

Rehabilitation Enables Dreams (RED)

Philanthropy Investment Team Portfolio Update

Presented by The USIT Foundation in Spring 2022

Originally Presented in Spring 2021

Rehabilitation Enables Dreams [RED]

Overview

- [Rehabilitation Enables Dreams \(RED\)](#) is a Georgia-based charity transforming the lives of justice-involved young adults through a 12-month diversion program. It offers an alternative to the punitive practices of the US prison system by providing a holistic rehabilitative program designed to create lasting stability in youth lives
- RED's program consists of a twelve-month civic and social literacy curriculum, GED assistance, weekly mentorship, and record restriction. It is in the early stages of growth throughout the greater Atlanta area, with the goal of expanding to six jurisdictions by 2023
- RED's program is both more cost-effective and impactful than its next best alternative, Georgia's Accountability Court, and the traditional adjudication process
 - The program is completely free to students, whereas most government-run diversion programs require tuition and are cost-prohibitive to participants
 - RED's participants experience a 0-5% three-year recidivism rate, 85% increase in employment relative to pre-arrest rates, and 47% increase in educational attainment
 - Through COVID-19, RED management responsively adapted the program to a digital environment, and all Georgia municipalities are now eligible to purchase licenses of the RED digital program
- 30k donation, 2021 Donation Cycle
 - Originally presented by Analyst Ariel Johnson & Portfolio Manager Angela Yang

Theory of Change

Addressing the core need for rehabilitation in the Criminal Justice System

- A broken criminal justice system is worth addressing because:
 - The drain on the US economic system from incarceration just in reduced wages could give every homeless person in America a house worth \$500K with money left to spare
 - It leads to 28% of African American children growing up with an incarcerated father
 - Rehabilitative solutions would yield less crime with a more educated and prosperous populace
 - The US has the largest prison industrial complex in the world and its reach is creeping everywhere
- This solution works best when justice-involved individuals are targeted at a young age
 - RED works specifically with those ages 17-28 in the defining period of their adult lives
 - It provides a cheaper, more comprehensive solution and with better results than any other option available in GA
- Alternative ways to address rehabilitation
 - There have been options such as accountability courts, electronic monitoring, and interventions for youth (under 17) offenders, but these are both less effective than RED and, with the exception of electronic monitoring, cost more

Charity Summary

Charity Overview

- **Founded in 2016, RED runs a 12-month program designed to reduce recidivism**
 - RED participants have a 5% 3-year recidivism rate, 10x lower than Georgia's current 3-year recidivism rate.
 - RED's current revenue totals \$192k, which exceeds its \$160k in annual expenditures.
 - RED's program consists of 12 modules (civic and social literacy comprises 70% of module cost), GED assistance (4% of total programming cost), record restriction (10%) and various program activities (33%).
- **Charity is data focused and responsive to changes in best practices**
 - RED keeps track of recidivism, education, and employment rates as well as participant learning and satisfaction with each of its modules before and after the program.
- **RED has recently gained traction both within District Attorneys' offices and with large sponsors**
 - RED has recently partnered with the NFL alumni organization to source mentors as it expands.
 - RED has secured contracts with three counties that will pay for RED in the next calendar year.

