

Project/Program Profile

Name of Project/Program: Illumination Foundation Recuperative Program (IF Recup)

Organization: Illumination Foundation (IF)

Location of Project/Program: Orange County, CA

Year Project Completed/Program Began Operation: OC Recup - January 2010; LA Recup - September 2010

Funding Sources: Contracted hospitals participating in Recup Program

Populations Served: Homeless patients of Orange and Los Angeles Counties

Number of People Served: Since its inception, the two recuperative care programs (O.C. and L.A.) have cared for over 1200 clients

Number of Staff: 5-6 per Recup site

Total Cost of Development/Operation: Unknown

Partners: Hospitals, Hospital Association of Southern California, National Health Foundation

Services Provided: Homeless patients in the program are provided a place to rest and recover while receiving ongoing nursing care and medical oversight, case management, proper nutrition, mental health and substance abuse counseling, and assistance with housing resources that can help them get off the street.

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. *Orange County is a tough community for the homeless so IF Recup was launched to provide services and change the community for the better. IF Recup is designed specifically to care for homeless people recovering from an acute illness or injury that no longer need hospitalization but cannot maintain their recuperative care on the streets.*
2. *IF Recup provides its clients room and board, medical oversight and case management. Its partnerships combine housing and social services with healthcare and behavioral health services to underserved homeless families.*
3. *Clients are provided with short term emergency shelter at IF Recup and a range of comprehensive services, including: basic needs, daily case management, mental health care and consultations, including stress and trauma treatment, workforce evaluation, financial assessment, and child welfare evaluation as appropriate.*

b. Market Study

- i. The study confirms the need for, and viability of the social enterprise.

1. *Orange County has a high population of millionaires and a lower than average support for non-profits. Both factors have contributed to the lack of housing to address the homelessness crisis. IF was established within the UC Irvine Healthcare Executive MBA Program as a non-profit public charity organization. Experts on homelessness within Orange County agreed that homelessness had reached crisis proportions and that there were not enough resources for chronic and emergency programs.*

- ii. The study informs the organization about competition, demographics of target customers, and barriers to entry.

1. *In Orange County, up to 61% of the homeless population is White/Caucasian ("2011 Orange County Homeless Census & Survey," 2011).*

c. Local Support

- i. Neighbors and local community members support the social enterprise.

1. *IF has many public/private partnerships and its governing board consists of community leaders in many different fields.*

- ii. The social enterprise is compatible with local land use.

1. *Nearby motel rooms and affordable apartments are used to provide housing that is scalable as need arises.*
- iii. The social enterprise is in alignment with local city, county, state and/or federal development goal(s).
 1. *IF advances local goals to effectively lower the barriers for OC's homeless population to access existing resources and services while reducing people's vulnerability to future homelessness.*
- iv. The social enterprise is not located in an area with a moratorium or interim control ordinance that cannot be bypassed.
 1. *City ordinance makes it illegal for hospitals to discharge to downtown Los Angeles.*

2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do the social enterprise.
 - i. *The organization has been successful and has served over 1200 clients with IF Recup services.*
- b. The social enterprise is in alignment with the mission of the organization.
 - i. *IF's mission is to bridge the gap in existing services for the most underserved to break or prevent the cycle of homelessness.*
- c. The Board of Directors embraces a CED strategy and/or embraces the social enterprise as a part of the CED strategy.
 - i. *All members of the Board of Directors are well established professionals who continue to contribute to the organization's goals.*
- d. The organization and/or its partners have a track record of participating in similar social enterprises.
 - i. *IF was founded in late 2007.*
 - ii. *OC Recup is one of its kind in the Orange County area.*
- 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.~~
 1. *There is no debt 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.

3. FINANCIAL FEASIBILITY

- a. Program cost
 - i. The social enterprise is affordable to the organization, and the projected cost is appropriate to the concept.
 1. *With a small operating staff, the Recuperative Care Program has very low start-up costs, and more importantly, it covers all of its own operating costs.*
 - 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.
 1. *IF Recup is self-sustaining; all operating costs are covered by fees paid by contracted hospitals.*
 2. *Additional hospitals are seeking contracts with IF Recup.*
 - ii. The organization has endeavored to secure all available competitive and noncompetitive funding sources for which the social enterprise qualifies.

