



Rubicon

Social Impact Report 2006

What a Difference
a Job Makes

*The Long-Term Impact of
Enterprise Employment*

This report highlights:

Employment and Wages
Monthly Income from Work
and Public Assistance
Housing Stability
Recidivism

BACKGROUND AND METHODS

Rubicon Programs Inc. (Rubicon) was founded in 1973 to assist individuals who are living in poverty, homeless, unemployed or disabled to lead independent lives. With its headquarters in Richmond, California, one of the most economically depressed cities in the San Francisco Bay Area, Rubicon provides services to residents of Contra Costa, Alameda and San Francisco Counties. To further its mission, Rubicon operates social enterprises—businesses owned and managed by the nonprofit organization—that employ and train economically disadvantaged individuals. Revenue from these enterprises contributes to Rubicon’s social programs and integrated services that help people find housing and jobs, handle their finances, obtain legal advice and manage mental illness.

Rubicon employs approximately 80 people in its two enterprises at any given time. At Rubicon Bakery, employees make gourmet desserts that are sold in upscale markets and restaurants and on the Internet. Employees at Rubicon Landscape Services provide grounds maintenance and installation services for commercial properties, cities and developers.

As part of the REDF¹ Portfolio of social enterprises, Rubicon is actively involved in an ongoing assessment process to measure the effects of social enterprise employment on its target population. Third party evaluation staff from BTW Consultants conduct six-month follow-up interviews with enterprise employees for up to two years after hire. Based on data collected from 161 enterprise employees interviewed between 1999 and 2005, this Social Impact Report highlights key findings regarding employment, hourly wages, monthly income, housing stability and criminal conviction rates.

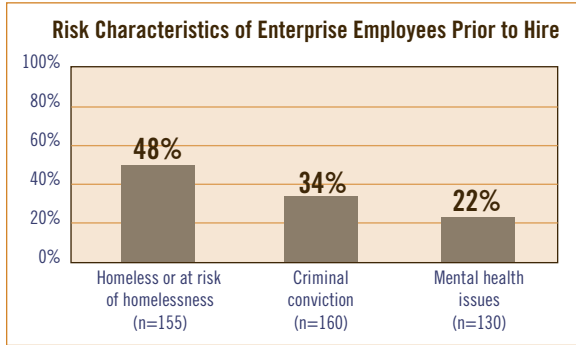
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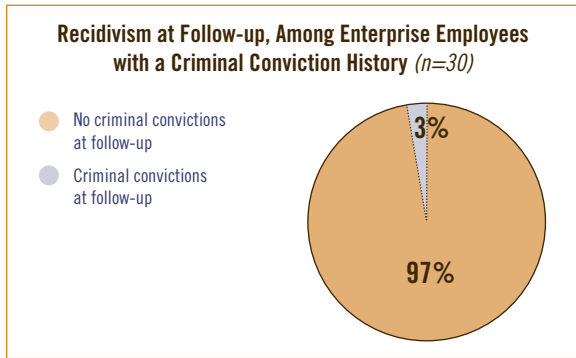
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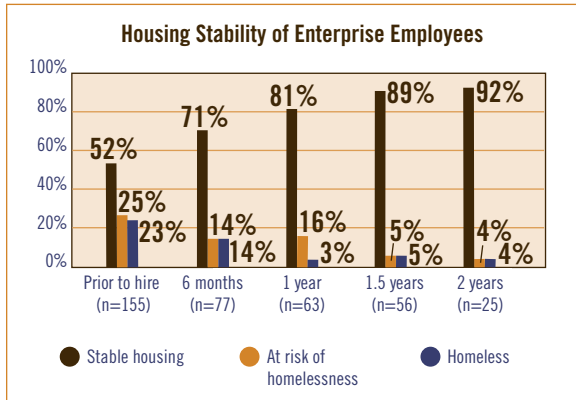
(Figure A)



(Figure B)



(Figure C)



DEMOGRAPHIC AND RISK CHARACTERISTICS OF ENTERPRISE EMPLOYEES

Rubicon enterprises employ individuals who experience considerable employment barriers. Half of the enterprise employees (48%) have been homeless or at risk of homelessness prior to hire, 34% have been convicted of a crime in their lifetime and 22% have had mental health issues.² (Figure A) Enterprise employees often experience one or more of these risks in combination with other significant obstacles to employment including poverty, substance abuse, low levels of educational achievement and extended periods of unemployment. For example, 38% of adults age 21 and older do not have a high school diploma or GED and 19% of all enterprise employees have been unemployed for at least six months before hire at Rubicon enterprises.

Employees at Rubicon enterprises are demographically diverse. Eighty-eight percent are racial/ethnic minorities, primarily African American (44%) and Latino (37%). The vast majority of enterprise employees (88%) are between the ages of 23 and 54, and two-thirds (65%) are male.

