

Closing the Opportunity Gap

Insights from the 2024 McKinsey American Opportunity Survey

Contents

Introduction	3
About Goodwill®	3
About McKinsey.....	4
Survey Purpose and Methodology	5
Youth and Unemployment	7
Finding #1.....	7
Finding #2.....	8
Finding #3.....	9
Finding #4	10
Employment Challenges for Justice-Impacted Individuals	11
Finding #5.....	11
Implications and Solutions	12
Goodwill is best positioned to meet these challenges.	14
Human Interest Profiles	16
Anthony’s Story.....	16
Katie’s Story	17
Jordan’s Story	18

For media requests, please contact:

Dina Ruden
Senior Director, Public Relations & External Affairs
Goodwill Industries International, Inc.
(703) 915-2482
www.goodwill.org

Introduction

About Goodwill®

Goodwill works to enhance the quality of life of individuals and families by building bridges to opportunity, strengthening communities and helping people in need reach their potential through learning and the Power of Work®.

Goodwill is the largest secondhand retailer and the largest nonprofit workforce development network in North America. For more than 120 years, Goodwill organizations have helped people find jobs, support their families and change the trajectory of their lives.

There are 153 local Goodwill organizations across North America that assist people through a variety of employment placement services, job training programs and other community-based services. In 2023, Goodwill supported more than 1.7 million people on their journey to build skills, access resources and advance their careers.

To support this work, Goodwill sells donated items in more than 3,300 retail locations throughout the U.S. and Canada, as well as online marketplaces.

Every day, Goodwill helps nearly 400 people find a good job. Job seekers and career advancers receive support through more than 600 Goodwill mission centers.

Along with supporting job seekers and career advancers, Goodwill is also a major player in the circular economy. Through its business model of selling donated goods, Goodwill recovered the value of more than 4.3 billion pounds of used goods in 2023, keeping them in circulation longer. Additionally, Goodwill is engaged in a number of sustainability initiatives at the national, regional and local levels aimed at extending the useful life of donations and reducing textile waste.



The Goodwill Impact

2023

1.7 million people



used Goodwill services

134k+

are youths between the ages 16 and 24

194k+

are seniors age 55 and above

59k+

have been impacted by the justice system

138k+

reported having at least one disability

About McKinsey

McKinsey is a global management consulting firm committed to helping organizations accelerate sustainable and inclusive growth. We work with clients across the private, public, and social sectors to solve complex problems and create positive change for all their stakeholders.

We combine bold strategies and transformative technologies to help organizations innovate more sustainably, achieve lasting gains in performance, and build workforces that will thrive for this generation and the next.



Survey Purpose and Methodology

The report is based on a 20-minute Ipsos survey conducted on behalf of McKinsey between August 5 and August 27, 2024. A sample of 9,560 adults aged 18 and older from the continental United States, Alaska, and Hawaii was interviewed online in English and Spanish via the probability-based Ipsos KnowledgePanel, with supplemental sampling from Ipsos online non-probability panels.

Included in the total sample were oversamples in nine states or Metropolitan Statistical Areas of interest. The Census-based approach was intended to provide a truly representative sample to understand the patterns across key demographics on economic mobility topics including employment, education, and training.

To reflect the population of the United States as a whole, post hoc weights were made to the population based on age by gender, race/ethnicity, education, Census division, and household income characteristics. Each oversampled area was also weighted to reflect the population characteristics of the state/MSA.

Prior years of the McKinsey American Opportunity Survey were conducted entirely via Ipsos' non-probability online panel. As such, trend data may be disrupted by the transition to the more representative KnowledgePanel sample.

McKinsey launched the McKinsey American Opportunity Survey in 2021. In 2024, Goodwill Industries International collaborated with McKinsey in analyzing survey findings related to economic mobility and closing the opportunity gap for people who want to advance their careers.

The findings will directly inform the mission work of Goodwill as the largest nonprofit workforce development organization in North America.