1. *Cities, local governments, and private businesses have donated to the program.*
 - 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. *IF Recup provides its services in accordance with contracts with hospitals.*
- c. Cash flow
- i. The social enterprise produces enough cash flow to support the proposed debt structure (if any).
 1. *Hospitals pay to send patients to IF Recup in order to save themselves from much higher costs of housing and providing care to chronically ill homeless patients. Since inception, both Recuperative Cares have saved local hospitals roughly \$10.9 million.*
 - ii. The social enterprise minimally pays for itself over time. It has a sustainable cash flow.
 1. *IF Recup is self-sustaining; all operating costs are covered by fees paid by contracted hospitals.*
 - iii. If the social enterprise is low-cost or free, it is subsidized enough to sustain the program.
 1. *What makes the program so attractive to replicate is the fact that it requires so little public investment to start and it is completely self-sustaining.*

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. *IF understands that the old model of clinics opening their doors while looking for funding is proven not to be successful because when funding dries up, so does their ability to serve patients.*
 - ii. *In the current era of shrinking budgets, even the best ideas will be difficult to replicate if they mostly depend on public 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. *IF Recup has a nimble workforce and focuses on hiring more part-time versus full-time employees. There is great leverage through interns; an intern supervisor oversees a larger group of interns, which helps provide extensive client coverage while keeping costs down.*
 - ii. *IF's governing board consists of community leaders in medicine, nursing, finance, social work, information technology, and education.*
- b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to operate the social enterprise.
 - i. *IF Recup greatly depends on its staff, volunteer and intern workforce, and financial support from the hospitals to continue its mission.*
 - ii. *The formation of strong partnerships has allowed for organizations to provide funding and in-kind services.*
 - iii. *United Way and Wells Fargo fund clinic outreach.*

- iv. *Kaiser Permanente provides in-kind physician services.*
 - c. The social enterprise is supported by public sector, private sector, and community partners.
 - i. *Some public and private partners include, but are not limited to the City of Garden Grove, City of Fullerton, Pacific Life, Allergan, and Chevron.*
 - d. Through an open dialogue with the community, the organization has sought and incorporated community participation in the social enterprise.
 - i. *The clinic is embedded into the community and has established a reputation in the community.*
- 3. SITE CHARACTERISTICS
 - a. The location makes sense for the social enterprise and the target customers.
 - i. *Orange County has 21,000 - 35,000 homeless people so helping break the cycle of homelessness for this region was critical.*
 - b. The project is located near or adjacent to transit.
 - i. *Housing provided by IF Recup is located near the hospitals from which homeless patients come.*
- 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.
 - i. *Orange County is generally an affluent area so there is a shortage of affordable housing for renters and this can instigate a cycle of poverty so the program is tailored specifically to address this issue.*
 - 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. *Hospitals pay to send patients to IF Recup. With a much lower cost and less staffing needs, a robust housing program with dozens of clients can be maintained with a five-figure annual budget and a very small staff. It is a win-win solution.*
 - ii. *Hospitals pay to send patients to IF Recup, in order to save themselves much higher costs. By transferring the patient out of hospital (average cost of \$2,260 in per diem) to IF Recup, hospitals save an average of \$7,982 per patient.*
- 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.
 - i. *Funding is provided by public and private organizations. Most of the funding comes from local hospitals that benefit from the program as it is cost effective, efficient, collaborative, and thorough.*
- e. The social enterprise exceeds minimum standards required by funding sources.
 - i. There is deeper low and moderate income targeting than required by funding sources.
 - 1. *IF Recup offers a low-entry threshold to advance health and housing stability for the most vulnerable members of the community, with a focus on families with children and those with medical or mental health conditions.*

