



October 7, 2014

The Honorable Thomas V. Mike Miller, Jr.  
President, Maryland Senate  
State House, H-107  
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House, H-101  
Annapolis, Maryland 21401-1991

The Honorable Thomas McLain (Mac) Middleton  
Chairman, Senate Finance Committee  
Miller Senate Office Building, 3 East Wing  
Annapolis, Maryland 21401-1991

The Honorable Dereck E. Davis  
Chairman, House Economic Matters Committee  
House Office Building, Room 231  
Annapolis, MD 21401-1991

**RE: Ex-Offender Business Development Program Study Report**

Dear President Miller, Speaker Busch, and Chairmen Middleton and Davis:

In accordance with CH 240 and CH 241 from the 2013 Maryland General Assembly, the Maryland Departments of Business and Economic Development, Labor Licensing and Regulation, and Public Safety and Correction Services are pleased to present the Ex-Offender Business Development Program Study Report. We look forward to your review of the report and will be pleased to respond to any questions. If we can be of further assistance, please feel free to contact us.

Sincerely,

Gregg L. Hershberger  
Secretary, DPSCS

Leonard J. Howie III  
Secretary, DLLR

Dominick E. Murray  
Secretary, DBED

Enclosure

cc: Members, House Economic Matters Committee  
Members, Senate Finance Committee  
The Honorable Joseline A. Pena-Melnyk



## **Ex-Offender Business Development Program Study Report**

As required by:

2013 Maryland General Assembly CH 240/CH 241

Submitted by the Departments of:

Business and Economic Development,  
Labor, Licensing and Regulation, and  
Public Safety and Correctional Services

October 1, 2014

Governor Martin O'Malley  
Lt. Governor Anthony G. Brown  
Secretary Dominick E. Murray  
Secretary Leonard J. Howie III  
Secretary Gregg Hershberger

## **Introduction**

### **Enabling Legislation**

During the 2013 Maryland General Assembly, CH 240/CH 241 Ex-Offender Business Development Program Study (Act) was enacted. The Act required the Maryland Departments of Business and Economic Development (DBED), Labor Licensing and Regulation (DLLR), and Public Safety and Correctional Services (DPSCS) to jointly study and evaluate the feasibility of establishing a business development program for ex-offenders that provides business training for ex-offenders, and to identify nongovernmental funding sources to fund training programs.

### **Legislative Intent**

The Departments understand the intent behind CH 240/CH 241 is to promote re-entry into the community and provide prisoners an opportunity to start new lives through entrepreneurship in hopes of reducing the recidivism rate of offenders.

### **Overview**

Starting and developing a new business can be both an exciting and daunting challenge. There are approximately 536,494 small businesses in Maryland and most are structured as sole proprietors.<sup>1</sup> According to the U.S. Small Business Administration, in 2010 9,566 establishments opened and in 2012 the share of those surviving was 67.4%.<sup>2</sup> To be successful it is imperative for entrepreneurs to be familiar with the basic requirements for starting a business, to be aware of resources available to assist, and to have a plan.

U.S. SBA suggests that individuals interested in becoming an entrepreneur first determine if entrepreneurship is a good fit and second develop a plan.<sup>3</sup> The U.S. SBA suggests considering the following questions:

Am I:  
Comfortable with taking risks  
Independent  
Persuasive  
Able to negotiate  
Creative  
Supported by others<sup>4</sup>

Why am I starting a business?  
What kind of business do I want?  
Who is my ideal customer?

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<sup>1</sup> [http://www.sba.gov/sites/default/files/files/Maryland13\(1\).pdf](http://www.sba.gov/sites/default/files/files/Maryland13(1).pdf)

<sup>2</sup> [http://www.sba.gov/sites/default/files/files/Maryland13\(1\).pdf](http://www.sba.gov/sites/default/files/files/Maryland13(1).pdf)

