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# PRISON TO PROPRIETORSHIP: ENTREPRENEURSHIP OPPORTUNITIES FOR THE FORMERLY INCARCERATED

## HEARING

BEFORE THE

## COMMITTEE ON SMALL BUSINESS
## UNITED STATES
## HOUSE OF REPRESENTATIVES

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# PRISON TO PROPRIETORSHIP: ENTREPRENEURSHIP OPPORTUNITIES FOR THE FORMERLY INCARCERATED

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**WEDNESDAY, OCTOBER 23, 2019**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
*Washington, DC.*

The committee met, pursuant to call, at 11:36 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Crow, Davids, Chu, Veasey, Evans, Schneider, Delgado, Craig, Chabot, Balderson, Hern, Burchett, and Stauber.

Chairwoman VELAZQUEZ. Good morning. The committee will come to order.

I am pleased to be chairing this hearing today to discuss entrepreneurship training opportunities for the incarcerated and formerly incarcerated. Our committee has a longstanding tradition of working in a bipartisan manner on behalf of America's 30 million small businesses. It is through this work that we strive to ensure programs at SBA are effective and seek ways to encourage entrepreneurship.

Today, we have the opportunity to delve into an issue that has the potential to help people who have been traditionally locked out of the labor market. Let me begin by talking about our criminal justice system. The United States has one of the highest incarceration rates in the world. Despite having only 5 percent of the world's population, we have 25 percent of the world's inmates.

People are locked up in nearly 7,000 facilities across the country—109 federal prisons, 1,719 state prisons, 1,772 juvenile correctional facilities, and 3,163 local jails. Sadly, there are more jails than colleges and universities in the United States. That alone is telling. In our federal prison facilities today, nearly half of those imprisoned are serving time for non-violent drug offenses. It is expensive to put people behind bars. In fiscal year 2017, the average cost to incarcerate a federal inmate was $36,299 a year, or $99.45 a day.

Congress took steps last year to enact legislation to reform our criminal justice system. I am a proud supporter of the First Step Act, which gives nonviolent offenders a chance to reenter society. While this legislation is a step in the right direction, the problem is overwhelming, and solutions must come from multiple sources.

That is why I am holding this hearing today, so we can explore innovative ways to give returning citizens the support they need to rebuild their lives after their release from prison, and to work to break the destructive cycles of recidivism which are tragically too high and are tearing apart too many communities across the country.

After paying their debt to society, former inmates return to their communities with hopes and goals of starting fresh. In 2018, more than 37,000 incarcerated individuals were released from federal prisons, and more than 97 percent of the nation's 180,000 federal inmates will eventually be released. The recidivism statistics are sobering, showing that if we do not take steps now, nearly half of those released will be rearrested within 8 years.

That is because returning citizens face steep challenges when faced with the often daunting task of reintegrating into society. Many lack the education and skills needed to engage in a 21st century economy. Many struggle to find stable and affordable housing. And put simply, many employers do not want to hire them because of the stigma associated with serving time in prison. At the end, this serves no one. In fact, it leads to dim employment prospects, reduced earnings potential—and yes, it increases the rate of recidivism.

What can we here on this Committee do to be a part of the solution to this crisis? We can start by looking at the role that entrepreneurship can play in helping formerly incarcerated individuals get back on track to pursue meaningful and healthy lives. Supporting these individuals also offers the potential to build wealth and create greater economic mobility.

In the coming weeks, the committee plans to introduce several bills which will require SBA's resource partners to provide counseling and training to individuals in prison and post-release. The in-prison services would be carried out by Women's Business Centers and Small Business Development Centers. Federal prisoners would be eligible for intensive, in-depth classroom instruction combined with one-on-one mentoring. SCORE would be required to provide formerly incarcerated individuals with regular one-on-one mentoring, workshops, and on-line instruction specifically tailored to their unique needs.

SBA's resource partners, with more than 1,000 centers located across the country, are perfectly suited and very well-positioned to carry out these services in federal prisons.

Entrepreneurship is the stepping stone to new opportunity for individuals who are locked out of the labor market. Unlocking opportunities for the formerly incarcerated will empower and enable them to rebuild their lives, build wealth, and promote lasting economic growth.

With that, I thank each of the witnesses for joining us today, and I look forward to your testimony.

I would now like to yield to the Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chair.

The search for meaningful work up on release from prison can be a long and difficult journey, particularly for those who have been removed from society for an extended period of time. To over-

come those challenges, many inmates acquire valuable skills and work experience through programs like Federal Prison Industries. I have worked with Federal Prison Industries for many, many years here from vocational training opportunities and other educational courses.

Today, we will be hearing from witnesses representing organizations that help individuals reenter society by developing their entrepreneurial spirit. Successful reentry programs utilize various strategies for preparing individuals to reenter society as productive citizens.

I, like many of my colleagues on both sides of the aisle, believe strongly that these programs are not only beneficial to those individuals who will be reentering, but also to our society overall. We owe it to these returning individuals and to all of our fellow citizens to make sure that we are good stewards in this rehabilitation.

As former President Bush noted in his 2004 State of the Union Address, "America is the land of second chances, and when the gates of prison open, the path ahead should lead to a better life."

I, and I think many of us, look forward to the testimony of our panel today and learning more about their recommendations for alleviating barriers to entrepreneurship when they reenter society.

I would note that I do have a school group that I have to take care of for short period of time so I will be leaving but then coming back, and we will be ably filled in by one of my colleagues. I believe Mr. Hern will be filling in for me.

And with that, I yield back.

Chairwoman VELAZQUEZ. Thank you, Mr. Chabot. The gentleman yields back.

If committee members have an opening statement prepared, we ask that they be submitted for the record.

I would like to take a minute to explain the timing rules. Each witness gets 5 minutes to testify and members get 5 minutes for questioning. There is a lighting system to assist you. The green light will be on when you begin, and the yellow light means there is 1 minute remaining. The red light comes on when you are out of time, and we ask that you please stay within that timeframe to the best of your ability.

I would now like to introduce our witnesses.

Our first witness is Mr. Shon Hopwood. Mr. Hopwood is a distinguished lawyer and professor of law at Georgetown University. His research and teaching interests include criminal law and procedure, civil rights, and the constitutional rights of prisoners. He received a J.D. as a Gates Public Service Law Scholar from the University of Washington School of Law. Mr. Hopwood's legal journey began in federal prison where he learned to write briefs for prisoners while serving a 12-year sentence for bank robberies. Two petitions were later granted review by the United States Supreme Court and he won a number of other cases in federal courts throughout the country.

Welcome, Mr. Hopwood. I am pleased to have someone with your expertise on the panel.

Our second witness is Mr. Gary Wozniak. Mr. Wozniak is the founder and CEO of RecoveryPark in Detroit, Michigan. In his current role, Mr. Wozniak leads the overall vision and framework for

the nonprofit which exists to create jobs for people with barriers to employment. Mr. Wozniak has first-hand knowledge of what it is like to start anew after serving time in prison. Prior to launching RecoveryPark, he was a successful stockbroker who became addicted to drugs. He served 4 years in federal prison for using his clients' money to fuel his addiction. Mr. Wozniak turned to entrepreneurship and opened up several pizza franchises.

Welcome, Mr. Wozniak. I look forward to hearing your story.

Our third witness is Ms. Corinne Hodges, the CEO of the Association of Women's Business Centers, where she is working tirelessly to secure economic entrepreneurial opportunities for women. Prior to joining the association in January 2019, Ms. Hodges led the public relations team for Kia Motors Manufacturing in Georgia. She also has experience as a small business owner. Ms. Hodges helped at her mother's woman-owned trucking company in Michigan and also ran her own advertising and public relations agency. Thank you for being here.

Now I would like to yield to our Ranking Member, Mr. Chabot, to introduce our final witness.

Mr. CHABOT. Thank you, Madam Chair. Jerry Blassingame is the Founder and CEO of Soteria Community Development Corporation and senior pastor of Soteria Christian Fellowship. He attended Columbia International University and studied architecture engineering at Greenville Technical College. In 1995, he received a 20-year prison sentence but served 3-1/2 years after being paroled in 1999. In 2018, he published a book Reclaimed, a memoir of his journey. He is passionate about helping those who have been incarcerated through reentry and helping them to become productive citizens. He has continued to fight for change in legislation since he was granted that pardon, and we thank him for being here today.

I yield back.

Chairwoman VELÁZQUEZ. Thank you, Mr. Chabot.

Mr. Hopwood, you are recognized for 5 minutes.

## STATEMENTS OF SHON HOPWOOD, ASSOCIATE PROFESSOR OF LAW, GEORGETOWN UNIVERSITY LAW CENTER; GARY WOZNIAK, PRESIDENT AND CEO, RECOVERYPARK; CORINNE ANN HODGES, CEO, ASSOCIATION OF WOMEN'S BUSINESS CENTERS; JERRY BLASSINGAME, FOUNDER AND CEO, SOTERIA CDC

### STATEMENT OF SHON HOPWOOD

Mr. HOPWOOD. Well, thank you, Chairwoman Velázquez, and all members of the Committee for the opportunity to testify and for the enthusiastic support for the Prison to Proprietor Act.

I will give you my instruction that I give, whether it is to the President of the United States, to members of Congress, to churches, to chambers of commerce, and that is my name is Shon Hopwood. I am an associate professor law at Georgetown University Law Center, and I committed a violent crime. But I am not a violent criminal.

And I give that introduction just as a reminder that character is not static, people change, and the law should recognize this. And

we should be in the business of giving second changes to people coming out of prison. It is good for society. It changes lives. It strengthens families. And it helps make our communities safer.

I served nearly 11 years in Federal prison. I went into law while I was there. I now litigate cases in Federal court on criminal law and civil rights issues, including prisoner rights issues, and I studied the Federal criminal system as a legal academic at Georgetown. And I was also very fortunate to work and advise members of Congress and the President on the First Step Act, which I want to congratulate all of you for helping to pass because it has—well, I say it is two things at once. On the one hand, it is still quite modest reform, but on the other hand, I think it is the best criminal justice reform bill to come out of Congress in my lifetime. And I do want to thank you for that.

But as it is called, it is the First Step Act, and we need so much more if we ever expect to reduce the number of people in our Federal prisons, and more importantly for this Committee, reduce the recidivism rate of people coming out of prison. And everyone should be interested in that. We have 600,000 people that leave American prisons every year. We have around 30- to 40,000 people that leave Federal prison every year. We know that around 95 percent of people sentenced to Federal prison will one day return to the community. And we also know that the criminal justice system has now impacted so many more Americans. We have 113 million Americans who have someone in their close to immediate family who has been to jail or prison within their lifetime. And so this is often what I refer to mass incarceration as the civil rights issue of our day.

So why prison entrepreneurship programs? Well, a couple things. We know that the biggest factor in reducing the recidivism rate of people coming out of Federal prison are a few things. One, employment, and two, stable housing. And this bill addresses the employment issue. People coming out of prison have an unemployment rate that is five times higher than the average American, and even higher than people had in the Great Depression. And people coming out of prison have a great deal of difficulty finding employment, both because of the stigma of having the Federal conviction, but also because there are 300,000 collateral consequences of a felony conviction. I thought that when I got out of prison I had served my time and that I would get to move on and get a second chance in life until I realized that someone with a felony conviction, you can be legally discriminated against in housing, employment, public benefits, voting rights. And just the little things like when parents of the children that my kids go to school with come and say, hey, can we send our kids over to your house, I get really nervous because I worry if they find out about my background how that will impact whether or not they want to send their kids over to my house. And so very few people get a true second chance. It is one of the reasons why I am not a great fan of the word "returning citizen" because returning second class citizen would be a more appropriate moniker for people coming out of prison.

Given that we know that employment really reduces the recidivism rate, this bill really does that. It will help people. We have had very much success in Texas and other prison systems with

prison entrepreneurship programs. In my written testimony I talk about the story of Marcus Bullock who served 8 years in Virginia prison and came out and started Flikshop. He recently did a Tedx Talk, and he is a good example of what can happen when people get entrepreneurship training in prison. For many people that come out, particularly those that have committed violence and sex offenses, entrepreneurship is the only way for them to get gainful employment.

And so because this bill will get at that particular problem, I encourage you to pass this into law. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Hopwood.

Mr. Wozniak, you are next.

**STATEMENT OF GARY WOZNIAK**

Mr. WOZNIAK. Thank you. Good morning. Thank you, Chairwoman Velázquez, and to the entire Committee for having me here today. I came to testify because I am full support as well of the legislation that you intend to pass.

I started an enterprise called RecoveryPark and we are a social enterprise in the city of Detroit, and our mission is to create jobs for people with barriers to employment. So people coming out of prison, people coming out of drug treatment plans. Obviously, from the introduction that I got it is a process that is near and dear to my heart because I did serve 3-1/2 years in Federal prison from 1988 to 1991. And when I got out of prison I spent 3 months actively looking for a job, and my last job interview was with Enterprise Car Rental and they turned me down for a desk clerk job. I went home that night and I looked in the mirror and I said I am tired of people telling me no and I had to do something different. So I took my business skills that I developed as a stockbroker and I started looking at business opportunities.

