



Goodskills Career Builder



Research Brief

Training for a Diverse Workforce in Western New York: The True Costs and Benefits

January 2023

This is the fifth in a series of research briefs produced by Goodwill of Western New York in partnership with the University at Buffalo Regional Institute (UBRI). The research is intended to drive data-driven decision making in workforce development that benefits underrepresented, underserved populations in the Western New York region. This brief is part of a collaborative effort to expand access to higher-paying careers for all individuals, as part of Goodwill's Goodskills Career Builder. This brief shares data and insights on the true cost of training for a diverse and more inclusive workforce, and the economic benefits of this training for individuals, employers, the public sector and the region overall. Funding for the brief is from a Phase 1 Build Back Better Regional Challenge grant from the US Economic Development Administration.

Context

Since Goodskills Career Builder (GCB) launched in 2021, more than 110 individuals completed GCB, ready to start a career in manufacturing or tech, or pursue further training. In addition to four weeks of free workforce readiness training, participants receive wraparound services, job placement and career coaching. The initiative moves adults from un/underemployment into higher-paying careers, while building the pipeline of skilled and diverse talent for hiring employers. More than 2,300 projected job openings in tech must be filled by people of color to achieve equal representation.¹ In manufacturing, an inclusive, representative workforce would have two times the number of workers of color.²

GCB promotes workforce diversity through training and by breaking down barriers that contribute to underrepresentation. Among those who completed GCB through September 2022, 75% were individuals of color and the average participant faced at least three major barriers to a higher-paying job such as limited educational attainment, transportation, and potential benefit cliffs.

While training and supportive services provided through GCB are free to participants, there is a cost to providing pathways out of poverty through a holistic approach. The true cost involves outreach to hard-to-reach populations, intake and pre-training assessment, training, job placement, and the delivery of wraparound supports. This brief unpacks this true cost, building on findings from the last brief, *Outreach and Recruitment Strategies for a Diverse Workforce in Buffalo Niagara* and shedding additional light on the resources it takes to connect with, recruit and train a diverse, inclusive workforce. This brief also examines the collective impact of the training to individual graduates, employers, the government, and the region as a whole.

Snapshot of Goodskills Career Builder Participants, Sept. 2021-Sept. 2022

| | |
|-----|--|
| 98% | Utilize a safety-net program |
| 81% | Reside in high-poverty zip code |
| 75% | Individual of color |
| 72% | Not working prior to enrollment |
| 59% | No education beyond HS or equivalent |
| 50% | Monthly income of \$600 or less |
| 41% | At least one child in the household |
| 32% | Limited/no access to reliable transportation |
| 26% | Single parent |
| 19% | Justice involved |
| 10% | Veteran |

Source: UBRI analysis of Goodskills Career Builder participant database information up through 9/22, as provided by Goodwill of WNY. High-poverty ZIP Codes are those where more than half of all residents live on an income under 200% of the Federal Poverty Level.

True Cost of Workforce Readiness Training

In its first year of operation, the GCB cost per graduate was \$4,915. Training and materials accounted for more than a fifth of the cost, or \$1,095 per graduate. This included workforce readiness trainers, training materials, IT support for students, mileage, and graduation expenses. Wraparound services provided by Goodwill accounted for over a tenth of the total, or \$580 per graduate. These expenses covered a career coach, a \$50 clothing voucher, and a \$500 stipend for students who completed the program. The largest portion of expenditures went towards outreach and recruitment, covering staff and outreach hours, bus passes for individuals who needed transportation, assessment tools and instruments, and media/marketing coverage. Outreach and recruitment costs amounted to \$3,240 per graduate.

