For example, to determine whether a company is paying living wages, a CDFI must compare reported wages to living wage benchmarks, rather than directly asking a borrower how many living wage jobs they offer.
- 4. Survey borrowers during underwriting and at least once per year.** By surveying borrowers during underwriting, CDFIs can clearly communicate the importance of their mission to borrowers. Conveying the organizational mission effectively can encourage higher response rates to surveys provided over the term of the loan or equity investment. Additionally, surveying organizations during underwriting or due diligence allows a CDFI to establish a baseline for the social impact created by its loan or investment, so that changes in reported performance over time can be compared to survey results before the deployment of capital.
- 5. Consistently store all collected impact data in one location to ensure consistency and accuracy.** Impact data can be stored using portfolio management software (e.g., [Portfol](#)), Excel, Access, or cloud-based platforms such as Salesforce. It is essential that data not be stored in multiple locations, as this greatly reduces data reliability and makes it more difficult to analyze results. Additionally, it is important that the system used can track change over time—for example, collection of living wage data for an investee prior to loan disbursement and over the life of the loan—so that the CDFI can assess progress towards its impact objectives.
- 6. Analyze data.** The collected data should then be analyzed to identify trends in performance across the portfolio and over time. CDFIs should consider the following questions when analyzing impact data.
 - Do results confirm or contradict assumptions you have made about the ways the businesses you support create positive impact?
 - Do certain types of financial products or investees appear to be generating more positive impact than others?
 - Do survey respondents provide inadequate or no responses to certain questions? (If so, consider removing or altering these questions.)

ENDNOTES

¹ See: <http://www.nelp.org/content/uploads/Occupational-Wage-Declines-Since-the-Great-Recession.pdf>.

² See Bureau of Labor Statistics, The Employment Situation—January 2016: <http://www.bls.gov/news.release/pdf/empisit.pdf>.

³ See: <http://www.nelp.org/content/uploads/Occupational-Wage-Declines-Since-the-Great-Recession.pdf>.

⁴ Ibid.

⁵ See Bureau of Labor Statistics, The Employment Situation—January 2016: <http://www.bls.gov/news.release/pdf/empisit.pdf>.

⁶ Taking into account cost-of-living increases since the recession officially ended in 2009, wages have actually declined for most U.S. workers. See: <http://www.nelp.org/content/uploads/Occupational-Wage-Declines-Since-the-Great-Recession.pdf>.

⁷ See Chart 10: <http://blogs.reuters.com/data-dive/2013/12/06/the-us-job-market-in-five-charts-novembers-jobs-report/>.

⁸ See: <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf>.

⁹ See: <http://www.nelp.org/content/uploads/Occupational-Wage-Declines-Since-the-Great-Recession.pdf>.

¹⁰ See: Changes in Family Income by Quintile and Top 5 Percent. <http://inequality.org/wp-content/uploads/2014/09/GIMP-Changes-in-Real-Family-Income.png?9aeaco>.

¹¹ See: <http://www.aspenwsi.org/wordpress/wp-content/uploads/Build-Ladders-and-Raise-Floor-concept-brief.pdf>

¹² See: <http://inequality.org/wealth-inequality/>.

¹³ See: <http://www.cepr.net/documents/publications/no-vacation-update-2013-05.pdf>; <http://www.pewresearch.org/fact-tank/2013/12/12/among-38-nations-u-s-is-the-holdout-when-it-comes-to-offering-paid-parental-leave/>.

¹⁴ See: http://www.oxfamamerica.org/static/media/files/Hart_Low_Wage_Workers_Report.pdf.

¹⁵ See: <http://time.com/3969977/minimum-wage/>.

¹⁶ See: <http://www.raisetheminimumwage.com/pages/minimum-wage-laws-and-proposals-for-major-u.s.-cities> and <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>.

¹⁷ See: http://www.huffingtonpost.com/2015/04/02/companies-minimum-wage_n_6991672.html.

¹⁸ See: <http://blogs.wsj.com/atwork/2015/06/29/companies-are-offering-more-generous-benefits-sort-of/>.

¹⁹ See: <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1235&context=carsey>.

²⁰ See: http://ofn.org/sites/default/files/OFN_20_Years_Opportunity_Finance_Report.pdf, page 5.

