

## **Project/Program Profile**

**Name:** RecycleForce

**Organization:** RecycleForce

**Location of Project/Program:** 1125 Brookside Avenue, Suite D12, Indianapolis, Indiana

**Year Project Completed/Program Began Operation:** 2004

### **Funding Sources:**

- Federal grants: OCS Job Opportunities for Low-income Individuals, OCS Community Economic Development, and DOL Enhanced Transitional Jobs Demonstration Project
- Loans: Keys to Work, U.S. Small Business Administration, the State of Indiana, San Francisco based RSF social enterprise, and a Japanese investor, Tatsyu Kasumi
- Multiple foundation grants and individual donations
- Contracts with criminal justice oversight agencies for employing ex-offenders
- Sales from recycling activities

**Populations Served:** Marion County, Indiana

**Number of People Served:** N/A

**Number of Staff:** 262 transitional workers and 35 permanent staff

**Total Cost of Development/Operation:** Near \$4,000,000 (as of 2012)

**Partners:** New Life Developmental Ministries, The Changed Life, Shipley Communications, Keys to Work, EmployIndy, City of Indianapolis Re-entry Program, Marion County Prosecutors Office, Child Support Consultants of Indiana

**Services Provided:** Recycling services and employment for newly released offenders

## BUSINESS DEVELOPMENT

### Social Enterprise

Use these standards for a nonprofit organization's social enterprise. A social enterprise is essentially a business of the organization, and it achieves a social purpose while using private sector approaches and business models.

(Italicized portions offer further explanation. If the standard is not fulfilled by the project, it is noted in the italicized explanation. Crossed-out portions are not applicable.)

#### Level 1: Program Feasibility Assessment

These basic criteria determine the feasibility of a social enterprise. The focus is on the organizational and financial readiness of the social enterprise.

#### 1. NEED

##### a. Community Need

- i. The social enterprise serves a need in the community for the service or goods it provides.

1. *RecycleForce provides transitional jobs for ex-offenders in Indiana, and expansion of the transitional jobs program is greatly needed.*
2. *RecycleForce mostly hires minority men limited by criminal record, low skills, lack of education, and limited/no work experience. The men vary from non-custodial parents to disengaged parents to parents who have lived with their children prior to incarceration and need assistance in re-establishing relationships. Other men may also be high school dropouts, some of whom obtained a GED in prison. This population needs jobs, but has difficulty finding and maintaining jobs.*
3. *The program will serve individuals who are 120 days or fewer since release from incarceration and not ready to enter the labor force.*
4. *The social enterprise also serves the need for recycling of electronic materials.*

##### b. Market Study

- i. The study confirms the need for, and viability of the social enterprise.
  1. *There was no market study conducted for the social enterprise, however there has been a steady growth of joblessness in the targeted neighborhoods.*
- ii. The study informs the organization about competition, demographics of target customers, and barriers to entry.
  1. *There was no market study conducted for the social enterprise.*

##### c. Local Support

- i. Neighbors and local community members support the social enterprise.
- ii. The social enterprise is compatible with local land use.
- iii. The social enterprise is in alignment with local city, county, state and/or federal development and transportation goal(s).
  1. *70% of all jobs in Marion County have restrictions against hiring ex-offenders. Governor Daniels released a memo to all agency heads, asking them to address the growing problem. RecycleForce and its employee partners have helped ex-offenders with employment in construction, maintenance, automotive industries, etc.*

2. *Recycling is increasingly becoming an important industry in Indianapolis and is serving as the entry point for new green jobs.*

iv. The social enterprise is not located in an area with a moratorium or interim control ordinance that cannot be bypassed.

## 2. ORGANIZATIONAL READINESS

a. The organization is willing and able to do the social enterprise.

i. *Gregg Keesling, the founder and President of RecycleForce, is passionate about caring for low-income, underprivileged people and helping them grow in society, which motivated him to create RecycleForce.*

b. The social enterprise is in alignment with the mission of the organization.

i. *RecycleForce's mission is to:*

1. *Be an incubator for people who need immediate earnings and meaningful work experience in order to enter the labor market and to participate in civil society—"rebuilding the work muscle."*

2. *Provide a service-enriched environment offering work supports and related services to promote work attachment.*

3. *Provide a pipeline of able workers for local businesses.*

c. The Board of Directors embraces a CED strategy and/or embraces the social enterprise as a part of the CED strategy.

i. *RecycleForce started in 2004 as a workforce intermediary, and its goal was to convince employers to enact progressive policies for employee development, which at the time proved impossible in Indiana. Instead of convincing other employers, Gregg Keesling (currently the President of RecycleForce) and his team decided to take action themselves and create a social enterprise. However, since Indiana is a conservative state, their biggest problem was convincing the Board of Directors that help from the government was not a bad thing.*

d. The organization and/or its partners have a track record of participating in similar social enterprises.

