FORGING A SUCCESSFUL BUSINESS FORMATION PATH FOR RETURNING CITIZENS

REPORT, APRIL 2017
Introduction

Since 2007, Mercy Corps Northwest (MCNW) has implemented a range of prison and reentry programs with the goal of promoting a healthier, more productive and economically secure community. Our reentry programs help current and formerly incarcerated individuals re-integrate back into the community and become positive factors in the lives of their families and neighborhoods. We also work at the policy level to advocate for systemic changes that promote these goals of successful reentry. The potential economic savings represented in the prevention of recidivism and the successful reintegration of the formerly incarcerated is enormous. Successful reentry prevents new crime and victimizations, law enforcement and court costs, and the costs of incarceration, which in Oregon now exceed $34,000 per year per individual in direct costs alone. Successful reintegration also creates new taxpayers to help support our tax base and communities. The promotion of social and personal benefits—intact and supportive families, employment, community involvement and the potential for breaking generational cycles of poverty and incarceration—are equally compelling and valuable. While MCNW initiated its in-prison programs to build a self-employment path for people with the social burden of a felony conviction, we have discovered that offering a range of financial products, training, and coaching along with reentry resources both in prison and during transition are essential for returning citizens’ success in microenterprise. The following details the experience we gained in helping formerly incarcerated people succeed. We provide our suggestions for microenterprise development at the end of this report.

The Problem

Incarceration is Costly

In the United States, it costs an average of $32,000 per year to imprison one person. The true cost of incarceration is much higher, as this figure does not include reentry, social services and long-term intergenerational costs. Despite ample evidence that incarceration is one of the most expensive and least effective correctional tools, more than 6.7 million people were imprisoned in the United States in 2015. State-imposed mandatory minimum sentencing laws have led to an increase in incarcerations in Oregon and other states; excluding federal prisons and jails, 14,617 individuals are incarcerated in Oregon.

Incarceration is a Poor Investment

Studies show that the primary goals of incarceration—reform, deterrence and rehabilitation—are not accomplished through incarceration. More than 67% of formerly incarcerated people return to prison within 3 years of release, and more than 76% return to prison within 5 years. Children with incarcerated parents are much more likely to end up in prison themselves, dispelling the myth that harsher, longer prison sentences deter future crimes.

Incarceration Disproportionately Impacts People of Color

Disproportionate minority incarceration further impacts the development of economic opportunity and wealth in those communities. People of color make up 12.4% of Oregon’s general population and 21.6% of its prison population. Other states have an even larger overrepresentation of people of color in prison.

Incarceration Disproportionately Impacts Impoverished Women

Poverty, and not behavior, is the single greatest predictor of whether a woman will go to prison. More than 90% of incarcerated women in a 1994 study reported an annual income prior to incarceration of less than $10,000. Thirty percent depended on welfare for basic necessities, while only 8% of imprisoned men were on public assistance in the year preceding their incarceration.
Incarceration has High Collateral Costs

Oregon’s prison population is 8.8% female. This figure may seem insignificant, given that Oregon’s general population is 50.5% female, but there are high collateral costs associated with imprisoning women. Women represent the fastest growing segment of the prison population nationwide. The number of women serving 12 months or more increased 757% between 1977 and 2004, while the male population serving 12 months or more increased 388% in the same time frame.

Nationwide, incarcerated women reported having 147,400 children. Since 1991, the number of children with a mother in prison has more than doubled. Incarcerated mothers are often their children’s primary caregivers immediately prior to prison, with more than 50% reportedly living with at least one of their children in the month before arrest, compared to 36% of incarcerated fathers. More than 4 in 10 mothers in state prison who had minor children were single parents in the month before arrest. After mothers are imprisoned, some children are left without any suitable caregiver and end up in foster care. In Oregon, 41% of children in foster care have at least one parent who is a convicted felon. Oregon spends more than $74.1 million on foster care per year, which translates to $30.38 million spent on children whose parents are convicted felons. Research consistently shows that children of incarcerated parents are at an increased risk for delinquency, and that this risk increases when parents experience multiple periods of incarceration.

Criminal Histories Inhibit Returning Citizens’ Job and Housing Prospects

Employers are much less likely to hire someone with a criminal record, and property owners are much less likely to rent to them, thus making steady employment and housing more difficult to obtain. The chances of a formerly incarcerated person missing a court hearing, being arrested for loitering, or using alcohol or drugs to cope increases each day spent without stability and access to basic necessities; before long they often find themselves back in prison.