The easiest way for me to get into business from a capital standpoint was to go into a franchise operation, so I opened up a Jet's Pizza franchise. I do not think they are here in D.C., but I ended up owning four Jet's Pizza stores, and that was really the launch of an entrepreneurial career for me. So since the four Jet's Pizza stores, I have owned seven total businesses. And when the meltdown happened in 2008, I closed my businesses down because some of them were financial institutions that were lending money to people that wanted to start businesses and I could not borrow money cheap enough and get it out effectively in the marketplace.

It was at that point that I went back to my roots of drug addiction to the treatment center that I went to in 1987, ShareHouse because they were struggling because of the meltdown, and I helped them reorganize financially. And that was where RecoveryPark was born. So it was a way to create a social enterprise that could create jobs for the people that are coming out of the prison system in the state of Michigan and give them a leg up with a permanent job and benefits and wraparound services around housing and transportation so that they really had an opportunity to become successful citizens.

The last 30 years owning these businesses has been a real eye-opening experience for me because when I launched the businesses I did not have access to training and I did not have access to cap-

ital. I went to the people that were closest to me, my friends and family, to get access to capital, but even then I could not get traditional lending. I could not get SBA support. I could not get any of the traditional lines that an entrepreneur or a business startup would go after.

So the opportunities that you are talking about today, had I had an opportunity while I was in Federal prison in Duluth, Minnesota, to become educated around how to run a business, how to start a business, how to access capital, and then when I got out of prison actually had microlending to come from the SBA or an SBA-supported institution I think would have given me a real leg up.

As Mr. Hopwood talked about, so he talked about the necessity of jobs when people come out of prison. It is a little anecdotal, but my work over the last 30 years with returning citizens, basically, if somebody gets a job within their first 3 months of coming out of an institution, they are probably not going to go back and reoffend. If they cannot find work within their first 6 months, there is a 30 percent chance that that person is going to reoffend. If they cannot find work in 9 months, there is a 70 percent chance that that person is going to reoffend. And if they cannot find gainful employment and housing within a year, they are definitely going back to prison.

Those are unconscionable statistics, okay? And we have an opportunity here today to change that. The First Offender Act, it was a great first step. This is a great second step to, you know, start getting rid of some of those barriers.

Today, I sit on five nonprofit boards. I have owned seven businesses. I have got a social enterprise. I am the treasurer of two of the boards that I sit on. I am on a Financial Committee. I still cannot go mop floors in a nursing home by law because they are afraid I am going to steal money from the elderly clients that are in there. That is unconscionable. And there is no way to get around that with the rules the way they are set up. So this is an opportunity for us today to actually do something positive to give people the educational opportunities, to train them with the skillsets that they have. And I am telling you that educationally, a lot of people in prison might not have the traditional learning, but I guarantee you there are a lot of people in prison that understand customer service, that understand cash flow management, that understand, you know, supply and demand, the food chain of how a product gets into the marketplace. And if those skillsets can be channeled in a positive way and money applied to it, I think the world is their oyster. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Wozniak.

Ms. Hodges, you are recognized for 5 minutes.

**STATEMENT OF CORINNE ANN HODGES**

Ms. HODGES. Chairwoman Velázquez, Ranking Member Chabot, and distinguished members of the Committee, good morning, and thank you for convening today's hearing.

My name is Corinne Hodges. I serve as the CEO of the Association of Women's Business Centers.

Our organization supports the national network of women's business centers providing programming and advocacy to improve services to women entrepreneurs. So I am honored to be here today.

The women's business center program is a public-private partnership with over 30 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country. What began as four demonstration sites in 1988 is now a network of 114 centers with more than 150 locations nationwide in no small part thanks to this Committee's support. In that time, women business centers have served more than 2 million women entrepreneurs leading to the creation and expansion of tens of thousands of new businesses and jobs. The women's business center program continues to fulfill its congressional mandate of ensuring that women's entrepreneurial drive is fueled by adequate resources to keep the small business engine of the economy thriving.

It is the only program statutorily dedicated to serving economically and socially disadvantaged women. All of our centers live up to this mandate. But a number of our centers take that mandate even further by bringing their services into the state and Federal prison systems, both to men and women, and equip them with the training and knowledge needed to start their own business upon release from custody.

Many more of our centers also offer specific training and resources to the formerly incarcerated who seek out business training after their release.

The Missouri Women's Business Center ASPIRE MO class provide an illuminating example of what can be accomplished when undertaking entrepreneurship training in prisons. ASPIRE MO was launched in collaboration with the Missouri Deparmtent of Corrections Reentry Unit. It is a 20-week entrepreneurship course for felony offenders in the Women's Eastern Reception Diagnostic and Correctional Center, a state-run facility. The course focuses on all aspects of entrepreneurial training, such as financial literacy, use of credit cards and banking basics, formulating a business concept, and pitch development. They have also established systems with several of their bank partners to provide microloans that are not based on credit score or felony records. In addition, they utilize KIVA, a nonprofit that connects entrepreneurs to 0 percent interest loans and other crowdfunding platforms.

The Women's Business Center at SNAP located in Spokane, Washington, teaches financial literacy classes in both the county jail and the local state prison. In their experience with this population they found a lack of credit history or poor credit as primary barriers to access to capital. In addition to business training, they encourage participants to visit microlenders for access to capital. They also teach clients about financial scams and predators in order to position them for success as entrepreneurs, avoiding disastrous credit terms and costly investments.

There are additional examples of prison entrepreneurship training programs offered by women's business centers from California to Tennessee in the written testimony I have submitted for the record.

Many women's business centers offer services specifically for the formerly incarcerated. The Women's Business Center of Northern

Ohio, which operates locations in Cincinnati, Columbus, and Cleveland, recently participated in Reentry Week, along with a number of community partners. They offered a full day, small business workshop for formerly incarcerated individuals looking to start their own business. The workshop included strategic business planning, marketing strategy and development, financial literacy, and legal steps for starting a new business.

The Wisconsin Women's Business Initiative Corporation (WWBIC) partners with community organizations who serve returning citizens and lend to individuals with criminal records. Current WWBIC client and former inmate Ed Hennings served 20 years in prison and is now the owner of three businesses. He first sought the assistance of WWBIC by taking all of the business education courses they offered. He eventually received a small loan through WWBIC. He now runs a successful barbershop and salon in Milwaukee, and he was recently approved for a $65,000 loan for his trucking business. His story, among many others, is a testament to the success that the formerly incarcerated can achieve with proper business training, counseling, and access to capital.

Clearly, entrepreneurship has the power to create pathways to success while reducing recidivism. We need legislation that amplifies the work that several of our women's business centers are already doing for the current and formerly incarcerated and which allows us to build off that knowledge, expertise, and passion to take these services nationwide. We are confident that women's business centers and the Association of Women's Business Centers can be competent partners in that endeavor to help Americans returning home from incarceration overcome barriers to employment by utilizing their talent, skills, and ideas to start businesses that allow them to provide for themselves and their families.

Chairwoman VELAZQUEZ. Thank you, Ms. Hodges.

Mr. Blassingame, you are next.

**STATEMENT OF JERRY BLASSINGAME**

Mr. BLASSINGAME. Thank you so much, Chairwoman, and Ranking Member.

I really appreciate the opportunity to come here today to share my story. When I think about my story people wonder, how can a college-educated person go to prison? My story does not start with me going to prison; it starts as a 5-year-old kid who witnessed his mother getting murdered. And a lot of times we do not talk about the trauma that a lot of us who have been incarcerated face.

While I was in prison, one of the things that really helped me was faith and knowing that people who cared about me came into prison. The faith community was there for me when no one else was there and it got me to understand that when I got out, I needed to change my life. I ended up serving on 3-1/2 years of a 20-year prison sentence. And every day of that 3-1/2 years I wrote down the plan for what I am doing now. And that is one thing I look for when I bring men into my program. I look for guys who have short-term and long-term goals. I look for guys who have been journaling, and I look for guys when they get ready to get out, they are ready to get into the community.

So one of the things that helped us, in 1999, when I was released, there was nothing, no services that were helping people to start business, especially with criminal backgrounds. So a young black man in the South trying to start businesses. So here I am with a nonprofit. I was released in March of 1999, and in April of 1999, we started a nonprofit, had a charter, and the faith community rallied around me, pooled money together to help me to get this nonprofit off the ground.

One of the things we did first was we went to one of the local nonprofits to partner with us. They gave us a house. They gave us a three-bedroom, two-bath house. We put four guys in it. And then we got another house. Now we had eight guys in our transitional housing program. No one would hire any of our guys so we started a landscape business. And we started cutting grass in the community, and the guys were making money.

A local couple in our church donated nine dilapidated housing in a drug-infested neighborhood, and we got a $100,000 grant from the Deparmtent of Commerce through the South Carolina Association of Community Development Corporations. So we were able to take unlikely bedfellows and use resources that were not allowed for reentry. So we became a community development corporation, and I soon found out that community development corporations help low- to moderate-income people gain wealth and have access to capital. So I am one of those, I can take something a little and make a lot out of it. And so we took that $100,000 grant and we leveraged it to $700,000 to build six three-bedroom, two-bath, low-income rentals for men once they graduated our program because no one would rent the guys housing once they graduated a 1-year program.

So we found out that it was more than just housing and jobs. It was family reintegration. And so I also want to let you all know who are here that we just cannot look at starting businesses. We have to look at trauma. We have to look at financial literacy, family reintegration. The whole community has to come together. And also, I believe every agency in Washington has to work together.

One of the things that I realized, too, is that agencies do not work together. And so if all the agencies could work together it would be great because we also got home funds from HUD which was an unlikely bedfellow to give money to a reentry organization. So these are just some of the things that we have done over the last few years.

Five years ago, we started a deconstruction business where we tear down old houses in our city. This lumber was going into the landfill to be thrown away. Our guys started taking the lumber and we make reclaimed wood furniture from the lumber. So we train the guys who are getting out of prison in our woodshop. And so now we have a business that sells reclaimed wood furniture. So we are reclaiming wood and we are reclaiming lives. The wood that would have been thrown away, the men who are getting out of prison are taking that wood and making beautiful artwork.

And so I just wanted to be here to let you guys know that there are a lot of Jerry Blassingames out there who do not have an opportunity. And if the faith community had not stepped up to the plate 20 years ago, I would not be here today. So I am thrilled to

know that you all are thinking about doing something to help those of us who have criminal backgrounds, and especially, those that do not get education.

And my last thing I want to say is that when I got out, I went back to finish my degree in architecture and I could not get a Pell grant because of a drug conviction. And so all these agencies have to work together to make sure that we get the proper resources that we need to be productive citizens. Thank you for your time.

Chairwoman VELÁZQUEZ. Thank you very much. Let me take this opportunity to thank all of you for being here, for having the opportunity to build, to make contributions to our community and for sharing your stories so that we can look at ways to provide tools to help more individuals given the fact that thousands of people are coming out of incarceration unprepared. They deal with the stigma. How can we help these individuals empower themselves and their families? Thank you so much for taking the time to be here with us.

I would like to ask my first question to Ms. Hodges.

You spoke about some of the women's development centers, approximately how many are around the country?

Ms. HODGES. One hundred fifty locations.

Chairwoman VELÁZQUEZ. How many of those are already providing services in literacy and training that is needed to help these individuals?

Ms. HODGES. That is a tough question to answer, Ms. Chairwoman, because first of all, all 150 locations obviously provide training and counseling. And so if a returned citizen enters into a women's business center, of course they are offered services. In terms of services inside the Federal facilities, I do not know exactly the number. We are receiving anecdotes and reports from centers all across the country, but I do not have specific data to note specifically which ones do and which ones do not, which ones did this year and did last year.

Chairwoman VELÁZQUEZ. Based on the research that we have, many incarcerated individuals lack basic literacy skills. It is important for participants in federal entrepreneurship training programs to have a strong foundation in financial literacy.

Based on the legislation we are discussing today, do you feel that the elements in the bill will help address some of those issues?

Ms. HODGES. Yes, Madam Chairwoman, we feel that the bill is adequate and it addresses through the comprehensive and intensive training the access to capital, the financial literacy, the business plan development and pitching, all of the elements that have been incorporated successfully with results throughout the women's business centers. We also believe that the legislation that has been discussed is adequate in terms of the resources that it brings to the table because without those resources, those women's business centers could not provide these services without sacrificing services to their existing clients.

And I would also be remiss if I did not thank this Committee for their support in passing H.R. 4405, the Women's Business Center Improvement Act of 2019, which increases the authorization level for women's business centers and also would have to highlight the

efforts of Senator Cardin on this issue with his bill, the New Start Act of 2019, which AWBC endorsed.

Chairwoman VELAZQUEZ. Thank you.

Mr. Hopwood and Mr. Wozniak, we have heard how veterans hire veterans because they understand the challenges they face, but also the training and expertise other veterans have after returning home. Do the formerly incarcerated who launch their own businesses tend to hire other former inmates? Do you have any data or experience in that respect?

Mr. WOZNIAK. So good question. We hire almost exclusively people coming out of prison. In our 3-1/2 year project to date, we have hired 20 people. Nineteen of them are still employed. None have reoffended. None have gone back, violated probation or parole. We continue to provide support services to make sure that they are stable in the workforce throughout the first 3 years because we feel 3 years is a good indicator. The $13 million greenhouse we are getting ready to build will employ another 30 people and the majority of them will be coming out of the system as well.

