

LifeWorks at WKU Funding Request
Lifetime Cost Savings for Funding a Participant

Cost of Funding a Participant – 2 years @\$50,000/year	\$ 100,000.00
Less:	
State Income Tax Creation from Successful Participants,	
Average Salary \$36,000/year x .05% x 42	\$ 75,600.00
(State tax rate for 42-year work life, assumes 90% of Participants work)	<u>\$ (7,560.00)</u>
Total Lifetime Reduction in Cost/State Revenue Generated	<u>\$ 68,040.00</u>
Total Cost	\$ 100,000.00
Reduction in Cost	<u>\$ (68,040.00)</u>
Net Cost of Funding a Participant	<u>\$ 31,960.00</u>

Lifetime Support Cost of not funding a Participant

Average Life Span 60 years from age 18	
Cost Per Year \$40,000 (public support for chronic homelessness, healthcare, etc.)	
60 years @ \$40,000/year	<u>\$ 2,400,000.00</u>

LifeWorks Expected Success Rate - Reduction in Above Cost:

10% of Participants unsuccessful, savings	\$ -
30% of Participants 50% successful, savings (\$2,400,000 x .5 x .3)	\$ 360,000.00
60% of Participants 100% successful, savings (\$2,400,000 x .6)	<u>\$ 1,440,000.00</u>
Total Reduction in Cost to Public	<u>\$ 1,800,000.00</u>
Less Net Cost of Funding a Participant (from above)	<u>\$ (31,960.00)</u>
Net Cost Savings for Funding a Participant in LifeWorks	<u><u>\$ 1,768,040.00</u></u>

Cost Savings per Class, 28 participants	<u>\$ 49,505,120.00</u>
Total Savings for 3 two-year Budget Periods	<u>\$ 148,515,360.00</u>
Savings Per Net Dollar Spent for LifeWorks Participant	<u><u>\$ 56.32</u></u>