

# **Helping Our Own in Times of Crisis and Emergency**

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**Abstract:**

*In any organization or institution, employees will occasionally encounter situations of personal crisis or unforeseen financial emergencies. These may include family illnesses, death, and loss of home due to fire, flood, or other natural disasters. All too often, these individuals may be the very ones least able to handle the unexpected financial burden imposed by these emergencies.*

*Recognizing that each institution has a moral, if not an actual legal, responsibility to help their employees, the decision was made by the FSU administration in 2001 to establish an employee Emergency Loan Fund (ELF) under the direction of the Employee Assistance Program. Since its inception, the fund has grown to approximately \$15,000. It has been able to assist employees, facing a variety of personal emergencies, through interest-free loans.*

**Introduction of the Organization:**

The Florida State University, a large state institution of higher education, employs approximately 10,000 individuals. Like most large organizations, the employee population is comprised of individuals who represent a cross-section of the general work force. Many of these individuals are employees with many years of valuable and dedicated service to the University. A responsibility of the University is to provide, to the greatest extent possible, a positive working environment. One way of enhancing the work environment and morale is by providing assistance to those employees faced with personal difficulties which may be impacting their quality of life and job performance. In doing so, the University is able to provide an environment that further enhances the educational experience of the students.

**Statement of the problem:**

In 1995, the University initiated an Employee Assistance Program to assist those employees and their families who may be experiencing personal difficulties which may negatively impact their quality of life as well as their job performance. The goal of the EAP is to assist individuals in obtaining the resources necessary to resolve personal difficulties. In doing so, the University is providing assistance to the individual employee while saving the University valuable dollars from lost productivity, absenteeism, and excessive on-the-job accidents.

One of the more frustrating aspects of the Employee Assistance Professional's job is the times when an employee is faced with a legitimate emergency but does not have the financial resources to respond. These individuals may not meet the criteria established by traditional lending institutions (e.g. poor credit or being overextended financially), do not qualify for community social service programs, and do not have family or friends who can provide financial help. With this in mind, in the fall of 2000, the University Administration made the decision to establish an Employee Emergency Loan Fund (ELF) as an additional service of the EAP.

**Design:**

The Emergency Loan Fund is administratively placed in the Center for Employee Assistance under the Director of the Employee Assistance Program. A four-person committee, together with the EAP Director, oversees the operations of the fund and serves as a loan approval/advisory committee. Any employee who believes they have a qualifying financial emergency may make application, through the EAP, for a loan of up to \$1,200. If approved, an interest-free loan is made and repayments are made through payroll deduction over a 6-month period.

Loan Criteria include:

- A financial situation which fits the ELF criteria of a "financial emergency."
- No other resources from which to draw.
- Individual must be a full-time employee of at least 6 months and not currently in a disciplinary or probationary status (verified by their supervisor).
- Employee must be able to repay the loan without undue hardship.
- Payment is made to a third party (doctor, hospital, airline, etc.) unless it is unfeasible to do so (e.g. money is needed for out-of-pocket auto and motel expenses in order to drive to a funeral a great distance from home).
- No loan will exceed 20% of available ELF funds.
- The employee may obtain only one loan in any 12-month period.

**Implementation:**

An Emergency Loan Fund account was established with the University Foundation with all monies being held and distributed by the Foundation account manager. The ELF was and is funded entirely through personal contributions and no state monies are used for underwriting the ELF. A loan approval committee was established and this has since subsequently assumed added responsibilities as the ELF advisory committee.

The ELF was launched with a professionally produced tri-fold color brochure with an introductory statement by the University President. The brochure was distributed to every employee, offering him or her the opportunity to contribute to the fund. Between the fall of 2000 and the summer of 2001, the emphasis was on raising funds for the ELF and no loans were made. Beginning in the summer of 2001, when available ELF funds reached \$5,000, loans were made to appropriate individuals. In the 3 years since its inception, the ELF has grown to an operating fund of approximately \$15,000, which is now available to assist the University employees. In the next FSU Capital Campaign, the ELF will be specifically listed as an option for designated giving. It is anticipated that as the fund value grows, maximum loan amounts can be increased.

**Benefits:**

Too often, large organizations are perceived as being indifferent to the employees' needs. When adequate assistance is not provided, consequences can include, among other things, lowered job performance, abuse of leave time, and decreased morale. By creating an avenue whereby employees can help themselves and their co-workers, the employer is perceived in a more positive light, assistance is provided to employees in their time of need, and all employees feel more empowered in times of financial emergencies.

In this instance, a loan fund was created with no State funds, at no cost to the University, where individual employees were offered the opportunity to lend a hand to their co-workers, and individuals in need are provided assistance, often within a matter of minutes or hours rather than days. Everyone involved wins.

**Retrospect:**

With the assistance of professional fund-raisers from the University Foundation, the fund drive was well orchestrated from the outset. One possible change could have been to appeal to several potential major contributors for "seed" money prior to going out to the employee population. In doing so, early requests for assistance could have been met and the benefits of the fund would have been recognized earlier.

The only pitfall was the number of legitimate requests for assistance prior to the time available funds had been raised to meet the requests. When employees with a need heard about the establishment of the ELF, they made application prior to the actual raising of the funds. This unfortunately resulted in several disappointed employees. Early seed money from external resources could have resulted in earlier loans and less frustration.