

# REDF

An investment that works.

Federal Department of  
Health and Human Services

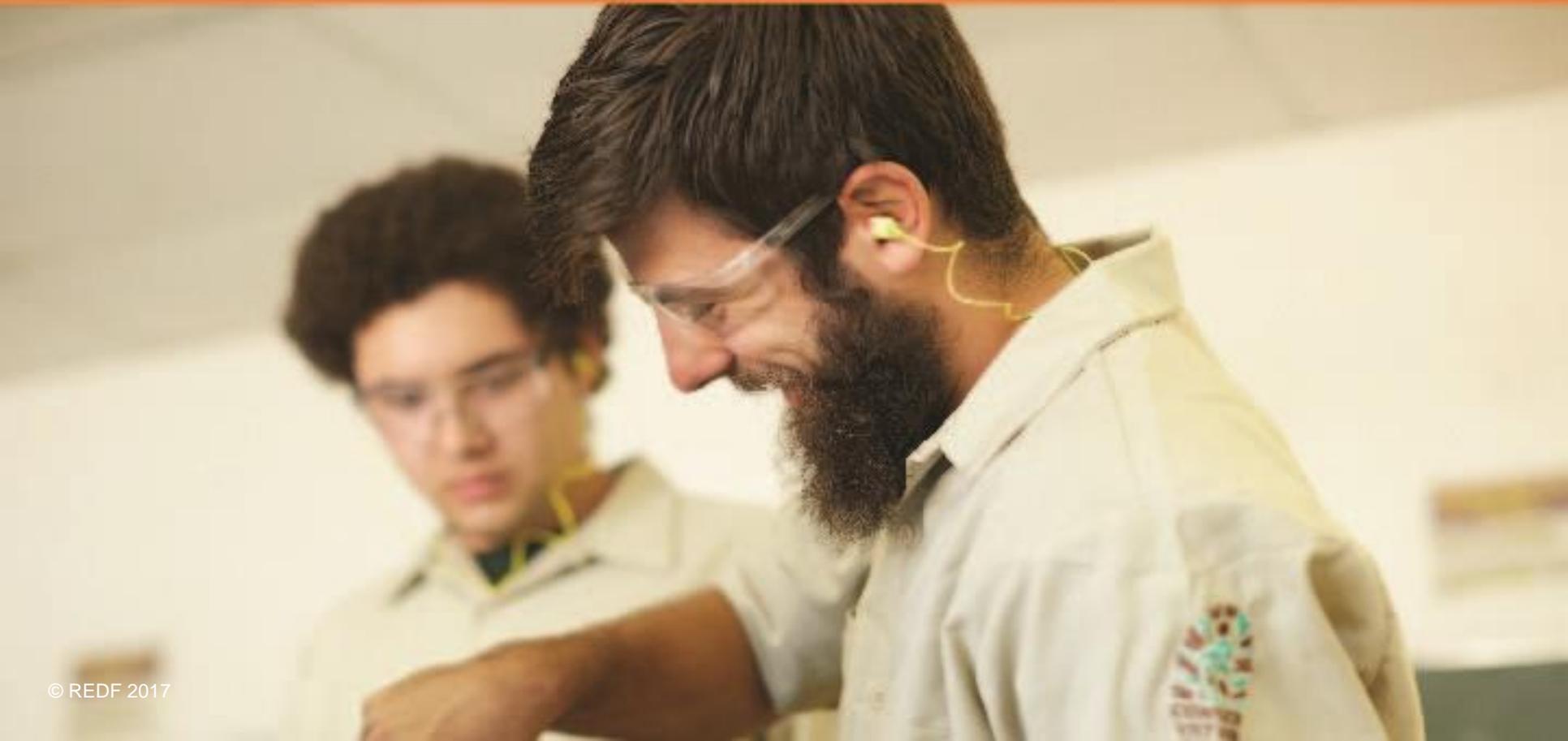
Social Enterprise Organizations  
Listening Session – March 1, 2018

[WWW.REDF.ORG](http://WWW.REDF.ORG)

To transform  
a life,  
start with a job.



# US SOCIAL ENTERPRISE OVERVIEW



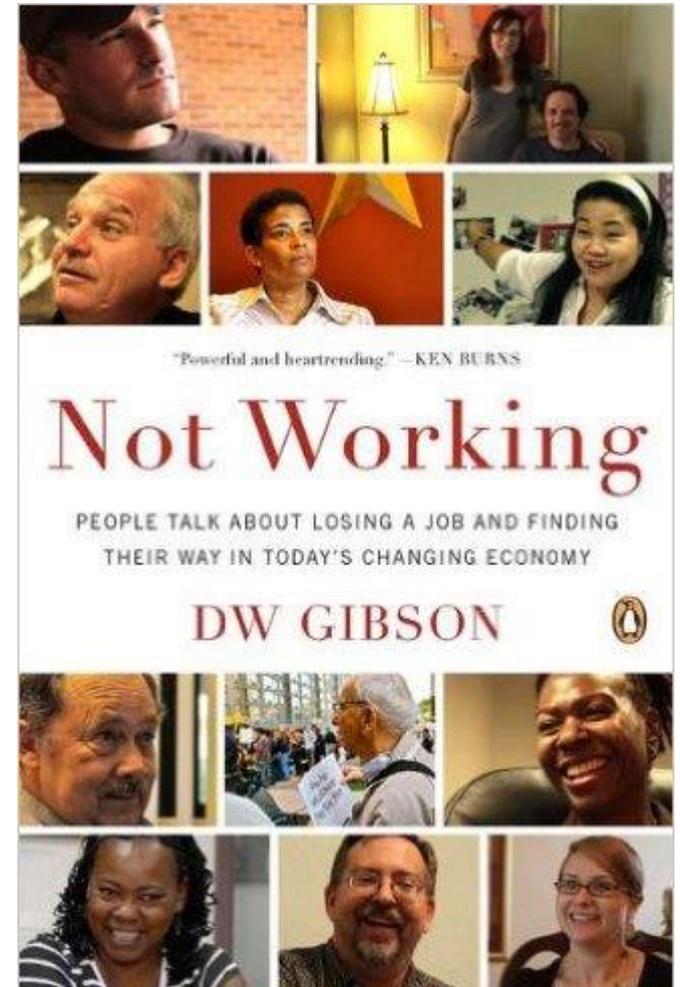
# CHALLENGE

- Millions of Americans are **excluded from the workforce**, despite the fact that they want that opportunity.
- Histories of homelessness, incarceration, mental health struggles, addiction, and limited education make **employers reluctant to hire them**.
- Traditional workforce development systems are not set up to address these **serious employment barriers**.
- With unemployment rates as high as 50 to 80% among these populations, the situation is critical. **Persistent unemployment** exacerbates poverty, violence, inequity and limited economic mobility across the nation.
- When people do not work, **we all pay the price**.

