

# Employer-Assisted Housing Cost/Benefit Analysis Fact Sheet

An Employer-Assisted Housing cost/benefit analysis worksheet has been created to help an employer, using an EAH benefit, to help lower their turnover costs, and to determine the size and characteristics of a financial EAH benefit.

The analysis requires the employer to provide basic information about turnover costs and employee salaries. If the data is unavailable, benchmark numbers can be used.

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

Assuming the employer chooses to offer a five-year, no interest, forgivable loan, an employer with a range of employees from 200 to 5,000 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*	\$1,500
500*	\$3,250
1,000**	\$3,700
5,000***	\$4,200

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