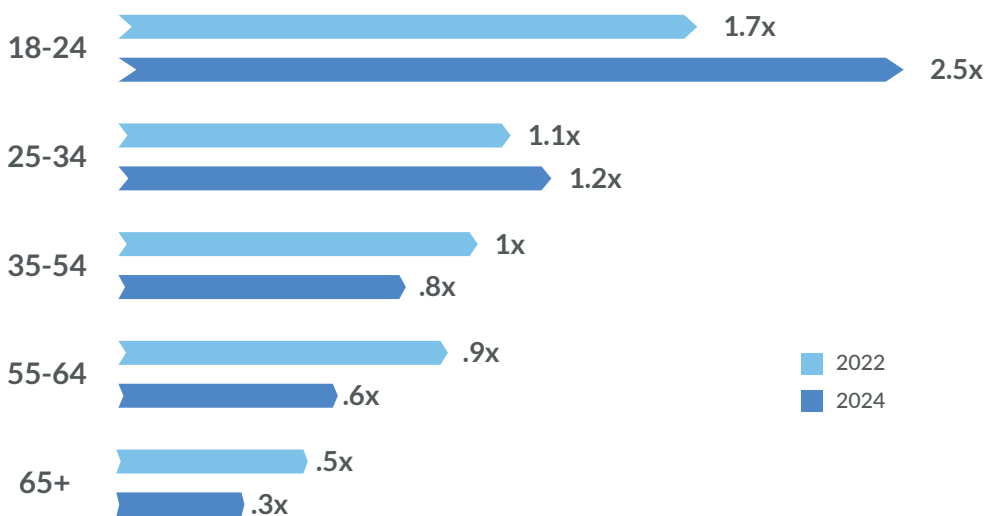




The survey was completed in August 2024 and examines the rises in the relative share of unemployment for different demographics, drivers in finding employment, motivations in pursuing education and training, changes in workforce needs and upskilling, and key differences in the nine Metropolitan Statistical Areas.

The 2024 survey found a decline in relative unemployment shares but found the shares of relative unemployment for certain populations increased significantly. Unemployment shares represent the proportion of the population or target group for analysis who self-reported that they were currently unemployed.

RELATIVE UNEMPLOYMENT SHARES BY AGE



Relative unemployment ratio (group share of unemployed/overall share of unemployed)
Employment status is self-reported by survey respondents.

Youth and Unemployment

Finding #1

Youth ages 18-24 are navigating a challenging employment landscape and have a particularly negative outlook on the future economic state and their long-term prospects. Per the McKinsey American Opportunity Survey, youth unemployment shares are two to seven times higher compared to other age groups. Despite these hurdles, young people are highly motivated to pursue a range of educational pathways to enhance their job prospects. It is crucial to offer flexible, accessible training programs and comprehensive support systems for young people seeking employment or career advancement.

The 2024 McKinsey American Opportunity Survey found, generally, youth unemployment numbers decreased between 2022 and 2024, given a higher proportion of students in 2024. Nonworking college students were not counted as unemployed.



Young adults (18-24) are pessimistic about their economic prospects.



45%

are concerned about job stability and feel less financially secure.



31%

doubt they will ever retire, versus 25% in 2022.



70%

believe they will never own a home, versus 60% in 2022.

Finding #2

Many young people feel unprepared for the job market right out of school. They report they are facing a shortage of entry-level opportunities and a lack of experience to fill available roles. This could be due to gaps in the labor market for entry-level jobs and an increasingly specialized labor marketplace. Young people feel less capable of being financially stable in the long term.

Experience and credentials were named as barriers to finding a new job by nearly half of the younger job seekers, along with not knowing where to look for jobs or not having time to look.

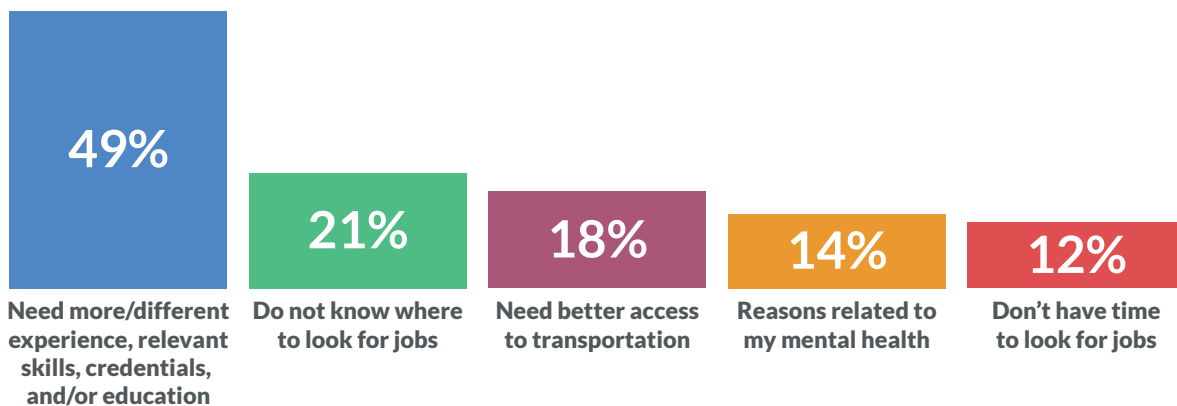
Young people also cite a lack of the right skill set as a key barrier that keeps them from switching occupations more than other age groups.

