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New Study Reveals Society's Return on Investment More than Doubles with Employment through Social Enterprise

Jobs report from REDF and Mathematica Policy Research evaluates the impact of jobs for people facing barriers to employment

SAN FRANCISCO (February 5, 2015) — Today REDF announced the findings of the *Mathematica Jobs Study (MJS)*, showing social enterprise businesses provide a cost-effective way to both improve the lives of people who face barriers to work and generate savings for communities and taxpayers. Beyond an average 268 percent monthly wage increase for those employed by these businesses, the report also revealed that the social enterprises generate a significant return on investment for society. Commissioned by REDF, a grantee of the [Social Innovation Fund](#), this first-of-its-kind study was conducted by [Mathematica Policy Research](#), an internationally-known research and evaluation firm.

“Hundreds of thousands of people in this country want what we all want, the opportunity to work and contribute to their families and communities, but don’t currently have the chance,” said Carla Javits, REDF President & CEO. “As a results-driven organization, we can now make the powerful case that social enterprises that put people to work not only generate the obvious benefits of greater hope and a paycheck, but also produce a clear win for taxpayers.”

REDF provides funding, business connections, and operational expertise to social enterprises, which are mission-driven businesses focused on hiring and assisting people who are willing and able to work, but have the hardest time getting a job, like people who’ve been in prison or homeless, young people who’ve dropped out of school, and those who live with mental health disabilities. Some of the barriers to employment that people faced included:

- 25 percent had never had a job;
- 85 percent did not have stable housing in the year before starting the job; and
- Only 23 percent of their monthly income came from work, with 71 percent coming from government benefits.

Social enterprises provide employees with real on-the-job skills development and comprehensive benefits including job placement services, counseling, and life-stability supports. With the goal of helping employees secure long-term employment, these transitional jobs enable people to realize their full potential and establish a career path.

The *Mathematica Jobs Study* contains four integrated study components, finding that about one year after the social enterprise job began, workers were more likely to be employed, had greater economic self-sufficiency, and more stable housing. Other successes include:

- 67 percent of social enterprise employees were still working 6 months later.
- These workers were more likely to be employed than those that were not hired: Social enterprise employment led to a 19 percentage point increase in employment one year later, compared to those that were not hired by the social enterprise and only received job readiness and search services.
- Income from government benefits went down from 71 percent to 24 percent.

- Housing stability tripled with employees living in a home or apartment throughout the year. (15 percent to 53 percent).
- 90 percent received training to build soft, vocational or technical skills, and nearly 80 percent received material work support such as clothing, transportation or housing assistance, making this a comprehensive and holistic approach to employment preparedness.

In addition to the benefits for the individual, there is a significant return on investment for society:

- For each dollar spent by social enterprise, taxpayers save \$1.31. When you add in the social enterprise's revenue, and worker's income, the return on investment rises to \$2.23. This means a \$100,000 investment would have a return of \$223,000 for society.

This report is based upon work supported by the Social Innovation Fund (SIF), a program of the Corporation for National and Community Service (CNCS). The Social Innovation Fund combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States. As an awardee of the inaugural year of SIF grants in 2011, REDF is one of the first organizations funded by this initiative to deliver on that promise – new, compelling evidence of the power of an innovative approach to solve one of America's most vexing problems.

"The Social Innovation Fund's promise is simple, find solutions that work and make them work for more people," said Lois Nembhard, Deputy Director of the Social Innovation Fund. "With this promise, we are proud to support REDF's *Mathematica Jobs Study*, which serves as a catalyst for other social enterprises and organizations in finding innovative, cost-effective ways to impact the lives of economically disadvantaged individuals."

For more information on the *Mathematica Jobs Study*, click here: www.redf.org/finalmjsreportbrief.

About REDF

REDF creates jobs and employment opportunities for people facing the greatest barriers to work – like people who've been homeless or in prison, young people disconnected from work or school, and people with mental health disabilities. Founded in 1997 by George R. Roberts (KKR), REDF provides funding and expertise to organizations in California to launch and grow social enterprises, which are mission-driven businesses focused on hiring and assisting people who face barriers to work. As a result REDF has helped thousands of people in California get jobs and find hope. Now REDF is taking best practices learned from nearly two decades of experience to grow their impact nationally and put hundreds of thousands of people to work. For more information, follow REDF on Twitter at [@REDF_CA](https://twitter.com/REDF_CA) or visit <http://redf.org/>.

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