



commonwealth

Community Service and Emergency Savings:

An Innovative Approach to Improving Employee Financial Security

OCTOBER 2021

Acknowledgments

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Commonwealth is a national nonprofit building financial security and opportunity for financially vulnerable people through innovation and partnerships. Black, Latinx, and female-led households disproportionately experience financial insecurity due in large part to longstanding, systemic racism and gender discrimination. Addressing these issues is critical to Commonwealth's work of making wealth possible for all. For nearly two decades, Commonwealth has designed effective innovations, products, and policies enabling over one million people to accumulate more than \$4 billion in savings. Commonwealth understands that broad changes require market players to act. That's why we collaborate with consumers, the financial services industry, employers, policymakers, and mission-driven organizations. The solutions we build are grounded in real life, based on our deep understanding of people who are financially vulnerable and how businesses can best serve them. To learn more, visit us at www.buildcommonwealth.org.



Shared Harvest Fund is a Black and woman-founded social enterprise, led by three doctors whose mission is to reduce the consequential effects of the student loan debt crisis. [myCovidMD™](#) mobilizes Shared Harvest's network of professional volunteers in exchange for student loan debt relief to serve communities facing social and economic inequities during the public health crisis. [myCovidMD™](#) has worked hard to end this inequity through bringing testing and telehealth services to communities in need. Now that vaccinations are becoming available, [myCovidMD™](#) has launched VaxEquity, an equitable vaccine distribution initiative that aims to continue serving the communities that need it most and working towards health equity. Learn more about Shared Harvest [here](#).

**BlackRock's
Emergency
Savings
Initiative**

BlackRock announced a \$50 million philanthropic commitment to help millions of people living on low to moderate incomes gain access to and increase usage of proven savings strategies and tools – ultimately helping them establish an important safety net. The size and scale of the savings problem requires the knowledge and expertise of established industry experts that are recognized leaders in savings research and interventions on an individual and corporate level. Led by its Social Impact team, BlackRock is partnering with innovative industry experts Common Cents Lab, Commonwealth, and the Financial Health Network to give the initiative a comprehensive and multilayered approach to address the savings crisis. Learn more at www.savingsproject.org.

Introduction

Lack of emergency savings is an increasingly urgent issue, disproportionately impacting Black, Latinx, and female-led households. [Thirty-six percent](#) of all Americans cannot cover a \$400 expense from savings. This figure rises to 58% of low- to moderate-income (LMI) female-led households, 70% of Latinx households, and 72% of LMI Black households. Further, [74% of lower-income households](#) describe their own personal financial situation in only fair/poor shape.



36%
of Americans **cannot cover a \$400 expense from savings**



58%
of **low- to moderate-income (LMI) female-led households**



70%
of **Latinx households**



72%
of **LMI Black households**



74%
of **lower-income households**
describe their own personal financial situation in **only fair/poor shape**

The events of the past 18 months have shone a light on the financial fragility that many American workers face, making it clearer than ever that having emergency savings is crucial for [financial resiliency](#).

Background on the Emergency Savings Stipend Pilot

As part of our continued research to innovate high-quality emergency savings solutions to address this challenge, Commonwealth partnered with Shared Harvest Fund of Los Angeles beginning in early 2020.

The goal of the partnership was to explore the financial, psychological, and community impact of offering a \$500 stipend labeled “emergency savings” to LMI individuals who spent at least eight hours volunteering in their communities. To accomplish this, Commonwealth designed a pilot program with Shared Harvest for 100 LMI volunteers—mostly self-identified as Black, Indigenous, and People of Color (BIPOC). Shared Harvest’s original focus was on working with employers to reduce student debt for BIPOC employees through volunteering in their communities. However, early during the pandemic they quickly pivoted to the myCovidMD™ initiative, which has provided emergency medical and support services, including testing and vaccines, to under-resourced communities nationwide throughout the pandemic. The 100 participants in this research project were volunteers in myCovidMD™.

“I know [savings] is very important—more now.”