i. *RecycleForce worked with Isadore Recycling.*

ii. *RecycleForce has helped expand a similar business in Columbus, Ohio. RecycleForce included the similar, independent recycling company in their CED grant in October 2012. RecycleForce also allowed the Ohio company to include "RecycleForce" in its name.*

e. The organization has the financial and operational capacity to undertake the proposed social enterprise.

i. The organization can support the additional debt (if any) created by the social enterprise.

ii. The organization has qualified staff that can undertake the social enterprise.

iii. The organization has access to reliable, qualified vendors and service providers.

1. *RecycleForce uses a sector-based approach to development. As it grows, its suppliers, competitors, buyers, and other business interests relocate to be closer in proximity. For example, Canadian Recycling, Electronic Recyclers International, and East Terra are recycling companies that have relocated near RecycleForce and hire ex-offenders. They consider RecycleForce employees for their open positions.*

## 3. FINANCIAL FEASIBILITY

a. Program cost

- i. The social enterprise is affordable to the organization, and the projected cost is appropriate to the concept.
  - ii. The operator or staff providing the cost estimates is qualified and experienced with social enterprises.
- b. Funding sources
- i. There are enough sources of funding for the uses.
  - ii. The organization has endeavored to secure all available competitive and noncompetitive funding sources for which the social enterprise qualifies.
    1. *RecycleForce has secured a variety of funding sources including:*
    2. *Federal grants: Office of Community Services Job Opportunities for Low-income Individuals, Office of Community Services Community Economic Development, and Department of Labor Enhanced Transitional Jobs Demonstration Project*
    3. *Loans: Keys to Work, U.S. Small Business Administration, the State of Indiana, San Francisco based RSF social enterprise, and a Japanese investor, Tatsu Kasumi*
    4. *Multiple foundation grants and individual donations*
    5. *Contracts with criminal justice oversight agencies for employing ex-offenders*
    6. *Sales from recycling activities*
  - iii. The actual disbursement of each source is timely and in sync with the needs of the social enterprise.
  - iv. The organization is aware of the compliance implications of each source.
    1. *For the U.S. Small Business Administration, RecycleForce found out that it was not eligible for the funds after it had already received the funds due to the fact that it is nonprofit. The S.B.A. had thought that RecycleForce was a for-profit business. S.B.A. thankfully forgave some of their debt.*
    2. *For the U.S. Department of Labor, RecycleForce is participating in a random assignment study where within 120 days of release from prison, 1,000 individuals undergo a random assignment. Half are assigned to work for RecycleForce, while the other half receives reentry services as usual in the community. This study's hypothesis is that by having a job immediately out of prison, ex-offenders improve themselves overtime (have more earning and less recidivism).*
- c. Cash flow
- i. The social enterprise produces enough cash flow to support the proposed debt structure (if any).
  - ii. The social enterprise minimally pays for itself over time. It has a sustainable cash flow.
    1. If the social enterprise is low-cost or free, it is subsidized enough to sustain the program.
      - a. *In addition to grants and loans, maintaining and focusing on their business-like structure helps them stay out of the red.*
      - b. *Recycling revenues contribute to less than 40% of RecycleForce's revenue stream.*

### Level 2: Practical Considerations

These criteria are essential for a successful, operating social enterprise.

## 1. MARKET BARRIERS

- a. The organization understands why past social enterprises have not worked and instead addresses prior issues in innovative and alternative ways.
  - i. *Gregg Keesling, the founder and President of RecycleForce, emphasizes that other business' struggles are due to spending too much time in finding grants. The key is to get the business going first before receiving any funding.*