2. FUTURE PROJECTS

- a. The social enterprise strengthens the position (financial, political, capacity, experience) of the organization.
 - i. *IF has been able to open a community health clinic in Buena Park in 2012 and is planning to open up more clinics in Santa Ana and Stanton in 2013.*
 - ii. *IF also opened its first fixed-site Multi-Service Center in Orange County with the cooperation of the City of Stanton.*
 - 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.
 - i. *IF has a strong reputation and its services are valued by the communities while hospitals want to continue to use it as a resource for their patients.*
 - c. The success of the social enterprise will enable future funding on other programs.
 - i. *Due to IF Recup's overwhelming success, in October 2010, the social enterprise was replicated in the City of Los Angeles. Plans are underway to open an additional site.*
 - d. The community is happy with the social enterprise and will participate in more/similar social enterprises in the future.
 - i. *IF Recup has provided benefits to the community and continues to address the homelessness issue by providing quality, consistent care to the homeless population.*
 - 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. *Substantial resources are spent each year on law enforcement, fire and paramedic services, and medical and psychiatric treatment, but IF Recup provides quality consistent care to the homeless population without continuing to stretch and exhaust these precious community resources.*
 - b. The social enterprise fulfills the triple bottom line.
 - 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. *IF recycles all recyclable materials. Cans and bottles that can be exchanged for money are set aside for individuals who collect them so they do not have to dig through the dumpsters.*
 - 2. *IF takes advantage of the community drug take-back program at the local sheriff department where unused drugs are brought in for proper disposal.*
 - d. The social enterprise takes advantage of green tax incentives.
 - i. *IF Recup does not benefit from green tax incentives.*
 - e. The social enterprise provides green jobs.
 - i. *IF Recup does not provide green jobs.*
4. ECONOMIC IMPACT
- a. The social enterprise creates jobs.
 - i. Jobs created provide a living wage.
 - 1. *Since July 2008, 1,587 people were provided workforce counseling. 794 people obtained employment.*
 - ii. Jobs created are for local hires.
 - 1. *Most clients who have obtained employment are locals.*
 - iii. Jobs created are for low and moderate income individuals.
 - 1. *Those who have obtained jobs are individuals who did not have a real source of income prior to their time at IF Recup.*

- iv. Jobs created provide life skills.
 - v. Jobs created provide health benefits.
 - vi. Jobs created have potential for upward mobility.
 - 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. *A client coming in for recuperative care can be connected to other pressing resources such as food stamps, personal identification, aid to obtain social security benefits, and referrals for support groups in addition to the recuperative care nursing attention they receive.*
6. DIVERSITY
- a. The social enterprise serves a mixed income clientele.
 - i. *IF Recup is for homeless individuals only.*
 - b. The social enterprise encourages mixed age, gender, ethnic, etc. participation.
 - i. *IF Recup accepts homeless patients who meet certain criteria for self-sufficiency from surrounding city hospitals who still need time and a place to recuperate from the health conditions for which they were accepted into the hospital.*
 - c. The social enterprise supports minority businesses.
 - i. *The social enterprise does not support minority businesses.*
7. PUBLIC BENEFITS
- a. The social enterprise provides a service or good that is needed by the community but is currently lacking.
 - i. *IF Recup offers three important services to homeless individuals which are housing services, healthcare services, and outreach services.*
 - ii. *Clients are provided short term emergency shelter in motels and a range of comprehensive services, including: basic needs daily case management, mental health care and consultations, including stress and trauma treatment, workforce evaluation, financial assessment, and child welfare evaluation as appropriate.*
 - b. The profit from the social enterprise is re-invested into the community.
 - i. *IF is a nonprofit that uses funding for programs that benefit the homeless population.*
 - c. The social enterprise stimulates long-term job creation.
 - i. *The social enterprise helps patients successfully transition back into the community so there is more potential for them to find and retain jobs.*
 - d. The social enterprise results in other positive physical impacts.
 - i. *IF Recup opened five new offices in four years, supporting seven major motel sites.*
 - ii. *IF Recup opened its first fixed-site Multi-Service Center in Orange County with the cooperation of the City of Stanton.*
 - e. The social enterprise results in other positive economic impacts.
 - i. *Housing instability is linked to higher rates of ambulatory care usage and this use of ambulatory care as well as emergency room overcrowding costs hospitals millions of dollars a year. There has been 39.4% lower usage of emergency rooms by IF Recup patients a year after their stay in IF Recup.*
 - f. The social enterprise results in other positive social impacts.
 - i. *Only 64.6% of school-age children were regularly attending school before IF Recup, while in IF Recup, 98.4% do.*
8. REPLICABLE/SCALABLE
- a. This social enterprise can be replicated in other communities, regions, and/or states.

- i. *As IF Recup provides care at a radically lower price than a hospital bed, there is a clear opportunity for hospitals and nonprofits to replicate the program anywhere there is a large homeless population.*