– Research Participant

The goal of the partnership was to explore the financial, psychological, and community impact of offering a **\$500 stipend labeled “emergency savings” to LMI individuals who spent at least 8 hours volunteering in their communities.**



myCovidMD™ mobilizes Shared Harvest’s network of professional volunteers in exchange for student loan debt relief to serve communities facing social and economic inequities during the COVID-19 public health crisis.

The Significance for Employers

Employers are increasingly engaging employees through corporate volunteer programs, making this research and pilot program particularly relevant to Human Resources, Benefits, and Corporate Social Responsibility (CSR) Leaders. The pilot and accompanying findings and insights described in this report offer a novel approach for employers to implement these programs. Thus, providing an opportunity for employees to experience the same financial, psychological, and community benefits as participants in the pilot program.



Specifically, we set out to determine:

1. Does linking personal and community wellbeing increase emergency savings, especially for BIPOC employees?
2. Does rewarding employees for engaging in volunteering by providing a seed for emergency savings increase employee motivation to build and/or maintain a savings habit?
3. Does rewarding employees for engaging in volunteering by providing a seed for emergency savings increase their financial security and productivity in the workplace, and improve community wellbeing?
4. Do more financially secure community members create a ripple effect?

Findings Summary

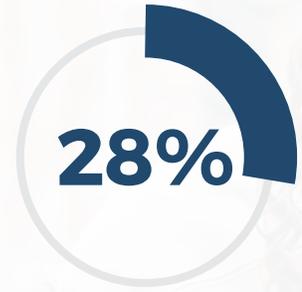
Total Savings



42% of volunteers saved between **\$1 and \$500**

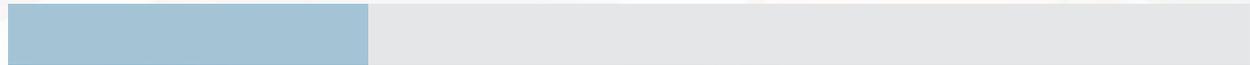


25% saved between **\$500 and \$750**

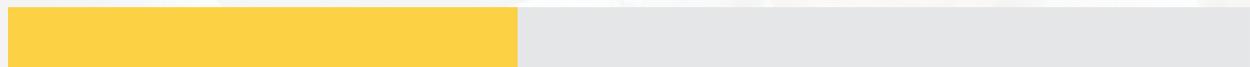


28% saved **over \$750**

Level of Comfort



29% of volunteers felt “comfortable” or “very comfortable” financially at the beginning of the research



41% felt so by the end.

Through this research, Commonwealth found that providing the \$500 emergency savings stipend to myCovidMD™ volunteers **improved both their financial and psychological wellbeing, and increased their feelings of connection to their community.**



I can't emphasize (enough) the importance of the money I got from Shared Harvest—it's the difference maker. It goes into e-savings, which will help with next month's rent.” — Research Participant

Financial Impact

1. THE PROGRAM ENCOURAGED SAVINGS; IN PARTICULAR, EMERGENCY SAVINGS.

Despite volunteers having low-to-moderate incomes, only 50% of volunteers spent their \$500 stipend by the end of the research period. Of the volunteers who saved their stipend, 61% of them said that their Shared Harvest experience impacted their decision to save—59% percent reported that the experience made them more likely to save the stipend, and 36% said it made them think more about the importance of saving. Eighty-three percent earmarked the stipend specifically for emergency use.

Impressively, **74%** of volunteers who saved their stipend **also saved funds in addition to the \$500**. In total, 42% saved between \$1 and \$500; 25% saved between \$500 and \$750; and 28% saved over \$750.

2. SOME VOLUNTEERS REPORTED BARRIERS TO SAVING THE STIPEND OR ANY ADDITIONAL FUNDS.

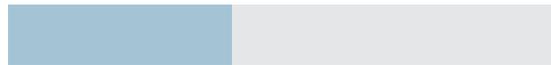
Some volunteers were not able to save their stipend for long or save additional funds, primarily due to high-priority expenses. The top expenses mentioned were:

- Rent/mortgage/utilities: 33%
- Basic expenses: 24%
- Emergency travel: 12%
- Auto-related expenses: 12%

It is important to note that these volunteers were a particularly high-debt group of individuals, primarily due to student loans. Only 12% of volunteers reported having no debt in the baseline survey, while 39% had between \$10,000 and \$100,000, and 28% had over \$100,000. These loan amounts stayed relatively consistent throughout the research period, with 67% reporting their debt levels did not change.