# “A JOB IS SO MUCH MORE THAN A PAYCHECK.”

- Pride
- Security
- Self-worth
- Self-esteem
- A challenge
- A Reward
- A roof overhead
- Bread on the table
- Adventure
- A place to go

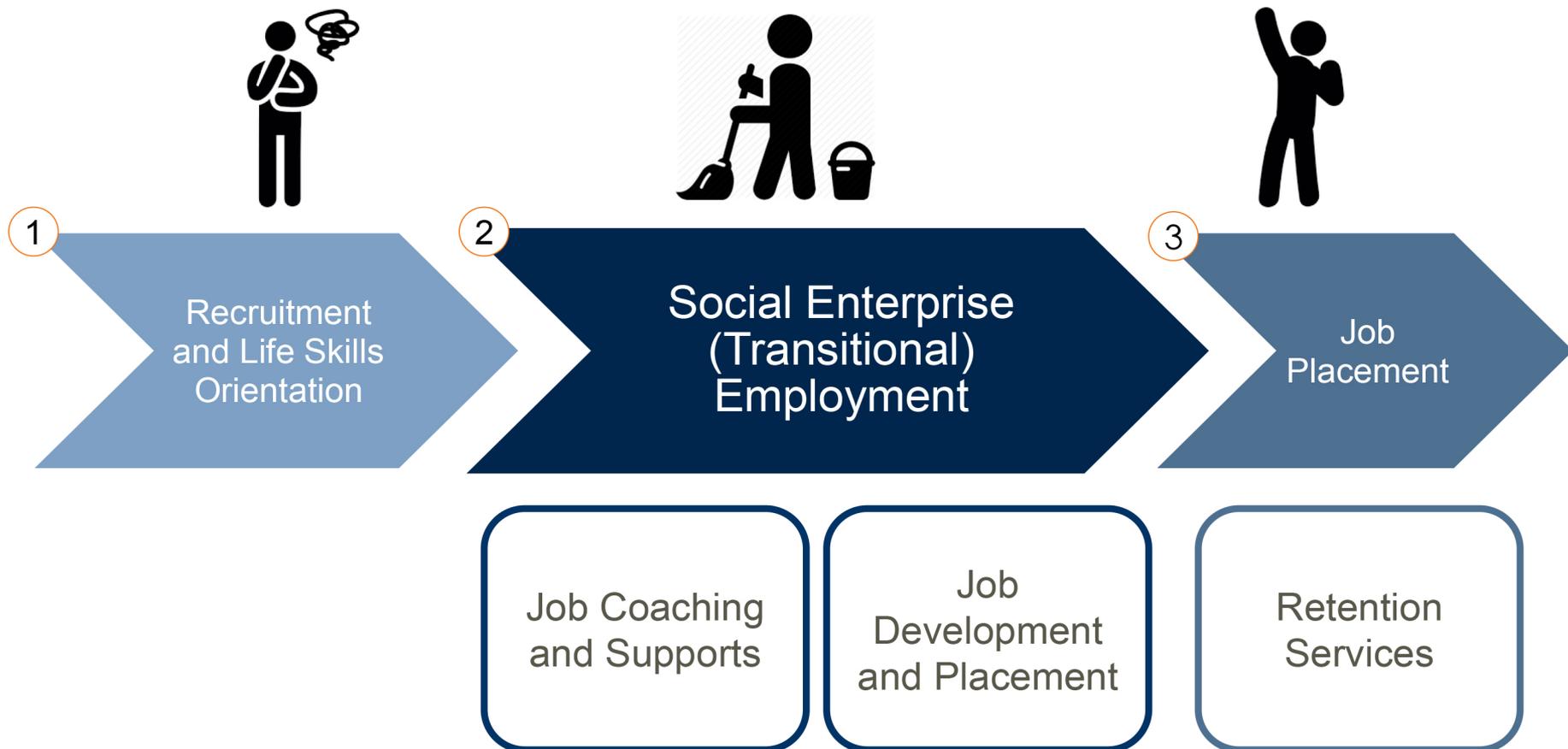
- Stability
- Life
- Energy
- Creativity
- Results
- Purpose
- Responsibility
- Fun
- Joy
- Identity
- Dignity



# SOCIAL ENTERPRISE – A KEY PART OF THE SOLUTION

- **Social enterprises are businesses** that sell high-quality goods and services in the competitive marketplace. Their employees are people who otherwise would not have much hope of finding/keeping a job.
- The **model is unique** because the businesses earn revenue and reinvest that money back into their businesses so they can hire and support more people. This **self-sustaining model** improves lives, strengthens families and communities, and helps spending for government programs go further.
- **Providing know-how and investment** to these businesses, helps them increase their effectiveness and scale their impact so that more people have the opportunity to work and build a stable future.
- **We all benefit** from living in a society where everyone has the opportunity to contribute.

# SOCIAL ENTERPRISE MODEL – HOW IT WORKS



# SOCIAL ENTERPRISE MODEL – WHO IT HELPS



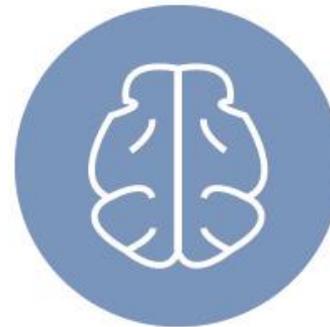
Young people disconnected from work or school



People who have been incarcerated



People who have been homeless



People with mental health or substance use challenges

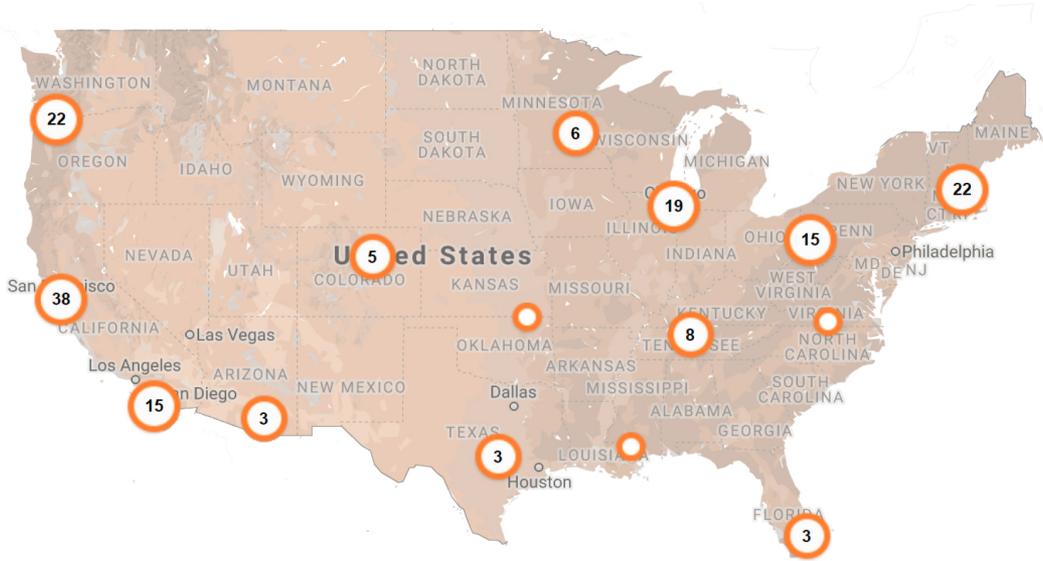
Other populations also targeted: people overcoming ‘multiple barriers’; young people aging out of foster care; women; single parents; people with disabilities; immigrants