²¹ See: http://ofn.org/sites/default/files/OFN_20_Years_Opportunity_Finance_Report.pdf. We assume that the percentage of CDFI clients who are low-income, female, or consider themselves to be a minority is the same as the percentage of employees of CDFI investees who fit within these demographic classifications.

²² While the vast majority of CDFIs provide loans rather than equity investments, we use the terms investee or borrower throughout this paper to refer to organizations financed by CDFIs.

²³ For example, some workers value greater work flexibility and the opportunity to build skills more than higher wages.

²⁴ This differs from the definition of any job, which is (relatively) objective and therefore allows jobs to be counted without the use of a subjective screening process.

²⁵ For example, the aspects of a quality job for a nurse practitioner in terms of job responsibilities, pay, benefits, and structure are different from the aspects of a quality job for servers in the restaurant industry.

²⁶ See multiple examples cited in “Employee Wellness Plans: Bottom Line Benefits of Building a Healthier Workforce,” Volume 30, Issue 1 of *Workforce strategies*, Bloomberg BNA (2012).

²⁷ The Living Wage Calculator estimates the cost of living for different household types, depending on the number of adults and children. See: <http://livingwage.mit.edu/pages/about>.

²⁸ Dizikes, P. (June 11, 2015) “3 Questions: Amy Glasmeier on the living wage”, MIT News. Accessed on September 25, 2015 at <http://news.mit.edu/2015/3-questions-amy-glasmeier-living-wage-0611>.

²⁹ See: <http://dusp.mit.edu/news/news-ikea-use-mit-living-wage-calculator>.

³⁰ See: <http://livingwage.mit.edu/>.

ENDNOTES *(continued)*

³¹ Although using an employer’s address to determine the living wage assumes that employees’ residence is within the same county, metropolitan area, or state as their employer, this approach may *underestimate* the number of living wage jobs provided by the company: workers who travel significant distances for work—to major urban centers, for example—often do so because they live in more affordable areas than their place of employment.

³² As of the date of this paper’s publication, we encourage CDFIs to use datasets provided on the following website: http://www.bls.gov/oes/current/oes_research_estimates.htm.

³³ In 2013, only 28 percent of low-wage workers indicated they were offered paid sick leave, paid vacation, health insurance, and a retirement plan by their employers. See: http://www.oxfamamerica.org/static/media/files/Hart_Low_Wage_Workers_Report.pdf.

³⁴ See: <http://www.shrm.org/Research/SurveyFindings/Articles/Documents/2015-Employee-Benefits.pdf>.

³⁵ Ibid.

³⁶ See: <http://www.transformfinance.org/blog/2015/3/30/managing-vs-measuring-impact-investment>.

³⁷ Ibid; Zeynep Ton, *The Good Jobs Strategy*, 2014.

³⁸ See: <https://www.healthcare.gov/glossary/essential-health-benefits/>.

³⁹ See: <http://www.ajc.com/news/news/opinion/health-cares-link-to-poverty/n0kbf/>.

⁴⁰ See: http://familiesusa.org/sites/default/files/product_documents/Dying-for-Coverage.pdf.

⁴¹ Full-time equivalent employees are the combination of employees, each of whom individually is not a full-time employee because they are not employed on average at least 30 hours per week, but who, in combination, are counted as the equivalent of a full-time employee. For example, two employees, each of whom works 15 hours per week, are the equivalent of one full-time employee. See: [https://www.sba.gov/sites/default/files/files/Slides_re_Calculating_FTEs_for_Employer_Shared_Responsibility_\(August%202013\).pdf](https://www.sba.gov/sites/default/files/files/Slides_re_Calculating_FTEs_for_Employer_Shared_Responsibility_(August%202013).pdf).

⁴² See: https://www.sba.gov/sites/default/files/files/static_us_11.xls.

⁴³ While retirement savings plans could have been included within the wealth-building opportunities section of this report, we chose to place these within the basic benefits section, as retirement plans were frequently cited by interviewees as critical to job quality. Retirement savings plans were not, in most cases, discussed alongside the other approaches employers can take to offering wealth-building opportunities: profit sharing and financial wellness programs.

⁴⁴ See: <http://www.bls.gov/news.release/pdf/ebs2.pdf> (Table 1: Retirement benefits: Access, participation, and take-up rates, National Compensation Survey, March 2015).

⁴⁵ See: <http://www.shrm.org/Research/SurveyFindings/Articles/Documents/2015-Employee-Benefits.pdf>.