## 2. DEVELOPMENT TEAM & PARTNERSHIPS

- a. The organization has assembled the best team for the social enterprise, including vendors, employees, trainers, and management staff.
  - i. *Gregg Keesling, as mentioned above, is a business and social entrepreneur with 30+ years of experience in cultivating public and private resources necessary for organizational sustainability. He has an extensive background in workforce development, including program development for underserved communities.*
  - ii. *Tom Gray, Vice President of RecycleForce, has extensive experience in developing training curriculum for specialized re-entry populations as well as experience in identifying market demands for training needs of participants and experience in garnering private and public sector support for training needs.*
  - iii. *Brent Matthews, Project Coordinator, has 23 years experience in Federal grants management.*
  - iv. *Transitional Jobs Site Coordinators must understand social enterprises, be knowledgeable of the Transitional Jobs Process, and be familiar with criminal justice systems and the child support system.*
  - v. *Rhonda Shipley, Evaluation Coordinator, has extensive experience in project management and offender re-entry programs.*
  - vi. *The team also consists of five case managers and one Accountant.*
- b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to operate the social enterprise.
- c. The social enterprise is supported by public sector, private sector, and community partners.
  - i. *Community Partners that provide support and assistance include New Life Development Ministries, The Changed Life, Shipley Communications, Keys to Work, EmployIndy, and City of Indianapolis Re-entry Program.*
  - ii. *One of RecycleForce's biggest supporters is Vicki Turetsky who is the head of the Federal child support agency.*
  - iii. *The local program partner for child support issues is Dawn Baker of Child Support Consulting of Indiana and the Marion County Prosecutor's Office, which is the local child support enforcement agency.*
  - iv. *RecycleForce reached out to Purdue University to learn how to break down certain materials.*
- d. Through an open dialogue with the community, the organization has sought and incorporated community participation in the social enterprise.
  - i. *RecycleForce has a good relationship with criminal justice oversight agencies and the local child support bureau.*

## 3. SITE CHARACTERISTICS

- a. The location makes sense for the social enterprise and the target customers.
  - i. *Targeted neighborhoods are located in Indianapolis' Federally designated Enterprise Community that has one of the highest concentrations of returnees from incarceration to probation as well as recipients for the Temporary Assistance for Needy Families program.*

- ii. *Poverty Rate, unemployment rate, receivers of public assistance rate, and households with annual incomes less than \$10,000 are higher in targeted neighborhoods as compared to Indianapolis, where labor force participation rate and median per capita income are higher.*
  - b. The project is located near or adjacent to transit.
    - i. *Indiana's transit system, Indygo, is known to be ineffective. RecycleForce does whatever it can to mitigate—hand out bus passes; drive employees to appointments; and open its doors a little earlier to accommodate transportation time issues.*
4. BUSINESS DESIGN & OPERATION
- a. The social enterprise is run in the appropriate language(s) for its target customer base.
  - b. The social enterprise is culturally appropriate to its target customer base.
  - c. If applicable, the social enterprise is tailored to the geography of its target population base.

### Level 3: From Feasible to Exemplary

These criteria elevate a social enterprise to an exemplary one.

#### 1. FUNDING & FUNDING REQUIREMENTS

- a. The social enterprise uses a funding program or funding source that is new and innovative.
  - i. *RecycleForce has numerous loans from Keys to Work, U.S. Small Business Administration, the State of Indiana, San Francisco's RSF Social Enterprise, and a Japanese investor named Tatsyu Kasumi.*
  - ii. *First federal grant was from JOLI(Job Opportunities for Low-income Individuals), which does not exist anymore.*
  - iii. *Second federal grant was the Community Economic Development grant, of which they received two. It is partially used for the expansion of RecycleForce in Columbus, Ohio.*
  - iv. *The third federal grant is from the U.S. Department of Labor.*
  - v. *There were many other grants and gifts from local and national foundation, bank community reinvestment funds, and individuals.*
- b. Each funding source was heavily leveraged to gain further resources.
- c. Certain features of the social enterprise were adapted to capture funding, but the social enterprise was not completely changed in order to capture one particular funding source.
- d. There are multiple stakeholders providing funding, and this mix of funding sources maximizes the feasibility of the social enterprise.
- e. The social enterprise exceeds minimum standards required by funding sources.
  - i. *Requirements include creating a certain number of jobs, while other requirements are solely administrative.*
- f. There is deeper low and moderate income targeting than required by funding sources.

#### 2. FUTURE PROJECTS

- a. The social enterprise strengthens the position (financial, political, capacity, experience) of the organization.
- b. Through the social enterprise, the reputation of the organization was enhanced. Issues that the staff faced were dealt with in a diplomatic manner, enabling future programs.
- c. The success of the social enterprise will enable future funding on other programs.
  - i. *RecycleForce is planning on receiving Social Impact Bonds for future funding.*
- d. The community is happy with the social enterprise and will participate in more/similar social enterprises in the future.
- e. The community is more knowledgeable about social enterprise.

