

# The Secrets to Building an Effective and Sustainable Employee Relief Fund



# Acknowledgements

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This report would not be possible without the support of our sponsors and participants. Participants provided invaluable contributions to the report content by sharing their programs and insights with the researcher as well as providing collateral documents.

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Emergency Assistance Foundation, Inc. (EAF)

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We are most grateful to Emergency Assistance Foundation, Inc. for providing not only the seed funding that made this study possible, but for their insights, advice and help throughout the research process.

## About LBG Associates

LBG Associates is a woman-owned consulting firm focused on designing, implementing, and managing corporate social responsibility and employee engagement programs and initiatives. Founded in 1995 by Dr. Linda Gornitsky, LBG Associates is committed to providing clients with creative and innovative solutions in a personal, professional, cost-effective, and timely manner.

LBG Associates drives social change through:

- Advice to help companies develop strategic, innovative programs that help communities become better places to live and work
- Implementation of strategies, programs, policies, and procedures, especially for companies with limited time and/or expertise
- Research on cutting-edge issues, groundbreaking trends, “best practices,” and pressing social needs and concerns
- Training that equips practitioners with the knowledge and skills to become “strategic thinkers” and to grow and advance in the field of corporate social responsibility

Advice, implementation, research, and training represent LBG Associates’ philosophy about advancing socially responsible business practices. Although steeped in research and scientific methodologies, the firm’s approach to corporate community involvement is more of an art than science, more creative than formulaic.

### Specific Services Provided

In response to clients’ needs, LBG Associates’ services include the design, implementation, management, and evaluation of entire community outreach/citizenship programs. The firm helps clients establish and maintain images as good corporate citizens and socially responsible companies by offering custom-tailored services in the following areas:

- Foundation and corporate giving
- Employee engagement (giving and volunteerism)
- Strategic relationship development
- Strategic communications development
- Special events planning and sponsorships
- Research and benchmarking capabilities
- Program evaluation
- Training and staff development

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## About LBG Research Institute

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LBG Research Institute was founded in 2006 by Dr. Linda B. Gornitsky, a leading consultant in corporate philanthropy and community involvement. The Institute has been serving the profession as a source of public and client-driven research, most notably in the areas of workplace giving, employee engagement and corporate philanthropy in today's challenging economy.

Among the Institute's programs is the Thought Leader Forum, an invitation-only gathering of corporate citizenship leaders who meet to discuss the "big ideas" in citizenship today.

Research reports published by the Institute include:

- Workplace Giving Works: Make It Work for You
- Motivating Volunteering in Tough Times (with LBG Associates)
- Corporate Giving in the New Economy

## About the Author

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*Linda B. Gornitsky, Ph.D., President, LBG Associates and Founder, LBG Research Institute*

Dr. Gornitsky is president and founder of LBG Associates, a consulting firm that specializes in the development of strategic corporate citizenship and employee engagement programs, benchmarking, community attitude and evaluation studies, image-building/communications campaigns and efficient management practices.

Prior to establishing LBG Associates in 1995, Dr. Gornitsky developed and managed strategic contributions programs for Citibank and Pfizer.

Dr. Gornitsky publishes on various aspects of corporate citizenship and has completed over 12 groundbreaking studies on subjects such as volunteerism, the environment, disaster relief and diversity and inclusion. Her two most recent studies (2018, 2015) were on pro bono/skills-based volunteerism. In 2014, she published a study on global employee engagement.

Dr. Gornitsky has designed a certificate program for corporate grant makers at New York University and is teaching classes on strategic philanthropy/volunteerism. She was a faculty member at the Center for Corporate Citizenship at Boston College where she designed and taught courses on strategic contributions and developing signature programs, provided custom training and consulted with companies on social investing. She was a member of the faculty of the Points of Light Corporate Institute and an evaluator for the Civic 50. She is a frequent speaker at conferences and organized a conference on global corporate citizenship.

Dr. Gornitsky is president of LBG Research Institute, a corporate citizenship think-tank, as well as on the board of two local nonprofits. She also helped found and was on the executive board of Autism360. She was honored for her commitment to her local community in 2007, was named volunteer of the year in 2016, and the Connecticut Council of Family Service Agencies Family Champion in 2017.

She earned her Ph.D. in Environmental Psychology at City University of New York and holds a Master of Philosophy, Master of Arts and Bachelor of Science degrees, all in psychology.



# Executive Summary

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LBG Associates and LBG Research Institute have studied and reported on best practices in Employee Relief Funds (ERFs) in the past, but once the COVID-19 pandemic hit, we thought it would be instructive to revisit the subject and discover if and how they were being expanded to include COVID impact relief.

This report was written to help companies now, and in the future, set up and run an effective and efficient Employee Relief Fund, as well as to highlight how the COVID pandemic has impacted the ways these funds operate. It is intended to act as an informational guide, rather than a research study with lots of tables and data.

The researchers conducted one-on-one interviews from April to June 2021 with the people responsible for managing the funds as well as representatives from four third-party administrators. In all, more than 30 interviews were held.