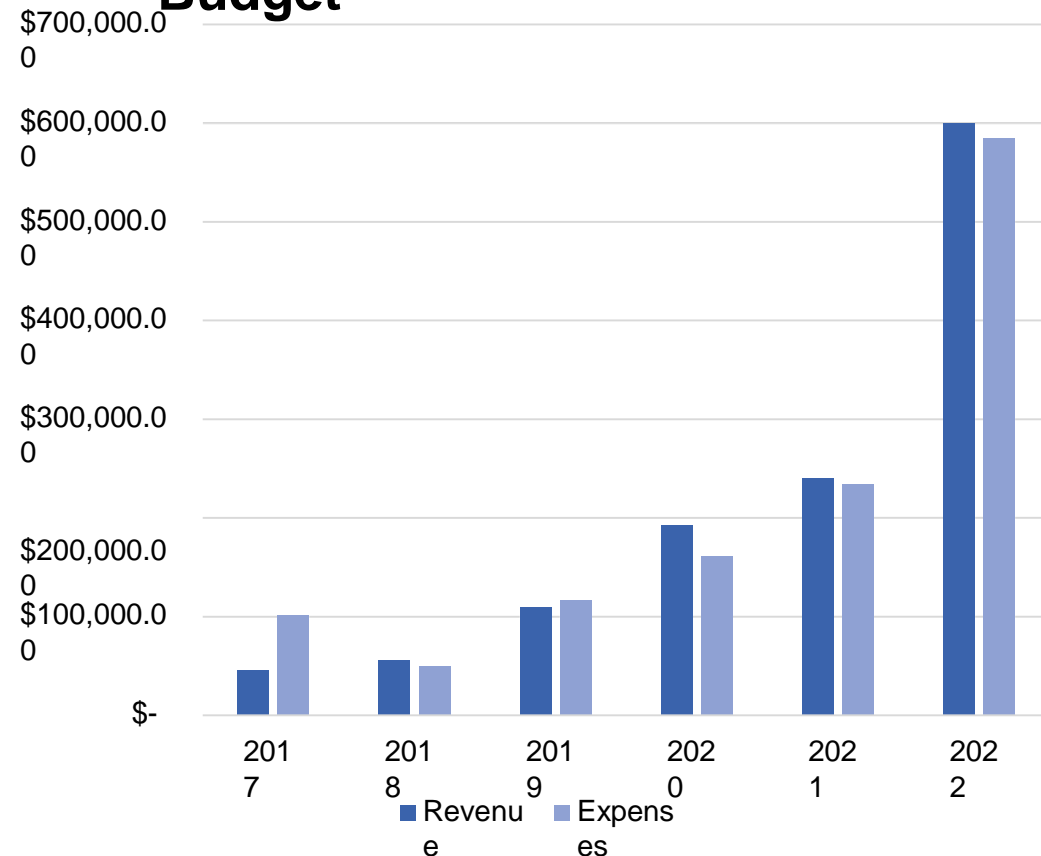
Donation Thesis

- **RED is currently primed for massive growth over the next 1-3 years**
 - It is expanding from 1-2 classes of 25 to 4 classes next year, with a goal of being in 6 jurisdictions by 2023. It is also in talks with several southeastern states for expansion of its digital program.
- **RED is the best criminal justice outcome for its target demographic and the community**
 - The SROI for incremental capital deployed over incarceration is 40.1x. The SROI for incremental capital deployed over accountability courts, the next best Georgia alternative, is 25.3x.
- **The USIT Foundation has an opportunity to partner with the organization**
 - The fundamentals of this organization are sound. The management team is knowledgeable and friendly.
 - A \$25k donation can go towards funding individual expense items or towards funding a new cohort.