CRIMINAL CONVICTION RATES

Prior to hire, one in three enterprise employees (34%) has been convicted of a crime, yet only 3% of those with a criminal history are convicted of a crime during the two-year follow-up period.³ (Figure B) In comparison, 67% of adult inmates are rearrested within three years of their release from state prisons. Considering that the average cost to imprison one adult in California reaches \$33,000 annually, Rubicon’s remarkably low recidivism rate results in substantial savings for society.⁴

HOUSING STABILITY

The proportion of enterprise employees living in stable housing increases dramatically from 52% prior to hire to 92% at the two-year follow-up. A particularly striking shift to housing stability occurs among those who are literally homeless prior to hire, including those living on the streets, in shelters or “sofa surfing” (moving from one place to another to live on a temporary basis due to the lack of a permanent or stable residence). Before hire, 23% of enterprise employees experience homelessness, but this proportion drops to only 4% at the two-year mark.⁵ (Figure C)

EMPLOYMENT AND WAGES

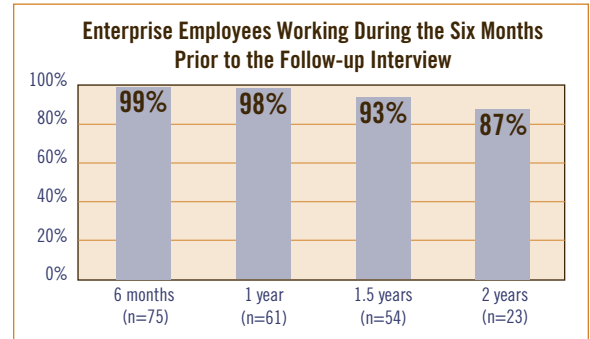
The vast majority of enterprise employees are working at each follow-up interval, from 99% six months after hire to 87% at two years. (Figure D) Employment retention rates at Rubicon enterprises are far higher than those found among disadvantaged adults in large-scale national evaluations. Though not an exact comparison, one of these studies shows retention rates of 68% six months after hire and 54% at one year.⁶ Unlike these comparison rates, which decline considerably within one year of hire, Rubicon's retention rates remain high throughout two years of follow-up.

There is a gradual shift in *where* Rubicon enterprise employees are working over time, with a growing proportion of individuals obtaining jobs in the general marketplace of employment during the follow-up period. In the six months prior to the first follow-up interview, 77% are employed at Rubicon enterprises, 7% work in community jobs and 16% work at both Rubicon and community jobs. In contrast, at the two-year follow-up, 40% continue to work at Rubicon jobs, 55% are employed in community jobs and 5% work at Rubicon enterprises and community jobs. (Figure E) This trend is consistent with Rubicon's goal of increasing individuals' ability to compete in the open job market.

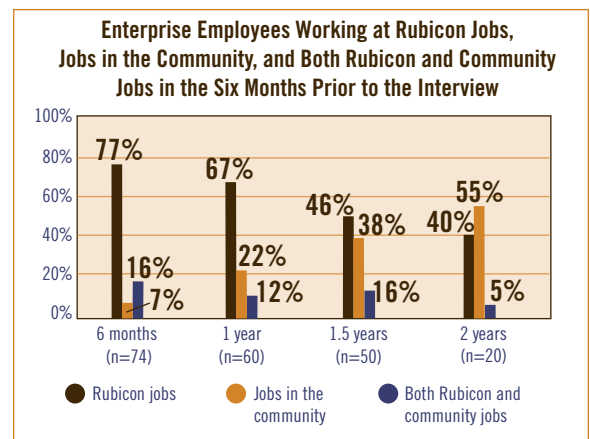
Over time, Rubicon enterprise employees earn higher average hourly wages in 2004 dollars (controlling for inflation). The starting hourly wage of \$9.28 greatly exceeds both the federal and state minimum wages (\$5.15 and \$6.75, respectively). Two years after hire, the average wage increases 40%, to \$13.01 per hour. (Figure F) Enterprise employees are making steady and impressive progress in their earnings, nearly reaching the Bay Area self-sufficiency standard of \$13.36 per hour within two years of hire.⁷

At each follow-up interval, individuals working at jobs in the community earn 10% to 40% more per hour than those working at Rubicon jobs, but they are less likely to have medical benefits (about two-thirds of those in community jobs have health insurance as compared to approximately 90% of Rubicon enterprise employees). With health care expenses covered during full-time employment at Rubicon jobs, enterprise employees can apply their wages to personal and family needs other than health care.

