

Igniting a Movement for Jobs, Growth, Opportunity and Hope

With \$14.5M in catalyzing grants from the federal government's Social Innovation Fund (SIF), and with additional support from philanthropy and social investors, REDF is building on nearly 20 years of impact to launch a far-reaching, five year campaign to employ 50,000 people who are overcoming formidable obstacles to work.

To accomplish this, REDF will:

- Invest in the growth of outstanding social enterprises across the U.S.,
- Expand the evidence base to demonstrate the value of social enterprise,
- Cultivate partnerships between social enterprises, businesses, funders, beneficiaries, government, and other allies and supporters that result in a thriving ecosystem.

REDF is the only venture philanthropy in the U.S. that invests exclusively in the growth of social enterprises—mission driven businesses dedicated to providing jobs to people who want to work, but who face formidable barriers to employment. For people with histories of incarceration, homelessness, mental health or substance use challenges, and young people disconnected from school and work, social enterprises provide a job, a supportive work environment, and services that help build their skills and confidence, while developing a work history that can lead to greater security and economic mobility.

The Social Enterprise Difference

Social enterprises are mission-driven businesses that provide jobs, sell high quality products and services, and reinvest their revenue in the business so they can hire and support more people. This is a unique approach in terms of who it assists—people who are overcoming the most difficult challenges; and what it does—offering a combination of paid employment, skill building, and support that prepares people for a lifetime of work. The enterprises accomplish these outcomes with a sustainable business model because they reinvest their revenue in employing more people. This evidence-based approach to solving the seemingly intractable problems of double-digit, chronic unemployment among people with barriers to work, is an essential part of the solution to homelessness, incarceration, recidivism, and economic mobility that transforms lives, strengthens communities, and benefits taxpayers.

Patrick is one of the many people whose workforce success began with a job in a social enterprise. After serving 30 years in prison, he was offered a job by Chrysalis, one of REDF's portfolio of grantees, who then helped him move on to a full-time position managing a building for Skid Row Housing Trust. "It's a wonderful feeling to get up every day, go to work, and provide for your family," Patrick says. That family includes a daughter who is graduating from college.

The Proven Success of Social Enterprise

Independent research conducted with a sample of social enterprises that participated in REDF's portfolio demonstrates a positive impact on the people they employ, and a net savings to society¹:

- Every \$1 social enterprises spend returns \$2.23 in benefits to society because of revenue generated, taxes paid, and decreased reliance on public benefits.

- One year after starting work in a social enterprise, the income of people employed increased 268%, income from government benefits dropped from 71% to 24%, and housing stability tripled.
- Before being hired by the social enterprise, 25% of study participants had never had a job and 85% did not have stable housing the year prior; 70% had been convicted of a crime.
- Six months after transitioning out of social enterprise employment, two-thirds were still gainfully employed.

REDF's Track Record of Success

For nearly 20 years, REDF has provided seed and growth capital and specialized advisory services to over 60 social enterprises in California, which to date have earned and reinvested in their companies more than \$156 million in revenue while employing over 10,000 people whose significant challenges would otherwise result in long-term unemployment. REDF helps social enterprises increase their effectiveness and maximize their impact, so that more people move into the workforce, gain greater self-sufficiency, and help build stronger communities and a more inclusive society.

Since its founding, REDF has been committed to measuring results, learning from the data, and sharing our lessons with the broader community. As a result, our reach has extended beyond our portfolio and informed the broader field. Social enterprises nationwide have now employed tens of thousands of people.

REDF Expands Nationally

REDF conducted a nationwide competition to identify some of our country's most innovative and effective social enterprises that are poised to create even greater impact. More than two hundred organizations in 36 states responded, serving numerous target populations, representing a diversity of industry and business lines, and providing a range of supportive services and real work experience to their employees.

In order to provide both the financial resources and specialized, hands-on consulting services that REDF is known for, and conduct the type of demanding research that will document the economic and social impact of employment-based social enterprise, REDF zeroed in on organizations that best fit demanding selection criteria and demonstrated the greatest potential for growth. The process was multi-faceted and rigorous, and the decisions were difficult.

From this robust pool of qualified applicants, 22 social enterprises with an exceptional track record and growth potential were selected. These social enterprises come to REDF with significant strengths, including committed, experienced leadership, financial stability and operational excellence, a record of strong outcomes, a geography that aligns with REDF's priorities, a willingness to participate in a rigorous program evaluation, and the potential to dramatically increase the number of people they employ.

For the next five years, REDF will partner closely with these 22 social enterprises, providing the type of specialized financial and operational support, and the connections that will help them strengthen their

business, scale their impact, and help tens of thousands more people transform their lives and their futures.

The national competition also revealed dozens of other outstanding social enterprises that, with the right kind of investment, partnerships, and advisory services, are poised to employ even more people, while creating sustainable business models. REDF aims to galvanize a movement that includes both its' portfolio, and other social enterprises, businesses, nonprofits, and funders.

The goal is to unlock the potential of tens of thousands of people to contribute and flourish, saving taxpayers millions of dollars, developing a sustainable model of employment, economic mobility and security, and contributing to a better life for us all.

ⁱ Maxwell, Nan, Dana Rotz, and Adam Dunn. "Economic self-sufficiency and life stability one year after starting a social enterprise job." Oakland, CA: Mathematica Policy Research, 2014.