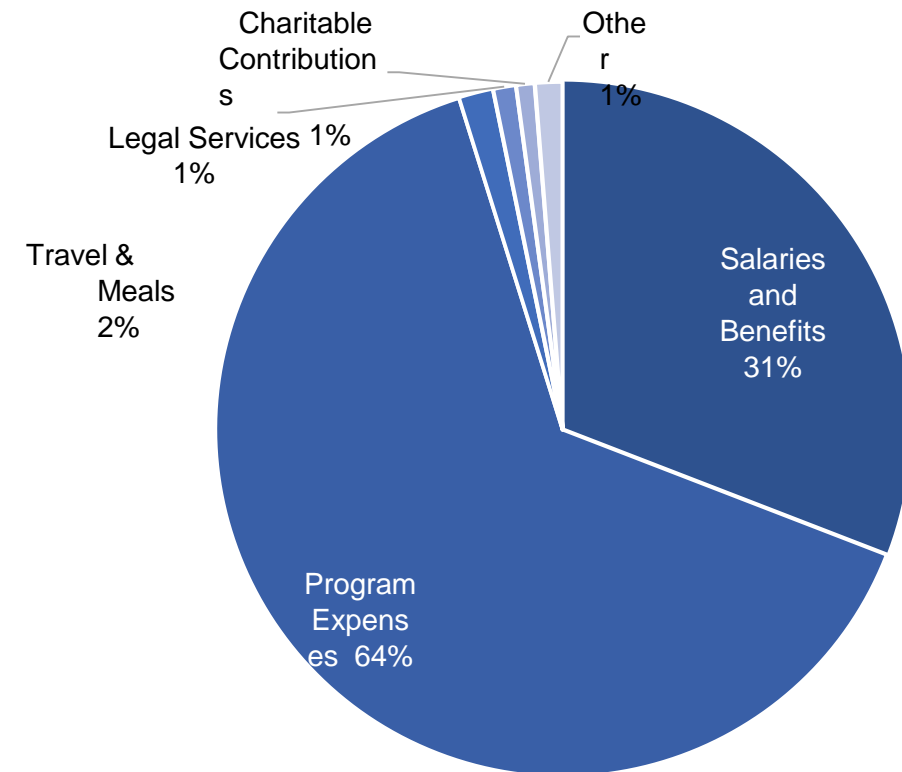
Financial Snapshot

Yearly revenues and expenses have been matched and rising over time

Revenues and Expenses over Time Budget



2021E* Organizational



*Will be updated upon receiving 2021 numbers

General Charity Updates

Notable Highlights in 2022

- Expansion of RED program to new counties
 - Expanded to Gwinnett Count, with an agreement to begin operations in Fulton County soon
 - Without PIT's donation, RED would not have pursued Fulton County - funding provided flexibility
- Increased use of the online, digital program for all counties
 - Decision to utilize the online program in all existing counties will enable RED to pursue more counties
 - In discussion with Samhoun county, would not be possible without online program
 - Working on game plan to license program to different organizations
- Team expansion & increased cross-organization cooperation
 - Added new donor management, bringing in people on to provide additional programs to participants.
 - Partnered with Center for Employment Opportunities, working with them during or after program
 - In discussion with Hope Atlanta to provide housing for individuals with housing insecurity issues

Forward Trajectory

Progress Update

- Future Outlook
 - Increased manpower – “if only we could have the manpower, we could get it done”
 - Creation of development team would improve overall strategy with donors, companies, usw.
 - Delegation of responsibilities to prevent executive director from handling everything
 - Reduction in individual workload through delegation would enable expansion into new areas
 - Continuation of projected expansion plan
 - Intention to physically move into the 6 counties making up the greater Atlanta area by 2023
 - Return to pre-covid-disruption cohorts
 - RED did not have a full cohort for the 2021 year due to selection and onboarding issues with COVID-19 (as well as being locked out of jails), but they had 2 full cohorts in 2022
 - How can the USIT Foundation specifically add value?
 - Networking connections, fund management, bureaucratic advising, cohort funding
- Outstanding Questions
 - How far developed are the business deals between RED and Southeastern states? What is the likely timeline?
 - What is the relationship between RED and the Windecher Law Firm?

USIT Foundation Relationship

Analyst Verdict

- RED utilized PIT's donation to train a new cohort of participants through an expansion of their programs to new counties, team enhancement, and cooperation with new organizations
- Contact
 - Portfolio Manager Ariel frequently contacted RED on a monthly basis through both email and Zoom Calls.
 - Alumni Angela Yang advised the Portfolio Update, Portfolio Manager Ariel Johnson maintained consistent contact with RED, Analyst Chengxi Gang was brought in to work on the Portfolio Update
- Analyst Verdict
 - Do you think the charity used our money well?
 - Does our original thesis hold true?
 - Should we grant another donation this year?
- Other Updates
 - Board seat – deadline, requirements, etc.

Relevant Links

- 2021 relevant links
 - Form 990
 - Annual report
- Original relevant links
 - RED [Folder](#)
 - [Accountability Courts Impact Report](#)
 - [Intake Form Data Evaluated](#)
 - [Exit Form Data Evaluated](#)
 - [Call Notes – Founder](#)
 - [Call Notes – Director of Development+Director of Mentorship](#)
 - [Call Notes – Director of Outreach+Background on RED](#)
 - [Stanford Record Expungement Study](#)
 - [Brennan Center Lost Earnings Study](#)
 - [Website](#)
 - [FAQ sheet](#)
- Original deck
 - [Rehabilitation Dreams Final Presentation](#)

Appendix

Program Summary

RED's main components are its educational modules and mentorship program

Educational Modules

- Its 12-month curriculum represents the primary driver of the behavioral changes in participants.
- Cohorts meet once a week in person, and they participate in both a community service event and a prosocial event once a month.
- RED provides 12 modules covering social, civic, and financial literacy as well as how to get a job/GED and seek out further educational opportunities.

