

When Workplace Benefits Met Crisis: Expert Perspectives on Supporting Employee Cash Flow During COVID-19

| A Summary of Private Benefits²¹
| Roundtable Dialogues from Fall 2021

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| ABOUT BENEFITS21

Benefits21 at the Aspen Institute Financial Security Program works toward a future in which all workers across the US have access to—and make use of—equitable benefits. Benefits21 produces tools and insights, convenes cross-sector leaders, and spurs market and policy innovation to close benefit gaps today and modernize public- and private-sector benefits to ensure the financial security of all workers.

| ABOUT THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

The Aspen Institute Financial Security Program's (Aspen FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans.

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Introduction

The COVID-19 pandemic represented a catastrophic disruption of household cash flow for American workers—and an important learning opportunity for employers focused on how to best support their employees going forward. In September and October 2021, the Aspen Institute Financial Security Program virtually hosted a set of three invitation-only, private roundtable discussions with influential leaders in workplace benefits. We called upon cross-sector participants to collaboratively examine access to—and the impact of—workplace benefits, policies, and practices that support routinely positive cash flow. To encourage open dialogue, the roundtable discussions were governed by Chatham House Rule, under which participants are free to share what was discussed but are entrusted not to reveal any speaker’s identity.

We designed the roundtable discussions around a common set of objectives: to have in-depth conversations about what workers need to achieve financial security, to reflect on the impact of business and policy responses during the COVID-19 pandemic, and to determine how we can build toward a more inclusive and equitable system of benefits for all. Each meeting focused on a different category of workers:

- Workers with a primary income from a large employer (more than 500 employees),
- Workers with a primary income from a small employer (less than 500 employees), and
- Workers who engage in the gig economy or have multiple income streams.

More than 30 experts participated, including executives from large corporations, small business owners, association leaders, labor organizers, worker advocates, benefit providers, researchers, and investors.

From these leaders, we sought to learn how the pandemic changed or impacted their ability to facilitate or support key financial security benefits. And most importantly, we aimed to identify and align on opportunities for action.

As shown in the [Aspen Institute’s framework for financial security](#), public and private benefits are a critical pillar of financial security.¹ They complement wages and protect workers by pooling risk and buying power. Some benefits boost household cash flow by supplementing income or reducing living costs. We focused on these benefits during this set of roundtable meetings, including predictable scheduling, paid leave, emergency savings programs, and hardship funds. There are other benefits that protect households from financial shocks and help build wealth. These benefits were not the central focus of the conversations, however many participants still wanted to point out the significance of benefits like health insurance and retirement savings. In these discussions, a common acknowledgement emerged on the disparities in accessing benefits. These gaps are undermining the financial security of American workers and hindering our ability to close racial, gender, and generational wealth gaps. For example:

- More than 5.2 million eligible unemployed Americans did not receive unemployment insurance benefits in March 2020;²
- Nearly 28 million workers do not have access to paid sick leave;³ and
- More than 37 million workers in the U.S. do not have access to a workplace retirement savings plan.⁴

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Beyond discussing macro-level issues, some participants spoke about their direct experiences and interactions with workers. Throughout the discussions, participants emphasized the importance of truly giving workers the voice and power to inform the design and delivery of benefits.

It was important to bring together these diverse leaders at this unique moment in American history to think outside of their day-to-day roles and collectively reflect on the state of financial security for workers in the United States. The pandemic illuminated many underlying issues and tensions impacting workers—especially those in essential and frontline roles—and presented new financial security challenges for individuals, households, and even businesses. This report captures key themes and perspectives from the discussions, including anonymized quotes from the conversations. We highlight some of the persistent challenges we must continue to battle, and potential solutions employers and policymakers can pursue to modernize our system of benefits. We hope this summary provides new insights and sparks new ideas to support worker financial security for leaders across different spheres of influence.

What Benefits do Workers Need to Support their Financial Security?