<sup>3</sup> <http://www.sba.gov/thinking-about-starting>

<sup>4</sup> <http://www.sba.gov/content/entrepreneurship-you>

What products or services will my business provide?  
Am I prepared to spend the time and money needed to get my business started?  
What differentiates my business idea and the products or services I will provide from others in the market?  
Where will my business be located?  
How many employees will I need?  
What types of suppliers do I need?  
How much money do I need to get started?  
Will I need to get a loan?  
How soon will it take before my products or services are available?  
How long do I have until I start making a profit?  
Who is my competition?  
How will I price my product compared to my competition?  
How will I set up the legal structure of my business?  
What taxes do I need to pay?  
What kind of insurance do I need?  
How will I manage my business?  
How will I advertise my business?<sup>5</sup>

The recidivism rate in Maryland – the rate ex-inmates are returning to prison or community supervision for new crimes within three years of release – has been driven down, from 47.8% in 2007, to 40.5% in 2012. This statistic indicates that, of the 11,418 men and women released from prison in 2009, 4,619 (40.5%) returned to prison or supervision because of new crimes committed within three years of their release. Since 2007, DPSCS has entered into multiple partnerships – particularly with DLLR, the Department of Health and Mental Hygiene, and Natural Resources – in a concerted effort to deliver more programs and services to offenders, and to create opportunities for inmates to improve themselves. These efforts and programs contributed significantly to the decline in Maryland’s recidivism rate, indicating the importance of expanding programming and increasing the amount of opportunities available to ex-offenders.

Given the success rate of starting a small business, and the importance of providing opportunities to ex-offenders, the legislature tasked the agencies with the duty of looking into the issue.

Based on the legislative intent, representatives from each Department agreed that the ultimate goal was to conceptualize the structure of a potential program to encourage and educate ex-offenders to start their own business. In this report, the Departments outline the components we believe are key to ensuring success of such a program as well as the success of the individuals that enter the program.

## **Background Information on the Departments and Current Programs**

### **DLLR and DPSCS**

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<sup>5</sup> <http://www.sba.gov/content/20-questions-before-starting-business>



## *Current Educational Programs Offered to Incarcerated Offenders*

Correctional Education is housed within DLLR as part of the Division of Workforce Development and Adult Learning. Correctional Education provides educational opportunities to over 9,000 inmates (approximately 42% of the total population) with services offered at each DPSCS State institution, the Patuxent Institution, and all pre-release units. Its mission is to provide incarcerated individuals with high quality services that facilitate successful transition into Maryland's workforce and communities. Correctional Education strives to become a nationally recognized leader in providing academic, occupational, and transitional instruction for incarcerated students and keeps the mission of upholding public safety at the forefront by providing educational, library, and employment transition services to offenders in support of their successful re-entry and re-integration into the community upon release.

Because successful workforce transition begins when an individual is first incarcerated and continues for the duration of their sentence and upon release, Correctional Education is equally committed to ensuring this transition for every incarcerated student. It is a blend of academic and workforce development instruction that offers those incarcerated the resources and tools necessary to access the workforce upon release as inmates by law are mandated to take education classes if they do not have a GED or high school diploma, have at least 18 months remaining on their sentence, and if they are not exempt due to a medical, developmental, or learning disability. The goal for these transitioning inmates is to successfully re-integrate into society, become productive, stable and ultimately self-sufficient as data shows that upon incarceration, inmates have the lowest academic attainment rate of any segment of the population. It has been shown that offenders who participate in Correctional Education programs are less likely to reoffend following their release.<sup>6</sup>

Classes are organized around skills needs in Reading/Language Arts, Mathematics, Social Studies, and Science from basic literacy to adult secondary levels. After earning the high school diploma, offenders are eligible to participate in occupational programs or advanced education conducted by a local partnering college. Additionally, a full range of library services that include books, magazines, research, and access to a legal citation service that offers published judicial opinions are available free of charge to all inmates regardless of participation in an education program.

All teachers and principals are fully certified by the Maryland State Department of Education (MSDE) and must adhere to the certification requirements of MSDE and the American Library Association for Librarians. Previous experience is a pre-requisite.