Mentorship Program

- RED's mentorship program allows for the trust to develop that makes the 12-month curriculum stick.
- Trust and relatability are key. Participants are able to relate to their mentors as role models.
- Mentors are interviewed by Zeus Luby, Director of Mentorship, for their fit within the program. They then meet with their mentees once a week from the first month onwards.

Cost Breakdown

*Line by line cost
projections*

RED Projections for One Cohort Programming with Staffing

Programing	Unit	Amount	Wages per Week	Yearly Amount	Total
Programing Instructor		\$25.00	20	\$500.00	\$26,000.00
Program Curriculum		\$25.00	5	\$125.00	\$6,500.00
Program Restriction	25	\$500.00		1	\$12,500
Program Activities	25	\$150.00		12	\$
Transportation	25	\$250.00		1	
Civic Literacy Modules	10000				
Social Literacy Modules	3500	2 months			
Total					
Remainder of Modules	1000	7 modules left			
Operations	10	\$500.00			\$5,00
Admin					
Development/Marketing					
Total					
Reserve					
Pr					
o					

Note: The program is completely free to the student and either paid for by RED or paid for by the county. This is significant because most diversion programs cost the participant money, meaning that wealthier individuals are overrepresented in most diversion program populations.

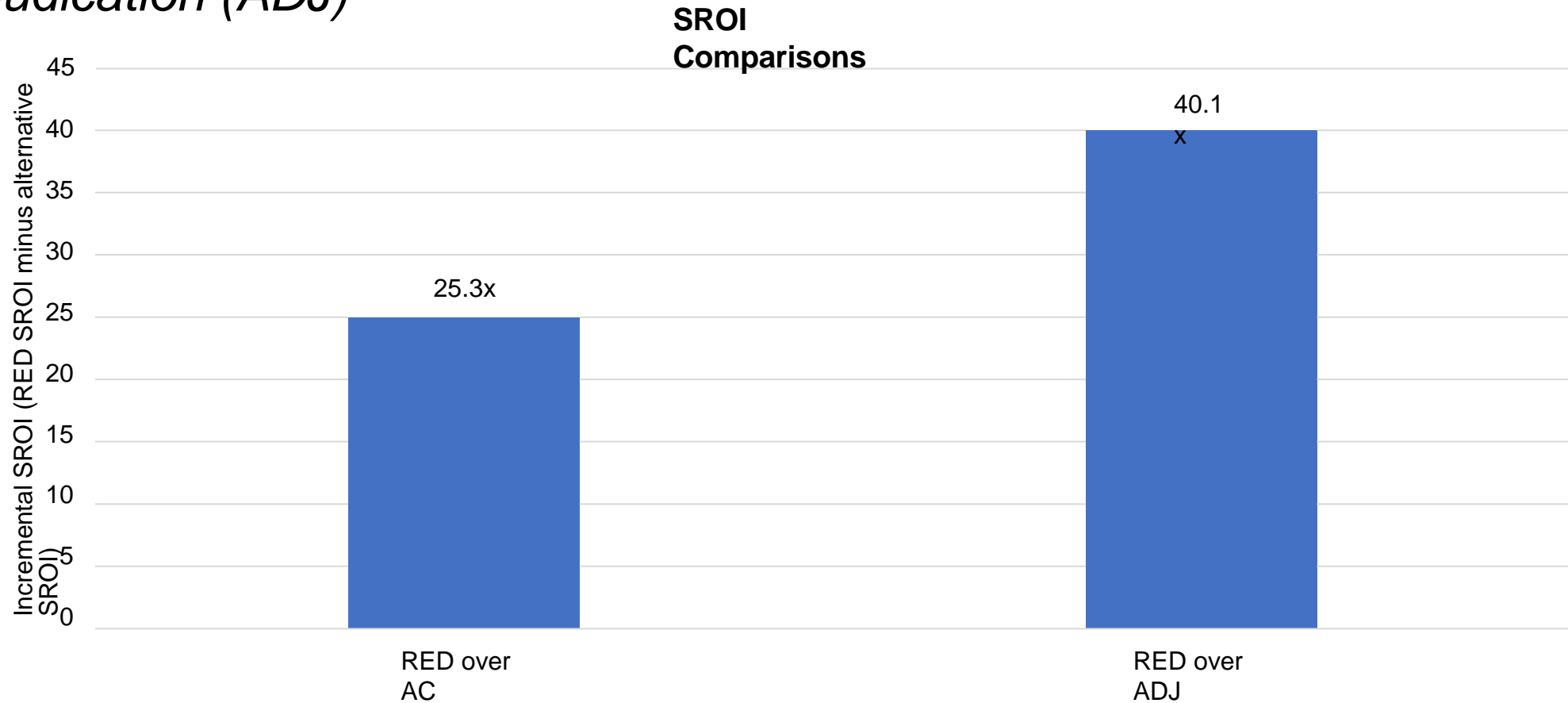
Growth Plans

Services are high in demand, physical and digital expansion well under way

- Have contracts to move into 4 counties, including Dekalb, in 2022
 - All counties except Dekalb (RED's original location in which it has operated for five years) will pay for the RED program
- Intend to physically move into the 6 counties making up the greater Atlanta area by 2023
- RED's digital program is up and running
 - Can be used in counties outside of Atlanta, GA
 - Expansion will not be on an aggressive proactive basis, but RED will provide licenses if counties reach out
 - RED is willing to license this program to any of the 150 counties in GA
- *What is the charity planning to do with more money?*
 - If the USIT Foundation gives the charity more money, RED intends to serve another cohort on a pro bono basis