Compared to those in other age groups, youth seem to disproportionately face this challenge, with 49% citing it as a top barrier compared with 15-40% of those over age 25. This could signal a lack of availability or awareness of entry-level job opportunities in the market that do not require extensive experience.

Transportation and mental health concerns were also cited as barriers. Generally, young job seekers favor college or university as their primary form of training and are highly motivated to pursue education.

BARRIERS TO YOUTH EMPLOYMENT

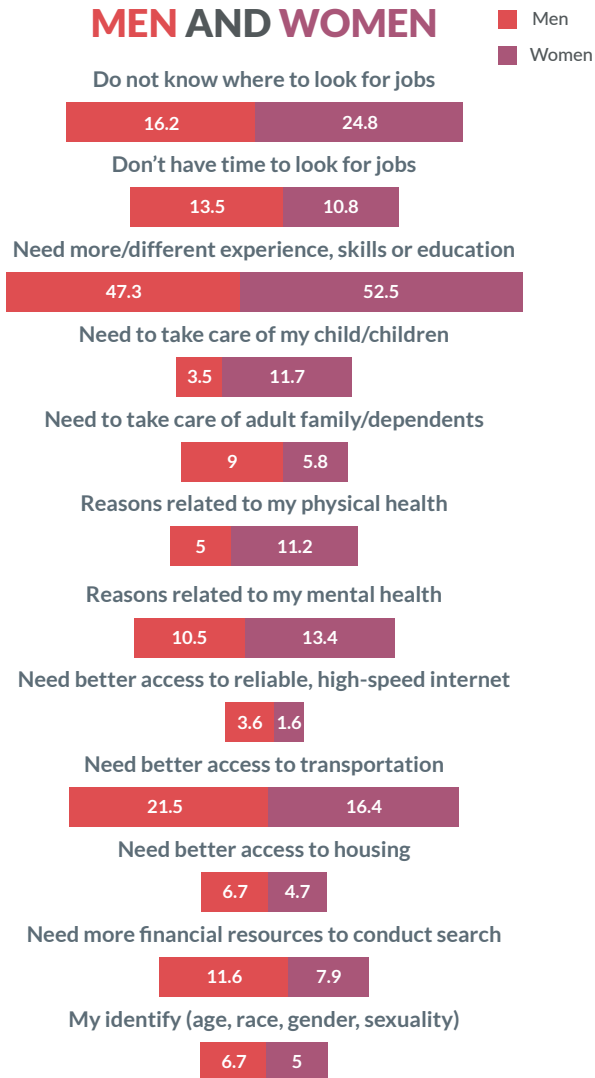
Proportion of respondents age 18-24 seeking a job who selected one of up to three barriers in searching for a new job.



Finding #3

A lack of relevant experience is the biggest barrier to finding a new job for youth respondents across genders, and women cite it more frequently than men. Young women also disproportionately cited other barriers, such as not knowing where to look for jobs, the need to manage childcare and physical health barriers. Young men cite accessibility barriers more often than young women, including issues with transportation, a lack of financial resources, internet access and housing options.

BARRIERS TO YOUTH EMPLOYMENT: MEN AND WOMEN



Finding #4

While all age groups face barriers like lack of financial accessibility and time when it comes to pursuing education, the specific barriers tend to change significantly with age and across the different stages of an individual's career. Youth tend to cite mental health and access to financial support more frequently than other groups. With age, individuals start to cite the lack of time as a barrier to training more often.

COMMON BARRIERS TO EDUCATION



Access to financial resources



Lack of time available



Mental health barriers



Employment Challenges for Justice-Impacted Individuals

Finding #5

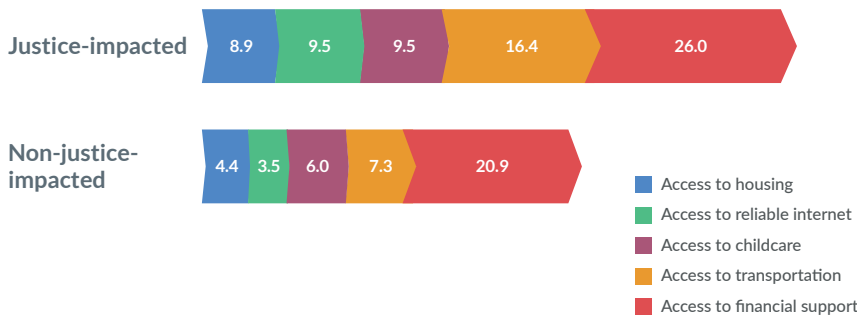
Unemployment for justice-impacted individuals is over two times higher than for other individuals. While unemployment shares dropped overall from 2022 to 2024, unemployment shares grew for justice-impacted individuals. They also face greater accessibility barriers like access to technology or adequate housing.