# SAMPLE OF 162 'EMPLOYMENT' SOCIAL ENTERPRISES

78  
in the west

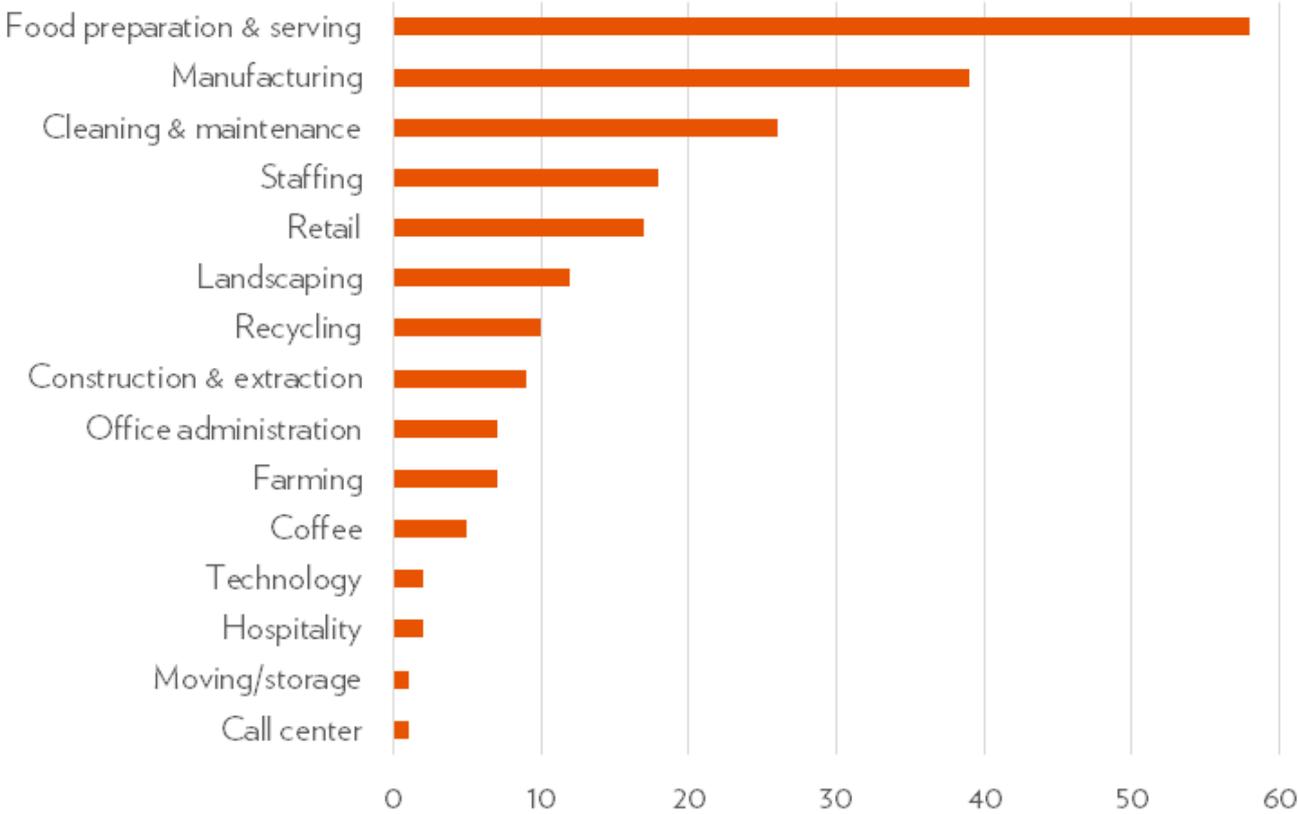
43  
in the middle

41  
in the east



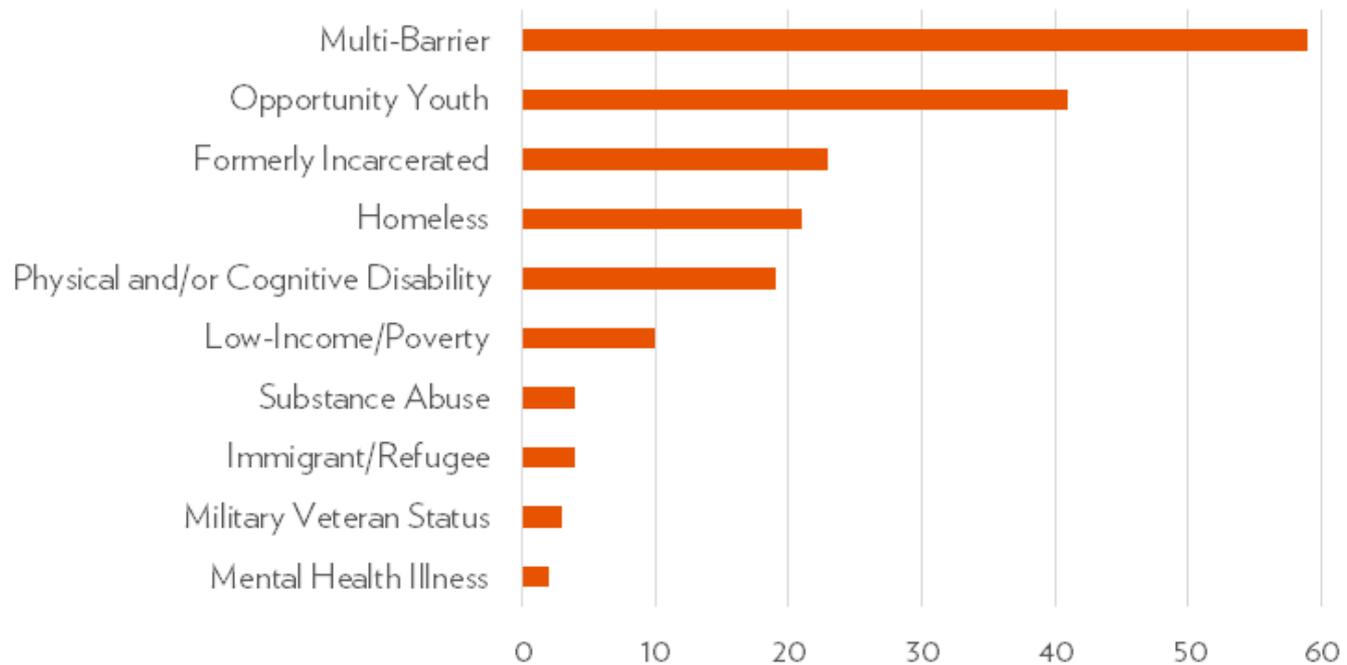
Source: redfworkshop.org

# INDUSTRY TYPES: FOOD AND MANUFACTURING



Source: redworkshop.org

# TARGET POPULATIONS: MULTI-BARRIER +



Source: redworkshop.org

# REDF: VENTURE PHILANTHROPY AND INTERMEDIARY



# SE = JOBS = HOPE

“If people don’t have a job,  
they don’t have hope.  
And if you don’t have hope,  
what do you really have?”

– **George R. Roberts,**  
**REDF Founder and Chairman**



# REDF SUPPORTS SOCIAL ENTERPRISE GROWTH

## What is REDF?

REDF is the only venture philanthropy organization in the country that invests exclusively in the growth and effectiveness of social enterprise businesses that provide jobs and a pathway into the workforce for people facing the greatest challenges.

## 20 Year Track Record with Employment-Focused Social Enterprises

Since 1997, REDF has invested in more than 100 social enterprises in 21 states. These businesses have generated \$392 million in revenue and employed 24,000 people—and counting. Research shows this approach works. It leads to greater economic security and mobility and a significant rate of return to society—\$2.23 in benefits for every \$1.00 spent.

## 2020 Vision for Employment

By 2020, REDF will help **50,000 people across the U.S. transform their lives through the power of work**, while measuring results and growing the evidence base to demonstrate the impact of our model.

# OUTCOME DATA: 2015

FROM MATHEMATICA JOBS STUDY OF REDF PORTFOLIO  
COMPLETED 2015

Data source slides 16-23:

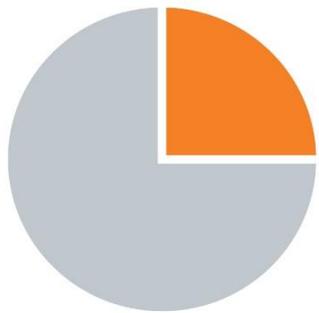
Rotz, Dana, Maxwell, Nan, et al. *Mathematica Jobs Study: Economic self-sufficiency and life stability one year after starting a social enterprise job.*

Oakland: Mathematica Policy Research, 2015. Print. 40004.700R.