Incarceration is a Public Health Issue

Prison meals and food offered through the commissary are highly processed and lack nutrition. The National Institute of Corrections reports that 43% of female inmates and 27% of male prisoners are obese. At Oregon’s Coffee Creek Correctional Facility, the average female inmate gains 17 pounds in the first 6 to 24 months and more than 89% are overweight or obese. In addition to physical health issues, 73% of female inmates and 55% of male inmates have a mental health diagnosis. Prison does not improve most prisoners’ mental health outcomes.

Mercy Corps Northwest Reentry Programs and Solutions

In response to these myriad problems MCNW has developed innovative programs for inmates, including the Lifelong Information for Entrepreneurs (LIFE) program and a gardening/mental health/healthy food program for female inmates at Oregon’s Coffee Creek Correctional Facility. MCNW’s programs for returning citizens include a Reentry Transition Center (RTC) in Portland and an alliance of more than 50 reentry providers and partners called ROAR (Reentry Organizations and Resources).

Lifelong Information for Entrepreneurs (LIFE)

MCNW chose to focus on female inmates because of the extended family costs associated with imprisoning women as well as the positive family and community outcomes that result when mothers are able to establish self-sufficiency and economic stability for themselves and their families after release. MCNW recognizes that a relatively small investment in women’s self-employment and microenterprise development has the potential to
reduce future rates of imprisonment for generations, and prevent the associated costs to social welfare and community justice. The prison population, particularly incarcerated women with minor dependents, stands to gain enormously from financial education and earned income through microenterprise development.

This type of support in the transition from incarceration to free society has the potential to greatly improve the welfare of ex-offenders and their dependents, as well as reduce recidivism and its associated costs to society. The project leverages the potential of microenterprise to help participants become more self-sufficient, self-confident, capable and productive while mitigating the growing social and economic costs of imprisonment and recidivism.

LIFE is a 32-week-long entrepreneurial program for female inmates at Oregon’s Coffee Creek Correctional Facility. Women prisoners who enroll in LIFE are usually within 18 to 24 months of reentry and nearly all have dependent children. From the program’s inception through the end of 2015, the demographic profile of LIFE participants mirrored the makeup of the women’s prison population in Oregon: 13% Black, 7% Latino, 3% Native American, and 77% White. Each class is comprised of up to 32 women and prepares participants for successful reintegration back to their families and communities by promoting job creation and economic self-sufficiency. The curriculum, developed and delivered by MCNW, includes topics such as business plan development, marketing strategy, financial management, along with soft skills in public speaking, time management, goal setting and conflict resolutions.

The course also includes conversations on credit repair and savings that incorporate meetings with a credit counselor as well as access to Individual Development Accounts, or IDAs. LIFE participants set monthly savings goals over a 12-month period. Women can accrue savings through employment with the Coffee Creek Correctional Facility or through external supports from family or friends. Savings accrued by the women range from $3 to $40 per month. In addition to building savings habits, curriculum on improving health outcomes is a strong component of the LIFE program. The initiative teaches women and mothers how to address health challenges post-release.

Women participating in LIFE are eligible for a $500 grant upon release if they demonstrate consistent attendance, complete required homework (such as developing a business plan and transition plan), and create and execute a savings plan. The grant can be used for reentry needs such as clothing, cell phones, and transportation. After completing the program, some graduates return to co-teach the curriculum and mentor newer students.

Through the LIFE program, women identify goals and set expectations for themselves to develop employment
skills. Over the long term, they seek to start a business. Once participants are released from prison they can receive a broad set of case management services through MCNW’s Reentry Transition Center (RTC) and its ROAR (Reentry Organizations and Resources) alliance of more than 50 organizations and agency partners.

The Garden at Coffee Creek

In response to the numerous public health issues that prison presents, MCNW led and partnered with the DOC, Multnomah County Public Health, National College of Naturopathic Medicine, and Kaiser Healthy Food Access Project to develop a gardening and nutrition program for women at the Coffee Creek Correctional Facility (CCCF). The DOC’s mental health unit has continued to fund the program.