⁴⁶ The bottom half of workers are 81% more likely to participate in an auto-enrollment retirement savings plan compared to an opt-in plan. See: http://cfed.org/assets/pdfs/Upside_Down-RetirementTaxes.pdf, page 6.

⁴⁷ Ibid.

⁴⁸ Lori Glass, CEO and President of Appalachian Community Capital, highlighted the importance of understanding the structure of ‘tenured benefits’, which are provided to many employees only after they have been employed for a certain period of time.

⁴⁹ If a business pays more in aggregate wages to contractors than employees, then the CDFI may choose to further investigate as to whether the business intentionally seeks to reduce the benefits it provides to workers. Interview with Adina Abramowitz, Consulting For Change.

⁵⁰ Unsurprisingly, smaller businesses are more likely to provide informal training and mentorship than formal opportunities. Interview with Tamra Thetford, author of [Microbusinesses, Gainful Jobs](#), Aspen Institute, 2015.

⁵¹ The term credential refers to an attestation of qualification or competence issued to an individual by a third party (such as an educational institution or an industry or occupational certifying organization). See the [U.S. Department of Labor Training and Employment Guidance Letter No. 15-10](#).

⁵² A phantom stock program is a deferred cash bonus program based on the valuation of the company but which does not provide equity ownership to program beneficiaries. See: http://www.phantomstockonline.com/wiki/phantom_stock_option_plan.

ENDNOTES *(continued)*

⁵³ See: <https://www.sba.gov/content/cooperative>.

⁵⁴ See: <http://www.dol.gov/ebsa/publications/profitsharing.html>.

⁵⁵ Examples include [Emerge Financial Wellness](#) and [Financial Finesse](#). Many other financial services companies seeking to help individuals save offer products *directly* to consumers and do not partner with employers, such as [PayGoal](#) and [Digit](#).

⁵⁶ Direct deposit was cited by a few interviewees as crucial to reducing transaction costs and accessing financial services that enable workers to save, such as the myRA program: <https://myra.gov/>.

⁵⁷ See: <http://www.epi.org/publication/irregular-work-scheduling-and-its-consequences/>.

⁵⁸ See: <http://www.gainfuljobs.org/wp-content/uploads/2014/02/Microbusinesses-Gainful-Jobs-Updated-Report-2015.pdf>.

⁵⁹ Center for Law and Social Policy, “Opportunity at Work: Improving Job Quality”, September 2007, Paper No. 1

⁶⁰ Zeynep Ton, *The Good Jobs Strategy*, 2014.

⁶¹ While we have included turnover rate as a metric that can measure the extent to which companies have developed an employee-centric work environment, turnover rate was cited by several researchers and practitioners as a useful metric to assess *various* aspects of job quality. “Joel Rogers of the Center on Wisconsin Strategies has suggested that turnover rates may be a useful proxy measure for job quality, as they pick up a set of good management practices that are difficult to measure directly. There is a great deal of variation in turnover rates even between companies in the same industries, and researchers have confirmed that high worker turnover is a strong indicator of lower-quality job ladders. When jobs that pay well have high rates of turnover, this is a sign of potential problems with other aspects of job quality. Joan Fitzgerald—director of the Law, Policy and Society program at Northeastern University— notes nursing as an example of a job that experiences high turnover rates and constant labor shortages in spite of attractive pay.” See: <http://workplaceflexibility2010.org/images/uploads/OpportunityatWork.pdf>, page 13.

⁶² CDFIs may wish to include their own questions as Appendix D does not include an exhaustive list of questions used to assess job quality.

⁶³ This does not vary significantly by education level, suggesting that low-income worker’s families tend to resemble the U.S. average (e.g., householders with less than a high school diploma have 2.05 adults and 0.75 children in their household). See: <http://www.census.gov/hhes/families/data/cps2014AVG.html>.

⁶⁴ See: <http://data.bls.gov/timeseries/LNS12300000>.

⁶⁵ See: <http://livingwage.mit.edu/resources/Living-User-Guide-and-Technical-Notes-2014.pdf>.

⁶⁶ See: <https://www.census.gov/eos/www/naics/>

⁶⁷ If a business pays more in aggregate wages to contractors than employees, then the CDFI may choose to further investigate whether the business intentionally seeks to reduce the benefits it provides to workers. Interview with Adina Abramowitz, Consulting For Change.



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