Chairwoman VELAZQUEZ. Thank you.

Mr. Hopwood, yes?

Mr. HOPWOOD. Chairwoman Velázquez, I do not have any data other than anecdotes. And when I see businesses run by people like Mr. Wozniak or other people that I know who are formerly incarcerated, they do tend to hire the formerly incarcerated. One of the people that works for my law firm, Joshua Boyer, is a person who I served time with in Federal prison and then hired to work with me on litigation when he got out. Marcus Bullock, the example I gave before, the owner of Flikshop hires almost exclusively people who are coming out of prison. So most prison entrepreneurs hire people coming out of prison in part because they do not view them with the same stigma that your average American would.

Chairwoman VELAZQUEZ. Can you explain or discuss the importance of providing entrepreneurship training in prison?

Mr. HOPWOOD. Yes. Because there are several groups of people, particularly in the Federal system, that it is difficult for them to find employment. And the groups of people I am thinking of people that commit sex offenses, particularly possession of child pornography which is a large segment of the Federal prison population. Those people have a very difficult time finding employment.

I also think prison entrepreneurship makes a whole lot of sense for the Federal prison population considering so many of them are in for drug offenses. As Mr. Wozniak was saying, a lot of the people who committed drug offenses kind of have that hustle and that inner drive that matches up well with entrepreneurship. And I have seen a number of former Federal drug offenders get out and go into that sort of work.

Chairwoman VELAZQUEZ. Thank you.

My time has expired, and now I recognize Mr. Hern, Ranking Member of the Subcommittee on Economic Growth, Tax, and Capital Access, from Oklahoma, for 5 minutes.

Mr. HERN. Madam Chairwoman, thank you so much.

It really is an honor to listen to you all. A lot of people would think that you want people to feel sorry for you but that is not what it is at all. I mean, it is quite the opposite of that. They want

you to be respected for serving your time and to get reacquainted with society for whatever those purposes might be.

I will tell you, I have been a business owner for over 30-plus years. McDonald's restaurants, banking, all kinds of things. Probably one of the greatest things that has happened in recent years was ban the box on applications. I have spent a lot of time in this area. I am probably guilty like a lot of entrepreneurs and business owners out there of saying you would be the employee of last choice. I think this stigma has been changing. I would like to applaud the previous Congress and President Trump for the First Step Act. But as you alluded to, it is really just the first step. I have spent a lot of time in our one-stop centers, our workforce centers, and had people tell me that one in three people that come in the door have a record. And while ban the box has been off of the applications for a few years now, still employers view that and they always go Google people so you get sort of the stigma of ban the box because of Google.

And so it is about training and educating and changing our workforce centers, and we are working with the state right now and the governor to actually put somebody in the one-stop centers to get people back to work because we know that lowers the recidivism rates dramatically. And being from Oklahoma where we have if not close to the highest, the highest women incarcerated in the country, the majority of that is for drugs, and whether it is the dad or the mom, it has a tremendous impact on the families, the kids. We have a lot of businesses, entrepreneurs that are hiring women to get them acquainted back to the workforce, and the entire place are women who have come out of prison.

I think all of our hearts changed dramatically, not to be sympathetic but to be more understanding. And as we go forward here, we can do more and more. There is a tremendous amount of workforce. I am not sure what we are going to do with the issues of the sexual predators. I do not see that being, anyone softening on those issues. But the other issues, whether it be for robbery as you did your time for, or whether it be for drugs, whether it be for, you know, both of you all for drugs. You die your time, and I applaud you all for going back and never giving up.

We have to protect that opportunity. We have incarceration terms for the purpose of paying back your debt to society for what you did and breaking laws. But you should not have it held over your head for the rest of your lives. Obviously, there are certain jobs that it probably will be a long time before people who have been incarcerated can take, but as we look forward—and what I would like to do, I am the Ranking Member on the Subcommittee for Capital Access and Growth, a huge entrepreneur. I have thoughts on the idea. We have talked about employment. I would like to just in the remaining time to go through, and I would like to start with Mr. Blassingame and just kind of work to our left. I am going to jump over you for just a second.

What programs out there, I know the SBA is sort of softening at the opportunity to get loans, the microloans for people that have been incarcerated, but what are some of the other areas that you have seen a real detriment in trying to get help to start businesses?

Mr. BLASSINGAME. Well, every area. You know, we have had to create our own, you know, streams. You know, one of the things that helped us back, you know, a few years ago in 2008 and 2009 when the Feds had the IDA program, we used the IDA program which was not even for people with criminal backgrounds. We used it to fuel our entrepreneurs in homeownership. You know, so that people who were getting out of prison could gain access. So it was not even for us, but as a community development practitioner, I brought those resources into our organization and gave them to the people who were previously incarcerated. So we created a lot of homeowners and business owners through that.

Mr. HERN. Okay.

Mr. Wozniak?

Mr. WOZNIAK. So most of our funding has come from state resources, through the Machine Economic Development Corporation and foundations. I have also brought whatever personal wealth I could bring into the equation. We just got approved, or the U.S. Deparmtent of Agriculture for close to $7 million in funding. We are having a struggle with the SBA because of my felony background, even though 30 years of being out of prison, they are having some issues with wanting to fund us. So I mean, but that is where we are getting our money from.

Mr. HERN. Mr. Hopwood?

Mr. HOPWOOD. the program starts oftentimes in prison. A lot of the men I served time with have never balanced a bank book, a checkbook. And so just the knowledge of how to run a business. In order to reduce recidivism, the process needs to start in prison, not just when they get out.

Mr. HERN. Madam Chairwoman, if I may. Secretary DeVos recognized a prison in Oklahoma 2 months ago for a community college's involvement in doing the soft skills like you are talking about, and some will not be out for 2 or 3 years, but they have 40 or 50 folks who showed up for that. So it was really great.

Thank you so much for your time, and I yield back.

Chairwoman VELÁZQUEZ. The time has expired.

Now we recognize the gentleman from Maine, Mr. Golden, Chairman of the Subcommittee on Contracting and Infrastructure, for 5 minutes.

Mr. GOLDEN. Thank you, Madam Chair.

I just wanted to say real quickly, Mr. Hopwood, when you were talking about the issues of stigma surrounding this and how it can really, well, all of you spoke about it I think really eloquently about some of the issues and focused in on employment and housing.

Just maybe 2 weeks ago I was visiting a transitional housing facility for veterans and, you know, Mr. Hopwood, you talked about how people change. I was talking to an individual who got out of the military, was struggling with post-traumatic stress. Got into a fight and hurt some people. And look, I was in the Marines. I served. We were taught to accept responsibility for our actions. And then move on. And you know, become better people for it. But decades later this guy still has this charge following him and he cannot get housing. Right? And he clearly, he managed to stay out of prison for a long time and is clearly working really hard to be successful but this housing issue will not, he cannot overcome it. So

I appreciate you sharing that. And I agree with you that we have to find some way to address this.

I was curious, you did not really talk much about how you got the educational opportunity when you were in prison, and Mr. Blassingame did mention that he had trouble with a Pell grants when he wanted to go and get his education, so I wanted to know what you did. Because at the University of Maine, in Augusta, there is a partnership with the Maine State Prison and the Maine Correction Center, Women's Reentry Center where they work with the Deparmtent of Education on what they call Second Chance Pell Initiative so that people can get benefits or, you know, fund their education costs so they can get that education. You said it is important that we start in prison. So I was curious how you were able to do it.

Mr. HOPWOOD. Well, it was not due to the Federal Bureau of Prisons, I can tell you that. There were very few educational or rehabilitation programs when I was in prison. I served in the military, in the U.S. Navy and had a Montgomery GI bill that I used to take college courses all across the country, and then when I got out I pooled those courses together and finished a bachelor's degree and was very fortunate after that to get into law school. But most people do not have that ability. And the veterans particularly really struggle with trauma. And many of them will tell you that the trauma of war is not that much different from the trauma of serving a long time in the Federal prison system. And so, you know, we really have to start, if we want to reduce recidivism, obviously, we need things, resources for people when they get out of prison. But I say that recidivism reduction and rehabilitation starts the day someone enters the prison system. And all too often people waste years or decades just in prison, and we do not give them any programs, and then we kick them out with no job skills and we expect a miracle to happen. And when it does not we tend to say, oh, see, you were evil always to begin with when really they just needed some chances. Second chances.

Mr. GOLDEN. Well, I do want to point out it sounds as though your GI Bill stuck with you despite the fact that you had committed a crime.

Mr. HOPWOOD. Yes.

Mr. GOLDEN. So there is a policy different right there between the GI bill and how we treat veterans who do find themselves in trouble with the law and other people and when it comes to other Federal education programs. So it is just something for us to think about.

But I wanted to ask any of you if you wanted to talk about it, do you see any opportunity for any of the SBA entrepreneurial development programs, like SBDCs or others, to work within the prison system to build on educational opportunities like second chance Pell? I mean, would your programs be potentially more successful? Ms. Hodges, I am kind of thinking of yours, if it were tied in hand-in-hand with educational opportunities.

Ms. HODGES. I certainly think that is an interesting idea. The more partnerships that we forge throughout all of our services, whether it is in a facility or out, we know that that makes the results and the outcomes more successful. So I welcome the oppor-

tunity to really begin to research that more formally and to engage with the Office of Entrepreneurial Development on that topic. Certainly, there are already some examples of those partnerships in place, and I know with the small business development centers, and my partner over here, Tee Rowe, his offices are already on campuses. And in some cases, our women's business centers are as well. And so forging those partnerships would be natural. It would be easy. But working more formally with the Office of Entrepreneurial Development I think could really put some wind in our sails.

Mr. GOLDEN. Thank you.

Madam Chair, I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

The gentleman from Tennessee, Mr. Burchett, is recognized for 5 minutes.

Mr. BURCHETT. Thank you, Chairlady. It is Burchett, birch like the tree, and it, like I just ate breakfast. So I just remind you of that.

And I want to commend our Chairlady. The first week we were here I was reading, saw on the Internet where there was a jail in her district where they, unbelievably it was cold up there. I live in Tennessee and it gets down to 32 degrees and we get a quarter inch of snow and we close the schools. But it was really cold where she is, and there was a jail and the power was off. And I felt compelled to bring that to the Committee's attention then and I feel compelled now because I think it is, you know, it is easy and it is cool to beat up on people that are in jail, but eventually, I believe 95 percent of them are going to get out and we have got to do something about it. And my background is technical and adult education. And we have got to do something. The trades are where it is at it seems to me and that is a perfect thing. And of course, I have skipped all over. I did not read what my staff prepared for me. I do not know what I pay them for, Chairlady. I do not ever follow what they have got. Maybe that is where we need to start. No, I am just kidding. Do not get nervous.

But anyway, I will just go through my thing there, and I apologize. It is the Southern Baptist in me. I got to preaching. Just do not let us be your offering plate. That is all I got to say.

Thank you all, Madam Chair. Again, I appreciate you for holding this important hearing. And thank you all for being here. It is an incredibly important issue, and I believe we need to work on it more.

Earlier this month I wrote a letter in support of a prison workforce program in Claiborne County. It is a small area. Rural folks, just hardworking country people. They are unbelievably cool people. And it works out to about 3 percent of the district I represent, but I try to spend as much time up there as I can.

And ultimately, I wanted to make sure that individuals who are incarcerated, are ready for a fresh start, they get a new beginning, they have all the opportunity to do so.

My question, Mr. Blassingame—I believe I said that right. If not, I apologize—you make a point in your testimony about government grants being hard to manage, and the people who need them never

seem to receive them. Could you elaborate a little bit on that and how we can make sure this is not the case anymore?

Mr. BLASSINGAME. Sure. So there is a lot of reporting and a lot of staffing that is needed when it comes to managing government grants. A lot of small, grassroots organizations do not have the capacity to manage. And then when the money comes down, we have to hire consultants to manage the grants for us, and the money that needs to go to programming goes to people, you know, to pay them. So it is just a catch-22. So I would like to see more of us getting training on the ground, the self-taught person. I love to read, and so I taught myself to write grants. I taught myself business. And so I am an anomaly. I was one of those. But everybody is not a Jerry Blassingame. So I would love to see more people get training, even training while they are incarcerated on how to manage grants and how to do business.

Mr. BURCHETT. Yeah. A simple bookkeeping class might be in order. I suggested that in the past and it fell on deaf ears. Maybe something like that, some basic skills that you will need to learn in the business community would be good I would think.

Mr. BLASSINGAME. Yes.

Mr. BURCHETT. Mr. Wozniak, you mentioned a couple of educational opportunities with SCORE mentorship programs. Would specifically teaching individuals how to start a business work?

Mr. WOZNIAK. It did me. So unlike Mr. Hopwood, we did not have any opportunities for education when I was in Federal prison. I could barely get newspapers in to read them to stay current. Had I had the opportunity to take Business 101 while I was in prison, you know, how to read a balance sheet, how to do a P&L, how to do cash flow management, and then had access to funding and then had access to mentoring through a SCORE system, I would not have even bothered to look for a job. I would have had a business model already lined up and had some seed capital to get into it. So yes, it would make a very big difference.

Mr. BURCHETT. All right. I just want to thank you all for being here and to have the courage to be here to talk about what is going on. Hopefully, we can rewrite some of this in the future.