Reference link: [redf.org/app/uploads/2015/02/REDF-MJS-Final-Report.pdf](http://redf.org/app/uploads/2015/02/REDF-MJS-Final-Report.pdf)

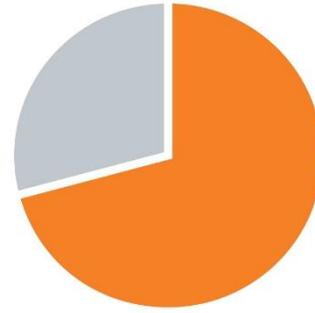
# SOCIAL ENTERPRISE MODEL – WHO IT HELPS

## BEFORE SOCIAL ENTERPRISE



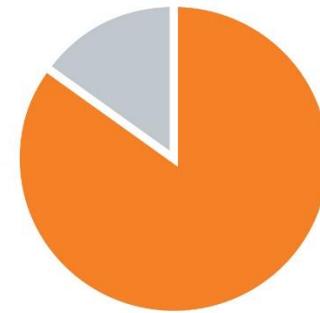
**25%**

never had a job



**85%**

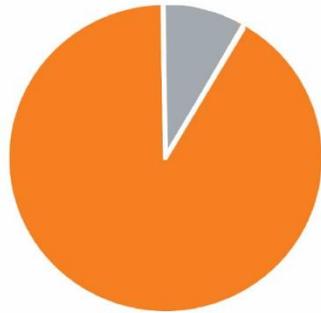
unstable  
housing/prior  
year



**71%**

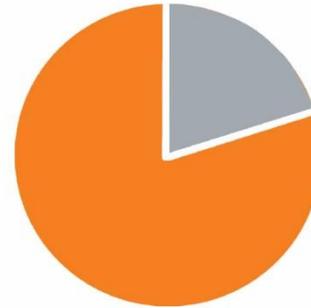
of monthly  
income came  
from gov't benefits

## DURING SOCIAL ENTERPRISE



**90%**

received hard, soft,  
and technical  
skills training



**80%**

received material work  
support (e.g., clothing,  
transportation, housing)

## ONE YEAR LATER



A woman with dark hair pulled back, wearing a blue long-sleeved shirt and grey gloves, is working in a warehouse. She is looking towards the camera with a slight smile. The background is filled with cardboard boxes and industrial lighting.

# To transform a community, start with a job.

**BEFORE SOCIAL ENTERPRISE:**  
71% OF INCOME CAME  
FROM GOVERNMENT

**AFTER SOCIAL ENTERPRISE:**  
24% OF INCOME CAME  
FROM GOVERNMENT

# BENEFIT RECEIPT\*

	<b>Baseline  </b> Receiving income last month:	<b>Follow-up  </b> 12 months post-intake	<b>Difference</b>
<b>Sample size</b>	<b>242</b>	<b>242</b>	<b>NA</b>
Food stamps, SNAP or WIC	63	31.7	-31.3
Welfare Programs (TANF or CalWORKs)	44.5	10.1	-34.4

\* REDF partnered with the Mathematica Policy Institute, an evaluation firm with deep expertise in social policy research. Mathematica aimed to investigate the impact of REDF's capital and expert technical assistance on the beneficiaries of the social enterprises we supported. The Mathematica Jobs Study (MJS) published in 2015, looked into whether or not participants at these social enterprises had higher employment and better life stability one year after they began their social enterprise jobs. In addition, the MJS delved into the economic case of social enterprise by conducting a cost benefit analysis of REDF's portfolio.

# CHANGES IN % OF PEOPLE WITH INCOME FROM ENTITLEMENTS

	Outcomes study			Impact study				
	Baseline	Follow-up	Difference	Treatment: baseline	Treatment: follow-up	Comparison: baseline	Comparison: follow-up	Difference-in-differences
Sample size	242	242	n.a.	138	138	32	32	n.a.
Believe that in five years will be economically self-sufficient	95.8	86.0	-9.8*	97.5	83.5	100.0	84.1	1.9
Receiving any income from...last month								
Food stamps; Supplemental Nutrition Assistance Program; or Women, Infants and Children Program	63.0	31.7	-31.4*	69.5	34.2	64.9	43.5	-13.9
Welfare programs (for example, TANF or CalWORKs)	44.5	10.1	-34.4*	55.6	13.8	44.1	19.9	-17.7
Disability or worker's compensation	9.1	9.8	0.7	4.6	6.5	5.5	4.7	2.6
Unemployment insurance	7.4	2.6	-4.8*	4.1	2.5	2.5	6.3	-5.4
Other government transfers	0.9	4.2	3.3	0.8	3.3	0.0	8.8	-6.2
Transfers from others	14.1	20.4	6.3	9.5	14.3	8.3	2.0	11.1
Other sources	1.4	0.4	-1.0	0.9	1.3	7.0	0.0	7.4
Moved off of any form of public assistance since baseline	n.a.	47.5	n.a.	n.a.	52.8	n.a.	14.6	n.a.
Began receiving any form of public assistance since baseline	n.a.	6.5	n.a.	n.a.	4.0	n.a.	20.8	n.a.
Stopped receiving transfers from others since baseline	n.a.	13.6	n.a.	n.a.	10.9	n.a.	14.6	n.a.
Began receiving transfers from others since baseline	n.a.	22.7	n.a.	n.a.	16.9	n.a.	16.6	n.a.

- Amounts expressed in percentages
- Note: welfare programs in the table above include programs such as TANF (CALWorks), General Assistance or GA, or Safety Net, and not uniquely TANF

# CHANGES IN TOTAL INCOME FROM ENTITLEMENT PROGRAMS

	Outcomes study			Impact study				
	Baseline	Follow-up	Difference	Treatment: baseline	Treatment: follow-up	Comparison: baseline	Comparison: follow-up	Difference-in-differences
Sample size	242	242	n.a.	138	138	32	32	n.a.
Any wage or salary income	31.0	75.4	44.4*	24.0	74.7	20.6	73.3	-2.0
Wage or salary income (dollars)	237.0	950.5	713.5*	167.2	812.2	110.1	853.6	-98.5
Any earned income	32.5	76.2	43.7*	25.0	75.9	22.0	73.3	-0.4
Earned income (dollars)	253.6	962.3	708.7*	176.6	824.9	150.9	809.8	-10.6
Total income below 200 percent of federal poverty level	96.4	90.8	-5.6*	98.8	94.9	100.0	91.4	4.7
Opened bank account since baseline	n.a.	69.8	n.a.	n.a.	62.6	n.a.	66.1	n.a.
Average monthly income from ... last month (dollars)								
All sources	677.0	1,240.3	563.3*	530.1	1,019.4	481.5	1,118.7	-147.9
Salary or wage income from work	237.0	950.5	713.5*	167.2	812.2	110.1	853.6	-98.5
Food stamps; Supplemental Nutritional Assistance Program; or Women, Infants and Children Program	128.3	67.0	-61.3*	144.3	74.8	127.0	137.9	-80.3
Welfare programs (for example, TANF or CalWORKs)	107.6	25.5	-82.1*	125.7	32.9	106.6	76.7	-62.9
Disability or worker's compensation	70.9	63.4	-7.6	31.6	48.4	47.8	20.1	44.5
Unemployment insurance	56.5	0.0	-56.5*	33.0	0.0	13.0	5.2	-25.2
Other government transfers	3.8	40.9	37.2	1.2	28.0	0.0	14.5	12.3
Transfers from others	58.0	56.7	-1.3	17.6	16.4	23.7	0.0	22.5
Other sources	14.1	4.1	-10.0	8.5	12.8	54.5	0.0	58.8
Share of Income from ... last month								
Work	22.5	69.0	46.5*	17.9	71.3	15.6	64.1	5.0
Government transfers	71.3	23.8	-47.5*	79.5	24.8	75.3	35.9	-15.3
Transfers from others	5.0	7.1	2.1	1.6	3.6	4.8	0.0	6.8
Other sources	1.2	0.1	-1.1	1.0	0.4	4.2	0.0	3.6