Only 29% of volunteers felt “comfortable” or “very comfortable” financially at the beginning of the research period. **41% felt so by the end.**



41% of volunteers reported at least a slightly improved financial situation since participating in the Shared Harvest program.



70% said their volunteer experience played at least some role in this improvement.

3. OVERALL, VOLUNTEERS REPORTED AN IMPROVED FINANCIAL SITUATION.

While only 29% of volunteers felt “comfortable” or “very comfortable” financially at the beginning of the research period, 41% felt so by the end. Additionally, 41% of volunteers reported that their financial situation has improved at least slightly since participating in the Shared Harvest program (51% said it stayed the same), and 70% said that their volunteer experience played at least some role in this improvement.

INSIGHTS

While \$500 may not cover some emergencies or allow you to pay off substantial student loan debt, our research revealed that providing even this nominal amount can make a big impact on the financial health of LMI individuals. The stipend encouraged most volunteers to save not only the stipend amount but also additional funds, ideally providing a critical cushion when unforeseen expenses arise in the future.

“Volunteering is important to me, the money is a bonus.”

- Research Participant

We had hypothesized that many volunteers would have a challenge with saving their stipends given their significant, competing financial priorities; however, they indeed earmarked those funds for emergency use. Even volunteers with the highest student loan amounts prioritized emergency savings. While financial advisors generally recommend paying off debt before building savings, having access to cash funds in an emergency can prevent LMI individuals from taking financial risks with high-interest credit cards, payday loans, and cash advance services.

Psychological Impact

1. The program had the most significant impact on the volunteers' mental health.

Eighty-eight percent said that their experience with Shared Harvest and myCovidMD™ had a positive impact on their mental health.

2. Calling the stipend “emergency savings” influenced how volunteers thought about the funds.

Focus group participants shared that attaching the “emergency savings” label to the stipend influenced how they thought about the stipend and its use. Even volunteers who had to use the stipend right away for urgent, essential expenses said they noted the label, and that it gave them pause before spending these funds.

3. Despite student loan debt, volunteers shifted their thoughts about emergency savings.

While volunteers' debt did not decrease significantly throughout the research period, by the end, “saving for emergencies” and “paying off debt” were tied as the top priority for volunteers—both were ranked in the top three by most.

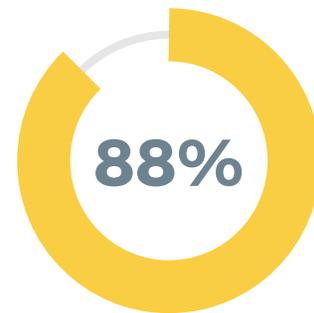
“Being able to get out of the house and be a part of my community has helped me to get out of my comfort zone and feel more confident.”

– Research Participant

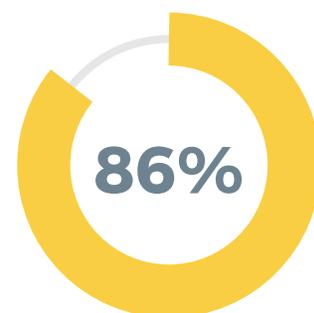
Insights

As with any intervention, language is very important. We found that the messaging around the \$500 stipend had a significant impact on how volunteers thought of these funds. The volunteers we spoke with explicitly called out that both the “emergency savings” label and having to provide their savings account details in order to receive the funds via direct deposit caused them to not only think about savings in a meaningful way but also prioritize emergency savings.

Importantly, the revelation about the volunteers' improved mental health demonstrated that the program's benefits went well beyond financial. In the interviews and focus group, many volunteers, particularly those who identified as Black, reported previously feeling helpless. They shared that volunteering made them feel good, since they could be productive while helping their community.



88% said that their experience had a positive impact on their mental health.



86% of volunteers said that volunteering made them feel more connected to their community.