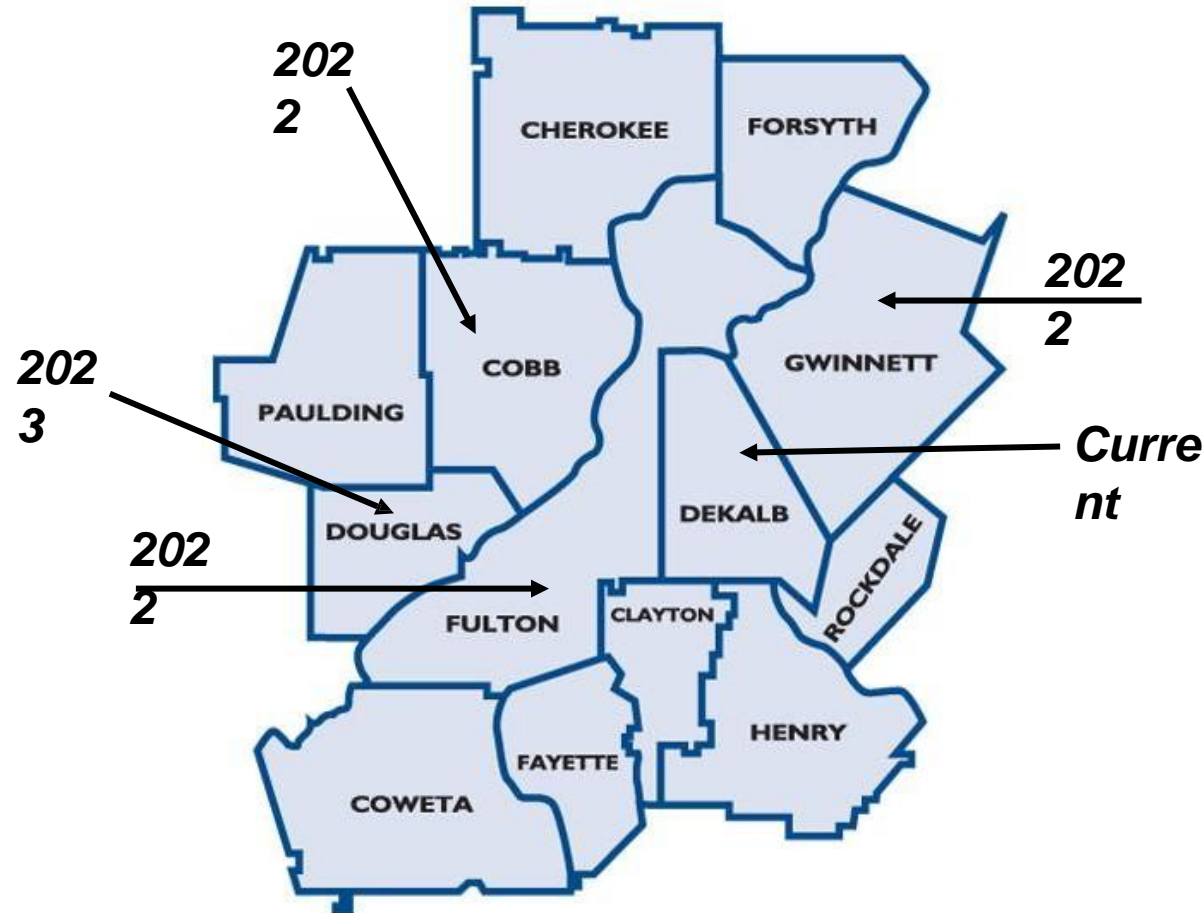
Incremental Impact of Diversion

RED compared to Georgia Accountability Courts (AC) and Adjudication (ADJ)



Note: Calculations were internally conducted by the PIT team and assumptions can be found in the SROI section of this presentation.

Map of Relevant Operating Counties



- Map is of Atlanta metropolitan area
- RED already operates in DeKalb County
- It expanding to Cobb, Fulton, and Gwinnett Counties in 2022
- RED plans to expand to Douglas and Hall Counties in 2021

The USIT Foundation

usitfoundation.org | texasusit.org

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The USIT Foundation

About the USIT Foundation

The USIT Foundation is the 501(c)(3) parent organization of the University Securities Investment Team, the largest student-run investment fund at The University of Texas at Austin. Comprised of alumni who started their investing journeys with the team, the USIT Foundation works closely with student leadership in the contexts of investing, data science, and philanthropy.

The USIT Foundation supports and advises the USIT student organization and marshals and engages its alumni to promote personal and professional growth through active charitable giving. In Spring 2020, the alumni of the USIT Foundation initiated a philanthropic Giving Pledge to commit time and resources to better our communities.

Philosophy and Approach

The USIT Foundation is committed to evidence-based philanthropy and continuously builds upon a model of effective, responsible capital deployment. In its months-long competitive annual process, the Foundation identifies and performs deep diligence, including client testimonials, data room modeling, and impact stress testing, on charities. In the 2020-21 academic year, the Foundation provided \$80,000 in donations to several charities that operate within the three observed impact verticals, with the initial donation opening the door for years-long engagement and follow-on investments.