And Chairlady, again, I commend you on your noble stand. I know it maybe does not help you politically, but I think God likes it. He talks about the least amongst us.

Chairwoman VELÁZQUEZ. It is the right thing to do.

Mr. BURCHETT. It is the right thing to do, Chairlady. Thank you so much.

Chairwoman VELÁZQUEZ. The gentleman yields back. Thank you.

Now we recognize Ms. Chu from California, Chairwoman of the Subcommittee on Investigations, Oversight, and Regulations, for 5 minutes.

Ms. CHU. Thank you. And Mr. Hopwood, Mr. Wozniak, and Mr. Blassingame, your stories are so compelling.

And Mr. Hopwood, I remember watching you on 60 Minutes telling your story and it was just so incredibly important for people in America to understand what this process of rebuilding your lives is all about.

And so let me ask you, Mr. Hopwood, my home state of California has taken several steps in recent years to extend higher education opportunities to incarcerated people. And the state now enrolls thousands of students in full credit degree building college courses in 34 of its 35 prisons. As you cite in your testimony, the RAND Corporation has found that correctional education programs are correlated with a 43 percent reduction in recidivism.

So how do you think that public colleges and universities can promote employment and entrepreneur opportunities for incarcerated and returning citizens? How can they make a difference?

Mr. HOPWOOD. Well, so many of the best reentry stories I have seen involve community. And one of the communities that is very safe for people coming out of prison are colleagues and universities where people go and they feel like they are getting a fresh chance at life. And I think those programs have had success because people coming out of prison get the education they maybe never had and the chance that they maybe never had while in prison. Those programs you mentioned reduce recidivism. And what often you hear is, well, why would we give these free programs to people who broke the law? But that is so shortsighted when you think about spending a little bit of money on education in prison and entrepreneurship in prison, it saves a whole lot of money on the back end when that person does not commit a new offense, does not re-victimize someone, and we do not have to pay for the re-prosecution and re-incarceration. So spending a little bit of money on the frontend to make us safer and save a bunch of money on the backend, I call that good government. And we just have to quit being so shortsighted when it comes to trying to use rehabilitation programs. And between the First Step Act and some of the things that this Congress is doing now, I am hopeful that people in Federal prison today will have the opportunities that Mr. Wozniak did not have.

Ms. CHU. And then there is the release upon prison, from prison. What type of barriers do recently incarcerated people face as they leverage their training into full-time training or entrepreneurship?

Mr. HOPWOOD. Well, somebody mentioned how difficult it is to get employment with the Google age. And yes, we have these policies that say ban the box, but people do not have to do deep background checks anymore. Even if the box is banned, someone does a Google search and finds out that someone has been convicted of a felony, it is really difficult to sway that person and convince that person to give them a second chance. And so we need more public-private partnerships.

Just this last weekend, JPMorgan announced that it is going to start doing second chance hiring. Koch Industries has done that for several years, and I think it is going to require new laws from the Congress, but it is also going to require businesses to step up and say we are going to affirmatively hire people coming out of prison knowing that they have felony convictions. And I think it is going to take us kind of pressing from all sides in order to get at this recidivism problem.

Ms. CHU. In fact, Mr. Wozniak, you experienced firsthand the barriers that formerly incarcerated people face who seek employ-

ment. You have a breadth of experience as a business owner running both traditional businesses and RecoveryPark where you offer employment. What would you tell business owners in breaking down the stigmas associated with hiring a formerly incarcerated, I mean, what would you tell them in terms of hiring those who are formerly incarcerated?

Mr. WOZNIAK. So we are working with a couple of manufacturing companies in Detroit right now because unemployment is so low. And I mean, people coming out of prison are a great resource. I tell them the successes that we are having and all the businesses that I have had, how stable the employees are, how they follow the rules, how they show up on time, how they want to work the extra mile. You know, how they do not exhibit any of the tendencies that probably took them to prison in the first place. I also talk about the opportunity to hire people and provide some support services to stabilize the workforce so that they are not hiring and firing and hiring and firing people because it is expensive to do that. So if you hire somebody, my biggest suggest is a guy who went into prison at 14 years old. He came out 33 years later. In 2 years, he is on his way to a $60,000 welding job. He is getting married. He owns two cars. We helped him clean up his credit. I mean, that is a success story. That is what I tell people.

Ms. CHU. And have you been successful in persuading them?

Mr. WOZNIAK. Yes. I have got one company now, a steel manufacturer, that wants us to come in and manage the returning workforce population.

Ms. CHU. Thank you. I yield back.

Chairwoman VELAZQUEZ. Time has expired. The gentlelady yields back.

The gentleman from Pennsylvania, Mr. Evans, Vice Chair of the committee, is recognized for 5 minutes.

Mr. EVANS. Thank you, Madam Chair.

I, too, like others, want to congratulate you and your leadership for just giving the opportunity to have this platform discussion. So I thank you sincerely for your leadership.

I want to deal with a question I think Mr. Hopwood was starting to touch on about what does it take? And the question I ask to members of the panel, what other barriers do ex-offenders face when trying to start new businesses? You started down the line of saying a certain type of person. Can you kind of recall that conversation, pick up on that? You were saying someone who has been involved in drugs who comes out of prison is better. Do you want to talk a little bit about that?

Mr. HOPWOOD. Yeah. From my experience, most of the people I served time with were there for drug offenses and those people had hustled on the streets. And so I have seen several of them get out and hustle on the streets but in a different path. And have been wildly successful starting businesses. They have the inner motivation. Some of them, you know, are risk-takers. And most of what they need is just educational opportunities in prison and some support when they get out. And if they had that support, I mean, you look at the prison entrepreneurship program in Texas. It has reduced recidivism there by a third. There is Defy Ventures. There is, in my home state of Nebraska, ARISE, which goes in and

trains people how to create a business plan and then helps them get small loans up to like $5,000 when they are released. I know one gentleman took the prison entrepreneurship program in prison, got out, got a small grant, and started a lawnmower service. He now, you know, has eight employees and 10 different riding lawnmowers and is widely successful. And so particularly the Federal prison system which has fewer people in for violent offenses than the state systems and a lot more people in there for drug offenses. And in my experience, people who have committed drug offenses are ripe for doing entrepreneurship when they are out and have had success.

Mr. EVANS. So in other words, I hear what you are saying. I mean, that is why I gave the Chairwoman credit for these initiatives. I mean, we can do our part, but there is another part you were talking about and I am just trying to understand how can that connection be made.

Mr. HOPWOOD. Well, I think part of it would, if I could waive a magic wand, would be not imposing such long sentences on people to begin with which I think really hampers the rehabilitation effort. You take a 20-year-old and give him a 20 year mandatory minimum and tell him wake up every day and seize the day and improve yourself. Well, that is really hard for that person to do so. And the great irony of the American criminal justice system is the longer someone tends to spend in corrections, the least corrected they are. Not necessarily because, well, in part because of the prison system but in part because your social skills deteriorate while in prison. And unless there are programs and educational opportunities and visitors coming in where you can kind of be tethered to the outside world, it is hard for people to take advantage of the programs that are in prison. And so I would tell you, as a first step, reduce the prison sentences and put in more programs and you would see a lot more people come out and have success.

Mr. EVANS. Can I come down the line real quick? So anything?

Mr. WOZNIAK. Thank you. In Michigan, we have innovation villages or vocational villages where people can actually go and they leave the prison for 9 hours a day and they are in an actual work environment and they are learning the skillsets that they need and they are coupled with an employer. For the last 5 years, me and my team have been going into the prisons and we have been actually teaching entrepreneurship classes in about five state prisons in the state of Michigan. And they are probably the most well attended classes out of all the classes that they offer in the state. People are like sponges. They want to learn but they need the basic skillsets as well. So like how to put a business plan together. How to put the narrative together. How to put the financial spreadsheet together. And that needs to happen in prison. It needs to happen quickly because you need to capture people and keep them motivated to do good things when they get out.

Mr. BLASSINGAME. I went to prison for selling drugs while I was in college, and so I had about eight people in my community working for me. So when I got out I took $100,000 and leveraged the $700,000 to build an affordable housing project. And so you are exactly right that those of us who have been in the drug dealing business, we have a business acumen. We just need to clean it up.

And I also became a Christian while I was in prison, and so that helped me, too. My faith has also been a great indicator to help me to do the right thing. I love getting guys who have been in prison for dealing drugs and putting them in our business. I have a guy right now who just got out from a Federal prison and he came right out and he became part of my leadership team because of his leadership ability that he had while a gang member on the street.

Mr. EVANS. Thank you.

I yield back. Thank you, Madam Chair.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Texas, Mr. Veasey.

Mr. VEASEY. Madam Chair, thank you very much.

This is really great. I wish that more people could be able to just hear these stories because they really are wonderful and just talks about a situation that we really do need to figure out a way how to address head on because, like you say, most people, 95 percent of the prison population will be coming back into society. And so how they fit back into society, be able to earn a living, and some of those I think factors are very complicated, too. Like how you are able to actually earn a good living and be able to pay a car note, any sort of back child support that you may have. I mean, there are lots of different issues that go out there. It is not as easy as just being able to go and work at a minimum wage job at a fast-food restaurant and think that that is going to supply like all of your needs to be able to function back in society. So I just wanted to thank all of you.

Mr. Wozniak, one of the things that I missed in your testimony, and you may have talked about it but I did not catch it, when you started the pizza franchises, how did you get the capital or the money to start? Because I know most franchises cost, you know, at least, what, $10,000 to $20,000. A more well-known franchise could cost well into the hundreds of thousands of dollars.

Mr. WOZNIAK. So I needed to raise a couple hundred thousand dollars to get into the franchise because I had a multi-store contract. I actually do not have a problem asking people for money because if I do not ask they cannot tell me now. And I went to some of the people that I actually stole money from to support my drug addiction. So some of my former clients and my relatives. And a number of them told me no but some of them said yes. And they got paid back. So, you know, that is how it started.

Mr. VEASEY. What sort of advice would you give to people that are coming out of prison, people that may be from more, what is the correct word, marginalized communities, for instance, that may not have access to those types of friends that you had, if they wanted to come out of prison and start their own business? Because that is, I mean, I am talking to a lot of people that do not have, and people who live in my district that do not have a criminal background record, that would like capital to start up a business, would like to be able to have the relationships needed to go into a bank and get money and what have you but they cannot do it. And it is a huge source of frustration. And so I was just wondering what sort of advice would you have for people that are coming out that need access to this type of capital?

Mr. WOZNIAK. So my advice would be, you know, if the access to capital that you need is too great, you know, maybe you need to just downsize your initial business and figure out how to leverage the resources that you do have. All of my businesses have been in the city of Detroit. It is a really challenged city. A lot of the people that I deal with and a lot of the businesses that I have helped launch for other people have had the barriers that you are talking about. So, undercapitalization. You just have to beat the bushes harder. You have just got to look for programs that are available and figure out how to take $5,000 here and $6,000 there and $10,000 from somewhere else and piece it together and then leverage it like Mr. Blassingame did with his CDC.

Mr. VEASEY. Right. Exactly.

Mr. WOZNIAK. And also, just do not give up. I mean, the biggest reason that most people fail at getting into business is they give up. They start listening to the noise around them, the 85 percent of the people that tell them do not take the risk. You are going to fall flat on your face. You are going to make mistakes. Oh, you were a prisoner. Nobody is going to want you in your community. I do not listen to any of that noise. And any successful entrepreneur cannot.

Mr. VEASEY. Mr. Hopwood, I think it was you, or it may have been Mr. Wozniak, that said something that was interesting about socialization. You know, because your socialization in prison is completely different than socialization on the outside. And I know a successful business owner in Dallas that told me that they have hired a lot of people that have been formerly incarcerated, and coming to work on time, honesty, those sorts of things really were not a problem but it really was the soft skills that was a huge issues because you do not necessarily resolve problems in prison the same way that you would in the outside world.

Do you just want to touch on that? And do you think that there are enough efforts in that area to help people? Do you think that that is the biggest problem or——

Mr. HOPWOOD. I think that is one of the biggest. There are not enough programs in the Federal prison system. I am hopeful First Step will change that. But you know, when you have conflict in the prison system there is no de-escalation.

And I often tell the story of my poor wife back here who, we got married shortly after I got out and I had been in prison for 11 years. And when we had arguments, I tended to revert back to who I was in prison and that did not make for a very good husband. And it does not make for, you know, good coworkers when people get out. And so we do have to do a better job of helping people with social skills on the inside. And we have got to get more Americans to go in and teach classes in prison. And offer, you know, their wisdom and guidance to the people inside.

Mr. VEASEY. Thank you very much. God bless all of you.

Madam Chair, thank you very much.

Chairwoman VELAZQUEZ. The gentleman yields back.

We recognize the gentleman from Illinois, Mr. Schneider.

Mr. SCHNEIDER. Thank you, Madam Chairman. And thank you for having this hearing. And I want to thank the witnesses for cou-

rageously sharing your stories and for doing what you do, for being out there.