The State of Maryland provides funding for basic program operation, while funding for contractual services comes through the DPSCS. Additional funding comes from Federal grants including the Adult Education and Family Literacy Act of 1998, the No Child Left Behind Act, Title I Program for Neglected and Delinquent Youth, the Individuals with Disabilities Education

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<sup>6</sup> See "How Effective is Correctional Education, And Where Do We Go from Here," Davis, L. M., Steele, J. L., Bozick, R., Williams, M. V., Turner, S., Miles, J. N. V., Saunders, J., and Steinberg, P. S. 2014. Available at: [http://www.rand.org/content/dam/rand/pubs/research\\_reports/RR500/RR564/RAND\\_RR564.pdf](http://www.rand.org/content/dam/rand/pubs/research_reports/RR500/RR564/RAND_RR564.pdf)

Act, the Carl D. Perkins Career and Technical Education Improvement Act of 1996, and Workforce and Community Transition for Incarcerated Youth Offenders.

In FY 2013, the Correctional Education Program awarded 692 students a Maryland State High School Diploma. In addition, 875 students received occupational certificates preparing them for productive employment upon their release. In the academic program 2,367 received certificates, documenting increased literacy skills. Students in transitional classes earned 2,998 certificates for completing courses such as the Employment Readiness Workshop and Introduction to Computers.

### *Overview of One Stop offices*

In partnership with the DPSCS, Maryland's DLLR One Stop Career Center staff provides outreach to correctional facilities with seminars and workshops for inmates and staff on opportunities 'beyond the wall'. Inmates can attend the Employment Readiness Workshop to prepare for a job search and employment post release. DLLR prioritizes the enrollment of students who are 24 months from release. They learn about One Stops and meet One Stop staff in these classes. One Stop Center Staff regularly attend the DPSCS Exit Orientation sessions they schedule in all facilities for those inmates who are 90 days from release.

Maryland's thirty-five (35) One Stop Career Centers are located across the State and they provide comprehensive services to both job seekers and businesses. A wide range of adult and dislocated worker employment and training services are provided to job seekers through core, intensive, and training assistance.

The One Stop Career Center System is the primary vehicle for both adults and dislocated workers to access intensive and training services. Intensive services are provided to unemployed or underemployed individuals who are having difficulty securing appropriate employment through core services. Intensive services include but are not limited to: comprehensive and specialized evaluation, individual employment plan development, group and individual counseling, career planning, case management, and short-term pre-vocational services. Additional intensive services may include out-of-area job search, relocation assistance, literacy readiness, internships, and work experience.

### *Past and Ongoing Assistance to Ex-Offender Small Business Owners*

DLLR's Maryland Re-Entry Initiative (MRI), in conjunction with Correctional Education, the One-Stop Career Centers and other State and community workforce development programs, provides technical assistance, training, programs, and other resources to deliver a comprehensive, collaborative provider network that ensures Maryland job seekers with criminal backgrounds are afforded equal opportunity to services and information to increase their employability skills and prospects for sustainable employment. MRI workshops/information sessions were given at various correctional facilities for those incarcerated citizens who would be returning to local communities and to formerly incarcerated citizens already living in local communities. Workshops and staff training were provided to local One-Stop staff, community/faith-based and government agency staff to ensure that those providing re-entry

services to Maryland's re-entry returning citizens are providing current and up-to-date resources and information.

From July 2013 – June 2014, approximately 3,222 re-entry job seekers were enrolled in the Maryland Workforce Exchange, Maryland's online job seeker/workforce services system, and received employment services, training, and supportive services. Approximately 613 incarcerated individuals received information regarding employability skills, effective job search strategies, employer incentives, community resources, and One-Stop Career Center Services. In addition, approximately 416 professionals received training and other services that included workforce development best practices, 21st Century Employment Readiness Standards, proven strategies and tools for assisting job seekers and referrals for obtaining additional information.