A variety of factors contribute to the relatively high cost of outreach and recruitment:

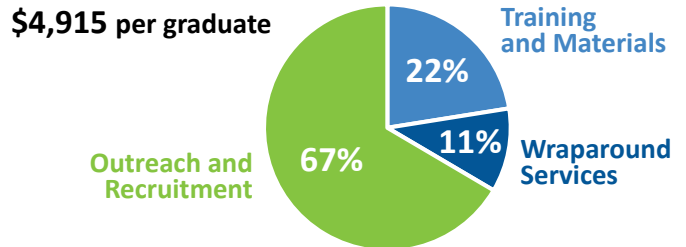
Only one out of five individuals who express interest in GCB ultimately enrolls in the program. Some don't meet minimum program requirements such as a high school education or equivalent; others can't commit to full-time training; while others decide they are not interested in a career in manufacturing or tech.

Referrals and word of mouth are the most effective outreach strategies. About two-thirds of those who enrolled learned about GCB through word of mouth or a referral. These strategies require Goodwill staff to be out on the ground in the community, consistently raising awareness of GCB and equipping outreach partners such as Catholic Charities, PathStone, and Group Ministries with the information they need to suggest GCB to their clients. On average, outreach and recruitment consumed six staff hours for each individual who expressed interest in GCB.

Individuals participate in a careful intake process prior to entering the program. This involves in-person meetings with a career coach to understand goals, education and work histories, and potential barriers. Having this information positions those who enroll in the program for success, leveraging their strengths, abilities and experiences as Veterans, new Americans, and parents, and contributing to the program's 75% graduation rate.

Communications with hard-to-reach populations must respond to various individual needs and concerns. Convincing someone to enroll in the program requires a personalized approach; it cannot be assumed that advertisements and indirect outreach are enough to get people to participate. Information shared must consider individual concerns such as: educational attainment, household income and the ability to meet basic household needs during training, benefit cliffs as earnings increase, and the fact that many may have no prior awareness from friends or family members as to what a career in tech or manufacturing looks like.

Overview of Goodskills Career Builder Costs, 2021-2022



Source: UBRI analysis of GCB expenditure data for the 12-months ending 9/22, as provided by Goodwill of WNY.

Detailed Breakdown of Goodskills Career Builder Expenditures Per Graduate, 2021-2022

| Expenditure Category | Average Program Expenses per Graduate 2021-22 |
|---|---|
| Training | \$1,095 |
| Teaching staff and instructors | \$873 |
| Materials, equipment, and other training expenses | \$222 |
| Wraparound Services | \$580 |
| Supportive services directly provided by Goodwill | \$580 |
| Outreach and Recruitment | \$3,240 |
| Marketing, media, and other coverage | \$150 |
| Staff hours for outreach, screening, intake, and assessment | \$2,970 |
| Assessment tools and wraparound services for outreach and recruitment | \$120 |
| Total | \$4,915 |

Source: UBRI analysis of GCB expenditure data for the 12-months ending 9/22, as provided by Goodwill of WNY. Expenditures reflect GCB's first 100 graduates during this 12-month period.

The Economic Benefits of Workforce Readiness Training

GCB benefits the underemployed, employers, governments, and the region as a whole. The average wage for an underemployed worker in the region, including many who work part-time, is just about \$17,000 per year.³ Meanwhile the average annual pay for a GCB job is over \$41,000, nearly 2.4 times more.⁴ Over the course of a twenty-year career, this adds up to over \$488,700 more in earned income for an underemployed worker who transitions into a GCB job.

GCB grads increase revenue for employers to drive productivity and industry growth. On average, a worker in a GCB job generated \$88,896⁵ in output in 2021—about 123% of the average underemployed worker in the region (\$72,274).⁶ The more productive, higher-paid GCB worker would also generate region-wide economic impacts through higher levels of spending in the community. On average, each new GCB job would spur an additional \$79,250 in wages and over \$281,000 additional sales while creating two more jobs for the region.⁷

GCB grads contribute to a larger tax base. A GCB grad would generate nearly over \$4,900 dollars in state and federal income tax annually—about six times more than the average underemployed worker (\$767). The average GCB worker would also contribute more than twice as much through FICA compared to an underemployed worker, benefiting social security, Medicare, and federal disability programs. Over the course of a twenty-year career, a GCB worker would contribute about \$55,200 more in federal income tax, \$28,000 more in state income tax, and \$36,700 in FICA.⁸

GCB can also reduce public spending by transitioning the un/underemployed into higher-paying jobs that no longer qualify for public assistance programs. Single adults earning the regional average for an underemployed worker qualify for \$10,000 in annual public assistance. However, a single adult earning the average wage for GCB jobs (about \$41,000) would not qualify for any program, saving \$10,000 in annual public spending per GCB worker.⁹ The public savings of an underemployed worker earning a GCB job wage would be even greater for someone supporting a household.

