



CareerWise Colorado
Tomorrow's Talent Today

Financial Model
November 2016



Financial Model Overview

What It's For

- The financial model will help business partners understand CareerWise program costs and benefits.
- The financial model will help business partners make informed decisions regarding the structure of their apprenticeships.

What It's Not For

- The financial model is not intended to constrain or limit your options.
- The financial model is not intended to be static and “one-size fits all.” If the assumptions that follow are not applicable to your business, we can run the model with different assumptions.

Financial Model Assumptions

Assumptions Affecting Your Costs

- Apprentice 2017 hourly wage: \$9.30
- Apprentice 2018 hourly wage: \$10.20
- Apprentice 2019 hourly wage: \$11.10
- Apprentice 2020 hourly wage: \$12.00
- Apprentices do not receive benefits for Years 1 & 2. They receive benefits for Year 3.¹
- Annual training center contribution: \$5,000

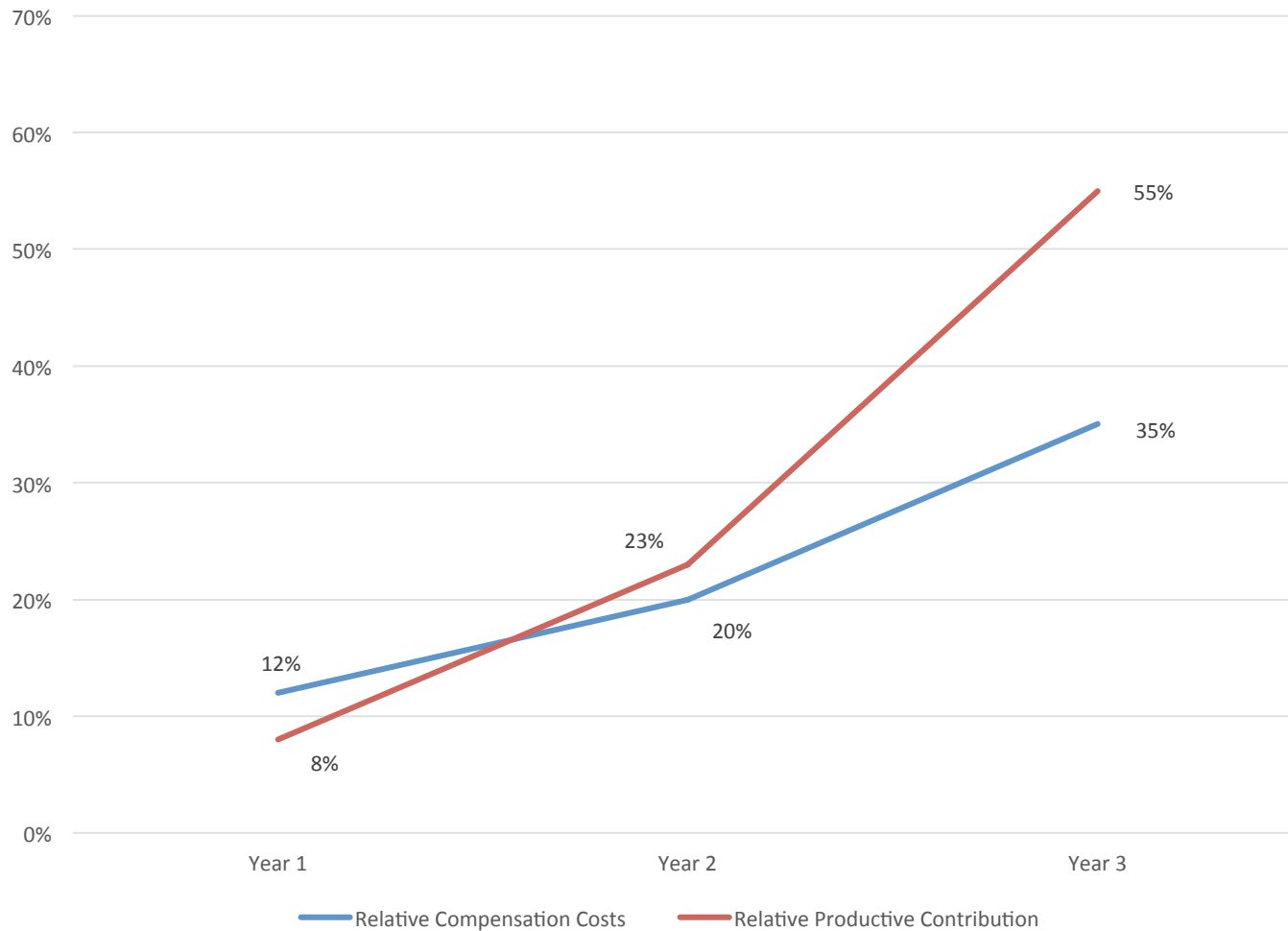
Assumptions Affecting Yours Benefits

- The productive value of an apprentice can be expressed as a percentage of the productive value of a skilled worker in the same occupation
- Skilled worker annual salary: \$50,000
- Skilled worker annual benefits: \$7,500
- Skilled worker productivity multiplier²: 1.25
- The productivity curves of Colorado youth apprentices approximate the productivity curves of Swiss youth apprentices

¹ We don't expect apprentices to receive employer provided health insurance, life insurance, retirement savings plans, etc.