A lot of good points made. I am thinking of some of my experiences in my community. I am from the northern suburbs of Chicago, and in one of my communities, Waukegan, there is a disproportionate number of oftentimes young people who were in the prison system but there has been a compelling and compassionate effort to address that in an organization called the Coalition to Reduce Recidivism. And they have been at the forefront. And I have had the chance to attend many of their meetings. I have been a long-time supporter of the organization. And in those meetings I have had the chance to meet some of the people who are returning citizens and hearing their stories. And I bring that up because it is hearing those stories that is so important to understanding not just the challenges our returning citizens face but the part of the justice system we need to provide to make sure that these people have the chance to succeed and be a part of our communities.

I think it was Mr. Hopwood, you said reentry requires a community, and it really is true. And that is one of the things that I hope through these conversations and hearings we can work to further that along. But also one of my takeaways, again, Mr. Hopwood, you said it is we need to start the process when people enter the prison system. It is important for us to see these young men and women of all ages as part of our community and it is our responsibility to help them make that transition.

Is it Mr. Blassingame? Did I get that right? Your story and your experience, you talked about being an entrepreneur by being able to channel in the right direction. One of the things that my colleague, Mr. Veasey touched on is it is hard to be something or aspire to be something when you do not have a chance to see that something, whether it is in a role model or whatever. And so the need for mentoring, whether it is through SCORE programs or the other programs in prisons is a piece of the things that we have to do.

But it is incumbent upon us as members of Congress to open our eyes and be willing to get out of our comfort zones. For me, it was the first time I had someone talk to me about ban the box, and coming from the financial services industry I was like, whoa, I need that box to know. They were, no, you can ask it later at least give the chance to have the interview. Give us a chance to tell the story.

And having been an entrepreneur and understanding the importance of that, I appreciate being your own boss, making your own destiny, but again, Mr. Hopwood, you talked about scrappiness. And I think that is a piece of being an entrepreneur.

In my district in the Chicago area, I had the chance to meet with a guy named Tom Decker. He is got a company called Chicago Green Insulation. And what they are doing is installing insulation mostly in basements, but that is part of the move towards green technology, green energy. But what he has found is that it is a skillset that he can teach pretty quickly to people coming out of prison and they can learn the skill. And he has hired a number of formerly incarcerated individuals, and what he has also found is that these people, as you mentioned Mr. Wozniak, these people

show up on time. They do their work. But the soft skills, he is working on that.

I guess my broad question for the whole panel, anyone can jump in, is you know, not just the entrepreneurs, the returning citizens who are becoming entrepreneurs, but the small businesses who want to reach out and hire returning citizens, what more can we do to help them? Are there programs we can put in place to help those companies that say, hey, give these people a chance. Let them learn the skills. Give them the space to make their mistakes and grow and maybe grow some entrepreneurs along the way?

Mr. BLASSINGAME. I do not think it is about programs. I believe from our experience it is the relationships. You know, small businesses come to us to hire guys from our organization because we work on the hard skills and soft skills. The relationships, conflict resolution, you know, that is something that somebody mentioned about being in prison, a lot of conflict. That is the thing that I have had most problems with with the guys in our transitional houses, how to resolve conflict. Because if you cannot resolve conflict, you cannot keep a job. So that is one of the things that we work on on a daily basis in our program, in our 1-year program is resolving conflict. And when we talk to small businesses about that, they want to be able to hire people who can resolve conflict because they will stay on the job longer.

Mr. SCHNEIDER. Absolutely.

Mr. Wozniak?

Mr. WOZNIAK. I think the biggest thing the Federal Government can do is actually start issuing contracts to companies that hire returning citizens and start talking about the success that they are having. The Federal Government tends not to do that. I know we are doing it in the state of Michigan. They banned the box and they actually hire people coming directly out of prison.

Mr. SCHNEIDER. And as you said, not just do it and support the companies that do it, but celebrate.

Mr. WOZNIAK. Absolutely.

Mr. SCHNEIDER. We have communication tools at our disposal. We can work to get the message out.

My time is up but again, I want to thank all the panelists for being here. And in particular, the Chairwoman, thank you for having this hearing.

Chairwoman VELÁZQUEZ. Thank you.

Mr. SCHNEIDER. I yield back.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

Let me take this opportunity to thank all of the witnesses for taking time out of their schedule to be here with us today. Your testimonies were compelling. Your stories are truly inspirational. I cannot recall a more moving hearing that we have conducted throughout my 27 years serving on this committee. Thank you so much. I really appreciate it.

Through hard work and perseverance, you were able to overcome the barriers to reentry and lead successful lives. I commend each and every one of you for your commitment to criminal justice reform, and I would also like to thank Ms. Hodges for her willingness to testify today and to share her expertise. And of course, we recog-

nize the presence of Tee Rowe, the director of the Small Business Development Centers Network.

In closing, we had a chance to learn more about the challenges facing formerly incarcerated individuals and how entrepreneurship can give them a second chance upon reentering society. I look forward to working with you as well as my colleagues on the committee to advance legislation that will provide the incarcerated and formerly incarcerated with entrepreneurship training services needed to launch and grow a small business.

Before we close, I ask unanimous consent to enter into the record testimony submitted by Representative Hakeem Jeffries from New York.

Without objection, so ordered.

I ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

If there is no further business to come before the committee, we are adjourned. Thank you.

[Whereupon, at 12:54 p.m., the Committee was adjourned.]

# APPENDIX

## Written Statement of Professor Shon Hopwood

## House Committee on Small Business
## October 23, 2019

## Hearing: "Prison to Proprietorship: Entrepreneurship Opportunities for the Formerly Incarcerated."

Thank you, Chairperson Nydia Velázquez, and all members of the Committee, for the opportunity to testify in enthusiastic support of the "Prison to Proprietorship Act."

I am an attorney and law professor at Georgetown University Law Center, and as a legal scholar, I study criminal justice, and particularly the federal criminal justice system. But before I became a member of the legal academy, I served nearly eleven years in federal prison for committing several bank robberies in my early twenties. So I'm one of the few people who has experience inside the Federal Bureau of Prisons and has studied the federal criminal justice system as a legal academic outside of prison.

Every year, more than 600,000 people leave American prisons and return to communities across the country. Indeed, nearly ninety-five percent of people currently in prison will one day be released. And one of the biggest issues facing people reentering society from the prison system is finding gainful employment. As the non-profit Prison Policy Initiative found, "the unemployment rate for formerly incarcerated people is nearly five times higher than the unemployment rate for the general United States population, and substantially higher than even the worst years of the Great Depression."[1]

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[1] Lucius Couloute & Daniel Kopf, *Out of Prison & Out of Work: Unemployment Among Formerly Incarcerated People*, PRISON POLICY INITIATIVE (July 2018).

Many former prisoners experience difficulty finding a job after release. The reasons are understandable. During their time spent in prison, many lose vital work and social skills, and few are given an opportunity to gain work experience because job training programs in prison are scarce. Many suffer from mental health and substance abuse issues that go untreated inside the prison system and remain so upon their reentry into society. Those who have served a long sentence often have little in the way of family, friends, or community support upon their reentry, leaving them vulnerable to economic downturns. The stigma of a felony conviction also makes it difficult for those leaving federal prison. That is especially true for those convicted of federal sex offenses, who are virtually unemployable upon their release. As a result of these many factors, 49.3% of people released from federal prison will be rearrested for a new crime or a violation of their supervised release conditions within eight years of release.[2]

Employment often helps formerly incarcerated people gain economic stability after release and reduces the likelihood that they commit new crimes and return to prison, thereby increasing public safety for all of us. For many formerly incarcerated people locked out of the job market upon their return to their community, the best road to gainful employment is entrepreneurship, and particularly small business ownership. Starting a small business doesn't require an employer to give them an opportunity; there is no felony box to check on an employment application for those starting a small business. And many people coming out of prison have the internal drive and hustle necessary to start and sustain a small business.

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[2] *See* U.S. SENT. COMM'N., RECIDIVISM AMONG FEDERAL OFFENDERS: A COMPREHENSIVE OVERVIEW 5 (2016).

Take Marcus Bullock as an example. Marcus served eight years in prison, and after he was released, he was rejected from more than 140 jobs.[3] Marcus eventually found employment and he decided to create his own business. He created Flikshop, a social media platform that allows people to send messages and pictures to those in prison for $0.99 a piece. Flikshop has been so successful that former NBA All-Star Baron Davis invested in the company, and Bullock now employs 18 full-time staff, many of whom are formerly incarcerated.

Prison entrepreneurship programs have already proven successful. In Texas, the Prison Entrepreneurship Program ("PEP") selects people in prison for the program and then provides them a 3-month character development course, followed by a 6-month "mini-MBA" program.[4] Program participants then compete in a Business Plan Competition, modeled after the same competition held at major universities. By the end of 2016, the Prison Entrepreneurship Program graduated more than 1,700 men at two different locations. The recidivism rate for those who graduated the program was a mere seven percent, roughly one-third the normal recidivism rate for those reentering from a Texas prison.[5] This program changed lives and made communities safer, and they serve as examples of what access to entrepreneurship could do to improve the federal prison system.

Of course, some will ask why we should spend money on entrepreneurship programs for those in prison who have broken the law, when law-abiding citizens don't have free access to the same programs. That sentiment is understandable but short-sighted. If the goal is to make communities safer through recidivism reduction, then providing job training or educational programs inside prison makes eminent

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[3] Michael A. Fletcher, *The Creator of This Social Media App Wants Prisoners to Stay Connected to Their Families*, THE UNDEFEATED (Jan. 22, 2019); Devin Thorpe, *Entrepreneur Launches Tech Company to Help Incarcerated People Connect with Family*, FORBES (Mar. 13, 2018).

[4] *See* https://www.pep.org/empowering-nnovation/.

[5] *See* ELIZABETH ENGLISH, THE PRISON ENTREPRENEURSHIP PROGRAM: AN INNOVATIVE APPROACH TO REENTRY, AMERICAN ENTERPRISE INSTITUTE 5 (2016).

sense. One Rand Corporation study found that people in prison who participated in correctional educational programs had a forty-three percent lower recidivism rate than nonparticipants, and that for every dollar spent on educational programs inside prisons, taxpayers save up to five dollars on reprosecution and reincarceration when someone doesn't reoffend.[6] Another study examined 3,200 prisoners released from prison across three states, and found that prisoners who participated in education programs while in prison had lower recidivism rates than those who did not participate.[7] Providing educational opportunities, including entrepreneurship programs, also creates a better society by empowering the formerly incarcerated to be business owners, and thereby provide for their families and serve as role models to others in their community.

In sum, prison entrepreneurship programs offer the promise of reducing recidivism, saving taxpayer dollars that might be spent on reincarceration, and bettering the lives of the formerly incarcerated and their families, thus making all of our communities safer and stronger. For these reasons, I enthusiastically support the Prison to Proprietorship Act and hope this Committee will turn this wonderful idea—that has already worked in states like Texas—into federal law.

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[6] *See* Lois M. Davis et al., *Evaluating the Effectiveness of Correctional Education: A Meta-Analysis of Programs That Provide Education to Incarcerated Adults*, RAND CORPORATION (2013).

[7] *See* Stephen J. Steurer, Linda Smith & Alice Tracy, *Three State Recidivism Study*, CORRECTIONAL EDUCATION ASSOCIATION (2001).

**Congress of the United States – US House of Representatives – Committee on Small Business**

**Testimony of Gary Wozniak – Founder and CEO of RecoveryPark, Detroit, Michigan**

**October 23, 2019**

**"Prison to Proprietorship: Entrepreneurship Opportunities for the Formerly Incarcerated"**

Good afternoon. My name is Gary Wozniak and I am the Founder and CEO of RecoveryPark, a social enterprise in Detroit, Michigan. Thank you for the opportunity to testify in front of the honorable members of the US House Committee on Small Business. My testimony today is in support of "Prison to Proprietorship: Entrepreneurship Opportunities for the Formerly Incarcerated."

RecoveryPark exists to create jobs for people with barriers to employment. We deploy this mission by launching food-based businesses on Detroit's east side, starting with RecoveryPark Farms which grows specialty produce for chefs, and maintains a workforce largely of returning citizens. We provide opportunities for individuals transitioning from prisons, jails, shelters, and drug treatment facilities to gain permanent and supportive employment.

After graduating from college, I began to assess my career options and determine the best path to make a significant income. I found this path as a young stock broker in the 1980s. This line of work took me down the path of managing stress with illegal drugs, which quickly created an addiction that led me to a drug treatment facility, SHAR House, in 1987. Because I used my financial clients' money to support my addiction, I was sent to federal prison from 1988-1991. Upon my release, I realized the tremendous burden that returning citizens face in transitioning from a punitive, structured environment to one without routine, where an individual becomes responsible for his or her well-being.

I'll never forget the day that I decided not to accept the fate to which many returning citizens are relegated. I applied and interviewed for a job at Enterprise Rent-a-Car. When they denied me the opportunity and I asked why, I was told that because of my felony record, I would not be able to obtain even an entry-level position as a rental car clerk. Upon my return home that afternoon, I looked in the mirror and promised myself that I'd never let anyone tell me "no" again.

Scouting business opportunities, I was introduced to the Jet's Pizza franchise, and launched my first Jet's Pizza business in Hamtramck, Michigan. Seven businesses later, I reconnected with the treatment center where I found myself in 1987 which was amid a major financial crisis, facing shutdown. The CEO at the time was a friend and a person in long-term recovery, and since recovering people never say no to each other, I stepped in to help restructure SHAR's financials. Part of that restructure included reviewing pathways to create economic opportunities for SHAR's client base, many of who have a criminal history. Thus, RecoveryPark was launched in 2008, incorporated in 2010; and became an independent organization in 2012.