This report discusses:

- What an ERF is—and What it is Not
- The Business Case
- Operating Models
- Funding Models
- Goals
- Setting Up An ERF
- Communications
- Fundraising
- Global giving
- Evaluation
- The COVID Impact
- Challenges
- Best Practices

## What is an ERF—and What is it Not?

Employee Relief Funds provide employees with access to emergency financial aid during a crisis. While ERFs serve as short-term emergency financial aid to help employees respond to a major disruption or unusual expense, they are *not* wage replacements or a bandage for a chronic problem. Nor are they an employee benefit.

## The Business Case

For many CEOs and senior executives, the business case for ERFs isn't about dollars and cents or return on investment. It's about equitably supporting employees suffering from a "disaster" of some kind.

Beyond equitable treatment, eliminating popularity contests and contribution fatigue, establishing a fund also:

- Provides a tax-deductible way for employees to donate and receive tax-free dollars
- Helps create and/or reinforce a sense of community
- Helps create employee good will and loyalty
- Positions the company as best-in-class and a great place to work

- Serves as retention/recruitment tool
- Enables employees to take care of themselves and their families, which in turn allows them to work and be productive

## Operating Models

There are many different ways of structuring an ERF program, but the four most common ones are:

- Self-administered
- Using a third-party administrator
- Having a hybrid model, part in-house and part third-party
- Industry-specific funds

## Funding Models

The major funding models reported were:

- The company or its foundation provided the initial funding; employees provided the rest
- Employees funded the entire program
- The company provided all the funding
- Employees funded the program but the company/foundation made up any shortfalls
- The company/foundation matched employee donations to the fund
- Employees provided half the funds with executives and board members providing the remainder

## Goals

Every company interviewed shared the same primary goal for its ERF: To help employees during times of hardship in an equitable way.

## Setting Up An ERF

There are many steps that are required to set up an employee assistance fund. The critical ones are:

- Secure senior management's approval and participation
- Decide how the fund will be managed
- Ensure regulatory compliance
- Determine the various components of the fund
- Create an objective application
- Review the applications to determine grant eligibility and to ensure all required documentation has been received
- Set up a payment system
- Inform charitable class members whether their application has been approved or denied
- Create the necessary documents to communicate the fund internally

## Communications

The primary way of reaching employees reported in the interviews were:

- Company-wide emails
- Company newsletters

- Personal emails
- Town halls
- Videos
- Posters
- Intranet landing page
- Texts
- Mailings
- Word of mouth
- TV screens
- Social media, such as Instagram and the company's Facebook page

## **Fundraising**

Companies try to offer a variety of ways for employees to contribute including payroll deduction, securities, checks, PayPal, Text to Give, wire transfers and credit and debit cards. Employees usually can also donate online.

Companies run fundraising campaigns at various times of the year. Many have included the fund as part of their workplace giving campaign, often making it the primary organization of the campaign. Adding a match helps increase participation and also reinforces the notion that the company is committed to the fund.

## **Global Giving**

COVID-19 created a global pandemic, so many global companies expanded their previously local or regional ERFs to their entire associate base. With the global expansion came many challenges.

Communicating the program, including any educational and collateral materials such as posters, brochures and more, needed to be done in multiple languages and be culturally sensitive.

Complicating matters were the privacy laws in each country that regulated what information could be shared and how it was stored. Further, companies had to determine how much to give to employees in each country since a dollar amount in U.S. funds had a different value for employees located in other countries.

## **Evaluation**

Evaluation did not seem to be important for most of the study participants. They all claimed that their programs were successful because they accomplished their primary goal, which was to help employees in their time of need. However, companies should consider measuring the impact of their programs and relevant data points are suggested in the report.

## **The COVID-19 Effect**

COVID had many impacts on companies from setting up funds to help impacted employees to changing the way their current programs were operating. Perhaps the most significant effects included increasing the amount of dollars in the fund that could be awarded to employees, streamlining the application to make it easier to get funds to employees quickly and decreasing the amount of time it took to get the funds to employees. It also presented new challenges such as getting people to donate to the fund, making sure the proper amount



of funding was allocated to COVID relief, and communicating with employees who were working from home and furloughed.

## **Challenges**

Creating an employee relief fund is not without its challenges. The biggest ones are:

- Educating the charitable class about the fund
- Getting help to all those who need it
- Ensuring that the fund is sustainable
- Providing sufficient and timely communications
- Understanding what is involved in setting up an ERF
- Understanding the nature and needs of the employee base

## **Best Practices**

There are a number of best practices that any company wanting to set up a best-in-class program should consider:

- Follow the IRS regulations (also a requirement)
- Get executive buy-in
- Involve HR
- Understand employee needs
- Commit the necessary resources
- Scale the program over time
- Be proactive
- Make it as easy as possible for employees to apply for funding
- Have a solid fundraising plan
- Communicate regularly to employees
- Consider offering supporting complementary services
- Ensure that global programs are understood and accessible by all employees

## Appendix 2: Third-Party Administrators

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### **Emergency Assistance Foundation, Inc.**

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