At the roundtable meetings, experts discussed what they were hearing and learning from workers about their needs for both public and private supports to help them stabilize and ensure their financial security. The conversations were broad and far-ranging, indicative of the different sets of leaders present and the varied needs of workers in different work arrangements, sectors, occupations, and regions. But even with the different perspectives in these virtual rooms, there was a common acknowledgment that our public and private benefits are not currently meeting the needs of all workers. As a consequence, some workers are facing alarming precarity. This underlying uncertainty was compounded by the pandemic, which was a large health, economic, and social shock to workers globally. Participants agreed that workers need quality benefits that support financial security—in times of shocks and on an ongoing basis—to preserve opportunities to thrive in the future.

Participants came to the table with different opinions on how benefits should be designed, structured, and funded. However, there was a collective eagerness to define a **core bundle of benefits** that workers need.

A shared understanding of the benefits that meet the fundamental needs of workers helps us focus and simplify our efforts to advocate for and advance solutions. There was a consensus that all workers need livable wages and the following benefits:

- Predictable schedules,
- Paid time off,
- Comprehensive health and dental insurance,
- Liquid and retirement savings, and
- Functional unemployment insurance.

In this section, we summarize some of the discussion around key benefits that specifically strengthen or support cash flow.



Insight #1: Workers need benefits that replace or supplement income to ensure stability in moments of illness or job loss

- Unemployment insurance.** The Federal Pandemic Unemployment Compensation (FPUC) program boosted unemployment insurance with a weekly supplement of \$600 between March and July 2020 and \$300 between January and September 2021. Pandemic Unemployment Assistance (PUA) expanded unemployment insurance to workers not eligible for traditional unemployment insurance, including self-employed and part-time workers. And the Pandemic Emergency Unemployment Compensation (PEUC) program extended the duration of unemployment benefits up to 53 weeks. These measures to boost, expand, and extend unemployment were invaluable to help workers stabilize their finances earlier in the pandemic. Many roundtable participants touted the impact of these measures and argued that the wage insurance system should be permanently expanded to inclusively and equitably support all workers, including those who were newly covered by PUA.
- Paid sick leave.** Today, 14 states, the District of Columbia, and 20 other localities have passed laws requiring paid time off for employee illness or to care for sick children.⁵ Two additional states have general paid leave laws that allow employees to take time off for any reason, not just illness.⁶ A 2021 survey by The Shift Project found that the most common reason for not taking leave for an emergency or crisis was being [unable to afford the time off](#).⁷ COVID-19 made the lack of paid sick leave more clearly a public health issue, and several participants believed it should be framed as such going forward.
- Economic Impact Payments and Child Tax Credit.** Many households received a boost in income via direct cash assistance from the federal government through programs like the Economic Impact Payments and a temporary expansion of the Child Tax Credit (CTC). Participants discussed how these stimulus programs made a significant difference for individuals and families, helping buoy finances and offering slightly more choice in their lives.

“Those entering the pandemic without paid sick leave were less likely to have emergency savings and were at greater risk for material hardship and difficulties paying bills and paying rent.”

“Should a single mother be forced to send a sick child to school in order to not lose a day’s wages?”



Insight #2: Workers need benefits that help with essential needs and reduce cost-of-living expenses.

- **Flexible child care.** A range of issues made finding reliable, high-quality child care difficult for workers during the pandemic, from caregiver grandparents being at higher COVID risk to child care centers shutting down. One participant said lack of child care was likely the reason she was having trouble finding employees even as vaccines were becoming available. Even when child care is available and affordable, options do not always match schedules, particularly in the service industry.

“One of the most important ways to support workers is a federally subsidized child care service that starts at 6 a.m. and goes to midnight.”



Insight #3: Workers need benefits that allow them to build financial resilience, ensuring liquidity when cash flow is constrained or net negative.

