

**Ohio Senate
Health Committee
Peggy Zink, Cincinnati Works
Interested Party Testimony
HB 110
May 6, 2021**

Chairman Huffman, Vice Chairman Antani, Ranking Member Antonio and members of the Senate Health Committee, thank you for the opportunity to present this interested party testimony today for House Bill 110.

My name is Peggy Zink. I am the President of Cincinnati Works. For 25 years, Cincinnati Works has been partnering with willing and capable people living in poverty to assist them in advancing to economic self-sufficiency through employment. It began with the dream of founders Dave & Liane Phillips to eliminate poverty in our community. Armed with a fundamental belief in the resiliency of the human spirit, they targeted a population many had written off as hopeless—the chronically un- and under-employed. We bring together individualized, lifetime coaching; ongoing training for job and life success; and employer value-added services for a uniquely successful model. With our focus on job retention and advancement, rather than simply job placement, Cincinnati Works has helped over 9,000 people, or Members as we call them, on their journey to self-sufficiency.

We work with adults, ranging in age from 18 to 75, with a median age of 40. Our Members are split nearly evenly between women (51%) and men (49%). About 72% of our Members are African American, 24% are White, with the remaining 4% other races or multi-racial. They are predominantly non-Hispanic (98%). 50% of our Members have a high school diploma or GED only, while about 27% have at least some college. About 13% do not have a high school diploma or equivalent. 63% have some criminal record, including 22% with a felony on their record. They are working to overcome a variety of barriers to employment, with many facing multiple challenges. Barriers include lack of transportation or childcare, education or certification gaps, legal issues, credit problems, or behavioral health issues.

Our theory of change centers on employment. A consistent, reliable source of earned income through work is a fundamental component to any person's ability to achieve and sustain economic self-sufficiency. Specifically, we believe that full-time employment with wages exceeding 200% of the federal poverty level (FPL) is the minimum necessary to realize that goal. Most people living in poverty are several steps away from that level of employment, frequently with little or no experience participating in formal labor markets.

Our integrated model includes pre- and post-employment services combined with long-term 1:1 support to help families move from poverty to economic self-sufficiency. Our "work first" approach is focused on near-term employment as a first step to a lasting career. Job readiness training builds a solid foundation of fundamental workplace and career management skills needed for any industry, rather than specific industry skills training. Coaching helps break cycles

of job loss and build job stability by addressing the personal and life barriers that often derail our Members. Staffing specialists help Members connect to our 100+ employer partners. After they stabilize on the job, we collaborate with Members to define a longer-term advancement path that builds on the basic skills they have learned, also taking local employer needs and growth occupations into consideration.

Essential to the success of our model, in both the pre- and post-employment phases, is the coaching we provide Members. The coaching relationship is personal and long-term, and available free to our Members for as long as they choose. Coaches evaluate Members' needs, reviewing skills and barriers across a multipoint Stability Assessment that serves as a baseline to track progress. The Stability Assessment, based on the Arizona Self-Sufficiency Matrix, evaluates a Member's level of independence and quality of life across a variety of domains, allowing staff to gain a more holistic view from which to assist the Member to develop a plan of action.

Coaches walk alongside Members throughout the journey, guiding them through job searching, settling in as an entry-level worker, addressing work and life issues, and working to advance. Recognizing that self-sufficiency encompasses more than economics, coach and Member together create a long-term plan that includes not only employment-focused goals, but also milestones related to building a stable foundation in other areas of life such as housing and education.

Because economic stability is not just a matter of having income—it requires using money wisely—we provide financial coaching to help Members build effective money habits and focus on the financial bottom line. Financial coaching helps Members make the most of their current income, learning strategies that will enable them to stick to realistic budgets, improve their credit, save for the future, and acquire assets. Our financial and employment services are bundled so that, as Members become job ready, secure employment, and advance to higher paying jobs over time, they are making sound financial decisions to build financial wellness.

Strong employer relationships have always been a cornerstone of the Cincinnati Works model. We have proven over time that our Members have greater long-term success when they are working for an employer that understands their needs. Those employers also benefit from reduced turnover costs, greater employee productivity, and a pipeline of future supervisors and managers. We cultivate deep relationships with employers that produce better outcomes for our Members and their own businesses. In recent years, we have taken our employer relationships to another level, now offering value-added services for a fee. In addition to filling workforce hiring needs, we now offer coaching services at the worksite through our Workforce Connection program. This worksite-based retention and advancement program serves all frontline employees, not just those hired through Cincinnati Works, enabling us to reach a significantly larger segment of the working poor.

The vision of Cincinnati Works is to eliminate poverty in our community. Our impact is realized at the individual level when our Members move out of poverty to economic self-sufficiency. At

scale, this moves the needle on community poverty rates. Moreover, economically self-sufficient individuals become taxpayers, role models, and productive citizens who no longer require public assistance. A study by the University of Cincinnati Economic Center, commissioned in 2016 for our 20th anniversary, showed an overall estimated economic impact of \$35 million on our community. Specific impacts include increased incomes, sales tax collections, and reduced use of public services.

