

## Employer Assisted Housing (EAH) Cost Benefit Analysis Program

Fannie Mae has created proprietary cost/benefit analysis software to help an employer, using an EAH benefit to help lower their turnover costs, determine the size and characteristics of a financial EAH benefit. Fannie Mae's Partnership Offices will provide this free service to employers working with our REALTOR<sup>®</sup> and lender partners.

The cost benefit analysis requires the employer to provide basic information about their turnover costs and employee salaries. When information is not available, Fannie Mae staff will input benchmark numbers.

The type of information required from the employer includes:

- ⌚ Employer size
- ⌚ Average employee's salary
- ⌚ Average supervisor's salary
- ⌚ Current turnover rate and desired turnover reduction rate
- ⌚ Percentage of eligible employees who will likely be offered the EAH benefit
- ⌚ Percentage of external hires versus internal hires
- ⌚ Percentage of employees likely to use the program per year
- ⌚ Percentage of gross up (if any)
- ⌚ Average employer sponsored training costs
- ⌚ Average relocation or recruitment expenses
- ⌚ Human Resources' staff salary
- ⌚ Projected salary inflation rates

Based on this information, the Fannie Mae EAH Cost Benefit Analysis software will calculate the amount of a forgivable or repayable loan – with or without interest repayment -- that will be offset by the employer's turnover costs.

Example:

### Input Information

- ⌚ 20% turnover
- ⌚ 1% reduction in turnover
- ⌚ Average employee salary: \$30,000
- ⌚ Average supervisor salary: \$50,000
- ⌚ 90% of new employees are external hires
- ⌚ 50% of employees are eligible for the program; of these 6% use the benefit per year
- ⌚ Cost of hiring and training is \$3,000 per employee
- ⌚ Human Resource staff salary is \$35,000
- ⌚ Standard corporate tax rate of 34% on any savings resulting from reduced turnover

costs

Assuming the employer chooses to offer a 5-year, no interest, forgivable loan, an employer ranging from 200 to 5,000 employees can offer the following loan amount without incurring additional costs due to the savings resulting from reduced turnover costs.

| Employer Size | EAH Loan Amount |
|---------------|-----------------|
| 200*          | \$1500          |
| 500*          | \$3250          |
| 1,000**       | \$3700          |
| 5,000***      | \$4200          |

Human Resources Staff time assumption as follows: \*1/4; \*\*1/3; \*\*\*1/2