- **Emergency savings.** The pandemic highlighted that not enough people had adequate liquid assets to protect against unexpected shocks, arriving while we were already in the middle of a “cash flow crisis.” Households without emergency savings were more likely to face hardship and forced to make consequential decisions, like forgoing medical care or digging further into debt.
- **Affordable credit.** Many workers, especially gig workers, need access to flexible, safe credit to smooth uneven or unsteady pay and potentially cover business expenses, like leasing equipment. One participant who works with professional black car service drivers in New York City noted that half have no savings, and one-fourth have less than \$400 saved. Roughly 9 in 10 were immigrants with no credit file. Many are struggling to stay afloat while managing their debt week to week. For many, safe and flexible credit options could move the needle on financial stability.



Insight #4: To ensure the needs of all workers are being met, benefit design and delivery must be inclusive, portable, people-centric, and interoperable.

When talking about the critical benefits workers need, participants raised several key points reinforcing the core principles of Benefits21 to ensure that all workers are effectively and equitably supported.

Design Principles for a Modernized System of Benefits

Ensuring all workers are financially secure and can live economically dignified lives requires the design and delivery of a system of benefits guided by these principles:

Inclusive	Protects all workers, irrespective of their work arrangement and employment status
People-Centric	Ensures workers and their voice, life, and experience are critical and central to the design and delivery of benefits
Portable	Ensures continued access and funding as workers transition to new jobs, enter new work arrangements, and piece together different types of work
Interoperable	Uses technology to effectively integrate benefit systems and platforms and ensures seamless access

- Inclusive Benefits.** Despite contributing to Social Security, undocumented workers are not eligible to claim benefits. This is one of the clearest examples of an exclusionary policy. Even when benefits are available, all workers—including undocumented workers and workers in mixed-status families—should be able to trust the institutions facilitating the benefits, without fear of retaliation or job loss.
- People-Centric Benefits.** Workers need benefits that they can actually utilize—that work with their schedules and unique household dynamics. For example, workers need benefits like predictable scheduling to experience stability and child care options that align with work hours. Solutions should be based on the reality of workers’ lives and experiences, not on false assumptions or understandings. “You think you know what’s going on with gig workers and you really don’t,” said one participant who works to support these workers—referring to policymakers, platform owners, and others who advocate for or employ gig workers. “I think a lot of senior leaders don’t understand what 40 percent of their workforce goes through every day.” Assumptions—like gig workers make too little money to save for retirement—are equally harmful, another noted, leading to a fatalism that says, “we know they can’t save, so let’s not create solutions to make it easier.”
- Portable Benefits.** Disruptions in access to benefits can weaken and destabilize a household’s financial security. By June 2020, just a few months into the pandemic, an estimated 7.7 million workers lost their jobs and access to their employer-sponsored health insurance.⁸ Additionally, the 6.9 million dependents of those workers also lost their health insurance.⁹ By February 2021, more than a third of workers employed before the pandemic either lost or changed jobs.¹⁰ These statistics emphasize the need for continuous coverage of critical supports.
- Interoperable Benefits.** About half of workers earning \$10.10 an hour or less rely on public benefits.¹¹ Yet too many are forced to spend valuable time and energy navigating complicated public benefit processes and making difficult trade-offs. Because we’ve built such a patchwork of programs that are not designed to work well together, we see adverse financial security outcomes for workers. For example, income requirements for safety net programs like the Supplemental Nutrition Assistance Program (SNAP) create benefit cliffs for workers, negatively impacting the take-up of job promotions and other benefits that count as income—like cash assistance, social security, and unemployment insurance. Additionally, asset limits for safety net programs can discourage participation in important wealth-building benefits, like 401(k) plans. The need to better integrate public and private benefits systems is imperative.

“People want respect, control, and flexibility to balance work and their home life, and those three conditions should be the starting point for any discussion of benefits.”

What are the Challenges and Barriers Companies Face that Impact Benefits Offered to Workers?