The garden has measurably improved physical health in the short term. While many correctional facilities have gardens, most give the food away to local food banks. At CCCF, the bulk of the produce goes to the inmates to supplement the standard prison diet. The inmates have access to herbs as well as more than 6,000 pounds of fresh, organic produce each year. The garden has reduced inmates’ anxiety, stress, and behavioral issues. Neuroscience studies confirm that contact with nature transforms the brain by reducing cortisol levels, stimulating the brain regions responsible for emotional regulation, and calming the brain regions responsible for conscious thought. Anecdotal evidence from CCCF echoes these findings. For the gardeners, working the soil and harvesting vegetables instills pride, self-sufficiency, and pro-social behavior. One participant said that the garden was the most productive and positive thing she did during her entire prison sentence. Inmates who are not part of the official gardening program still benefit. The garden, which is visible to all inmates and staff, has become a symbol of hope and beauty in an otherwise sterile institution. Other groups, including a master beekeeping class and an Oregon Zoo butterfly conservation program, meet in the garden as well. Mental health classes are held in the garden. And counselors encourage the women to spend time sitting in and viewing the garden.

We expect the garden to improve the health of the inmates’ children and families in the long term. Women are typically responsible for food preparation in the home. Armed with gardening knowledge and the cooking skills learned through the Food as Medicine Everyday (FAME) course, these women will be more empowered to make healthy choices and be self-sufficient. The garden exposes inmates to nutritionally dense food that they may have never encountered: one gardening participant said that she had only seen kale in magazines. Healthier women, who are educated on nutrition, ease the burden on taxpayers who might otherwise have to cover the cost of treating obesity and lifestyle diseases.
**Reentry Transition Center (RTC)**

In Multnomah County, where MCNW’s Reentry Transition Center is located, there are more than 13,000 parolees. The neighborhood where the RTC is located is heavily impacted by incarceration. The RTC is an evidence-based program that facilitates successful reentry through the coordination of government agencies, non-profit organizations and other resources in the community. The RTC is led by navigators with felony backgrounds and experience retuning successfully to society. By supporting successful reentries, the RTC has reduced recidivism, increased public safety, decreased demand on law enforcement and judicial systems, lowered the skyrocketing costs of incarceration, and augmented the existing tax-base.

Since September 2009, the RTC has served more than 8,200 people who 1) left incarceration from state, federal and youth facilities, 2) are on parole or probation, or 3) are coming from jails due to gang activity. The RTC provides systematic coordination of information and resources combined with ongoing support for the individual’s ability to identify and act in his/her own best interests.

Sequentially, the RTC:

- Provides for immediate safety, health and communication needs including ID, clothing, glasses and dental care;
- Assists participants in identifying their goals in an initial self-assessment and strength mapping exercise;
- Provides one-on-one support and expertise in making the linkages to existing services that support their goals for successful reintegration. Navigators also monitor progress, troubleshoot difficulties and act as the primary contacts for our participants;
- Partners with community agencies and organizations to meet individuals’ unique needs. Available services include, but are not limited to: vocational training, education, employment support and soft skills training, housing support, interview clothing, parenting and family reconciliation programs, alcohol or drug treatment, community engagement programs, health and dental treatment, immediate survival care, self-employment and disability systems navigation;
- Hosts housing navigation including classes in Rent Well, credit repair, and navigation services to private and non-profit housing providers;
- Invests in formerly incarcerated individuals. One hundred percent of our full-time employees have criminal backgrounds and first-hand experience of the reentry process, its difficulties and potential pitfalls. Navigators act as examples and mentors to clients;
- Teaches skill development and resume preparation, assists with job searches and placement.
Reentry Organizations and Resources (ROAR)

ROAR is a coalition of more than 50 reentry support organizations, the parole and probation officers of Multnomah County, and the Northwest Regional Reentry Center, a halfway house for 800 male and female federal parolees. ROAR promotes successful reentry by educating members, the public and policy makers on critical reentry-related issues.

ROAR formed this coalition with the explicit goals of:

- Exchanging information and offering the opportunity for dialogue and effective cooperation among member organizations;
- Educating members about legislation, funding opportunities, local programs and best practices that affect our work and outcomes;
- Pooling the collective experience of our members to inform policy, administrative rules and regulations at city, county and state levels.

An individual’s successful reentry requires a continuum of support through and out of the justice system. The ROAR alliance provides this uninterrupted framework through the cooperation and coordination of reentry services. ROAR achieves this through quarterly meetings about relevant issues, best practices, and strategies for improvement; three independent subcommittees that work directly to achieve the stated goals of the organization; leadership and direction from the member-driven, rotating Steering Committee; and participation in state and local advisory councils pertaining to reentry issues.