I launched RecoveryPark because I knew, both based on experience and data, that for-profit businesses with social missions can alleviate the kinds of stresses I personally experienced and create safer communities, engaged citizens, and taxpaying members of our neighborhoods. Time and again, we hear from employers in Detroit who struggle to maintain healthy and productive workforces. While some employers have taken progressive approaches to hiring disenfranchised populations, including Goodwill Industries, Peckham Industries in Lansing, Michigan, and RecoveryPark in Detroit, we still face the harsh reality that without addressing various barriers to employment, returning citizens will continue to find themselves in the revolving doors of the criminal justice system. The opportunities you are considering today will help lift that burden in substantial ways for this important population.

A few factors contribute to an individual's propensity to reoffend. Within the first three months of a returning citizen's arrival back to the community, if the individual is afforded the opportunity to obtain full-time employment or launch a small business, their recidivism rate is virtually nonexistent. If an individual obtains permanent employment by the six-month mark, that individual's recidivism rate is in the range of 30 percent. By the nine-month mark, the recidivism rate is 70 percent, and if a returning citizen is unable to obtain employment or launch a small business within 12 months of his or her release, his or her return to prison is virtually guaranteed. Reviewing these statistics, it is imperative to support returning citizens within their first 90 days post-release to find gainful employment. This work however should start before a person is released, and that's where opportunities for entrepreneurship training while still "behind the walls" is most important.

I returned from prison over 30 years ago, and despite owning seven businesses, launching an eighth, sitting on five non-profit boards and mentoring hundreds of returning citizens and people in recovery, I still cannot obtain a job mopping floors in a nursing home because of

occupational licensing laws and regulations. Proprietorship was, and still is, my only avenue for success. Imagine if I had learned business skills while incarcerated and had access to grants/loans upon my release to launch a business?

We must determine a more efficient and expeditious way to cut down the barriers that returning citizens face upon their release. We continue to educate individuals remanded to many of the nation's state facilities, yet we offer nothing in the way of training in the federal system. Our current Michigan Department of Corrections Director, Heidi Washington, has helped lead the charge to launch meaningful programs at Vocational Villages to set individuals up for real career paths from welding to landscaping and is also leading the nation with entrepreneurship training that taps into the business mindset that took many people to prison in the first place. Imagine those minds being educated on how to run a successful business? Expanding the reach of these state programs to federal prisons has real value, casting a wider net for a talented workforce that is often left behind because of the 'scarlet letter' on their records.

Opportunities for education while incarcerated at federal facilities coupled with SCORE mentorship and grants/loans that would help launch business ideas post-release could dramatically help returning citizens move forward in life. If an individual has obtained certain skill sets and certifications during his or her institutionalization, we as the public gain tremendously as those skill sets are deployed upon release. The kinds of limitations on training in federal institutions needs to be reviewed and more opportunities introduced so that people can make their time in prison as beneficial as possible.

Employment and proprietorship are the tip of the iceberg pertaining to barriers that individuals with criminal histories face. In Detroit, we face a massive crisis around housing, transportation, substance abuse, and much more for returning citizens. Reevaluating access to business start-up and employment is at the forefront, but the conversations must continue regarding pathways to housing and other quality-of-life needs for returning citizens. Expungement of federal crimes should also be considered, as many states have instituted cutting edge policies in this vein.

As a returning citizen, an entrepreneur, a person in long-term recovery, and the Founder of a multimillion dollar for-impact company, I fully endorse the ideas before you today. Returning citizens have a wide range of skills and abilities, and they should not be overlooked. I hope that

the honorable members of the US House Committee on Small Business will indeed pass legislation for entrepreneurship education, SCORE mentorship opportunities and grants/loans that support small business development post-release for returning citizens.

Thank you for your time this afternoon.

**Testimony of**

Corinne Hodges

**On behalf of the Association of Women's Business Centers to the**

U.S. House of Representatives

Committee on Small Business:

*Prison to Proprietorship: Entrepreneurship Opportunities for the Formerly Incarcerated*

October 23, 2019

Thank you Chairwoman Velázquez, Ranking Member Chabot, and distinguished Members of the Committee for the opportunity to share this testimony with you. My name is Corinne Hodges, and I serve as the CEO of the Association of Women's Business Centers.

The Association of Women's Business Centers (AWBC) supports the national network of Women's Business Centers (WBCs) by providing training, mentoring, programming, and advocacy with the goal of improving services to women entrepreneurs. As an advocate for women entrepreneurs and the Women's Business Centers program, it is an honor to be here today.

As you know, the Women's Business Center program is a public-private partnership with over 30 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country. Our network of 114 WBCs reaches into urban, suburban, and rural communities alike to assist America's job creators, particularly the most disadvantaged, in launching and growing their own businesses.

Women's Business Centers are focused on being effective and efficient resources for one of the fastest growing sectors of the economy. Our continued growth leaves an enormous footprint of successful business owners and job creators. In fiscal year 2017, our centers reached more than 148,000 clients. We conducted over 93,000 hours of counseling and over 15,000 training sessions in over 35 languages. In 2015, according to the most recently available data, WBCs assisted with nearly $429 million in private capital infusion.[1] Approximately 35 percent of WBCs are co-located with a microlender and many collaborate with local lenders and microlenders as a way to help more women entrepreneurs access capital.

The WBC program continues to fulfill its Congressional mandate of ensuring that women's entrepreneurial drive is fueled by adequate training, resources, and access to capital to keep the small business engine of the economy thriving. It is the only program statutorily dedicated to serving "economically and socially disadvantaged" women.[2] All of our centers live up to this mandate, but a number of our centers take that mandate even further by bringing their services into the state and federal prison systems throughout the country to reach incarcerated individuals, both men and women, and equip them with the training and knowledge needed to start their own business upon release from custody. Many more of our centers also offer specific training and resources to returned citizens who seek out business training after their release.

The WBC Program in Prisons

Women's Business Centers in our network, from California to Ohio and many places in between, work with incarcerated and formerly incarcerated individuals, by offering services tailored to these populations. This includes strengthening their financial literacy, overcoming barriers to

[1] From the 2019 CBJ: "Women's Business Centers (WBCs) helped many small businesses work with microlending institutions, helping them access millions of dollars in loans." Pg. 43
https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF
[2] P.L. 100-533, available at https://www.gpo.gov/fdsys/pkg/STATUTE-102/pdf/STATUTE-102-Pg2689.pdf.

credit access for those with a felony record, building or repairing credit, and understanding the basics of business ownership.

The Missouri Women's Business Center's ASPIRE MO class provides an illuminating example of what can be accomplished when undertaking prisoner entrepreneurship development training. ASPIRE MO was launched in collaboration with the Missouri Department of Corrections Reentry Unit. It is a 20-week entrepreneurship course for felony offenders in the Women's Eastern Reception, Diagnostic and Correctional Center, a state-run prison facility.

The ASPIRE MO course focuses on all aspects of entrepreneurial training, such as identifying personal strengths, financial literacy, use of credit cards and banking basics, formulating a business concept, and pitch development. Recognizing that it takes capital to build a business, they have also established systems with several of their bank partners to provide microloans that are not based on credit score or felony records. They also utilize KIVA, a non-profit that connects entrepreneurs to zero percent interest loans, and other crowdfunding platforms. As the Missouri WBC continues to develop ASPIRE MO, they hope to create a fund specifically to provide start up grants to the formerly incarcerated.

While ASPIRE MO has been a success, the Missouri WBC serves only a tiny fraction of the 20,000 citizens released from incarceration in Missouri each year.

The Women's Business Center at SNAP located in Spokane, Washington teaches financial literacy classes in both the county jail and the local state prison. In their experience with this population, they've found a lack of credit history or poor credit as primary barriers to access to capital. In addition to business training, they encourage participants to visit microlenders for access to capital. They also teach clients about financial scams and predators in order to position them for success as entrepreneurs, avoiding disastrous credit terms and costly investments.

The Wisconsin Women's Business Initiative Corporation (WWBIC) has a decade of experience working in prisons. WWBIC partners with community organizations who serve returning citizens and lend to individuals with criminal records. Current WWBIC client and former inmate, Ed Hennings, served 20 years in prison and is now the owner of three businesses. He first sought the assistance of WWBIC by taking all of the business education courses they offered. He eventually received a small loan through WWBIC to get his initial start. He now runs Hair Code, a successful barber and hair salon in Milwaukee and he was recently approved for a $65,000 loan for his trucking business, Vision Universal Trucking. With such an inspiring journey from prison to proprietorship, it is no wonder that his third business offers motivational speaking and workshops.

His story, among many others, is a testament to the success that the formerly incarcerated can achieve with proper business training, counseling and access to capital. Clearly entrepreneurship has the power to create pathways to success while reducing recidivism among returned citizens.

Pathways Women's Business Center in Nashville, Tennessee partners with community organizations to serve the returned citizen, or formerly incarcerated, population. According to a 2018 study by the Brookings Institute, the 37208 zip code in Nashville, Tennessee has the

highest rate of incarceration at 14%.[3] The Pathway Women's Business Center partnered with the McGruder Family Resource Center located in this zip code, and United Way to combat recidivism in their community through the Restorative Entrepreneurship Program (REP). REP is designed for formerly incarcerated men and women and provides practical steps to starting a business. Graduates walk away with a simple business plan, the tools to craft a powerful 3-minute business pitch, and access to local resources to help them launch or grow a business. These resources include one on one coaching from experienced small business mentors to help define goals and develop a timeframe for accomplishing those goals. Their first 4-week class in February of 2019 served six individuals who have been impacted by incarceration and one graduate officially launched his business in April. He's now working with a mentor on his marketing plan as well as financial forecast.

As part of the BEST program powered by the Entrepreneur Center in Nashville, Pathway Women's Business Center launched *Fresh Start Entrepreneurial Training* for incarcerated women in Tennessee. Between the fall of 2016 and spring of 2017, they served 17 women with education around financial literacy and entrepreneurship. The course provided practical financial workshops to encourage good stewardship over money, wealth creation and retention as well as access to available community resources that can improve their financial future.

The Renaissance Entrepreneurship Center, a Women's Business Center located in San Francisco, offers both financial education and business training for formerly incarcerated individuals, through their Start Smart class, Introduction to Business class, and a 30-hour Business Planning class. Their Financial Education program includes 10 hours of financial education followed by individual coaching on budgeting, credit building and repair, assessing one's relationship with money, setting and maintaining goals, and introductions to fair and appropriate financial products and services, which include opportunities for individuals to open 2nd chance bank accounts through local credit unions and secured credit cards. This training is critical for those who have not maintained positive banking relationships or who have been banned from opening a new account through the Chex System.

Since formerly incarcerated individuals are not eligible for most Small Business Administration loans, they help clients access capital through nonprofit loan funds, private sources and grants, and most importantly, they teach these clients how to boot strap their business, or start with limited capital.

The Women's Business Center of Northern Ohio, which operates locations in Cincinnati, Columbus and Cleveland, recently participated in Reentry Week along with a number of community partners. They offered a full-day small business workshop for formerly incarcerated individuals looking to start their own business. The workshop included strategic business planning, marketing strategy and development, financial literacy and legal steps for starting a new business.

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[3] Adam Looney and Nicolas Turney, *Work and opportunity before and after incarceration*, Brookings Institute, March 2018
https://www.brookings.edu/wp-content/uploads/2018/03/es_20180314_looneyincarceration_final.pdf

Legislation is Needed

These stories of success are an example of what can be accomplished if prisoner entrepreneurship training were expanded to reach many more nationwide.

Entrepreneurship has the power to equip those returning from incarceration with tools to overcome barriers to employment which they often face upon their release. Recidivism rates in America remain alarmingly high, yet entrepreneurship can be a pathway to success and an antidote to recidivism for the formerly incarcerated. We need legislation that amplifies the work that several of our WBCs are already doing for the current and formerly incarcerated and which allows us to build off of that knowledge, expertise and passion and take these services nationwide.

Based on our experiences, we are confident that WBCs and the Association of Women's Business Centers can be competent partners in the endeavor to help Americans returning home from incarceration overcome barriers to employment by utilizing their talents, skills and ideas to start businesses that allow them to provide for themselves and their families, while having a positive economic impact on their communities.

The formerly incarcerated are part of the economically and socially disadvantaged population Women's Business Centers are mandated to serve. The soon to be released prison population should not be overlooked when it comes to disseminating efficient and effective resources. Legislation that encouraged select WBCs to provide a population-specific critical blend of training, counseling services and access to capital would be incredibly impactful.

We would like to see such legislation match WBCs in close proximity to federal prisons to provide training and allow the Association of Women's Business Centers to carry out the training if the WBC is unable. The Association of Women's Business Centers would also facilitate the sharing of best practices.

If Congress were to pass legislation expanding the requirements of WBCs or an association of WBCs, we ask that it be accompanied by additional resources. Doing so will ensure centers can properly carry out trainings in prisons without taking away from their ability to provide quality services to the general population.

That said, I would be remiss not to thank this Committee for the recent passage of H.R. 4405, *The Women's Business Centers Improvement Act of 2019,* which increases the authorization level for the WBC program.

