



## HOW TO KEEP VALUABLE HOUSEHOLD STAFF: TRY MINDFUL MANAGEMENT - A CASE STUDY

After a day filled with household laundry, dry cleaning pick-ups, shopping errands, dog walking and dinner preparation, Esmelda leaves her employers home in their new SUV to pick up the children from school. She settles the children into the nurturing routine of afternoon snacks, cheerful conversation and homework assignments.

Esmelda enjoys her job, the children and working for the employer. Today, though, Esmelda struggles to find the right words to tell her employers that she can no longer care for their children and their home after only six months of employment.

Esmelda is not experiencing a life altering illness but instead is facing the fact that she can no longer afford the lengthy and costly commute to her job.

Millions of household and domestic workers are facing the same dilemma as Esmelda. Finding affordable housing close to their jobs is nearly impossible, forcing these valuable workers to commute into communities and cities from distances that often require two bus rides, a subway ride and a ten block walk to the employers' residence; or a 60 mile round trip commute by car, plus tolls and parking costs.

How can an employer of household staff be more mindful towards their employees' commuting perils and create a value added work environment that will ultimately keep a skilled and trusted employee in their job?

### Let's review two solutions for the employer and Esmelda:

#### 1 INCREASE THE EMPLOYEE HOURLY RATE TO COVER THE EXPENSE OF THE COMMUTE

An increased hourly wage may mean higher taxes deducted, consider this when determining how much of a raise to offer. A good rule of thumb is to subtract 30% for taxes on the gross wages on any raise to understand how much the employee might actually receive to compensate for their commuting costs. See example below:

Employee is making \$20/hour. If you offer a \$1.00 raise; this equals an estimated \$0.70 in net wages. Overall, for 40 hours, the wage increase would amount to:

**\$1.00/hour x 40 hours = \$40/week or \$160/month (gross wages)**

**\$40.00 - 30% = \$28/week or \$112/month (net wages)**

*Unfortunately, this would not cover the monthly cost of commuting in most major cities.*

#### 2 PLACE THE EMPLOYEE ON A TAXABLE PAYROLL

This will offer the employee the ability to possibly secure a loan to purchase a reliable automobile with documentation of wages.



### TLHRM helped Esmelda's employer solve the problem by:

1. Providing the employer with a valuable wage v. cost of living/commuting analysis for their employees, per specific geographic region
2. Helping to calculate a raise based on performance
3. Assisting in placing the employee on payroll
4. Encouraging the employee to open their first savings account
5. Determining a year of employment bonus for employee

*\*Outcome: Esmelda was able to use her pay stub and a bonus as a down payment to purchase her own car, providing her with reliable and affordable transportation, to and from work.*

### COST OF LIVING AND COMMUTING IN FIVE MAJOR US CITIES

CITY	AVERAGE COST OF LIVING (MONTHLY)	AVERAGE COMMUTE (ROUND TRIP)	AVERAGE COST OF COMMUTE	AVERAGE PUBLIC TRANSPORTATION PASS
Denver, CO	\$1,500.00	105 minutes	\$180/month	\$116/month
Chicago, IL	\$1,800.00	120 minutes	\$198/month	\$106/month
Palm Beach, FL	\$2,000.00	48 minutes	\$180/month	\$65/month
Fort Worth, TX	\$1,300.00	95 minutes	\$183/month	\$70/month
San Francisco, CA	\$3,000.00	75 minutes	\$240/month	\$70/month

*Average cost of living includes: rent and basic utilities; does not include cost of commute.*

### The four components of a household employee's commute:

1. Length of time spent for daily commute to and from work
2. Public transportation cost, personal auto fees, tolls, parking fees
3. Employee safety during commute
4. Reliability of transportation