Our impact is realized at the employer level when employers experience improved productivity and reduced turnover costs due to a more resilient and stable workforce. This enables employers to fulfill business goals and grow. At scale, this accelerates economic growth in our region. Our impact with employers is all the more relevant during the current COVID-19 pandemic with the increased financial pressure many employers are facing and the increased stressors that many frontline workers are experiencing.

As you know, Treasurer Robert Sprague has established the ResultsOhio program within the Treasurer's Office to allow you as policymakers to explore potential pay-for-success contracts between the state and the private sector to address persistent problems facing the state. These challenges result in significant costs to the government. Under a pay for success approach, the private sector brings the working capital to expand capacity and execute an innovative approach while the public sector defines "success." If those contractually agreed upon success metrics are achieved, the public partner pays for the outcome. Perhaps more importantly, if the success outcomes are not achieved, taxpayer dollars are not achieved.

In short, a pay for success approach allows government to support high-impact service providers, drive resources to the most effective social programs, and rigorously track outcomes for individuals and communities, while lowering the risk to taxpayers if those programs don't deliver anticipated results.

The Treasurer's Office released an RFP for ResultsOhio projects last fall. I am pleased that Cincinnati Works was one of the few entities deemed pay for success appropriate and ready by the Treasurer. A copy of our feasibility report is attached to this testimony.

With this ResultsOhio proposal, Cincinnati Works will partner with Maycomb Capital's Community Outcomes Fund, which operates a \$50 million mission-driven private capital fund for outcomes financing, to serve as the upfront investor.

I would note that while our total project seeks to invest nearly \$10 million over a five-year period, we are interested in pursuing components of our overall project within this biennium in order to reduce the funding request for this budget. We ask the Senate to consider appropriating \$3.9 million plus associated costs needed by the Treasurer's Office to advance the project over the next two years. As I understand it, the pay-for-success project which was appropriated \$5 million in the last budget was not advanced because of COVID-19 so that could potentially support our funding request.

Leveraging our core capabilities of long-term coaching and employer relationship building, we intend to grow our impact through three key strategies:

1. Expand to New Markets

We will expand our reach into suburban areas of Greater Cincinnati where poverty has migrated and employer demand exists. Focusing on areas with a concentration of both supply and demand minimizes the likelihood of transportation as a barrier to employment. Areas of opportunity include northwestern and northeastern suburbs of Cincinnati to support individuals and employers in Butler, Warren, and Clermont counties. In these communities we will launch our workforce development services, either in partnership with a community institution already in the area, or as a standalone operation.

2. Accelerate Employer Engagement

Capitalizing on our track record with workforce coaches embedded at employers, we will accelerate sales and exponentially increase our reach to and impact on the working poor throughout the Greater Cincinnati region. Funding that flows through the employer engagement project provides the critical investment necessary for rapid growth. Our current model utilizes grant funding to provide the capital needed to invest in the infrastructure—personnel roles and capabilities—needed to grow and support new employers (and corresponding fees). Historically, that funding has been insufficient and inconsistent, and thus our growth has been slower. The upfront working capital loan provided through this project would allow us to accelerate our growth and to serve many more people much faster. The majority of the fees paid by employers for this service covers the payroll costs of the Workforce Coaches and other expenses necessary to deliver the service. Those expenses are not included in our ResultsOHIO proposal to avoid double-counting. Our long-term goal is for this part of our business to be self-sustaining through employer fees. Continuing to build a track record of success and gaining a critical mass of customers will enable us to reach that goal more quickly.

Through this project, Cincinnati Works expects to achieve success in relation to job acquisition, job retention for at least one year, financial coaching, financial wellness, and increased wages for those Members as a result of job retention and continuous supportive services.

In closing, I ask for your consideration and support in appropriating \$3.9 million in this budget to pursue a ResultsOhio project in the Treasurer's Office with Cincinnati Works. We have the upfront capital committed and are confident in our ability to provide a return to the state in new tax revenues as well as savings from helping thousands of individuals in our community who are the working poor increase their earnings and reduce their dependence upon public supports. Ultimately the state will determine how success is defined. If we are successful, only then are the state's dollars released. If we are unsuccessful, the state retains those dollars. Rather than paying for process, regardless of whether that leads to economic self-sufficiency, the state should pay for results and quantifiable outcomes.

I welcome the opportunity to address any questions you may have regarding our work or our ResultsOhio proposal.

Respectfully submitted,

Peggy Zink

President/CEO

Direct: 513.744.5602

pzink@cincinnatiworks.org

www.cincinnatiworks.org

Attachment: ResultsOhio Feasibility Report