- Income amounts expressed in USD
- Source: MJS database
- Notes: Baseline estimate for total monthly income has been adjusted downward by monthly income from the earned income tax credit

# IMPACT ON SOCIETY (social return on investment)



Every \$1 SEs spend has a return on investment of \$2.23 in benefits to society



Revenue generated by SE's reduces need for support from government and philanthropy

# OUTCOME DATA: 2016-2017

Current REDF Social Enterprise partners (portfolio + other grantees)

Data source slides 27-30: REDF database January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2017

# REDF'S SOCIAL ENTERPRISE PARTNERS



Note: CEO and Juma are national organizations with offices in multiple locations.

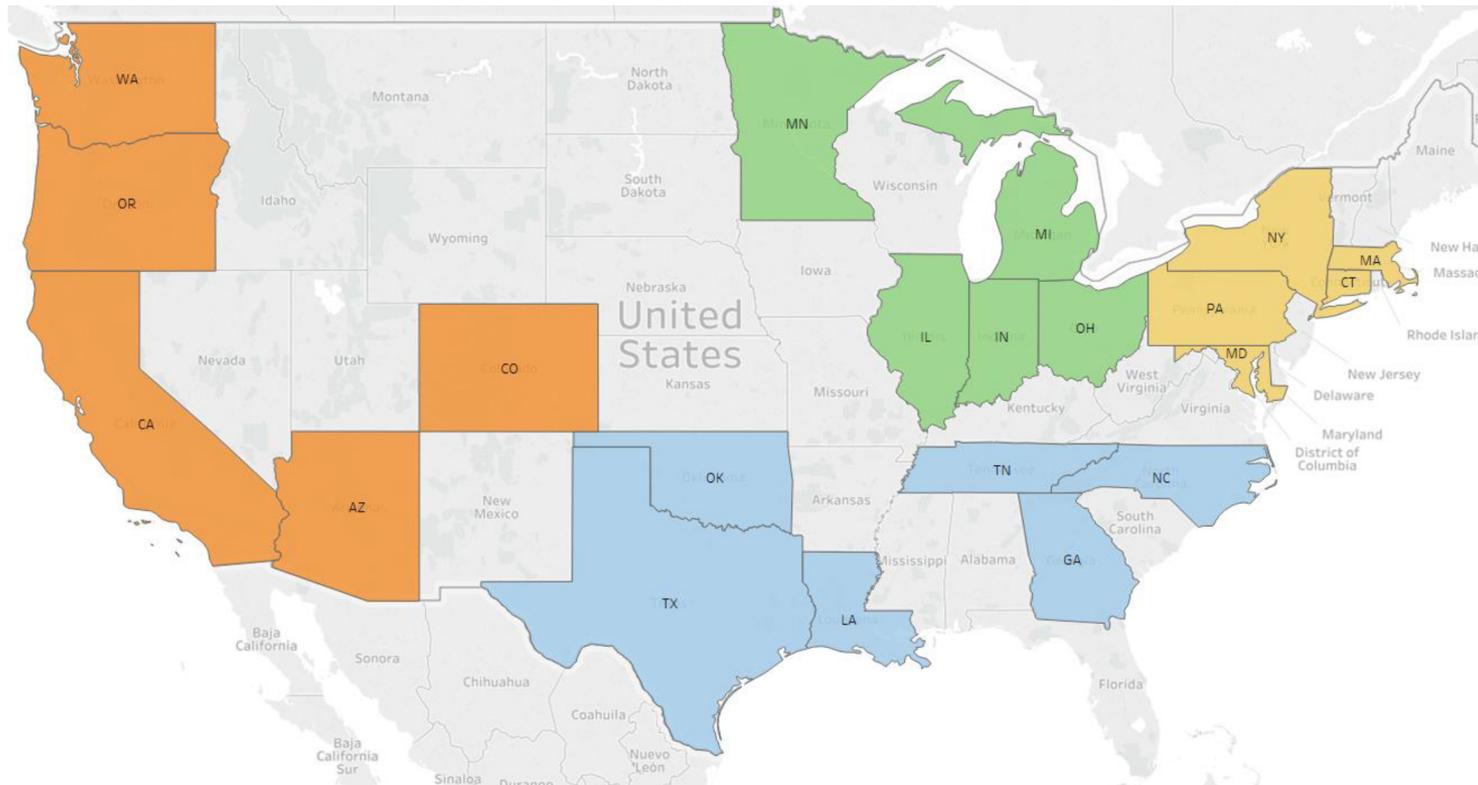
There are nine social enterprises in the San Diego Accelerator. There are ten social enterprises in LA:RISE.

(Turn over for more detail.)

# CURRENT NATIONAL PORTFOLIO (HIGHEST LEVEL OF INVESTMENT AND RESULTS)



# PEOPLE EMPLOYED BY REDF'S SOCIAL ENTERPRISE PARTNERS



	West/Mountain (CA, OR, WA, CO, AZ)	# of SE	South (TX, LA, GA, TN, NC, OK)	# of SE	Midwest (IN, MN, OH, IL, MI)	# of SE	Northeast (MD, NY, MA, PA, CT)	# of SE	Total people employed in 2016 & 2017
<b>REDF Portfolio</b>	6,129	15	1,583	3	1,131	4	908	5	<b>9,751</b>
<b>REDF Strategic grantees</b>	891	27	1,199	6	283	10	323	8	<b>2,696*</b>
<b>Total</b>	<b>7,020</b>	<b>42</b>	<b>2,782</b>	<b>9</b>	<b>1,414</b>	<b>14</b>	<b>1,231</b>	<b>13</b>	<b>12,447</b>

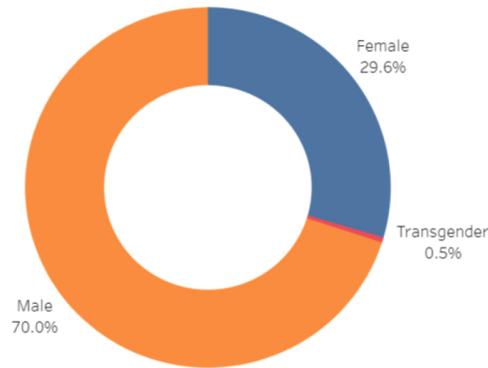
\*REDF Strategic grantees: 2017 data is still being collected from some grantees

# DEMOGRAPHICS AND WAGES

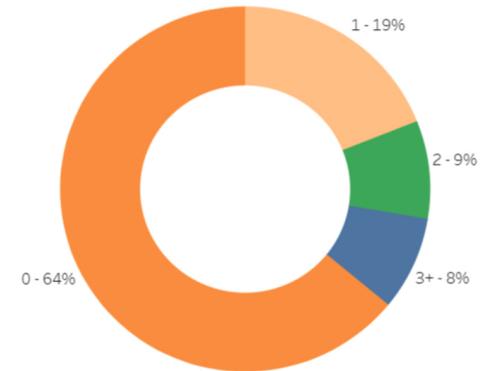
**REDF's Portfolio organizations employed 9,751 people in 2016 and 2017**