Conclusion

The WBC program is an exceptional program, an effective public-private partnership, and an apt resource partner to fill the growing need for entrepreneurial training for the incarcerated and formerly incarcerated. The directors and staff at WBCs are committed to helping women and

their families prosper and achieve financial security through business ownership. I remain in awe of our centers incredible power to bring a dream, an innovation, or an idea to fruition.

We look forward to working with Congress on legislation to help the formerly incarcerated reach their full potential through business ownership. Thank you for the opportunity to testify and I am happy to answer any questions.

**Testimony**

**Jerry Blassingame**

**From Prison to Proprietorship: Helping Previously Incarcerated become Entrepreneurs**

My name is Jerry Blassingame and I am the founder and CEO of Soteria Community Development Corporation in Greenville, South Carolina. I grew up in Greenville, South Carolina and was raised by my grandmother. My mother was murdered by her boyfriend when I was 5 years old. I never got an opportunity to meet my father and I was raised in a low-income housing project in the Inner City of Greenville. I probably would not have made it through school if it were not for my loving and caring teachers. My grandmother took me and my 4 other siblings in to live with her and my grandfather. She was a great person, very loving and caring, but she only had a third-grade education. Education was not her strong point but loving and nurturing was. Grandmother saw that I had a love for school, and she made sure that I was equipped for school on a daily basis. Although she could not help me with my homework, she did the best she could by making sure I had the necessities I needed for school.

I performed fairly well in elementary school and really began to shine while I was in Middle School. While in Middle School, I fell in love with woodworking and reading. My middle school teachers made sure that I was ready for high school. When I reached high school, my industrial arts teacher was my inspiration to pursue architecture. While in his class he encouraged me to take vocational training in 11th and 12th grade. At the completion of my senior year I was awarded a 2-year scholarship to Greenville Technical College in the architectural engineering program. During 1985 and 86 the crack epidemic hit Greenville, South Carolina and I began to sell drugs after school. By the end of my second year in college I was making a lot of money with it, my grades began to fail, and I dropped out of school. By this time, I had my own empire. Several of my friends in my neighborhood were employed by me and we were all doing very well for ourselves. The first time I got arrested I only did 4 months and I had 5 years probation. When I was released from this sentence, I could not get a job because of my conviction. Six months later I was arrested again and released on $150,000 Bond. I managed to stay out on bond for 18 months before I went to trial and was sentenced to 20 years for several convictions of distribution of cocaine.

Being incarcerated the second time was the turning point in my life. My sister who was a Christian encouraged me to read my Bible and pray regularly. Although I did not believe there was a God, I did what she asked reluctantly. I finally got to the point that I submitted my heart to Jesus, and I became a Christian while I was still in the county jail. My thought was if I was going to do 20 years in prison, I needed to do it with God. The first day that I got to the yard of the state prison at McCormick Correctional Institution I found the chaplain's office. I asked the chaplain about all of the religious services and told him I wanted to get involved. Pretty soon I began to meet a lot of the Christian men who are on the prison yard and we would study and pray on a daily basis along with attending various church services and ministry opportunities such as Prison Fellowship and Kairos prison ministry. Very quickly I realized that there were a lot of people in society that really cared about young men, such as myself. When I saw this, I began to take life seriously.

There was one group in particular that really took a liking to me and they began to correspond with me, a group of men and women from Clemson United Methodist Church adult discussion Sunday school class. This group of individuals wrote me weekly and encouraged me in my new life with Christ. After a few months of corresponding with them I told them that I had an interest in becoming a minister and would love to go to school. They paid for me to take correspondence classes at Columbia International University. This was really encouraging to me to see that these people really cared about me. Every day while in prison I began to write and pray. I would get up at 5:00 or 5:30am in the morning and I would journal and make plans for what I was going to do when I was released. I knew that I would not be able to find a job. In my heart I wanted to help other men and women like myself.

So, I began to write the plan of Soteria Community Development Corporation. In the beginning the organization was called Soteria Urban Ministries. I would write letters to individuals and organizations and I would read newspaper articles to stay up on the latest trends. This was the height of the drug epidemic in America and the 1994 Clinton Crime Bill had already begun to take effect on communities. People who committed crimes were getting longer sentences and a lot of the programs that were in prisons previously were taken away. Programs for education such as the Pell grant program for men and women who are incarcerated and people who had a drug conviction could not get a Pell Grant, even if they were not in prison. After I heard about all of these things I already knew that when I got out, I would not be able to get a job and I was going to have to pull myself up by my own bootstraps.

So, every day for three and a half years I would journal and write and make the plan for what I was going to do. Habakkuk 2:2 says, "write the vision and make it plain so that those who read it may run with you." This was my inspiration to keep planning and writing down the vision. In 1999, I received a letter from the South Carolina Probation Pardon and Parole services that I was going to go up for parole on March the 23rd. No one ever thought I would make parole, but I made parole. This was the start of my new beginning. In April of 1999, I had already received a charter from the state of South Carolina to start my non-profit. I knew this was what I had to do to get myself back on the right track. Sometimes I was not even thinking about myself, I was thinking about the other people that were in prison and how I wanted to help them. we started just by writing people and encouraging them and sending them the basic necessities that they need. We sent Bibles and Bible study material. I was placed over the prison ministry in my church and I started to go in to visit men and women while they were in prison, to encourage them and to let them see that I was still doing well after incarceration and keeping to my promise.

In 1999 there were no funding streams for people who were getting out of prison. Re-entry for returning citizens wasn't popular back then, so we did whatever we had to do to gather resources. If it were not for the religious organizations who rallied around me, I would not have been able to get off the ground. The Sunday school class from Clemson United Methodist Church pooled together funding to help me to get the organization started. There were also a couple small churches that were very supportive when we opened up our first transitional house in 2000. the Upstate Homeless Coalition and Mike Chesser were very supportive of our organization as well. We opened up a house with four men and quickly we had another house with eight men. Our houses were the nicest houses on the street, and we maintained them well. Pretty soon, a person in our church donated nine houses to our organization. The Houses were dilapidated and being used as prostitution and drug houses. We renovated two of them to make them transitional and we demolished the rest of the houses. By this

time, we knew that we needed funding and realized that Community Development was the only tool that we could use to help people who are getting out of prison.

Community Development Corporations help low to moderate-income people in low-income communities gain wealth. People who are released from prison definitely fall in that category. I soon began to seek out Community Development practitioners. Finally, I met up with Bernie Mazyck, he was the founder and CEO of the State Association of Community Development Corporations. Bernie had heard about some of the interesting things we were doing in the community and told me that I was doing Community Development work and that I was an asset to the state of South Carolina, because no one else was doing this for people who are getting out of prison. Bernie became my mentor and we quickly began to seek out resources. We were able to get a $100,000 Grant from the South Carolina Department of Commerce and we were able to leverage that $100,000 Grant into a $700,000 low-income housing project. The Upstate Housing Coalition partnered with us to get HOME funds and State /housing funds. We built six 3 bedroom 2- bath energy-efficient low-income rentals on the property that was donated to us. The next year we acquired six two-bedroom one-bath duplexes and renovated those as low-income rentals as well. At this time, we were already doing a landscape and yard maintenance business. We created this business because no one would hire the guys in our program, so we decided to start our own businesses. This was the beginning of our social enterprises.

We did the landscape business for a couple years and soon after we started GreenStart, a recycling business that recycled paper, plastic, cardboard, and aluminum. We soon received a five-year contract with the school district of Greenville County, and we were doing Recycling in 62 schools in the County of Greenville. We started this business with a $15,000 Grant from the South Carolina Association of CDC's. We turned $15,000 into a lucrative business and were able to hire 35 men and women who were previously incarcerated. We did this business for 7 years and later we started our deconstruction business. We were given a contract from the county of Greenville to demolish old homes. Once we collected all the material, we realized we had to do something with the material. So, one day I had an idea to make a farm table and behold, the reclaimed furniture business was born. Other companies and developers began to call on us to deconstruct their houses and we have created over 65 jobs for men and women previously incarcerated, making over $400,000 in revenue.

There are so many men and women in prison who have a desire to start their own business or nonprofit. The challenge is both funding and education. There are tens of thousands of Jerry Blassingame's in the United States and not enough churches and Sunday School classes to go around. As a country we need to realize that we can't punish people by not giving them an opportunity to do better once released from incarceration. We need to put resources in the hands of those previously incarcerated so that they can become leaders in their own communities, to help build the communities that they once tore down. Re-entry is more than just finding a house and a job. Individuals need to learn personal finance.

At Soteria we require every participant to attend financial literacy class every Saturday morning. We also have health and wellness, along with authentic manhood. Most men in prison had absentee fathers, so they need support in that area. Mentorship is also a requirement to be in our program. We also have a matching savings program that every participant is required to enroll in. This program is a take on the IDA program. We match up to $1000.00 with a 2:1 match. Participants must save for at least 6 months and can only use the money for business startup, education, home ownership or rental

assistance, or transportation. We were awarded the Shining the Light Award from SunTrust Bank this year and a $75,000 grant was part of the award. We decided to reinvest that money back into our program participants as a matching savings account. We believe that comprehensive programming is the key to a successful reentry process.

If it were not for the faith-based community I would not be here today. I encourage Congress to put a plan together that will allow previously incarcerated leaders to help develop this plan along with other leaders in the nation. In 2016 when I went through JustLeadershipUSA Glenn Martin would say, "those who are closest to the problem are closest to the solution but for farthest from the resources and power." I believe that those of us who have been through the system and especially those of us who have ran our communities via illegal businesses are best suited to be trained to become entrepreneurs in America.

One problem with Government grants is that they are too hard to manage and the people who need them never receive the funding. The funding continues to bottleneck at the state level and never gets to the streets. Previously incarcerated individuals need to be at the decision-making tables. We know what we need, and we know how to navigate our own communities, which is a vital resource for decision making. Having access to capital and reinvesting back into the people in a road out of poverty. I believe entrepreneurship is a gateway to economic mobility. Economic mobility is the way out of poverty and will decrease recidivism. I am living proof that this works. I have managed to survive 20 years as a social entrepreneur.

**Testimony of Congressman Hakeem Jeffries**
**Small Business Committee Hearing: "Prison to Proprietorship: Entrepreneurship Opportunities for the Formerly Incarcerated"**
**October 23, 2019**

Good Morning.

I would like to thank Chairwoman Velazquez and Ranking Member Chabot for allowing me to testify on the additional work we can do to support formerly incarcerated individuals successfully transition back into their communities.

Every year, thousands of formerly incarcerated individuals return to their communities seeking to rebuild their lives. In 2018, more than 37,000 people were released from federal prisons.[1]

Last Congress, the First Step Act, was signed into law. This bipartisan criminal justice reform legislation enacted targeted reforms to improve public safety and reduce recidivism. It authorizes $375 million over five years to develop new programs, including education, vocational training and mental health counseling. Consequently, newly-released individuals will be positioned to successfully re-enter society.

[1] Bureau of Federal Prisons, https://www.bop.gov/about/statistics/statistics_inmate_releases.jsp.

True to its name, the First Step Act is not the end. It's one step in eradicating the mass incarceration epidemic in America.

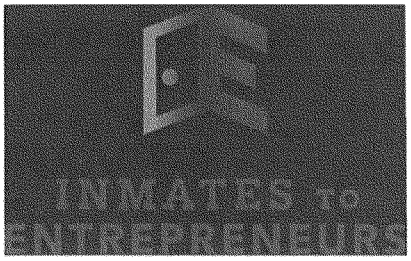
That's why I am proud to support the work of this Committee in examining the need for additional legislation to further address the challenges faced by incarcerated and formerly incarcerated individuals.

We all can agree that entrepreneurship can break the cycle of incarceration and provide a conduit from "Prison to Proprietorship." Proposed legislation such as the "Prison to Proprietorship for the Formerly Incarcerated," would direct SCORE to provide mentoring, workshops and training videos for formerly incarcerated individuals on how to launch and grow small businesses.

Additionally, this program would provide individualized business mentoring to support the development of business plans and entrepreneurial growth for recipients of the prison to proprietorship services up to a year after release, connect individuals with small business networks and resources, identify opportunities to access capital when appropriate, develop a series of instructional videos designed specifically for incarcerated and formerly incarcerated individuals and host workshops on topics specifically tailored to meet the needs of formerly incarcerated individuals.

This proposed legislation continues to build on the foundation of bipartisan work and ensure that the formerly incarcerated have all the tools necessary to return and start again.

Thank you again for your time and for inviting me to testify on behalf of this important topic.




October 23, 2019

**QUOTES BY BRIAN HAMILTON, CEO AND FOUNDER OF INMATES TO ENTREPRENEURS**

**Regarding House Small Business Committee Hearing: Prison to Proprietorship**

"I am glad to see the federal government taking steps to provide entrepreneurship training in federal prisons. This is the same type of education that Inmates to Entrepreneurs and other organizations are successfully providing in state and county facilities throughout the country.

There are 2.3 million people in prison or jail in the United States and the vast majority of them are going to come home. While they are in prison, they need to learn the skills necessary to support themselves financially when they are released.

Prisoners in state and county detention facilities are learning how to start a business through Inmates to Entrepreneurs' Starter U program, which is on Edovo tablets in 40 states. The Prison to Proprietorship Bill will provide this type of opportunity for prisoners in federal facilities.