In interviews and focus groups, the **community interaction** is what volunteers talked about the most.

Community Impact

1. Volunteers felt more connected to their communities.

Eighty-six percent of volunteers said that their experience with Shared Harvest and myCovidMD™ made them feel more connected to their community. In fact, in interviews and focus groups, the community interaction is what volunteers talked about the most.

2. Volunteers did not discuss their finances.

There was an opportunity for on-site volunteers to interact—unlike those who worked exclusively remotely—so we had assumed that they would talk to each other about their finances, the emergency savings stipends, and how they planned to use their stipends. However, we found that these volunteers did not discuss finances with each other at all.

3. Volunteers did not influence their social networks.

We had wondered if volunteers would report an increase in the number of financially secure people in their lives, since they were building their savings and interacting with other volunteers who were doing the same. However, the reported numbers stayed consistent through all surveys. So while the volunteers' financial security did increase, we did not find any clear evidence they had any influence on their respective social networks.

Insights

Volunteers, even those who volunteered in person, did not discuss their finances with each other. We suspect this was due to social norms that many do not broach finances with others, particularly those they do not know very well. We also suspect that timing was another factor for both the limited volunteer interaction and lack of social network influence reported. With the COVID-19 pandemic forcing individuals and families to limit their social interactions and prioritize meeting their day-to-day needs, 2020 was a very stressful year for most.



We're of help to others, and we're being helped as well—this is out of the ordinary.” — Research Participant

The Opportunity for Employers to Improve their Employee Financial Security



63% of volunteers said they would now be more likely to participate if their employer offered a similar program—one that allowed them to receive an emergency savings stipend for volunteering their time in their community.



67% of volunteers said the opportunity to help and engage with their community is the factor that would make them more likely to participate in a similar program. None of the volunteers said they would be less likely.

Straightforward Financial Incentives Can Have a Positive Impact, Especially When Paired with a Community Benefit

This and other Commonwealth research has shown that employers play a critical role in improving the financial security of their employees. As this pilot highlighted, even a relatively small incentive—in this case, a \$500 emergency savings stipend—can have a positive impact on the financial security of LMI individuals in a short amount of time.

The stipend—particularly how it was labeled and dispersed—enabled volunteers to prioritize emergency savings. This led most volunteers to save funds in addition to their stipend, and earmark those savings for emergencies, despite many having significant student loan debt and other high-priority expenses.

The data from our interviews and focus group revealed that the main takeaway for volunteers was not only the receipt of the stipend, but the opportunity to interact with the community. This finding shows that the impact of a financial incentive is more significant to pilot participants when it is provided in exchange for their service to a community program or nonprofit organization. The program, organization, and community all benefit from the volunteers' skills, labor, and time.



“Helping the community and sharing empathy with community members has intertwined me into the community.” – Research Participant

Economics, Business, and Societal Benefit

Financial stress caused by the lack of emergency savings has a substantial negative impact on individuals, communities, and the economy. When employees are worried about their short-term finances, it is disruptive for both them and their employers. This decrease in worker productivity costs companies up to [\\$250 billion](#) per year.

Furthermore, research shows that employers benefit when their employees feel financially and emotionally secure. Participating in the Shared Harvest program improved volunteers' financial and psychological health, and made them feel more connected to their community. Based on our findings, we believe this type of program implemented as part of employer volunteer programs would have positive effects on employee performance and morale as well.

Companies also [benefit when they invest in their communities](#). By supporting local nonprofit programs and organizations through donations and/or by organizing a group of employee volunteers, they are viewed as good community citizens. This positive perception may also benefit them by soliciting partners and investors, and with recruiting and retaining employees. Therefore, there is both an ethical and business imperative for employers to innovate and explore creating programs that link volunteering to financial wellbeing.

Next Steps

We hope the findings that resulted from our partnership with Shared Harvest and survey of the myCovidMD™ volunteers will encourage employers to develop similar programs that link volunteering to financial wellbeing to engage employees.