Because of the unique nature of our organization in the Portland metro area, ROAR has been recognized as a representative body of the non-governmental organizations and agencies concerned with reentry policy in our region. We have the explicit support of the City of Portland, Multnomah County, and the State of Oregon. In November 2007, Oregon Governor Ted Kulongoski convened the Governor’s Council on Reentry and charged it with reviewing, coordinating and revising reentry policy for the State Dept. of Corrections. As an organization, ROAR is represented on all four of the Council’s work groups where specific policy and administrative changes will be formulated. ROAR is the only participating member acting to represent the collective experience of the on-the-ground providers dedicated to the successful reentry of our prison population at the state level.

Results

LIFE

Since its inception, 97% of the 240 women who enrolled have completed the LIFE program. The Oregon Department of Corrections has found that LIFE participants were 41% less likely to return to prison than the control group. Because MCNW and the program supporters view the impact
of the program in terms of its effect on the health and well-being of women and their families, MCNW is working with the Oregon Department of Corrections to develop data collection protocols and processes to also capture data on family and health-related metrics.

LIFE has facilitated start-up and restart businesses, but more importantly, graduates report greater self-confidence and ability to manage their reentry with their families. They are also more successful at securing full-time employment because and not despite their incarceration. Exit surveys completed by the graduates indicate that they feel more confident, are better financial planners and often recognized as more valuable employees with higher chances of advancement and greater pay. The development of an entrepreneurial mindset—in which one can set goals, strategize, and execute a plan—represents a major change in the lives of most of our participants. These skills help lay the groundwork for reconstructing a positive and productive life as they reenter the community.

The Garden at CCCF

Although the garden is only four years old, it has exceeded initial grant-related goals and expectations. The garden produces 6,000 pounds of produce which is used in the prison. Due to the positive mental health effects it has produced, the program is expanding into the medium security area of the prison. The garden allows 20 full-time gardeners to gain work experience, self-sufficiency, confidence, and knowledge about nutrition. Other classes are taught in the garden, allowing more women to enjoy the garden without directly participating in the gardening program. The garden and FAME classes cultivate a hunger for healthy food as well as the knowledge needed to obtain healthy food upon release. In addition to the garden, community partners helped reduce the women’s’ daily caloric allotment from 3,000 to 2,200 calories per day.

RTC

Since 2009, the RTC has met and exceeded all its grant-related goals. An independent evaluation by the Oregon Criminal Justice Commission of the transition center pilot project found that transition centers reduced recidivism of their participants by 31%, resulting in a savings in direct cost to the public safety system of $14 for every $1 invested in the center. The RTC has benefited participants, partner organizations, and the community. Participants receive guidance and access to key resources. Partner organizations are not pulled into areas beyond their expertise and instead focus on the work they perform successfully. The community benefits because the returning citizens are able to contribute to society and are less likely to commit crimes or create new victims.
Current Challenges And Vision For The Future

MCNW values innovation and growth in each of its endeavors. Its overarching goal is to better serve the community and to promote a fair and just society. MCNW is confident that success is possible for returning citizens, if they are given the right resources, sequenced education, mentoring, capital access, and performance grants (IDAs). MCNW programs are a credentialed example and our model for microenterprise below reflects our experience.

Funding

MCNW’s biggest barriers are funding and the imbedded predisposition for both prison systems and government-led reentry efforts to institutionalize their costly functions over cost-effective and efficient community-based programs such as ours. The Oregon State Department of Corrections, which has cited MCNW as one of the best programs for reducing recidivism and changing the culture within Oregon’s only women’s prison, made across-the-board budget cuts to all its smaller programs without a cost-benefit analysis. A shift to pay-for-performance could drive entrenched rationalized funding to better providers outside of the government.

To address this challenge, MCNW plans to build a policy and advocacy arm with other organizations in the ROAR Alliance to build better relationships and induce better practices with government agencies. Today, many government agency leaders are unwilling to acknowledge that their programs alone do not always work. Many government programs tend to be self-rationalized, mediocre, inefficient and needlessly burdensome for participants. An effort in multiple states led by a coalition of foundations - with initial buy-in, reporting to government agencies and elected officials, and a public relations campaign - might push public servants to act more wisely with their funding.

Aligning and Timing

Another challenge is aligning and timing with returning citizens’ needs. Upon release, returning citizens have urgent needs including housing, drug and alcohol support, employment, mentoring and community integration through volunteering, shadowing jobs and joining community groups. Self-employment is difficult enough with excellent business development services, but is even more difficult when coming from prison, where expectations can be high and prospects difficult to achieve.

