



State of Michigan Pay for Success Based Financing

Response to Request for Information

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Goodwill Industries of Northern Michigan

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BACKGROUND INFORMATION

History

Goodwill Industries of Northern Michigan, Inc. (GINM) is a 501 (c) 3 non-profit organization that started as Asgard Enterprises in 1972, producing fishing lures for W.E. Brown. Over the years as the agency's vision grew to reflect the changing community needs, so did programs and operations. Today, there are more than 320 dedicated staff. Programs include retail, food safety and custodial training, job placement and retentions services, several supportive housing units including one specifically for veterans and support services such as Meals on Wheels and Food Rescue, etc. Goodwill of Northern Michigan operates 7 retail locations throughout 19 counties. GINM helped more than 8,468 individuals break down barriers to independence last year.

Goodwill Industries of Greater Grand Rapids (GWGGR) is also a 501 (c) 3 non-profit started in 1968. With a focus on connecting talent to business, GWGGR employs nearly 650 dedicated staff. Workforce development programs including prisoner re-entry, homeless veterans, services to people with chronic mental illness, Certified Nurse Aide and ServSafe Training, transitioning youth, services for people with developmental disabilities, financial coaching, etc. Goodwill Industries of Greater Grand Rapids has 16 retail stores. In 2012, GWGGR helped find 842 jobs.

Our Funding Model

Goodwill maintains a diversified funding base including social enterprise sales through our stores and other business, government grants, financial donations and private philanthropy. While we depend on outside sources of funding to launch programs, we are often able to maintain a sustainable financial model to provide continued support to many of our programs through our social enterprises.

OPPORTUNITY FOCUS

Initiative: Reducing Recidivism through Employment

A pilot initiative seeks to leverage the Goodwill network and its experience working with people with criminal backgrounds to reduce recidivism through workforce development programs. It would include engaging an urban and a rural Goodwill, Greater Grand Rapids and Northern Michigan, respectively, to deliver workforce development programming, with wrap around services, to individuals on parole. These Goodwills are fully engaged in utilizing their social enterprises—donated goods retail stores, recycling outlets, eCommerce sales, food and hospitality services, and contract services—to provide funding to support its mission. Pay For Success Bonds will build capacity in both Goodwills to



prove that its re-entry model can provide measurable outcomes and cost savings to the State of Michigan.

Technical Requirements

Availability of performance measures of assessing outcomes

The measurement that the Goodwills will focus on is the recidivism rate. The Goodwills will first determine the recidivism rate for the most recent period from the Michigan Department of Corrections for the covered counties. The Goodwills will then track the recidivism rate of those being served by its workforce development program serving re-entering citizens. These two rates will be compared. Goodwill Industries has existing relationships with State of Michigan parole offices, which it will use for access to re-arrest records on the people served.

Since the main intervention of this project is employment with complementary wrap around services, the Goodwills will carefully track outcomes around employment. Both organizations have a track record of maintaining participant information upon intake, during programming, and up to one year after completion. Efforts to Outcomes and Homeless Management Information System software is utilized to track and analyze program data on a regular basis. Detailed reports are available, and below is a sample of outcomes that are tracked at both organizations.

Outputs tracked	Outcomes tracked
Number of referrals	Short-term:
Number of intakes	Increased knowledge, skill and confidence related to training
Number of service plans generated	Medium-term:
Number and types of services provided	Placement rate
	90-day retention rate
	Wage advancement
	Long-term:
	180-day and 1-year retention rate and wage
	Wage advancement
	Recidivism

Evidence base for validity of intervention model

Employment has often been cited as key to preventing recidivism. Studies consistently find that employment plays an important role in the reentry process.¹ People returning from prison have a

¹ Petersilia, J. 2003. *When prisoners come home*, New York: Oxford University Press.



harder time finding jobs.² This leads to a need for additional help preparing for work and connecting to employers. Goodwill provides assistance with job seeking skills, readjustment to life outside, learning new coping and employability skills, as well as job placement. In addition Goodwill can provide the additional preparation and training required to get the edge up on competitive jobs. Goodwill is well connected to support services including mental health and substance abuse counseling, housing, family and mentoring support and low/no cost legal assistance.

As we study best practices within the Goodwill Industries International network, nationally, across the State and locally, the Goodwills have concluded that essential components of successful outcomes in Workforce Development require:

- **Employment Preparation and Placement Services:** Education around employer expectations and professionalism, and job placement support
- **Complementary Social Services:** Access to services that address external (e.g., housing, identification) and personal (e.g., mental health issues, substance abuse, family reunification) barriers
- **Business Engagement:** Working in partnership with local business owners and associations to meet their hiring needs, particularly for hard-to-fill positions

Goodwill's own ACHIEVE program will form the backbone of this project. This project combines the above components in an intensive program. It also provides the opportunity for paid work experiences to give re-entering citizens a rapid attachment to work while readjusting to life outside of prison. Goodwill of Greater Grand Rapids piloted this program for three years and had it studied by Andrews University. The program focuses primarily on building long term stability with a living wage. It was built upon a series of best practices from programs around the country including many Goodwills and the CARA program. Currently, the 1 year job retention rate is 70% with an average wage of over \$12 an hour.

Sufficient and well defined participant base

This pilot will focus on citizens of Michigan who are returning to their communities after early release from prison. The pilot will serve returning citizens in the counties of Kent, Ionia, Montcalm, Mecosta, Osceola, Isabella, Claire, Gladwin, Wexford, Missaukee, Roscommon, Ogemaw, Benzie, Grand Traverse, Kalkaska, Crawford, Oscoda, Alcona, Leelenau, Antrim, Otsego, and Montmorency. Alpena, Charlevoix, Emmet, Cheboygan, Presque Isle. According to the Department of Corrections, nearly 2000 reentering citizens return to these counties each year.³

² Pew Charitable Trusts. 2010. Collateral costs: Incarceration's effect on economic mobility. Washington, DC: The Pew Charitable Trusts

³ Michigan Department of Corrections. 2012. 2011 prisoner reentry parolee population demographics.



Ability to scale the initiative if results show that the initiative is working

There are 10 independent Goodwill agencies across the state of Michigan, providing an array of social services through self-, state- and donor-funded programs primarily in the fields of Workforce Development and Homeless Services. In Michigan, the Goodwill Industries network:

- Operates over 100 stores and attended donation centers
- Serves 65,000 people a year
- Employs over 3,400 people
- Placed 4,500 residents in jobs in 2012
- Generated over \$5 million in sales tax in 2012

Each Goodwill takes a locally-driven approach to addressing the workforce needs of its client base and employers, and accesses a diverse funding base to sustain operations. Harnessing this network to deliver proven, effective strategies in the field of Workforce Development would be a prime opportunity for the State of Michigan to solidify and scale budget-alleviating programs reduce recidivism in our state.

Clear and identifiable state budgetary savings

The cost of one year of incarceration in Michigan is \$28,116⁴. An average prison stay in Michigan is 4.3 years⁵. Based on past successes and evidence based practices, Goodwill Industries believes they can reduce the recidivism rate, resulting in less incarceration costs to the state at a fraction of the cost to incarcerate an individual for just one year. By serving 200 people in the program, Goodwill estimates Michigan will save up to 3 million dollars by reducing the recidivism rate of the program participants.

⁴ Baranowski, H. (2013, August). Recent study show major increase for prison costs. *Lansing State Journal*.

⁵ Time served, the high cost, low return of longer prison terms. (2009). Retrieved from: http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Prison_Time_Served_State_Factsheets.pdf