To appeal to the broadest range of employees, we recommend that employers provide employees with different volunteer options that require various time commitments, skill sets, and activity levels. It is also necessary to include off-site or virtual volunteer options as the COVID-19 pandemic persists. Given the significant benefits to the Shared Harvest volunteers, it is likely that employee volunteers would share similarly positive experiences and outcomes.

If you are an employer, fintech, or financial services organization and would like to learn more about partnering with Commonwealth on improving financial security and opportunity for all, please contact Jerome Barnes at info@buildcommonwealth.org.

Appendix A Program and Research Design

PROGRAM DESIGN

The Impact of COVID-19 on Commonwealth's Partnership with Shared Harvest Fund

Shared Harvest Fund's original focus was on community building. Then, with the emergence of the COVID-19 pandemic in March 2020, Shared Harvest—like so many nonprofit organizations—pivoted to respond to more critical community needs resulting from the public health emergency and subsequent economic crisis.

Shared Harvest Fund launched myCovidMD™ through its Shared Harvest Foundation to increase access to COVID-19 testing, as well as telehealth and other medical services, for disenfranchised neighborhoods across the United States. Therefore, due to the timing of our study, our research focused on exploring this new initiative—first in Los Angeles and later in Atlanta as myCovidMD™ expanded nationwide.

Volunteer Recruitment

Shared Harvest was responsible for recruiting myCovidMD™ volunteers; however, their staff did not implement a formal recruitment process or conduct any advertising. Most volunteers we spoke with were recruited by word of mouth. They were told of the opportunity by friends and family who had already volunteered, and they in turn recruited others.

Volunteer Activities

For the most part, volunteers staffed day-long, eight-hour shifts supporting myCovidMD™ pop-up events, either in-person or remotely. They could choose to perform tasks best suited to their skills and interests, which included: testing patients, screening patients, calling patients to inform them of test results, administering vaccines, assisting with traffic control, and registering patients.¹

Volunteer Compensation

After they participated in one eight-hour volunteer shift or multiple volunteer shifts that added up to eight hours, volunteers were eligible for compensation. They were able to choose their reward from three options: a \$500 stipend labeled “emergency savings,” student loan repayment, or gift card rewards.² There was also a “give back” option that allowed volunteers to donate their stipend and therefore, not receive any monetary compensation. To receive the emergency savings stipend, volunteers provided their savings account information, so that the funds could be deposited directly into the account.

RESEARCH DESIGN

To provide a baseline for our research, we surveyed 140 myCovidMD™ volunteers between June and December 2020.

100 volunteers participated in the pilot program (some, but not all, were part of the baseline survey). These volunteers were divided into two, 50-person cohorts based on location, with Cohort 1 being in Los Angeles and Cohort 2 being in Atlanta.

¹Volunteers were provided with training as needed. ²Compensation options varied depending on available funding.

Between September 2020 and March 2021, the pilot participants were surveyed after receiving their emergency savings stipend and then again at the close of the research period (Cohort 1 also received a midline survey). We also conducted in-depth interviews with Cohort 1 and a focus group with Cohort 2. The research we conducted with Cohort 1 and 2 occurred between September 2020 and March 2021. These 100 myCovidMD™ volunteers were all adults (18 years and older) who mostly identified as Black, Indigenous, and People of Color (BIPOC). Most of them were in the workforce, with some being college students, and a few were working and going to college at the same time. Given myCovidMD™'s mission, many had some medical training or background in the medical field.

Research Timeline

Cohort 1 (50 volunteers) – Los Angeles

- Baseline Survey: September 4-20, 2020
- In-depth Interviews: October 2-8, 2020
- Midline Survey: December 17-24, 2020
- Endline Survey: March 11-25, 2021

Cohort 2 (50 volunteers) – Atlanta

- Baseline Survey: January 14-22, 2021
- Focus Group: February 24, 2021
- Endline Survey: March 11-30, 2021

We combined the data from Cohort 1 and Cohort 2, and compared the first survey they took—shortly after they received their emergency savings stipend—to the final survey they took at the close of our research period. For Cohort 1, the time period between the surveys was approximately six months, and for Cohort 2, it was approximately two months (due to time constraints). Other research used to develop findings included results from the original baseline survey of 140 volunteers.