The growing disparity: The unemployment share for justice-impacted individuals increased from 1.3 to 2.3 times the general population share from 2022-2024.

Justice-impacted individuals tend to disproportionately face accessibility barriers. Compared to non-justice-impacted individuals, justice-impacted respondents cited:

- Access to internet ~2.7x more than others
- Access to transportation ~2.3x more than others
- Access to housing 2x more than others
- Access to childcare ~1.6x more than others
- Access to financial support ~.2x more than others

BARRIERS TO EDUCATION: JUSTICE-IMPACTED AND NON-JUSTICE-IMPACTED



Proportion of respondents who selected X as one of up to three barriers in pursuing training/education.





Implications and Solutions

The survey points to the pressing need to close the opportunity divide between workers and employment. It emphasizes the importance of upskilling and reskilling the labor force. Additionally, it calls for providing access to vital career navigation and job placement services to underemployed, unemployed, or career-shifting individuals. This is especially crucial for young people and returning citizens. Tackling the opportunity divide is more vital than ever as technology, an aging population, climate change and artificial intelligence (AI), reshape the employment picture.

The shortage of skilled labor will only grow in the future, creating hiring challenges for employers. Demographic shifts and aging populations mean labor supply issues will remain challenging for years (Indeed 2023).

Many job seekers don't know what skills they need to advance their careers. Career navigation and support services are essential to connect individuals with better opportunities.

To answer the challenges of today, it is crucial to:

- **Expand skills-based training and support services to prepare workers for the changing landscape.**
- **Overcome the disparity created by requiring degrees when they are not needed to bridge the divide between workers and employers.**
- **Create access to opportunity for all.**

“Over 10 years, only 43% of workers in low-wage occupations left low-wage work. Their chances of moving up get smaller and smaller the longer they remain.... By their 10th year, the chance of escape is only 1%.”

— Brookings Institute: *Moving Up: Promoting workers' upward mobility using network analysis*

Low-wage workers often cycle through jobs without advancement opportunities. Research shows that the longer a person is in a low-wage job, the less likely it is that they will progress to higher-wage work (Brookings Institute). In addition, advancements in AI and automation will disproportionately impact low-wage workers who are 14x more likely to need to change occupations than those in higher-wage positions. (McKinsey 2023).

Providing comprehensive job training and career navigation to young people and justice-impacted individuals is key to breaking the cycle and promoting upward economic mobility.

Employment status also significantly influences someone's health outcomes and provides multigenerational benefits. Stable, well-paying jobs for young people improve their access to essential resources and contribute to better overall health and well-being, enabling individuals to build better lives for themselves and their families. The social drivers of health (SDoH), like economic stability, that help people afford food, healthcare and housing, account for as much as 80% of a person's health status.



There is strong evidence of an association between unemployment and worse health outcomes, particularly mental health outcomes.



Goodwill is best positioned to meet these challenges.

With career centers and adult high schools, local Goodwill organizations have established connections to partners and employers in order to meet the needs of the local job market and job seekers.

Goodwill serves individuals in communities across the U.S. and Canada as a well-known and trusted nonprofit organization.

This work is done through the Goodwill Opportunity Accelerator®, a proven workforce development framework that equips job seekers with the resources needed to pursue and advance their careers. It allows job seekers to connect with potential career pathways, job training, certifications, apprenticeships and mentorships for continued career growth.

The Opportunity Accelerator takes a comprehensive, whole-person approach to workforce development, consisting of a set of standardized actions that local Goodwill organizations conduct with and on behalf of job seekers:

- Assessing their needs and interests
- Developing a personalized plan
- Addressing barriers to training and advancement
- Equipping them with appropriate skills
- Launching them in the job-search process, including connecting them with potential employers
- Evaluating the success of their search and performance in their new job
- Providing additional supports and learning opportunities for career advancement

Goodwill career navigators and coaches provide one-on-one, personalized guidance to job seekers with a holistic point of view. The organization meets individuals where they are and connects them to wraparound support



services such as housing, transportation and childcare, in addition to tailored job training and career coaching.