**Average hourly wage upon SE exit: \$12.67**  
**Hourly wage range at exit: \$7.25 - \$47.00**

Gender of persons employed

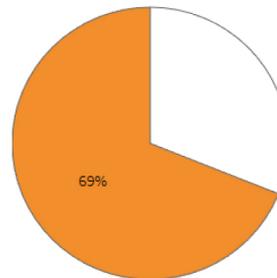


Number of dependents of persons employed



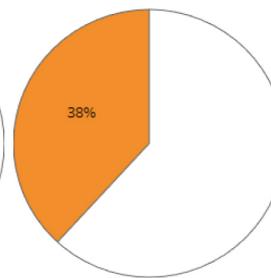
History of Incarceration

Persons with history of arrests, convictions and jail time



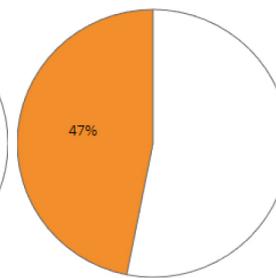
Opportunity Youth

16-24 years old who are unemployed and not presently enrolled in school



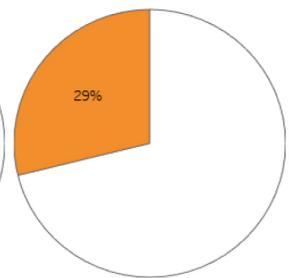
Inadequate Housing

Unable to find permanent housing with a fixed, regular and adequate nighttime residence



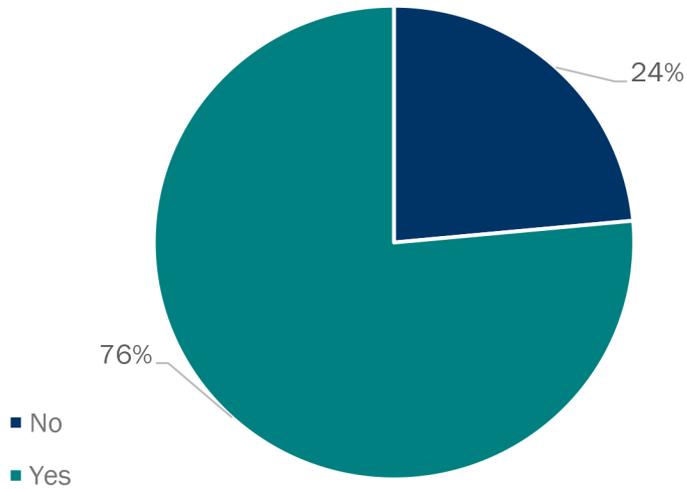
Mental Health

Persons with history of mental, mood or anxiety disorders and/or substance abuse

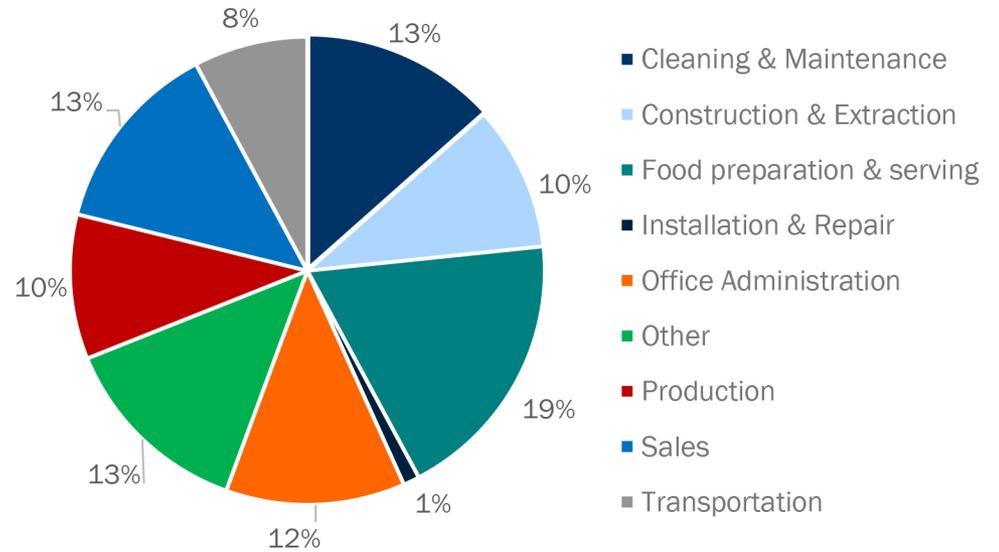


# JOB READINESS & POST SOCIAL ENTERPRISE EMPLOYMENT

Job readiness assessment administered prior to eligibility for external placement



