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# The Recovery Card: A Card to Show You Care

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# The Recovery Card

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A Card to Show You Care

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### III. Issue at Hand and Proposed Solution

The National Law Center on Homelessness and Poverty estimates that they are between 2 to 3.5 million Americans that experience homelessness every year. The federal government defined a homeless individual in the Stewart B. McKinney Act as someone who...

"...lacks a fixed, regular, and adequate night-time residence; and... has a primary night time residency that is: (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations... (B) An institution that provides a temporary residence for individuals intended to be institutionalized, or (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings." The term "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a state law."<sup>1</sup>

The Dallas area specifically is estimated to have around 9,000 homeless persons.<sup>2</sup> These estimates are quite rough and unreliable since the numbers are based on the amount of people that use shelters and temporary housing. The number of people living on the street is almost impossible to correctly estimate. The number of homeless in Dallas and nationwide spiked with the recent wave of foreclosures following the sub-prime mortgage crisis. Even those who are employed are sometimes unable to afford their own housing. According to the National Coalition for the Homeless, in every state the minimum wage is not enough to afford a one or two bedroom apartment at Fair Market Rate. Furthermore, with an estimated 39% of the homeless population under the age of 18, it is easy to see why so many are unable to rent their own housing.

In every state there are more homeless than there is current capacity to house them in emergency, transitional or permanent supportive housing. The main reason behind this is the cost to the government and taxpayer for providing the housing and services required. A study conducted in Houston has given the following statistics for housing a person in various housing arrangements: emergency shelters cost \$968 per month, transitional housing cost \$1,500 per month, and permanent supportive housing cost \$950 per month.<sup>3</sup>

Although the cheapest solution, permanent supportive housing has proven to be the most beneficial in the long run to those who are housed there. This type of housing requires a percentage payment that the person makes through income, on average around 25% of their

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<sup>1</sup> 42 U.S.C. § 11302(c)

<sup>2</sup> Dallas Morning News

<sup>3</sup> U.S. Department of Housing and Urban Development

income to stay there. The supportive services come in the form of rehabilitation, job training, and support groups in their own complex. Those that can be housed there are much more likely to obtain employment and stay off the streets in the future. The Metro Dallas Homeless Alliance, as of now, provides over 1,500 permanent housing solutions in the area. Gaining government assistance for permanent housing is proving more and more difficult as the homeless population grows and public funding dries up. Private charitable organizations under the code of 501(C)(3) have the mission of providing for those who are unable to gain assistance from the government.

How do you donate to a person in need and know that your donation is helping them and not fueling destructive behavior? The problem that we are addressing is the current lack of a proper method of donating to the homeless such that the person donating can feel certain that their money is going to the right cause. The service that we will be providing is a transparent donation system, much like a gift card, but with restrictions that will allow it to be redeemable only at shelters and organizations partnered with us whose services aid the homeless. This ultimately rewards the recipient with access to services that will improve their standard of living as well as the donor with confidence that their money is well spent and that they have made a difference in their community.

Based on the aforementioned trends, it is clear that there is a substantial problem of homelessness in Dallas, Texas, and throughout the nation. There is a clear need for homeless people to receive help, and this card donation system is designed to provide a medium in which the money donated is certain to do good.

## **Business Concept**

We are in the business of providing a medium for Dallas residents to donate to the local homeless so that these people may have the opportunity to make use of all the benefits and programs offered at local shelters and housing organizations.

We have developed a special “gift card” branded The Recovery Card. The Recovery Card is only good at participating homeless shelters and food banks. However, the cards are not fungible; they are merely a token that the recipient can share as a sign of appreciation, respect, and acknowledgement. The service provider will receive the donation that the card represents. The increased funding of these shelters and other resources will ultimately benefit the homeless they serve by allowing them to grow and improve their services.

We facilitate the donation process by providing a safe, easy, reliable and verifiable system with which individuals can help improve life for those in their community. Private

individuals, organizations, and corporations would provide the donations through kiosks located around Dallas, as well as through a dedicated website. The donations would be transferred onto a prepaid "gift card". These cards would be delivered directly to the donor through the kiosks. The donor can then distribute the prepaid cards to homeless people in their area or can give the organization of their choosing the cards to distribute to those they deem needy. These card donations would take the place of the small cash donations the homeless ask for on the street. This type of targeted donation would give peace of mind to the donor, who now can verify that the money will go towards providing clear help to the person they handed the card to, or if unused will still provide funding for their community's shelters.