Multiplying these potential public savings out over the course of a twenty-year career, each GCB program grad could save from \$200,000 to \$419,000 or more in public spending on programs, depending on their family size. Since a GCB worker's wage would increase as they gain experience or transition into higher-paying roles, they would receive less in public assistance and further reduce public benefit spending.

The increased income associated with Goodskills Career Builder jobs greatly enhances the quality of life for un/underemployed workers, but it also has ripple effects that bring broader economic benefits to the region.

The benefits of transitioning from un/underemployment to a Goodskills Career Builder job

| The Value of a GCB Job to... | ANNUALLY | OVER A 20 YEAR CAREER |
|----------------------------------|------------------------------|--------------------------------|
| ... A program grad | | |
| ↑ increases wages by | \$24,435 <i>increase</i> | \$488,700 <i>increase</i> |
| ... An employer | | |
| ↑ increases output by | \$16,622 <i>increase</i> | \$332,448 <i>increase</i> |
| ... Government | | |
| ↑ increases tax revenue by | \$5,998 <i>increase</i> | \$119,960 <i>increase</i> |
| ↓ reduces public spending by | \$10,054 <i>decrease</i> | \$201,080 <i>decrease</i> |
| The Region Overall ... | | |
| ↑ increases economic activity by | \$163,508 <i>increase</i> | \$3,270,157 <i>increase</i> |

Source: UBRI analysis of FRB of Atlanta, PRD Dashboard, 2022, IPUMS, 5-year ACS sample data, and Lightcast, 2022. Compares the average GCB job to the average underemployed worker. Numbers represent the additional wages, output, payroll taxes, and economic impact (including direct indirect, and induced sales and wages) generated by the average GCB job compared to the average underemployed worker. See Data Sources and Notes.

Insights and Lessons Learned

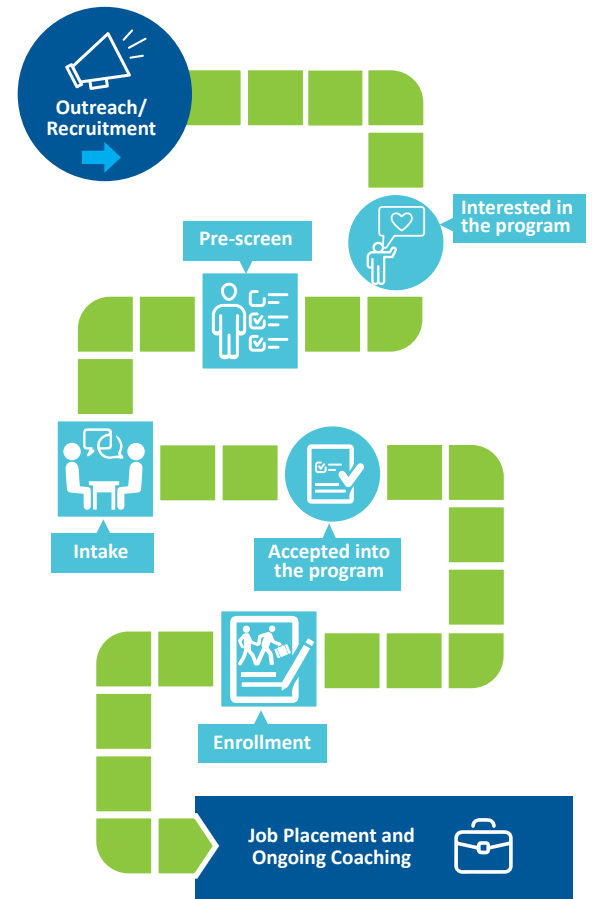
Outreach and recruitment is a significant cost associated with expanding career opportunities for underrepresented individuals. For a short-term workforce readiness initiative like GCB, it weighs more heavily on a budget than training and wraparound services.