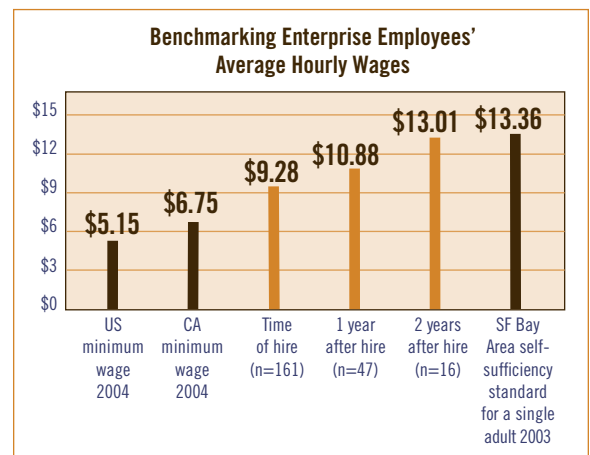
(Figure D)



(Figure E)



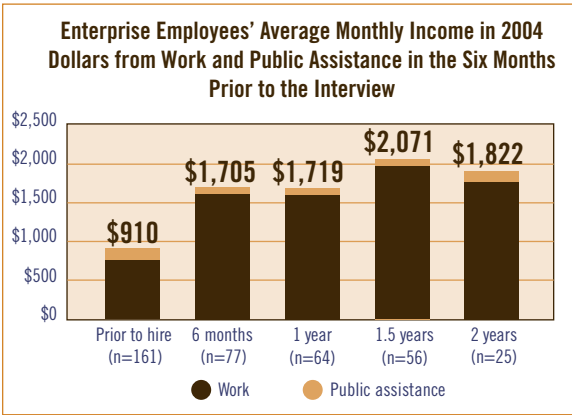
(Figure F)



“I had no baking skills [when I started] but now I have a wide variety of skills. I’ve learned teamwork and how to be open and honest with my supervisor.”

-- Enterprise Employee

(Figure G)



AVERAGE MONTHLY INCOME FROM EMPLOYMENT AND PUBLIC ASSISTANCE

Between the time of hire and two-year follow-up, enterprise employees' average monthly income *doubles* from \$910 to \$1,822, and the proportions of income from work and public assistance shift after hire.⁸ Public assistance benefits account for about 15% of employees' monthly income prior to hire, and for approximately 5% of income at each follow-up interval. More than half of those receiving public assistance at follow-up intervals are reliant on Supplemental Security Income (SSI)—a lifeline for individuals with psychiatric and other disabilities who primarily work part-time and need help meeting basic needs. (Figure G)

FOOTNOTES

- 1 Formerly known as The Roberts Enterprise Development Fund.
- 2 Respondents are identified as homeless or at risk of homelessness based on their responses to questions about where they are living, their use of housing services and barriers to finding a job in the six months prior to the interview. Respondents are 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.
- 3 Includes criminal convictions reported during the six months prior to *any* follow-up interview, among those with a criminal history prior to hire and at least one follow-up interview. The decrease in criminal convictions is NOT due to sampling bias: the proportion of follow-up interviewees with a criminal history is equivalent to the proportion with a criminal history at time of hire.
- 4 U.S. Department of Justice: Bureau of Justice Statistics (2002). *Two-Thirds of Former State Prisoners Rearrested for Serious New Crimes*. California Department of Corrections (2005). *Facts and Figures: Third Quarter 2005*. State of California.
- 5 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.
- 6 Abt Associates (2002). *AECF Jobs Initiative: Evaluation of the Capacity Building Phase April 1997–March 2000*. MDRC (2005). *Promoting Work in Public Housing: The Effectiveness of Jobs-Plus*.
- 7 Enterprise employees' average wages have been converted to 2004 dollars, and include base wage, tips and commission from Rubicon jobs and community jobs. 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.
- 8 Work income includes earnings from odd jobs (e.g., handiwork, selling crafts, etc.). Sources of public assistance income include Supplemental Security Income (SSI), food stamps, Temporary Assistance for Needy Families (TANF) and General Assistance (GA). Data on other sources of income are not collected, and are not included in this calculation.

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CONCLUSION

Rubicon enterprise employment produces high-end results with a high-risk population. The social impact findings indicate that Rubicon's innovative approach is helping individuals overcome significant challenges and achieve real improvement in their lives.

Prior to hire at Rubicon enterprises, employees are economically and socially disadvantaged and considered by many to be "unemployable." During the two-year follow-up period, however, nearly all enterprise employees are working at Rubicon enterprises and/or jobs in the community. They earn increasingly higher wages, and public assistance accounts for proportionally less of their monthly income. Over time, almost all obtain stable housing and very few individuals with a criminal conviction history recommit crimes.

Within two years of hire, enterprise employees are making impressive progress in stabilizing their lives. Rubicon's investment in their professional and skill development has had a real impact on these employees' level of independence and their opportunities for success.

"I enjoy the work and it provides a stable income for my family. I appreciate what Rubicon stands for and the help they provide for the community."

.. Enterprise Employee

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