Industries post-employment SE

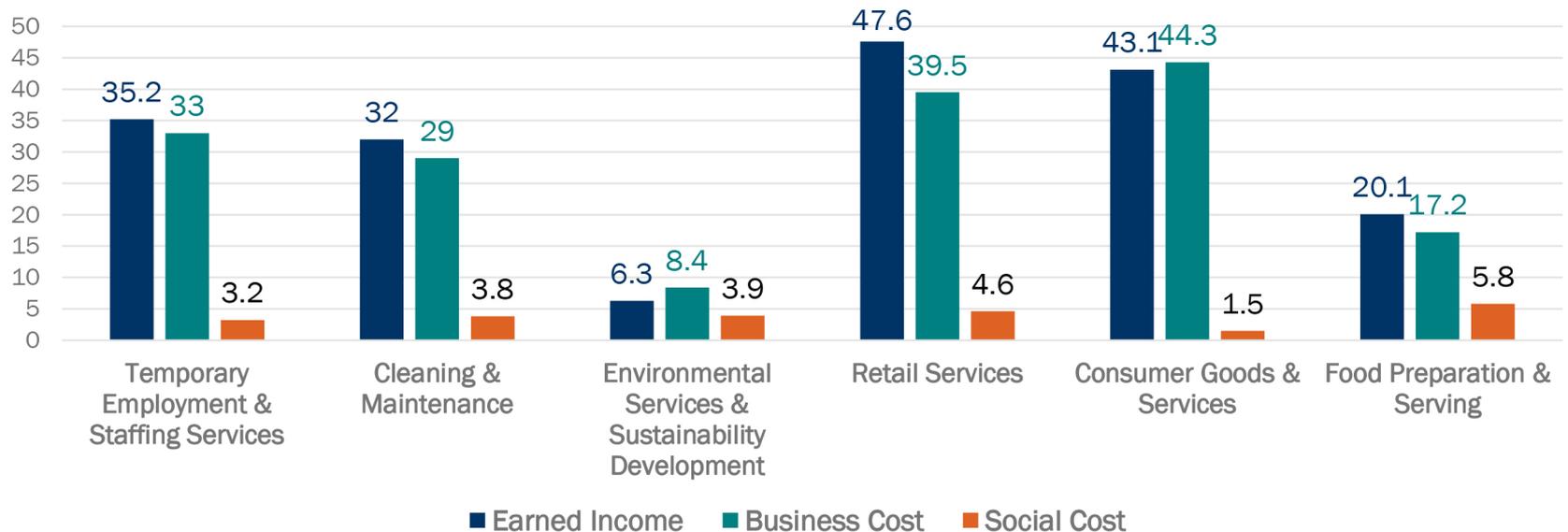


# EARNED INCOME VS. COSTS

## Earned Income Relative to Business and Social Costs at Social Enterprises by Industry

4/1/16 to 9/30/17

\$ in 000,000s



**Total Earned Income: 184.3M**

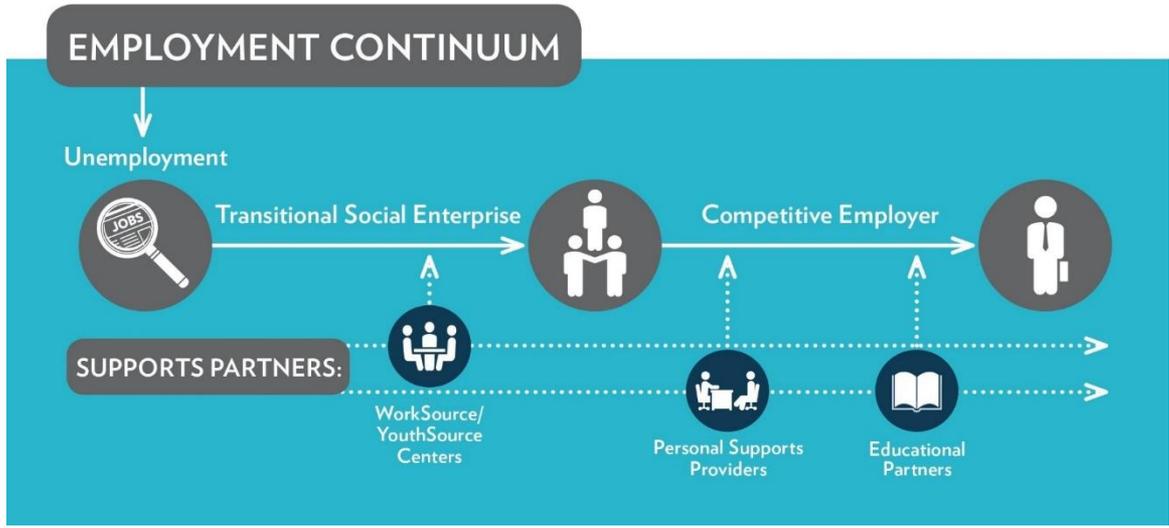
**Total Business Costs: 171.4M**

**Total Social Costs: 22.8M**

Overall earned income covers 107.5% of business costs or 95% of total costs (business + social)

# LA: REGIONAL INITIATIVE FOR SOCIAL ENTERPRISE

The LA:RISE Ecosystem—An integrated, wrap-around approach to job creation



### TRANSITIONAL SOCIAL ENTERPRISE

- Paid work experience
- Job Readiness Assessment
- Personal Readiness

### WORKSOURCE INTEGRATION

- Co-enrolled in WIOA
- JobsLA Tracking System
- On the Job Training Dollars

### RETENTION SERVICES PROGRAM

- Financial Incentive
- Service Referrals, Financial Literacy
- Supportive Services

# US INTERMEDIARIES & ASSOCIATIONS

- Social Enterprise Alliance: Leading national trade association
- REDF: Venture philanthropy and intermediary
- Stand Together: Venture philanthropy
- SourceAmerica: Intermediary for United States AbilityOne program

# US GOVERNMENT: SUPPORTING SOCIAL ENTERPRISE

- **Federal Department of Health and Human Services**
  - Office of Community Development: JOLI and CED programs
  - SNAP E&T and TANF (modest, locally-directed support)
- **Corporation for National and Community Service -- Social Innovation Fund**
  - Leveraged \$26M private resources
  - 8,000 people employed
  - First major study of outcomes and impact: Mathematica Jobs Study
- **Bipartisan Evidence-based Policy Commission**
  - “Whether deciding on funding allocations, assessing proposed regulations, or understanding how to improve processes for efficiently providing services, evidence should play an important role in key decisions made by government officials.”
- **Social Impact Bonds**
  - Center for Employment Opportunities
  - ROCA
- **Small Business Administration**
  - Modest support to CDC-owned social enterprises
- **WIOA**
  - Modest support for some SE’s at the local level (larger programs in Los Angeles, San Diego)
- **AbilityOne**
  - Federal preference for social enterprises employing individuals with severe disabilities

# HHS: DRIVING INNOVATION

## FUNDING NEEDS

- Growth Capital & Advisory Services
- Seed stage and Start-Up Accelerator(s)
- Retention and related supports
- Local coordination of public-private partnerships

## RESOURCES/POLICY CHANGES

- Allow TANF recipients to access SNAP E&T dollars
- Allow non-profit owned social enterprises to qualify for Small Business Administration resources and preferences
- Rejuvenate a modified, results and evidence oriented JOLI program -- capital paired with advisory services to build capacity, create jobs, and provide retention supports
- Targeted 'pay for performance' investments
- Make a social enterprise job count as a job placement for purposes of WIOA/TANF
- Raise the Earned Income Tax Credit for childless individuals and non-custodial parents
- Support changes to professional licensing requirements to include people who may have arrest or conviction records

# QUOTES FROM SOCIAL ENTERPRISE EMPLOYEES

*“Being formerly incarcerated, a job has been so much more than a pay check. It’s a door back into society.”*

*“This is only the beginning for me. I’m only moving up and forward from this point on.”*

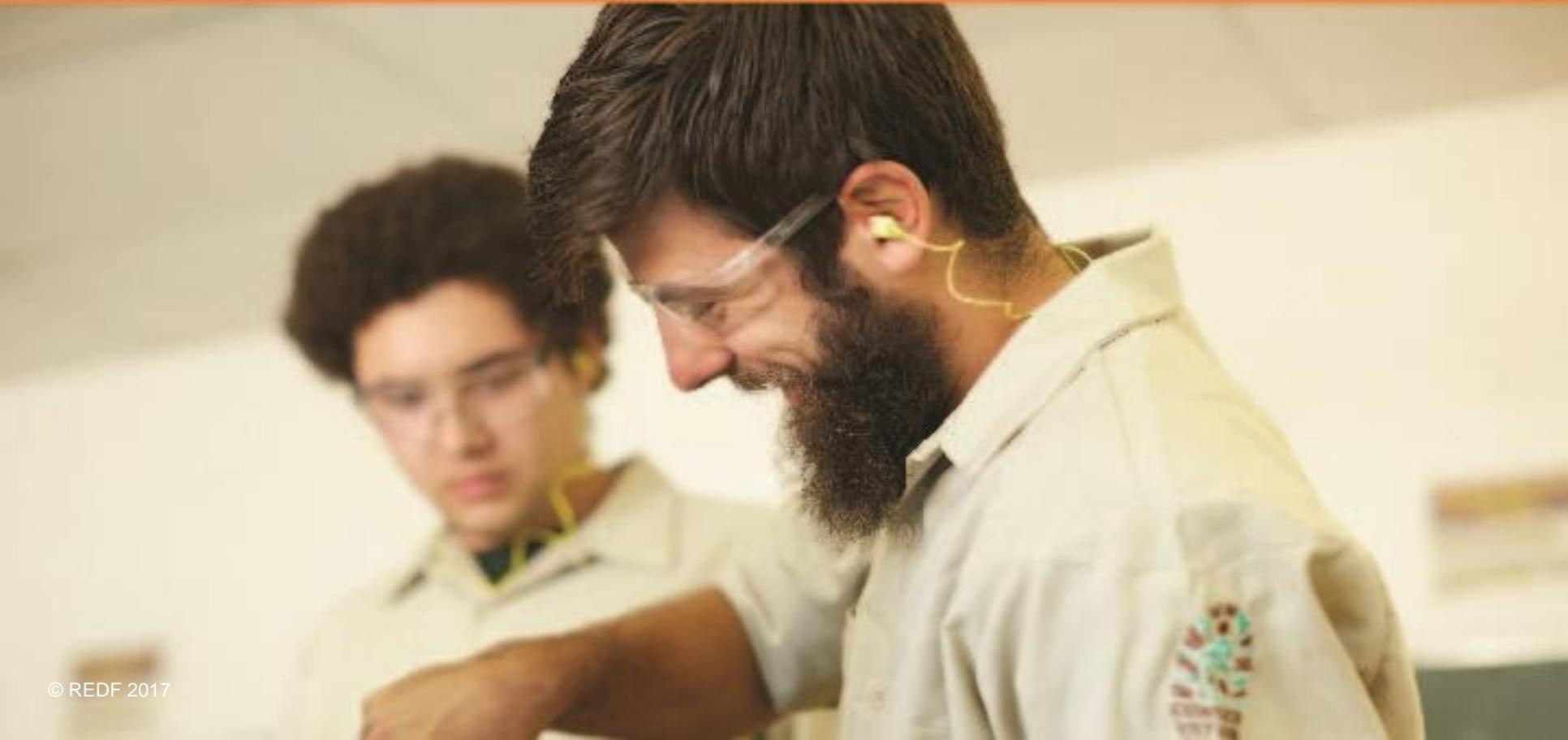
*“Because of this job I have a sense of faith again.”*