Getting a job is an option for some returning citizens, yet many face discrimination due to their records. Some of our Inmates to Entrepreneurs students have submitted more than 90 job applications, all of which were rejected. That's why we teach them how to start their own businesses. We, as a society, want them to succeed. It's good for everyone."

Inmates to Entrepreneurs website: www.inmatestoentrepreneurs.org
Brian Hamilton (Wikipedia): https://en.wikipedia.org/wiki/Brian_Hamilton_(businessman)

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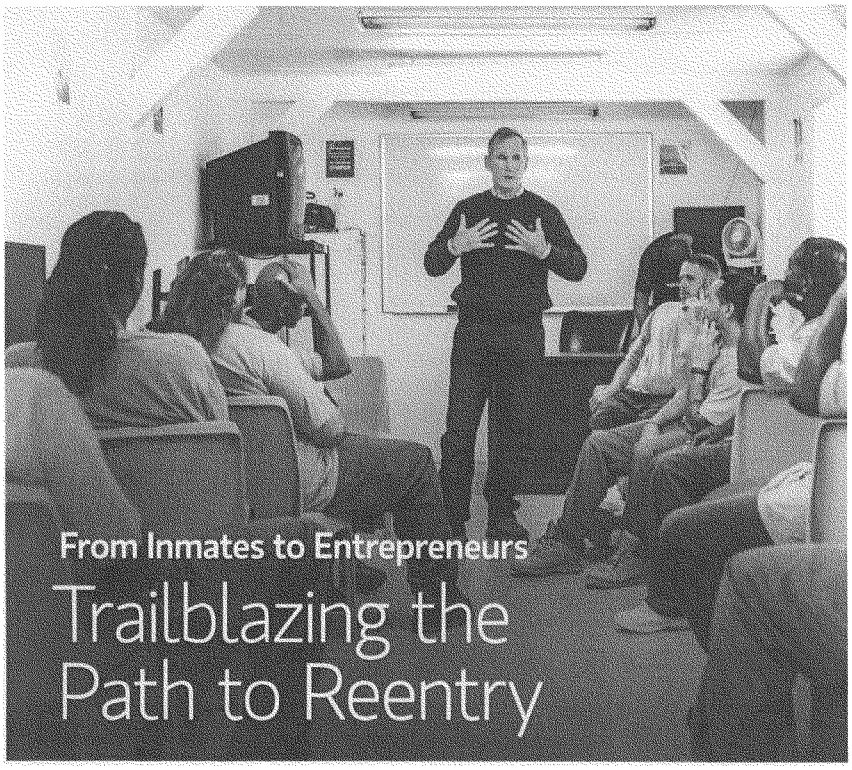


## From Inmates to Entrepreneurs

# Trailblazing the Path to Reentry

Around 600,000 people will be released from prison this year. Reentering free society, a large majority will find themselves locked up in a different way. They will seek employment at a higher rate than the general population, but due to a criminal record, will be half as likely to get a job. Barred from equal access to employment, the formerly incarcerated face a distinctly American paradox: In the land of opportunity, it can be nearly impossible to locate a second chance.

Since 1992, Brian Hamilton has provided resources and guidance to help judicially involved people trailblaze their own paths to financial stability—as entrepreneurs. By equipping them to overcome reentry barriers, Hamilton and his organization aim to reduce the rate of recidivism and narrow the income inequality gap.

Three years after incarceration, only 49% of men are employed and, when employed, their median earnings were only $6,250—less than one fifth of the median U.S. household income. Hamilton sees an opportunity to turn it around. "We're really an antipoverty organization," Hamilton explains. "We use entrepreneurism as a way to achieve a bigger goal: to help one of the most disenfranchised populations in our country achieve upward mobility."

### How It All Began

As a co-founder of Sageworks, an Inc. 500 company and a global leader in FinTech, Hamilton knows his way around the entrepreneurial process. But while his career has taken him global, he's always believed in the importance of local community involvement.

That's why, largely on a whim, Hamilton accompanied one of his close friends, a Reverend, on a Bible study class he ran in a North Carolina prison. During a break in the session, Hamilton found himself chatting with an inmate, who said the first thing he planned to do upon his release was get a job.

"That will be hard to do with a

record," Hamilton recalls thinking. Almost as soon as he had this thought, he came across an untapped solution, which would become the premise for Inmates to Entrepreneurs: "Instead of trying to get a job, what if people with criminal records go and create one."

Hamilton had been an entrepreneur for his entire career. He knew all about the challenges it posed and the liberties it afforded. One of these freedoms, he knew, was that you didn't have to check a box asking about your criminal history—a fresh start was truly possible.

### Trailblazing the Path to Reentry

Since visiting that first prison 27 years ago, Hamilton and his team have grown Inmates to Entrepreneurs from a local charity into a national nonprofit. With a focus on entrepreneurship, the organization leads the field in offering an innovative solution to an all-too-common problem.

Inmates to Entrepreneurs has already helped countless currently and formerly incarcerated people take control of their financial lives through free correctional facility workshops, one-on-one mentoring, online resources and live courses.

By 2021, Inmates to Entrepreneurs aims to open branches in 50 major metropolitan areas. "Recidivism is a national problem," Hamilton says, "so we want our organization to match that scale."

### Better Together

Isolation. It's a familiar subject for those in prison. And, in Hamilton's experience, it's also one of the biggest challenges that entrepreneurs face. "You're on your own," he says, "and as an entrepreneur, your likelihood of success is maybe 10% or 20%." It can be extremely stressful to pursue a high-risk endeavor without anyone to lean on for support; that's why even the best leaders usually have someone—a spouse, a friend, a former employer—that they can trust to be there for them.

To help overcome that sense of isolation, Inmates to Entrepreneurs has initiated a mentor network. Every participant in the organization gets paired with someone they can rely on for the long-haul—a mentor they can bounce ideas off of, or as Hamilton says, "just a friend they can call."

### The Makings of Entrepreneurs

One of the biggest surprises Hamilton has encountered over the years is the amount of entrepreneurial experience people who were incarcerated already have. "It seems like a quarter of them have run their own businesses before," he says.

But even for those who don't have direct experience, Hamilton can see they have an entrepreneurial mindset. "Because of various adverse circumstances in and outside of jail," he says, "many of the people we work with have had to think outside the box from a very young age. That's an incredible asset for them."

> "We're really an anti-poverty organization," Hamilton explains. "We use entrepreneurism as a way to achieve a bigger goal: to help one of the most disenfranchised populations in our country achieve upward mobility."

Inmates to Entrepreneurs helps them harness that creativity to establish businesses that don't require a lot of overhead—often in service-based industries like maintenance, catering, landscaping, installation, car detailing and carpentry—that can begin to support them immediately upon release, and for the future.

### Breaking the Cycle

The rearrest rates in our country are staggering. Over 75% of formerly incarcerated people land back in jail within five years of release. To Hamilton, this number is scary but also unsurprising. Employment discrimination leads to financial insecurity which in turn encourages—if not forces—former inmates to survive by illegal means, leading them right back to prison.

Inmates to Entrepreneurs disrupts that negative cycle. In the process, it has also begun to encourage a positive one. Their most successful students often return to the organization years later—this time, in a leadership role, as mentors. In fact, some even become board members. As Hamilton says, "They come full circle."

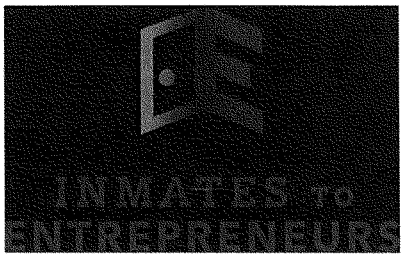
### Second Chances Start Now

From a young age, Hamilton has been passionate about the power of entrepreneurship for achieving upward mobility. It's something he experienced first-hand; but while he did not have much financial security growing up, he recognizes a key advantage he did have that many people lack. "We struggled pretty hard and were on food stamps and such for a while, but I had two parents," he says. "And if you have someone in life who's guiding you, you are not truly poor. My dad really cared about me and my sisters."

Inmates to Entrepreneurs aims to fill that void—to provide guidance and support for an often neglected population so that they can forge their own path out of poverty. The first and most important step, according to Hamilton, has nothing to do with capital, at least not in the traditional sense.

"If we can make more people aware that the American Dream isn't dead, that entrepreneurism doesn't start with money—that it begins with an idea—then I think the rest of our reentry process writes itself," Hamilton says. "And when Inmates get that real second chance at freedom, we all win. Employment goes up. Crime goes down. Prisons become less crowded. Tax dollars get to be used for other purposes. And at the end of the day, our country makes good on its promise of equal opportunity." ■

To learn more, please visit www.inmatestoentrepreneurs.org




October 22, 2019

The Honorable Nydia Velázquez
Chairwoman
U.S. House Committee on Small Business
Washington, D.C. 20515

Dear Chairwoman Velázquez:

On Behalf of Inmates to Entrepreneurs, Inc., I am writing to express my strong support for two bills: the Prison to Proprietorship Program for Incarcerated Men and Women and Prison to Proprietorship for the Formerly Incarcerated. The Prison to Proprietorship bills would direct the Small Business Administration's (SBA) resource partners to provide mentoring and training to federal inmates, both in-prison and post-release.

Every year, thousands of individuals are released from prisons. In 2018, more than 37,000 incarcerated individuals were released from federal prisons, and more than 97 percent of the nation's 180,000 federal inmates will eventually be released. Studies by the Department of Justice have found high rates of recidivism among released prisoners. One of the primary drivers of high recidivism rates is the inability for returning citizens to find a job – up to 60 percent of people with criminal histories remain unemployed one year after their release. Entrepreneurial development programs for formerly incarcerated individuals report dramatically lower rates of recidivism, and self-employment can provide economic stability for those who are otherwise locked out of the labor market.

Under the legislation, Federal prisoners would be eligible for intensive, in-depth classroom instruction combined with one-on-one mentoring while incarcerated, as well as one-on-one mentoring, workshops and on-line instruction specifically tailored to their unique needs upon release. This legislation will build on the momentum of the FIRST STEP Act and utilize SBA's entrepreneurial development programs to reduce recidivism by helping returning citizens secure employment and start small businesses.

As a leader within the reentry space focusing on providing pathways to economic stability for returning citizens, Inmates to Entrepreneurs, Inc. strongly supports the Prison to Proprietorship bills. Inmates to Entrepreneurs, Inc. is a 501(c)3 nonprofit organization that provides an entrepreneurship, employment readiness, and personal development training program to men, women, and youth across the United States. Inmates to Entrepreneurs, Inc. recognizes that many

formerly incarcerated people can achieve positive well-being, become gainfully employed, and launch successful, legal, entrepreneurial endeavors. The Prison to Proprietorship bills will complement Inmates to Entrepreneurs, Inc.'s mission and create lasting opportunities for individuals who have not always had a legitimate first chance towards a successful, legal future.

Inmates to Entrepreneurs, Inc. has 27 years of first-hand experience providing free entrepreneurship education opportunities to people who have been judicially involved. Inmates to Entrepreneurs teaches in-person classes in prisons, 8-week in-person courses in communities in North Carolina, and video lessons on Edovo tablets in prisons and jails in 27 states. Here are two of our success stories:

**Scott Jennings**

Scott Jennings started as an entrepreneur at a young age, buying candy for ten cents and selling it at school for twenty-five cents. As he grew older, he began selling drugs. When Jennings was in prison 10 years ago, he attended entrepreneurship classes taught by Inmates to Entrepreneurs, Inc. founder Brian Hamilton.

"I have always had the entrepreneurial spirit," explained Jennings, "I was always trying to find a new way to make a buck. However, I never had any guidance or mentoring. While incarcerated, I was asking a lot of questions about life and what I was doing wrong, right, or not at all. Brian showed up when I was the most pliable. Listening and asking questions for a few hours changed my approach."

Upon his release, Jennings got a job repairing gym equipment. He combined that experience with his entrepreneurship training and started a company of his own – Fit Tech and Assembly -- that provides routine maintenance, service, installation and repair for exercise equipment in homes and in gyms. "When I started in September 2011, I had maybe $75 in my pocket," he said. "The first year, we did maybe $30,000 in sales." Now his business takes in more than half a million dollars in revenue annually.

Jennings is now a member of the Board of Directors of Inmates to Entrepreneurs, Inc. and teaches entrepreneurship classes.

**Don Brown**

Don Brown was incarcerated for ten years for selling drugs. When he came home from prison, he submitted 95 applications before landing a job at Ruby Tuesday. His dream, though, was to own a business. Don took Inmates to Entrepreneurs, Inc.'s free 8-week course in 2018. After graduating from Inmates to Entrepreneurs, Inc., Brown went back to his hometown of Ramseur, North Carolina, and opened the community's first gym. The mayor and local chamber both credit the gym as helping bring together this small, rural town.

Inmates to Entrepreneurs, Inc. Board Member Scott Jennings was Brown's mentor. Brown, like Jennings, wants to help those who also are seeking a second chance through entrepreneurship.

"Now that I have started my own company, it gives me the opportunity for lifting others when they return to society," Brown explained.

Sincerely,

Margaret Froneberger
Executive Director, Inmates to Entrepreneurs Inc. Board
CEO, Brian Hamilton Foundation