Education

Ensuring that students of all ages receive high-quality, equitable education while community members are properly supported.



Justice & Opportunity

Breaking down systemic barriers to assist the reentry transition and reduce nationwide recidivism.



Healthcare

Reducing healthcare burdens through preventative measures, early childhood development interventions, and elderly care.

Philanthropy Investment Team

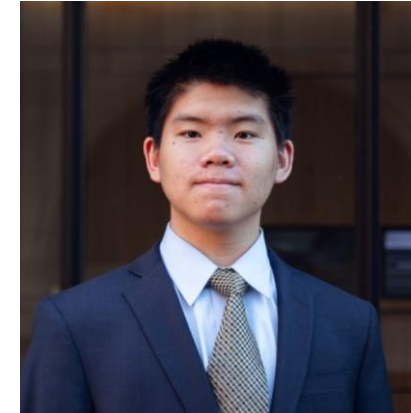
History

The Philanthropy Investment Team was formed in Spring 2020 at The University of Texas at Austin by request of the University Securities Investment Team (USIT) Foundation and Alumni Network, which wished to establish a partnership with the student organization to source charitable investment opportunities.

This fund generates ideas and performs diligence on charities that merit a donation with a value investing framework. Through the primary and secondary research of undergraduate Analysts, the Philanthropy Investment Team is developing a model of impact measurement, both for initial investment diligence and subsequent staged donations. Experimental in nature in its inaugural year, the Philanthropy Investment Team ultimately seeks to donate \$70,000 by Fall 2021 at the discretion of the Giving Committee. Its funds are replenished yearly, comprising 1% of the total Annual Gross Income of the Alumni Network.

Analyst Contact

Chengxi Gang is a first-year undergraduate student at The University of Texas at Austin. He is passionate the intersection between ESG and shareholder value. For any questions about this project, you may contact him at chengxigang@utexas.edu.



Portfolio Manager Contact

Ariel Johnson is a fourth-year undergraduate student at The University of Texas at Austin. She is passionate about creating impact in early childhood development interventions and hunger alleviation. For any questions about this project, you may contact her at arieljohnson506@gmail.com.