Roundtable participants spent time reflecting on some of the persistent barriers we must address.

CHALLENGE #1

For large public companies, shareholder primacy does not always align with worker interest. Wall Street [tends to punish](#)¹² companies for offering more generous [wages and benefits](#).¹³ Shareholders generally consider anything that cuts into short-term profit harmful. Investing in workers is viewed as a cost rather than a real business opportunity.

“[Employers and investors need to] really tip this conversation from ‘employee costs to be managed’ to investments in the future and the strategy and growth of the company.”

CHALLENGE #2

For companies with employees across localities and states, varying laws and policies can complicate compliance. Employers with workers across different localities and states must contend with varying employment and benefits laws. Participants talked about the complexity of operating under several regulatory regimes and how that drives up compliance costs. And when compliance is the priority, organizations often ignore or defer investments in benefits and innovation.

CHALLENGE #3

Businesses are stressed, facing major staffing and recruitment challenges right now. Small businesses have seen a 20 percent uptick in turnover since the start of the pandemic.¹⁴

“Among the small businesses themselves, the race to compete to attract and retain workers is unsustainable.”

CHALLENGE #4

Small employers struggle to compete with larger firms on total compensation packages, including wages and benefits. Unlike larger employers who have the cost advantages of offering benefits at scale, smaller employers cannot provide the same benefits at comparable prices, which impacts their recruitment efforts and their bottom line.

“We really can’t compete with some of these corporate firms who are paying them higher wages and giving them more benefits than we can, or that a small business can, especially when it comes to health care.”

CHALLENGE #5

The diversity of gig workers makes pooling risk and scaling benefit offerings difficult. The many types of work arrangements and the variety of industries falling under the umbrella term “gig worker” makes it challenging to design and deliver benefits to reach and meet the needs of workers. The lack of interoperability between benefits systems, where they exist, also creates barriers to scale.

CHALLENGE #6

Companies face challenges effectively reaching and supporting unbanked workers with benefits. One participant noted that many gig workers prefer—or have no other option than—to transact in cash, which poses a unique set of hurdles for designing and delivering benefits to help these workers stabilize and build financial resilience.

Opportunities and Actions to Build a More Inclusive and Equitable System of Benefits

In spite of barriers, there are opportunities for market innovation and policy action to begin to close critical gaps in benefits access, usage, and outcomes. In this section, we highlight some of the ideas raised during our roundtable discussions to modernize our public and private benefits systems to better support the financial security needs of workers.

OPPORTUNITY #1

Explore innovative models to work with other leaders to support and attract workers.

- **Trade groups and cohorts of employers can coordinate and improve benefit offerings within a sector.** One example shared was trigger agreements, where competitors within an industry agree to increase benefits when a percentage of their competitors also agree. When a benchmark is reached—say 25 percent of employers have signed the pledge—the agreement is triggered, and the benefits go into effect. This encourages collective action that supports workers while assuaging concerns around being the first mover. Another model discussed was a “cohort” model approach, where companies in similar industries could coordinate benefits. Retailers or restaurants, for example, could come to cohort-level agreement on paid sick leave. Though it could be difficult to launch one of these models, current labor market challenges present an opportunity for industries struggling to attract workers.
- **Industry associations, chambers of commerce, and other business networks can pool risk and offer benefits.** Often, benefits like health care are financially out of reach for small employers or gig workers, or small employers lack the staff and infrastructure to develop and maintain benefits packages. Associations or other groups of similar employers (restaurant workers, drivers, etc.) could create more buying power and lower costs for workers. They can also ease the costs for small employers. State-sponsored programs, like the emerging state-facilitated automatic IRA retirement programs, are proving successful. In these programs, states pool smaller organizations together and contract with private firms to deliver the retirement plans at scale.