*“It’s a wonderful feeling to get up every day, go to work, and provide for your family.”*

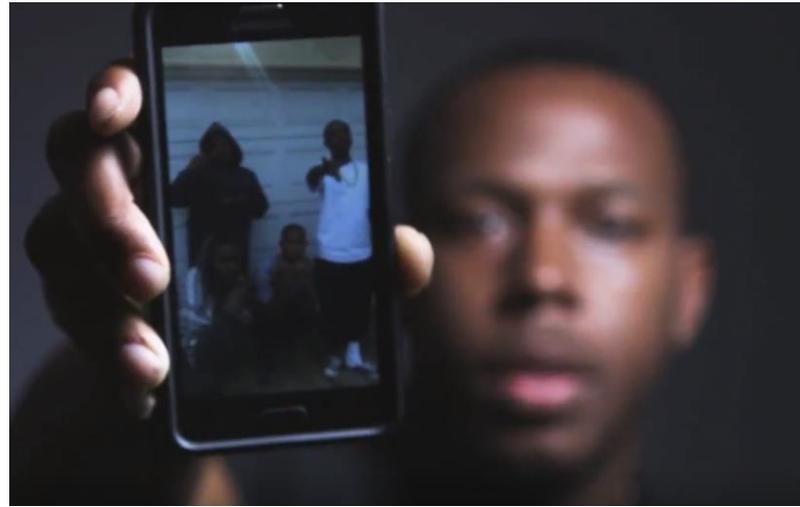
*“They helped me change my life; change my future; and the future I am going to create for my son.”*

# Appendices

**Example of a successful SE 'graduate'**  
**Overview of SE support in the UK and Australia**

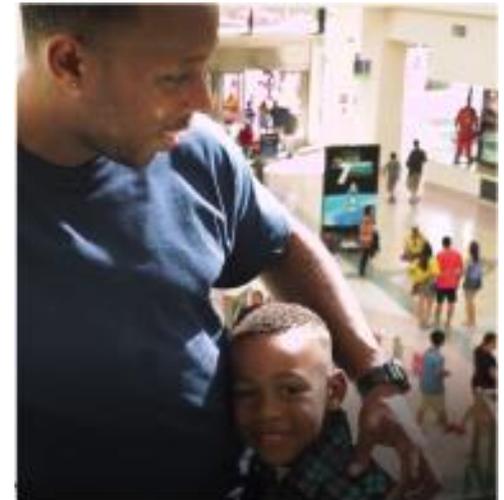


# SUCCESS STORIES – ANTHONY JACKSON



“CRCD literally saved my life.. They helped me gain work skills, and life skills. They helped me learn how to communicate, how to be responsible, how to be a leader, and a role model. CRCD even helped me become a better father.”

**Anthony Jackson**  
**2016 Moldaw Awardee**



# OVERVIEW: UK SOCIAL ENTERPRISE SUPPORT

- The social enterprise intermediary market in the UK is fully developed, with many organizations providing funding, know-how, talent, customers/markets, and policy support for SEs
  - Some intermediaries play a focused role and specialize in one type of SE support, while others play multiple roles and offer combined supports
- The UK boasts a wide range of innovative intermediary models
  - Particularly for market connectors, know-how providers and funders
- Recent developments include the launch of two bidding consortia/platforms
  - The National Consortium of Social Enterprises launched in July 2013 as a government-funded initiative to develop a consortium of 1,000 SEs in the criminal justice sector that can bid on and deliver employment opportunities for offenders
  - The Wates Social Enterprise Brokerage service also launched in July 2013 to get SEs into the supply chains of all Wates sites (one of the UK's largest construction firms)

# CHALLENGES WITH UK APPROACH

- Sometimes reactive policy development, with implementation fragmented across government departments
  - Resulting from a policy process involving wide consultation, which at times has led to competing ideas of and priorities for social investment
- Less successful at helping mid-sized social enterprises become sustainable businesses, as most of the focus has been on supporting nascent and early-stage ventures
  - More discipline needed to identify SEs with greatest potential; need to develop and focus appropriate support services on these businesses
- Quality of government interventions and support services provided have been variable
  - E.g., Futurebuilders Fund (providing loan financing, grants and support to nonprofits needing investment to win public service contracts) received criticism for being risk averse in selecting investees and not fully understanding the sector's needs

# OVERVIEW: AUSTRALIA SE ECOSYSTEM

- While the overall intermediary market in Australia is less well developed than in the UK, a few players stand out for their catalytic and interconnected approaches to developing the SE ecosystem
  - **Social Ventures Australia** directly invests in SEs (as a venture philanthropy fund and social finance broker, advisor and fund manager), and consults to and builds collaborations among nonprofits, foundations, corporations and government to improve education and employment outcomes and influence systems change
  - Born out of a unique collaboration between the Victoria Government and a private foundation in 2008, **Social Traders** aims to grow SE throughout Australia by strengthening individual enterprises and building a robust and cohesive sector
  - **The Brotherhood of St. Laurence** (A\$62M) and **Mission Australia** (A\$340M) are large nonprofits that run employment SEs and also play intermediary roles, particularly as policy advocates, employment brokers, and providers of funding and know how
- Government support for SE began at the local and state levels as part of a social inclusion agenda and in the form of pilot programs and partnerships with key intermediaries...
  - Since the early 2000's, the Victoria state government has been viewed as a leader for its commitment to SE as part of its neighborhood renewal solution, and for its proactive approach to funding, developing, collaborating with, and procuring from social enterprise
  - City councils in Queensland, New South Wales (NSW), and the Australian Capital Territory (ACT) launched SE Hubs, in partnership with Social Ventures Australia, to develop employment SEs in local areas (2006-2009)
- ...Leading to the federal government's launch of several key initiatives/funds supporting social enterprise in the last few years
  - A\$650M Jobs Fund, A\$41M of which focused on transitional employment models, including social enterprises, under the A\$200M Get Communities Working stream (2009-2011)
  - SE Development & Investment Funds (2011-2012): A\$20M in grant funding to seed 3 SEDIF funds