Participating local Goodwill organizations can also provide support to help job seekers maintain promising careers, including financial literacy tools, life skills and other resources to overcome barriers.

Based on the results of this survey, it's clear that focusing on youth at the beginning of their employment journey is critically important. Research shows that low-wage workers became ensnared in the "low-wage trap," cycling in and out of jobs that provide neither valuable credentials nor a path to advancement. In addition, they often experience chronic financial stress. (Harvard Business School: Unlocking Economic Prosperity: Career navigation in a time of rapid change)

Despite the challenges they face, young people are highly motivated to pursue diverse educational pathways to enhance their job prospects. To support these motivated individuals, it is crucial to offer flexible, accessible training programs and comprehensive support systems.

Goodwill can act as the broker for community resources across different agencies to provide tailored programming for youth and young adults.



Human Interest Profiles

Anthony's Story

Anthony was adopted from Catholic Charities at less than one year old. Life really changed for him when his parents divorced at the beginning of 9th grade and his father retired from the U.S. Air Force in Colorado Springs. It began with occasional trouble with the law until he was eventually arrested for armed robbery.

Anthony was released from prison in 2014 after serving an 11-year sentence. He was 29 at the time of his return to his community.

When he was first sentenced, Anthony quickly made the decision to change his life for the better. He wasn't sure what he wanted to do, but he knew he wanted to be good at it. He started doing everything he could to use this time to learn and grow as a person.

When he was released from prison, he struggled to find an employer who would give him a chance. That is until he got his first interview with Goodwill of Colorado. He was hired for a position taking in donations at the store, and he promised his manager he would be the best employee they ever had.

Goodwill invested in Anthony through training, support and advancement opportunities. He went on to become shift supervisor, then jumped the hurdle to store manager and then to district manager. Today, Anthony is a regional manager for Goodwill Colorado and one of the faces of Goodwill's national "New Lives" campaign.

"[Goodwill] literally never put a ceiling on me, and I'm convinced I would have never been given this opportunity anywhere else," says Anthony.

Outside of work, Anthony is a son who has made his family very proud. He is also a proud father, a mentor and a board member of The Realness Project.



Katie's Story

When she was growing up, Katie's parents were struggling with substance abuse. Without good role models, she became pregnant at 13 years of age and needed to raise her child without support. She was forced to drop out of school. Katie worked a series of low-paying jobs that lacked advancement opportunities, gave little financial security and provided no benefits. She became pregnant again at 18 and continued to struggle to find opportunities to give her family stability. She discovered The Excel Center®, a tuition-free high school for adults run by Goodwill of Central and Southern Indiana (Indianapolis), and was finally able to change her life for the better.

Katie worked hard to earn her diploma, gain experience and learn the leadership skills that enabled her to earn a pharmacy technician certification. After some time working in the field, The Excel Center staff asked if Katie would consider teaching a pharmacy technician class.

From that teaching experience, she ultimately decided to start her own business, KLR Medical Certification Training School, to help others like her achieve success in the healthcare field.

Katie was recognized for her growth and achievements with the Goodwill Industries International Kenneth Shaw Graduate of the Year award in 2023. The award recognizes an outstanding person with a disability or disadvantage who completed a Goodwill career services program and is employed by a non-Goodwill employer.



Jordan's Story

A few years ago, Jordan was dealing with significant challenges: homelessness, lack of stable employment and training, and no clear career path. His journey took a dramatic turn for the better when he took a leap of faith and enrolled in the Goodwill-Easter Seals of Minnesota (St. Paul) automotive training program.

In the program, he was able to receive essential training and foundational skills necessary for a successful career in automotive technology, including courses from Google on career preparation. He gained crucial hands-on experience and confidence while learning to handle tasks like lifting cars, changing tires and performing oil changes.

With these new skills, Jordan earned a job at an auto shop. His supervisor and others who have worked alongside him have praised his hard work, dedication and positive attitude. Today, he's working full-time, finishing up his associate's degree at St. Paul College this spring, taking additional training to become a master automotive technician and caring for his nine-month-old son.

"Just thinking about three years ago, it was night and day," Jordan shares. "I started off with homelessness, no car, no real job or career that I could rely on. Now, I have my own place, am more stable [and] paying all my bills."



Acknowledgements

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