



REDF

Social Impact Report 2005

What a Difference
a Job Makes

*The Long-term Impact of
Enterprise Employment*

This report highlights:

Employment Status Over Two Years

Housing Stability

Average Hourly Wage

Criminal Conviction Rates

BACKGROUND AND METHODS

Since its inception in 1997, REDF (formerly known as The Roberts Enterprise Development Fund) has supported innovative approaches to moving people out of poverty. REDF has funded a portfolio of social enterprises—businesses owned and operated by nonprofit organizations—that evaluate performance based on a “double bottom line,” expecting returns that are both social and financial. Socially, the businesses aspire to create jobs and opportunities for homeless and low-income people who face various significant barriers to employment. Financially, the businesses aspire to generate profit that can be used to support the operations of other innovative social programs.

Over the course of its nine-year history, REDF has invested in 13 different nonprofit organizations and 35 enterprises. REDF’s portfolio has employed more than 3,000 low-income individuals. The enterprises have spanned several industries, including retail, service, and manufacturing, and many have developed regional and even national markets for their goods and services. In addition to providing jobs, the enterprises offer a range of supports to help workers expand their skills, stay employed, and advance economically.

REDF has always seen measurement as critical to its work and mission. To measure its social impact, REDF supports an ongoing assessment process that involves face-to-face interviews with enterprise employees at the time they are hired and then at six-month follow-up intervals for up to two years after hire. This Social Impact Report highlights key findings from a range of outcome areas, based on data collected from 991 individuals between 1998 and 2005.

As this report shows, REDF has been effective. Its portfolio of social enterprises has been able to achieve real, measurable social impact. Most importantly, low-income individuals have been able to stabilize their lives and advance economically.

Prepared by:

BTW Consultants



“I got a chance to get a job and know how it feels to get a paycheck. I got a resume. I’ve also learned responsibility. My parents can’t make me go to work on time – it’s my money so it’s my responsibility.”

.. Enterprise Employee

DEMOGRAPHIC AND RISK CHARACTERISTICS OF ENTERPRISE EMPLOYEES

Education is often seen as *the answer* to poverty alleviation. In the REDF Portfolio, however, the 74% of adult enterprise employees who have a high school diploma or GED at time of hire are not able to adequately stabilize their lives and seek out social enterprise employment to help them do so. These data underscore the importance of employment as part of a comprehensive poverty alleviation strategy.

REDF Portfolio enterprises are employing high risk populations: before hire, 44% of the employees have been homeless or at risk of homelessness, 43% have had mental health issues, and 27% were convicted of a crime at some point during their lifetime¹. (fig. A)

REDF Portfolio enterprises employ a demographically diverse mix of individuals: 73% are racial/ethnic minorities, 51% are under 23 years of age, and 61% are male.

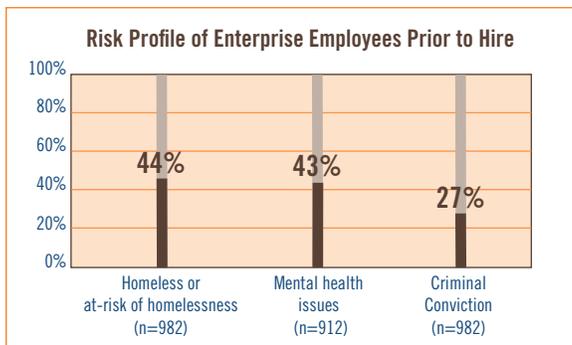
KEY FINDING REGARDING ENTERPRISE EMPLOYMENT

Two years after hire, 86% of enterprise employees are still working and/or enrolled in an academic or vocational training program: 39% are just working, 35% are working AND enrolled in an academic or vocational program, and 12% are enrolled in an academic or vocational program and not working. Of the 14% who are neither working nor in school, the majority have a psychiatric disability that may prevent them from doing so. (fig. B)

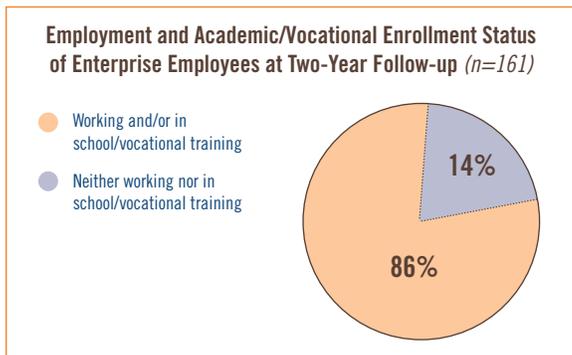
HOUSING STABILITY

Over time, a greater proportion of enterprise employees are living in stable housing. While 44% of employees were either homeless or at-risk of homelessness at time of hire, the figure drops to 26% at the two-year follow-up interval. The biggest decrease is among those who were homeless, including those living on the streets, in shelters or “sofa surfing.”² These individuals accounted for 10% of the sample at time of hire and only 1% at the two-year mark.³ (fig. C)