Printed on the card would be the locations where the card could be used to obtain housing and other services. These would all be Dallas housing assistance programs, since we will be confined to the Dallas area in the early years of operation. While there would be a variety of locations from which they could choose, we would concentrate on services that bridge individuals through care, education, abuse treatment and recovery on to permanent housing solutions. With permanent supportive housing being the most cost effective and having the best long-term results, we feel these programs are the most beneficial to the homeless.

This card system would be based on a gift card system used in businesses of all sizes all over the world. At high traffic locations across Dallas, we would place a kiosk similar to an ATM that would guide donors through the quick process of adding money to a Recovery Card using cash, debit, or a credit card. Once they've determined the amount they'd like to give, how many cards to purchase, and where they'd like any unused funds to go, they are given a receipt with information for setting up an account through our website. Using this account, which is totally optional, they can receive emails letting them know at which partnering organization their money was used and they can also print out the forms required for tax write offs.

For the selected partner locations, we would provide a card reader similar to those used to read credit cards for the volunteers at the shelters to swipe the cards and connect to our server. For each day that a person plans on staying at their selected location, a certain amount will be deducted from the funds on the card, which would be recorded on our system. The funds could also be used for one-time services, such as a support group session or meal. Once the money on the card is exhausted then the card can simply be recycled like any other gift card. If the funds on the card are not used within two months of the donation, then the funds will be relocated from the card and go either to a partner which donor specified online using their account, or it will be redistributed with 10% of the remaining amount going to The Recovery Card and the rest being evenly distributed among our partners until we can recoup the initial money spent in purchasing and setting up our kiosks.

The donation amount would range from \$10 per card to \$50 per card. Any smaller amount would not make the system cost effective for us or financially beneficial for those homeless using them. The hope is that once they begin staying at the housing community that they will continue to improve their situation and pull themselves off the street.

Since the operation would mainly be confined to the kiosks and Internet donation system, we would require very few employees in the initial stages. We would hire a contractor to create and maintain the website, and use a separate company specializing in gift card production and related technology to manage and record the donations. Advertising for the program would be centered on religious and faith centers, for their history of giving and empathy for those in need. We would also reach out to businesses and universities. All in all, we would require three employees to get the operation off the ground. Our growth strategy is to spread into Houston, which has a very high homeless population as well as a strong system for helping house the homeless, within 5 years. Before this growth would occur, we would hire a local team in Houston who is familiar with the homeless situation and housing programs in the area.

Our organization would be registered under the code of 501(C)(3) so that we are classified as a non-profit charitable organization. With this coding, we could provide tax incentives to those who donate through our system. As mentioned above, the tax benefits would only be available to those donors who keep the record of their purchase (the receipt given after purchase or pick up at a kiosk) and use the unique password and username (both a randomly generated series of letters and numbers) to create an account on our website which would allow them to track the use of their donation if they desire. They could still use the randomly generated password and username to generate the necessary tax deductible papers, but creating an account unique to them which they could use over time would be optional.

Our system would provide several benefits over traditional donation and simple cash giving. First, it would give peace of mind to the donor that they are giving their money towards a good cause due to the transparency and reliability of the service. The main reasons we have found that people would not give money to someone on the street or through other donation systems through churches or public organizations is that they are unsure of exactly how that money will be used. No one wants to fund destructive habits or systems that do not work. Our card system would give an alternative to giving money on the street. With a packet of cards to carry around, an individual could give the cards out to the local homeless people and be sure that the money they put on the card will be used in a positive way. Any unutilized funds would revert to either a specific partnering shelter selected by the donor or, if they choose not to

select a specific shelter, 10% of the remaining funds would go to our organization and the rest would be evenly distributed among our partners.

With our targeted locations receiving the funds, we would be able to pick and choose the best charity and volunteer organizations to support. While there are many options for sheltering and homeless services, some stand out above the rest because of their cost effectiveness and proven results in getting people on their feet. This picking and choosing would increase our brand awareness quickly and give the organizations we choose the reputation of being the best in the local area.

The Recovery Card looks like a credit card with a magnetic strip, and has similar features as that of a gift card. The Recovery Card can be purchased at a kiosk in high traffic areas around Dallas. We would set up kiosks in the coffee shops and public spaces around the business district, in the lobbies of places of worship, in the student centers of universities, and in shopping centers.