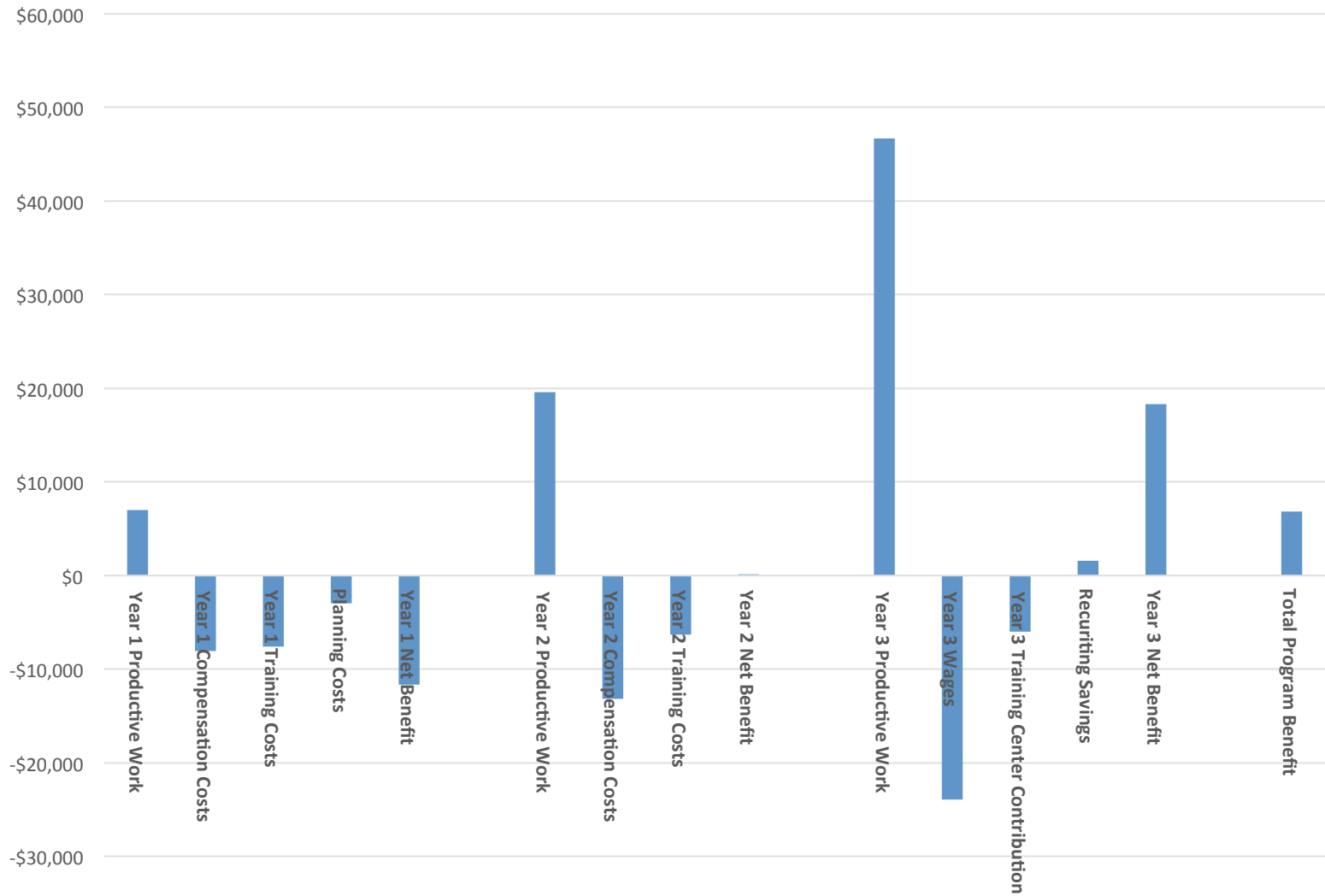
² The productivity multiplier assumes that the cost to employ an individual is exceeded by the value of their work. A 1.25 productivity multiplier posits that an employee who costs \$60,000 to employ annually provides \$75,000 in value annually.

Apprentice Relative Compensation Costs & Apprentice Relative Productivity



Year 1: Net Costs
Year 2: Break Even
Year 3: Net Benefits

Costs and Benefits



Costs and Benefits (cont.)

	Year 1	Year 2	Year 3	Totals
Compensation Costs	(\$8,041)	(\$13,176)	(\$23,950)	(\$45,167)
Training Costs	(\$7,580)	(\$6,290)	(\$5,960)	(\$19,830)
Planning Costs	(\$3,000)			(\$3,000)
Productive Work	\$6,966	\$19,592	\$46,656	\$73,214
Recruiting Savings			\$1,600	\$1,600
Net Benefit or Cost	(\$11,655)	\$126	\$18,346	\$6,817

Program Return on Investment: 10%

Return on Investment Matrix

	Wages				
Relative Productivity		Min Wage	+10%	+15%	+20%
	Year 1: 20% Year 2: 40% Year 3: 70%	-8%	-13%	-16%	-19%
	Year 1: 25% Year 2: 45% Year 3: 75%	1%	-5%	-8%	-11%
	Year 1: 30% Year 2: 50% Year 3: 80%	10%	3%	0%	-3%
	Year 1: 35% Year 2: 55% Year 3: 85%	19%	11%	8%	5%
	Year 1: 40% Year 2: 60% Year 3: 90%	28%	20%	16%	13%