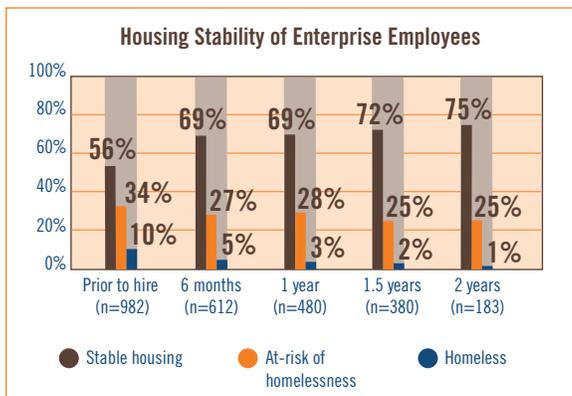
(fig. A)



(fig. B)



(fig. C)



EMPLOYMENT AND WAGES

The majority of REDF enterprises have followed a transitional employment model; that is, they support and encourage employees to move into jobs in the community when they are ready. Over the course of two years, there is a gradual shift in *where* employees are working. In the six months prior to the first follow-up interview, 70% of those working report being employed in a REDF Portfolio enterprise, only 4% in a job in the community and 26% in both a REDF and community job. By the two-year follow-up point, the difference is dramatic: 28% have been employed in a REDF Portfolio enterprise, 63% in a job in the community and 9% in both a REDF and community enterprise. Such a shift indicates that enterprise employees are successfully transitioning out of the more “sheltered” social enterprise environments into the general marketplace of employment. (fig. D)

On average, enterprise employee wages (controlling for inflation) are growing over time. At time of hire, enterprise employees are earning an average of \$7.93 per hour in 2004 dollars, substantially higher than the California minimum wage of \$6.75. By the two-year follow-up, enterprise employee wages have increased by 32%, to an average hourly wage of \$10.43, just shy of San Francisco’s living wage standard of \$10.51 per hour. While this rate of progress is impressive, it is also clear that employees have yet to reach the minimum level of self-sufficiency, estimated at \$13.36 per hour in the San Francisco Bay Area in 2003⁴. REDF Portfolio jobs are helping people make progress towards this goal. (fig. E)

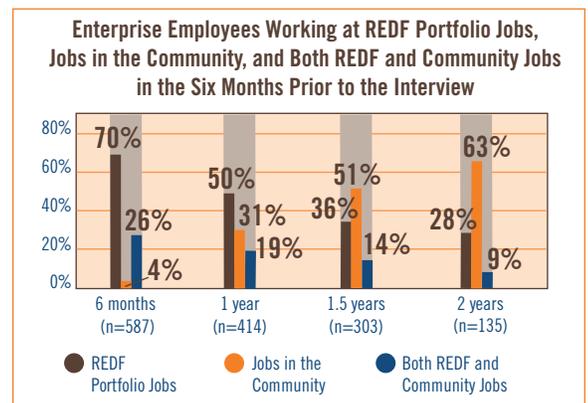
CRIMINAL CONVICTION RATES

While 27% of enterprise employees have a history of criminal conviction before hire, there is a low rate of recidivism after hire. In the six months prior to hire, 16% of employees have been convicted of a crime. This drops to 5% at the six-month, one-year and 1.5-year intervals and then down to only 2% at the two-year follow-up interval.⁵ (fig. F)

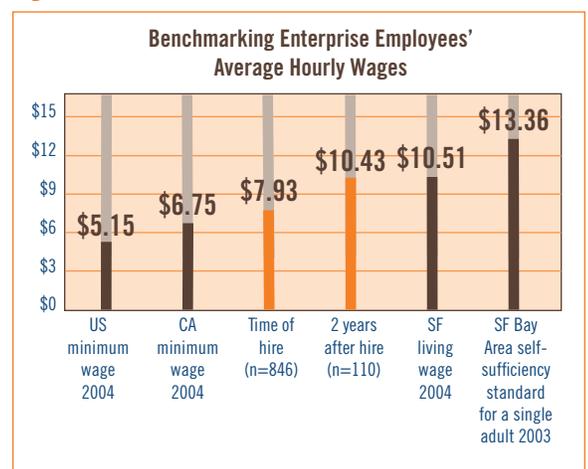
RECEIPT OF PUBLIC ASSISTANCE

Prior to hire, 29% of enterprise employees receive some form of public assistance, including Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), food stamps or General Assistance (GA). Of those receiving public assistance prior to hire, 57% are receiving SSI. SSI is a lifeline for individuals with disabilities who mostly work part-time to supplement their income (among enterprise employees this is primarily those with psychiatric disabilities). While 24% of employees are still receiving public assistance at the two-year follow-up, the vast majority, 84%, are receiving SSI and the proportion of those using other forms of assistance has decreased to only 16%.