The kiosks will allow customers to buy one or more cards at a time using cash, debit or credit cards. After the value has been chosen, the card will be presented. From there, customers can distribute the Recovery Card to homeless people as they see fit, and then the recipient of the card can use it at local shelters who have partnered with us. The names of these shelters will be printed on the back of the card, along with their street or intersection address. The Recovery Card is designed to be used as an alternative to cash. In the future, we plan to expand our services so that card recipients can also use the Recovery Card at certain stores to purchase items for basic needs.

The most important benefits of the Recovery Card are its convenience and reliability. The customer, or the one giving the donation, will know that their donation is going to a good cause and actually being utilized because of our system. The Recovery Card will be convenient because there would be several ways to make purchases. Cards can be purchased at kiosks or online and picked up at kiosks. At the kiosk, when a customer buys a card, they are given a receipt with a code to use for our online system. Once they have set up an account, they can pay for cards online as well. Once the donation has been received, the customer can go to any kiosk and sign in to print their cards. The Recovery Card also has an expiration date of two months. If the card is not used before its expiration date, the customer will be informed and can then decide if they want the funds to go to a partnering shelter of their choice or half to our organization and half to our partnering shelters around Dallas. This way, a donation will not go unused even if the holder or the person they give it to loses it.

## Summary of Features

1) Providing a verifiable, accountable way to donate to the local homeless population.

- Once a donation, which has been linked to an optional online account made on our website, has been used the donor will be notified. We believe that if the donor can see that their donation is being used, they will be much more likely to donate again with our service.

2) Provide an incentive for the homeless to use their local housing options and the services they provide.

- Many homeless do not trust the shelters and programs around them, either because of inexperience or past bad experiences with one. With our careful selection of supported locals, we would ensure the best possible organizations would be chosen. When our brand awareness grows around the community, the homeless population would be able to trust the locations that are printed on the cards and be more willing to use them.

3) Donations made can be used for tax write offs.

- Donors will be provided with a receipt of their donation that could be sent in with tax forms to receive a tax incentive. This would encourage the local population to give more to the homeless in their area if they are easily able and rewarded to do so.

#### IV. Proposed Timeline

##### Stage 1:

- Conduct research at Dallas area shelters: where are most homeless people in the area going? How long are they staying? What are their demographics and what services do they really need?
- Build relationships with shelters and organizations with which we would like to partner.
- Conduct research on the best locations for kiosks around Dallas. Determine how many we need to begin with and how much money we need to raise to purchase all the equipment and software necessary.

##### Stage 2:

- Create a website explaining our vision and our business plan.
- Visit the shelters to explain our product and service to the homeless.
- Actively seek donations to help set up our business through contacting both private individuals and organizations, like the Dallas Foundation, trying to raise awareness for our project.
- Continue to build relationships with shelters around Dallas.
- Market our project to possible donors using free social media, such as Twitter and Facebook.

##### Stage 3:

- Now that we have determined the best number of kiosks to start with and located prime placement spots around Dallas, install kiosks as well as readers with our partner organization(s).
- Collect data on how the product is being used.
- Continue to market the Recovery Card to possible donors around Dallas through social media, presentations, and informational pamphlets.
- Analyze data regarding use of the Recovery Card and reevaluate approach if necessary.

We would like to point out that we are simultaneously working on this project as part of our CISB 5397 Entrepreneurship class with Pat Kriska. This means that we will constantly be working towards a complete business plan by the end of the semester. This will entail creating more in depth financial reports, building relationships with shelters in the area through research and volunteering, as well as conducting more research into manufacturers.

## V. Anticipated Budget

While researching the costs related to the kiosks we plan to use, as well as card production and the system to support the transactions, we found a number of companies who specialize in this area. This would allow us to export the whole side of operations to them, requiring us to pay a large sum up front to purchase the machinery and services but with minimal monthly support costs. While we are still in discussing costs with various providers, we can produce some estimates due to general research.

### Supplies and Equipment

1 kiosk and support system: \$6000

10 kiosks and support system: \$55,000

Monthly maintenance and support costs: \$75

The rest of our costs would be minimal. We plan on making a website which would explain our services using a free web hosting provider, like Weebly or Blogspot, to get started. We also plan on making the most of the free social media available to us, such as Twitter and Facebook. We would also give presentations around Dallas at local religious centers, businesses, schools, and other organizations that might be interested.