A Comprehensive Approach

Based upon our experience and understanding of returning citizens’ barriers to self-employment, MCNW is creating an entrepreneurial model that combines education, visioning sessions, mentoring and access to performance grants and other capital services that will provide this underserved population with the best entrepreneurial resources at the right time. In this initiative, MCNW will recruit two cohorts of formerly incarcerated individuals (released in less than three years with a focus on those released less than one year) who are deemed ready by their parole officers for engagement in self-employment. Each cohort will have 20-25 participants and will meet for a 12-week training program. To address the unique challenges and specific needs of and
will meet for a 12-week training program. To address the unique challenges and specific needs of each gender, one group will be comprised of only men and the other of only women. MCNW will use curriculum from its Business Foundations I and LIFE classes. MCNW will use an evidence-based adult learning framework and teach using a cohort design that establishes a group-learning environment with the free exchange of ideas and discussion of currently being faced. Topics such as entrepreneurial skills, business development, marketing, and financial management will be covered alongside personal development topics such as problem solving, conflict resolution, goal-setting and effective communication.

During and after the 12-week training, participants will receive 1:1 mentoring services from a core team of small business counselors and navigators from the RTC. This combination of advisors will guide participants as they take their small business idea from concept to reality while also continuing to support their successful transition from prison back to open society. Students will also be given access to a wide range of small business seminars highlighting information that is relevant to an entrepreneur such as social media marketing, crowd-funding, search engine optimization, hiring your first employee, bookkeeping, budgeting, and tax preparation. We will augment the group discussions with a mentoring corps of business owners to provide 1:1 business coaching and mentoring. For those participants who prefer online mentoring, we will offer mentoring with our partner enterprise at Mercy Corps, MicroMentor. Their system performs a double match, in which each mentor and mentee chooses the other.

Since most returning citizen entrepreneurs are not ready and do not qualify for a standard bank loan, participants will be given access to credit building services and financing for their small business. Individuals will be able to determine their current credit history, identify any problems and set up an action plan that lists the steps necessary to reaching their financial goals. If needed, participants can also receive additional one-on-one credit counseling from the finance counselor. As part of the education series, each participant will attend a credit-building seminar and receive a copy of their credit report and an accelerated path through a series of staged credit building loans to improve their credit, gain confidence and test the use of the small funding in initiating their businesses.

In addition, participants will be offered priority openings for a MCNW IDA. The IDA’s provide an 8:1 match of savings after clients have reached a six-month savings goal of $500, completed the 12-week training course and developed a comprehensive business plan. Participants will be given access to small incubator loans of $500 - $1000, which will help participants repair or build credit and jumpstart their businesses. Clients can buy equipment, inventory, furniture, or even pay off debt. Participants will also have access to MCNW microloans ranging up to $50,000. Finally, MCNW offers a seminar on “how to succeed with crowdfunding” as an addition to our other options for access to capital. Many of our current clients combine crowdfunding with their IDA or loans. Some returning citizens on parole and probation are restricted from obtaining debt. Crowdfunding may be their best and only alternative.

**Summary**

MCNW’s mission is to alleviate suffering, poverty, and oppression by helping people build secure, productive, and just communities. MCNW pre- and post-release programs for incarcerated people helps them reintegrate into the community. MCNW is in the process of expanding its microenterprise initiatives specifically for returning citizens who wish to build a self-employment path. Programs like ours—which promote gainful employment, community involvement, and breaking generational cycles of poverty and incarceration—offer the best return on investment and the best hope of keeping society safe and just.
Works Cited


Klein and Mohan, “Prison to Proprietor: Entrepreneurship as a Reentry Strategy.”


Women in Prison: An Overview,” ACLU.


“Smarter Spending: Oregon,” Casey Family Programs, https://www.casey.org/communities/or/?location=or


The Governor’s Council on Reentry has identified 4 areas of desired impact: workforce development, housing, continuity of health care, and development of a one-stop model for the state.
CONTACT

John Haines
Executive Director | Mercy Corps NW
jhaines@mercycorpsnw.org

Mary Frances Baldes
Program Manger | LIFE
mfbaldes@mercycorpsnw.org

About Mercy Corps Northwest

Powered by the belief that a better world is possible, Mercy Corps partners to put bold solutions into action—helping people triumph over adversity and build stronger communities from within. Mercy Corps Northwest, the US field office for Mercy Corps, works to strengthen communities in the Pacific Northwest.