- **Investors can play a role in incentivizing benefit offerings that promote financial security.** Investors with a focus on social impact can integrate financial incentives in their dealings to encourage companies to offer a core suite of benefits. For example, investors could incentivize small businesses to offer specific benefits by awarding interest rate discounts on their loans.
- **Collective action is needed to make progress.** Just as there is no single approach to reforming benefits, no one group can reform the benefits system alone. In the private sector, not everything can be uniform and consistent given the significant variation in employees and industries. A strategic approach working across several specific benefits, like retirement savings, is public-private sector collaboration.

OPPORTUNITY #2

Engage workers in the design and delivery of benefits to meet their financial security needs.

- **Experiment and refine, and involve workers throughout.** Participants agreed, now is the time for leaders to be bold and experiment more to determine what works best for their workforce. Try different approaches of listening to and involving your workers, see what can be done, and scale up from there. Test and learn from models of participatory benefits design, where workers have a seat at the table and the power to help inform and design benefits. Directly engaging workers in these processes can help improve both the efficacy and uptake of benefits, while also driving employee satisfaction and retention.

OPPORTUNITY #2

- **Lean into empathy.** If there is a silver lining to the pandemic, it is the expanded empathy for what workers go through. During the height of the pandemic, small employers were thrust into the same struggle for survival that some of their low-wage employees face daily. Small employers were suddenly dependent for their survival on government supports like the Paycheck Protection Program, just like their workers depend on government supports like SNAP benefits and the Earned Income Tax Credit to make ends meet when wages and benefits are insufficient. The complexities and confusion small business owners faced when applying for and receiving federal support mirrored the experience many workers face in their ongoing navigation of public benefits. That empathy, said one participant, should inform all they do going forward.

OPPORTUNITY #3

Advocate for benefits that directly enable routinely positive cash flow.

- **Champion policies that improve public benefit access.** Employment alone doesn't guarantee financial security. Millions of workers rely on public benefits to close the gap between wages and basic living expenses. According to an October 2020 study by the Government Accountability Office, two-thirds of wage-earning adults enrolled in Medicaid or receiving SNAP benefits worked full-time.¹⁵ There is an opportunity for employers to play a more prominent role in helping workers navigate these critical public benefits. Additionally, some participants noted that employers should be advocating for improvements to public benefit programs, including better integration between public and private benefit offerings, so they can function more efficiently together to support workers' lives.

"[It's time for a] commitment to workers, including recognition of the importance of public benefits. This feels like a very important inflection point and an opportunity for business to voice in favor of."

- **Direct cash assistance gives workers choice and autonomy.** The expanded Child Tax Credit, Economic Impact Payments, and enhanced unemployment benefits deployed during the pandemic allowed people more freedom to use money to meet their unique financial needs with flexibility and dignity. Cash or cash-like benefits could alleviate the "one-size-fits-all" conundrum that employers large and small face when designing benefits. Cash, however, is not a substitute for other critical benefits that can reduce costs or accelerate wealth building, like health care and retirement savings.

Conclusion

The urgency of the moment demands action, both big and small.

The pandemic has changed the workforce. We've seen historic levels of job loss and job changes, and the very way we work is fundamentally changing. The shift to a digital economy leap-frogged ahead, and disruption will undoubtedly continue. In the middle of significant change, it can be hard to see the complete path forward, but as one participant noted, "sometimes you can't chip away at the big stuff, but the smaller chips add up."

Through the pandemic, we've witnessed a willingness to tackle big problems and fix the things that were not working before. With the underlying fragility in workers' lives further exposed, and their newfound leverage—seeing them leave jobs and rethink careers—this could be an opportunity for business to be a stronger voice in favor of benefits that support workers and allow them more choice. This is also a juncture for reckoning that workers are not an expense to manage, but critical investments. Now can be a remarkable moment for collective action. "Leaders are asking, what's the maximum we could do, not the minimum," said one participant. And as another participant noted, "Momentum is key. We must keep these conversations going."

Endnotes

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