



CareerWise Colorado  
TOMORROW'S TALENT TODAY

# 2020 Cohort Financial Model

July 2019



# OVERVIEW

- This financial model will help businesses understand CareerWise program costs, benefits, and forecasted return on investment.
- This financial model uses conservative assumptions. Therefore, it depicts the lower end of the spectrum for return on investment.
- Each apprenticeship and apprenticeship employer are different. If the assumptions that follow are not applicable to your business, let us know. We can run the financial model with a different set of assumptions.



# ASSUMPTIONS

## Key Assumptions Affecting Your Costs

- Apprentice hourly pay in years 1, 2, & 3: \$12.00; \$13.00, \$14.00
- Apprentice work hours in years 1, 2, & 3: 700; 1,000; 1,500
- Apprentices do not receive benefits in years 1 and 2 because they are part-time employees. They receive benefits in year 3 because they work 30+ hours per week.

## Key Assumptions Affecting Your Benefits

- Value of a full-time employee's work = (full-time employee wages + payroll taxes + benefits + workers compensations insurance)(productivity multiplier)<sup>1</sup>
- Value of an apprentice's work = (value of full-time employee's work in same occupation) x (relative productivity of apprentice compared with full-time employee).
- Relative productivities of apprentices compared with a full-time employee in the same occupation in years 1, 2, & 3: 30%; 50%; 80%

<sup>1</sup> The productivity multiplier represents the magnitude by which the value of an employee's work exceeds their cost of employment. This number should be greater than 1 as firms would presumably not employ individuals who cost more to employ than they produce. For example, a 1.25 productivity multiplier means that an employee who costs \$60,000 to employ annually provides \$75,000 in value annually.



# COSTS & BENEFITS

	Year 1	Year 2	Year 3	Program Total
Wages	(\$9,000)	(\$13,000)	(\$21,000)	(\$43,000)
Other Compensation Costs (payroll taxes, workers compensation costs, benefits)	(\$1,800)	(\$2,600)	(\$7,350)	(\$11,750)
Training Costs	(\$0)	(\$1,500)	(\$4,000)	(\$5,500)
Training Opportunity Costs	(\$2,813)	(\$1,250)	(\$375)	(\$4,438)
Planning Opportunity Costs	(\$2,500)	(\$0)	(\$0)	(\$2,500)
CareerWise Support Fees	(\$2,000)	(\$2,000)	(\$2,000)	(\$6,000)
Productive Work	\$6,645	\$16,875	\$45,563	\$69,083
Recruiting Savings	(\$0)	(\$0)	\$6,000	\$6,000
<b>Net Benefit or (Cost)</b>	<b>(\$11,468)</b>	<b>(\$3,475)</b>	<b>\$16,838</b>	<b>\$1,895</b>

**Forecasted Program Return on Investment: 3%**

