



Leveraging CDFIs to Create Quality Jobs and Fight Income Inequality

Based on presentations to CED grantees by Daniel Brett, Pacific Community Ventures; Donna Fabiani, Opportunity Finance Network; and Paul Scalzone and Jennifer Sporzynski, Coastal Enterprises, Inc.

This resource discusses how the creation of quality jobs within Community Development Financial Institutions (CDFIs) and Community Development Corporations (CDCs) combats income inequality.

Defining Quality Jobs

CED grantees can consider whether the businesses they create are creating quality jobs using these questions:

Living Wage	<ul style="list-style-type: none"> Does the business offer employees a wage that can support one adult and one child, or a wage that can support one adult? Does the business offer employees a wage that meets or exceeds the median industry wage within their respective geographies?
Benefits: Paid Leave	<ul style="list-style-type: none"> Does the business offer paid sick, vacation, and parental leave? If so, how much? How many and what percentage of employees receive these benefits?
Benefits: Health Insurance	<ul style="list-style-type: none"> Does the business offer health insurance coverage to its employees? How many and what percentage of employees are covered?
Benefits: Retirement Savings Plan	<ul style="list-style-type: none"> Does the business offer a retirement savings plan to employees? Does the employer contribute to employees' retirement savings accounts?
Career-building: Training and Mentorship	<ul style="list-style-type: none"> Does the business offer a formal training program during employee onboarding? Does the business pay, reimburse, or offer other support for credentials? Does the business offer informal training in addition to the training provided during the onboarding process?
Career-building: Opportunities for Advancement	<ul style="list-style-type: none"> How many positions have been filled by internal candidates within the last 12 months? How many management positions are filled by internal candidates?
Wealth-building Opportunities: Profit Sharing	<ul style="list-style-type: none"> Does the business offer an annual bonus plan based on its and/or individual's performance? If so, what percentage of employees are eligible to participate? Does the business offer an employee stock ownership plan, phantom stock, or stock appreciation rights?
Flexible and Predictable Scheduling	<ul style="list-style-type: none"> Are employees allowed to set their schedules to accommodate family or personal priorities? What percentage of employees have fixed work schedules?
Equal Treatment and Worker Engagement	<ul style="list-style-type: none"> How many, and what percentage, of employees undergo a regular performance review? Are key performance indicators shared regularly with employees? Does the business solicit ideas from employees to improve the organization? If so, how?

Measuring the Creation of Quality Jobs

To measure the creation of quality jobs, CDFIs and CDCs must have an impact measurement system. There are six steps for **measuring impact**:

1. Establish impact objectives
2. Select questions
3. Develop a survey
4. Survey during underwriting and annually
5. Store data in one place
6. Analyze data

There are three steps for **measuring quality jobs**:

1. Choose questions: Select questions to assess whether the job embodies each component.
2. Create definitions: Decide how you will determine whether a job embodies each component.
3. Analyze results: Determine the number and percentage of jobs created that embody each component.

Best practices include:

- Definitions are important, but no single definition applies to all contexts.
- Creating quality jobs is more challenging for micro-enterprises and certain industries and regions.
- For quality jobs to be created at scale, make the business case for improving job quality.
- Organizations should focus on changes in job quality, not just the number and percentage of quality jobs supported.
- Measurement is necessary but insufficient to solving our jobs problem.

How CDFIs Promote Quality Jobs

CDFIs often use these quality job strategies:

- Educate businesses on benefits of quality jobs
- Help businesses develop quality job components
- Help businesses lower their operating costs
- Monitor finances as quality job components are introduced
- Financing

Partnerships (i.e., between CDFIs and CDCs) are critical.

- Workforce development organizations help to recruit and train employees
- Wide range of professionals, such as:
 - Business executives
 - Industry experts
 - Human Resources experts
 - Accountants and lawyers

CDFI quality jobs are mutually beneficial.

- Create a demand for quality jobs
- Raise awareness among business owners
- More business owners seek help
- More CDFIs get involved in quality jobs
- Funders/investors become more aware and provide more funding to support quality jobs

If you are interested in partnering with a CDFI, [locate one](#) in your area.