Effective outreach strategies utilize partnerships with community-based organizations and other trusted individuals who can make referrals and share information. Partnership building requires commitment and upfront investment. Over time, as awareness of initiatives like GCB increases, these partnerships may lead to comparatively lower costs for outreach and recruitment.

Intake and student assessment is another resource-intensive component of outreach and recruitment, to help ensure individuals are ready to succeed at training and on the job. Positive employer outcomes are particularly important with industry-driven training.

There is a financial incentive for employers, government and the region as a whole to contribute to workforce readiness initiatives like GCB. Pathways out of un/underemployment into higher-paying jobs yield a positive return on investment in one year for all of these stakeholders.

Roadmap to higher-paying careers.



Data Sources and Notes

¹University at Buffalo Regional Institute. 2022. "Strategies for Building Buffalo Niagara's Tech Workforce".
²Lightcast, Industry Snapshot Report, Manufacturing, WNY, 2022. ³Estimate from IPUMS USA, University of Minnesota, www.ipums.org. US Census, American Community Survey, 5-year, 2016-2020 sample data. Underemployed workers are those who are age 18 or older, employed but live on incomes under 200% of the federal poverty line, excluding those who are enrolled in school. ⁴Lightcast, Occupational Snapshot, 2022. Based on 40 standard occupational codes used to define Goodskills Career Builder jobs. ⁵UBRI analysis of Staffing Patterns and industry-level data on gross regional product (GRP) and employment from Lightcast (2021). Staffing patterns provide the distribution of occupations in each industry. The output (GDP) per employee by industry (6-digit NAICS) is multiplied by the number of industry jobs in each occupation (SOC) to estimate a weighted average of output per employee by SOC. These SOC level output per worker estimates are applied to SOC codes for GCB jobs to yield a weighted average of output per worker. ⁶UBRI analysis of IPUMS USA, ACS 5-year sample data (2020) and industry-level GDP data from Lightcast (2022). IPUMS ACS sample data is used to estimate the number of underemployed workers by industry. An estimate of output (GDP) per employee by SOC code (see previous note) is multiplied by the number of underemployed workers in each SOC to find an estimated weighted average of output per employee for underemployed workers. ⁷UBRI analysis of Lightcast Regional Multiplier data and Inverse Staffing Patterns, 2021. The inverse staffing patterns provide the number of workers in GCB jobs by industry. The regional multipliers given for each industry (6-digit NAICS) is multiplied by the number of GCB jobs in each industry to find a weighted average regional multiplier per employee for GCB jobs. Includes direct, indirect, and induced impacts. ⁸UBRI analysis of Federal Reserve Bank (FRB) of Atlanta, Policy Rules Database (PRD) Dashboard, 2022. Accessed October 2022 at https://emar-data-tools.shinyapps.io/prd_dashboard/. Taxes vary by family size and filing status. These estimates are based on a single adult living in Erie County. ⁹UBRI analysis of Federal Reserve Bank of Atlanta, PRD Dashboard, 2022. Accessed October 2022 at https://emar-data-tools.shinyapps.io/prd_dashboard/. Total costs include Supplemental Nutrition Assistance Program (SNAP), National School Breakfast and Lunch Programs, Housing Choice Voucher Program (Section 8), Child Care and Development Fund Subsidies, Medicaid/Children's Health Insurance Program (CHIP), Earned Income Tax Credit, Child Tax Credit, the Child and Dependent Care Tax Credit, and Head Start/Pre-K. Does not include health insurance marketplace subsidies. For some programs, PRD estimates of assistance amounts depend on age and county of residence. These scenarios are based on a 30 year-old adult living in Erie County.

Learn More About Goodskills Career Builder

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