(fig. D)



(fig. E)



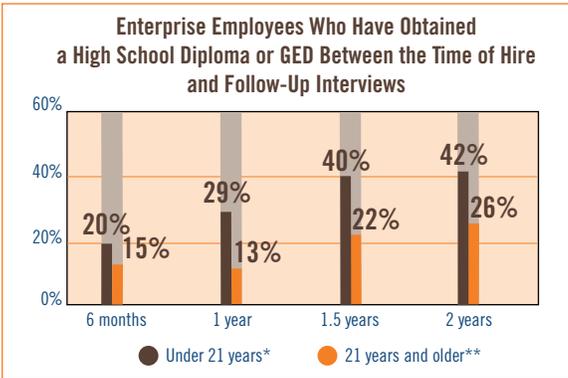
(fig. F)



“I received experience working with a register and with people/customers that gave me confidence that I could find work anywhere else in the city if I put my mind to it.”

.. Enterprise Employee

(fig. G)



* Under 21 years:
6 months (N=247), 1 Year (N=186), 1.5 Years (N=157), 2 Years (N=74)

**21 years and older:
6 months (N=55), 1 Year (N=54), 1.5 Years (N=41), 2 Years (N=19)

EDUCATIONAL ACHIEVEMENT

A substantial proportion of employees who did not have a high school diploma or GED when they were hired at a REDF social enterprise obtained one within two years; 42% of young people (less than 21 years) interviewed two years later obtained a diploma or GED during that time, as did 26% of adults (21+ years). (fig. G)

CONCLUSION

The social impact findings are impressive and promising. The data show that REDF enterprise employees gain positive, tangible benefits that appear to have traction. REDF and its portfolio of social enterprises have created an approach to poverty alleviation that is making a real difference, one life at a time.

Social outcome data collected from enterprise employees since 1998 suggest that individuals employed in REDF Portfolio social enterprises start out with many challenges and barriers to employment. Over the two-year follow-up period, most retain employment and earn increasingly higher wages, and many enroll in academic or vocational training programs. In general, enterprise employees are reducing their reliance on non-SSI public assistance and are living in more stable housing situations. Those with a criminal conviction history are less likely to relapse into criminal behavior.

For many of these individuals, there is still a journey ahead on the road to true self-sufficiency. Still, the accomplishments of REDF portfolio employees are especially impressive given that they have often been seen as “unemployable.” Achieving such positive outcomes in just two years demonstrates the critical role that a supportive job experience can play in helping people move out of poverty. A supportive job not only helps increase income, but at the same time can help build stability, dignity, and hope.

“[The REDF portfolio enterprise] definitely taught me all the basic skills I needed to get my career started – [they] showed me the ropes. And it gave me the confidence to keep looking for a job, keep trying and keep working.”

.. Enterprise Employee

FOOTNOTES

- 1 Respondents were identified as homeless or at-risk of homelessness based on their responses to questions about where they were living, their use of housing services, and barriers to finding a job in the six months prior to interview. Respondents were identified as having mental health issues based on their responses to questions about mental/emotional health issues as reasons for not working two weeks or more, mental/emotional health issues as a barrier to finding a job, or participation in any type of mental health program/counseling.
- 2 “Sofa-surfing” is a term used to describe moving from one place to another to live on a temporary basis due to the lack of a permanent or stable place of residence.
- 3 Sampling bias plays a role in this finding, because people who are homeless are, by definition, some of the hardest to find for follow-up interviews. Yet sampling bias alone does not explain the dramatic positive shift in housing stability.
- 4 Enterprise employee wages include earnings from REDF Portfolio and jobs in the community, converted to 2004 dollars. San Francisco Bay Area Self-Sufficiency Standard available from: California Budget Project (2003). *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* Sacramento, CA.
- 5 The decrease in criminal convictions over time is NOT due to any sampling bias. The proportion of interviewees with a criminal conviction history at each follow-up point is representative of the proportion with a conviction history prior to hire.

Cover Photo: Jenny Thomas Photography

REDF

P.O. Box 29566 :: San Francisco, CA 94129-0566
415.561.6677 :: www.redf.org

BTW Consultants, Inc.

2550 9th Street, Suite 113 :: Berkeley, CA 94710-2552
510.665.6100 :: www.informingchange.com