#### 3. ENVIRONMENTAL IMPACT

- a. The social enterprise has less environmental impact than traditional businesses during operation.
    - i. *The social enterprise revolves around recycling, which reduces carbon emissions.*
  - b. The social enterprise fulfills the triple bottom line.
    - i. *The social enterprise adheres to the needs of the community, thus fulfilling the “People” aspect.*
    - ii. *The social enterprise conducts sustainable environmental practices, thus fulfilling the “Planet” aspect.*
    - iii. *The social enterprise receives revenues from recycling sales, grants, and contract income, thus fulfilling the “Profit” aspect.*
  - c. The social enterprise incorporates green features.
    - i. The social enterprise conserves energy and water.
    - ii. The social enterprise has an effective recycling program.
      - 1. *RecycleForce focuses primarily on electronics recycling.*
      - 2. *RecycleForce employees deconstruct electronics and participate in related material handling and logistics activities, including learning to categorize, sort, wrap, and palletize various items, load and unload containers and trailers, weigh electronic scrap, and prepare material for shipment per Environmental Protection Agency standards.*
      - 3. *RecycleForce recycled more than 4.7 million pounds of material in 2011, as compared to 3.4 million pounds in 2010, showing their program development and success. RecycleForce will exceed 6 million pounds in 2012 and expects to reach 8 million pounds in 2013.*
  - d. The social enterprise takes advantage of green tax incentives.
  - e. The social enterprise provides green jobs.
4. ECONOMIC IMPACT
- a. The social enterprise creates jobs.
    - i. Jobs created provide a living wage.
      - 1. *For transitional employees, RecycleForce provides \$9 per hour in wages. Permanent hourly staff receives \$10-11 in wages. Supervisors receive \$26,660 a year and a \$3,000 benefit package.*
    - ii. Jobs created are for local hires.
      - 1. *All individuals are hired from Marion County.*
    - iii. Jobs created are for low and moderate income individuals.
    - iv. Jobs created provide life skills.
      - 1. *RecycleForce offers programs like financial counseling and healthy relationships.*
      - 2. *RecycleForce gives employees the opportunity to learn soft skills that employers seek: attendance, punctuality, getting along with others, following direction from supervisors, etc.*
      - 3. *RecycleForce also provides training and opportunity for permanent staff to learn supervisory skills and skills necessary to be effective peer mentors.*
    - v. Jobs created provide health benefits.
      - 1. *RecycleForce uses the Wishard Advantage Program, which is public healthcare provided to those who make less than \$10 wages, thus explaining the employees’ \$9 per hour wages. However, an individual can make just a few cents over \$10 per hour and still be eligible for Wishard Advantage. That explains the \$10 per hour wage for non-supervisory*

*permanent staff. Some of these staff make \$11 per hour, but before that increase they are made very well aware that they will no longer have insurance through Wishard. All permanent staff are eligible for company insurance, and RecycleForce seeks to make it as affordable as possible.*

- vi. Jobs created have potential for upward mobility.
  - 1. *The outflow of workers from RecycleForce to unsubsidized employment is enhanced when suppliers and buyers of products to the business interact with RecycleForce employees.*
- vii. Jobs created require less funding per jobs created.

#### 5. COMPREHENSIVENESS

- a. The organization provides or connects to other programs that provide multiple services e.g. social services.
  - i. *All non-custodial parents with child support orders are subject to an income withholding order from the courts set up through the employer, in this case RecycleForce.*
  - ii. *Parent skills training and relationship counseling is provided through Family Matters, a 12 week course created by Dr. Linda Bell and funded by a Federal fatherhood grant to DCS, which involves participants in an exploration of their own family, focusing on improving relationships identified by each participant. This is not an ongoing program, but there is typically some kind of parent skills/relationship class opportunity for those who wish to participate. There is also financial counseling, an annual health fair, and other similar activities.*
  - iii. *RecycleForce ensures that all participants are properly enrolled in and attend the services that address criminal behaviors and recidivism that are outlined on the release stipulations of each participant.*

#### 6. DIVERSITY

- a. The social enterprise serves a mixed income clientele.
- b. The social enterprise encourages mixed age, gender, ethnic, etc. participation.
- c. The social enterprise supports minority businesses.

#### 7. PUBLIC BENEFITS

- a. The social enterprise provides a service or good that is needed by the community but is currently lacking.
- b. The profit from the social enterprise is re-invested into the community
- c. The social enterprise stimulates long-term job creation.
  - i. *In 2012, RecycleForce has had 243 transitional job workers. With respect to long-term job creation, it created 40 jobs with their first CED grant and will create 36 jobs with their second CED grant.*
- d. The social enterprise results in other positive social impacts.
  - i. *Indianapolis has a recidivism rate that is about half of that of a similar population of ex-offenders.*
  - ii. *More ex-offenders pay regular child support as compared to a similar population as well.*

#### 8. REPLICABLE/SCALABLE

- a. This social enterprise can be replicated in other communities, regions, and/or states.
  - i. *RecycleForce is supporting replication efforts in Columbus, Ohio.*