## **DBED**

### *Services Offered to Individuals Seeking to Start a Business in Maryland*

Starting a business is an exciting and challenging undertaking. To help ensure success it is important that entrepreneurs be familiar with the basic requirements in Maryland. The following list provides a good starting point:

- Select the appropriate business structure
- Create and register the business
- Obtain personal property tax information
- Register the trade name
- Obtain federal, state, county and local tax information
- Check county and local zoning requirements
- Check state and local licensing requirements

The Small Business Resources Office (SBR) at DBED provides assistance to individuals who may be interested in starting their own businesses by providing personalized attention to business clients and acting as liaison, information provider, and problem solver. Through hands-on-assistance, SBR helps Maryland's entrepreneurs:

- Navigate local, State and federal government regulations, processes and business contracting opportunities
- Identify and connect to State and federal resources
- Understand permit and license requirements
- Access State and federal small business programs and a host of other services

## **Collaboration**

SBR collaborates with other State and federal government agencies to guide, stimulate and promote small and minority businesses and assist in the creation and development of business initiatives. Examples of State partners include:

- Governor's Office of Minority Affairs
- Department of Housing and Community Development

- Department of Labor, Licensing and Regulation
- Department of Transportation
- Department of General Services
- Department of the Environment
- Department of Natural Resources
- Department of Disabilities

SBR staff at DBED by law are not permitted to act as business advisors or counselors. However SBR is allowed to provide resource information and works closely with the following organizations to assist entrepreneurs establish their business:

**Maryland Small Business and Technology Development Center Network (MDSBTDC)**

The MDSBTDC network provides consulting services and training programs to current and prospective small business owners in Maryland. Services include:

- Free individual counseling
- Business plan assistance
- Accessing capital

Most of MDSBTDC’s locations throughout Maryland have a resource library with information on starting, operating and growing a small business. Regional offices provide resources and referral services to assist Maryland businesses develop, expand and compete globally.

<b>Maryland’s SBTDC Regional Offices</b>			
<b>Region</b>	<b>Counties Served</b>	<b>The Web address</b>	<b>Phone</b>
The Western	Garrett, Allegany, Washington, Frederick	<a href="http://theDepartmentssternmdsbdc.org">theDepartmentssternmdsbdc.org</a>	301-687-1080
Central	Baltimore City, Baltimore, Howard, Anne Arundel	<a href="http://centralmdsbdc.org">centralmdsbdc.org</a>	877-421-0830
Northern	Carroll, Harford, Cecil	<a href="http://harford.edu/sbdc">harford.edu/sbdc</a>	410-836-4237
Capital	Montgomery, Prince George’s	<a href="http://capitalregionsbdc.umd.edu">capitalregionsbdc.umd.edu</a>	301-403-0501
Southern	Charles, Calvert, St. Mary’s	<a href="http://sbdchelp.com">sbdchelp.com</a>	301-934-7583
Eastern	Kent, Queen Anne’s Caroline, Talbot, Dorchester, Wicomico, Somerset, Worcester	<a href="http://salisbury.edu/sbdc">salisbury.edu/sbdc</a>	800-999-7232



## **United States Small Business Administration (SBA)**

The SBA provides financial, technical and management assistance to American citizens who want to start, run and grow a business. The agency's services encompass the full range of assistance, including information on federal procurement assistance, the Small Business Innovation Research program and surety bonding.

SBA's Baltimore District Office serves most of Maryland with the exception of Prince George's and Montgomery counties, which are served by the Washington, D.C. District Office.

- Baltimore Office: 410-962-6195
- Washington, D.C. Office: 202-272-0345

## **Service Corps of Retired Executives (SCORE)**

SCORE is a volunteer association sponsored by the Small Business Administration. SBA staff matches volunteer business management counselors with clients in need of expert advice, helping them identify problems, determine the causes and find solutions. All individual and team counseling is free and confidential; a nominal fee is charged for seminars and workshops.

SCORE also provides online workshops, business plan and financial templates to walk through the business planning process, a free business financing guide, a free internet marketing workbook and sample business plans. SCORE's the website "Small Biz Resource Links," features these topics:

- Biz Planning and Managing
- Communications and Human Resources
- Finance
- Franchising
- Government, International Trade, Legal and Tax
- Sales and Marketing
- Technology and Internet
- US Small Business Administration

### *Past and Ongoing Assistance to Ex-Offender Small Business Owners*

When providing assistance to businesses, DBED does not require the business representative(s) to disclose whether or not they have been convicted of a crime. However, if a business applies for financing through one of DBED's programs, DBED's financing application requires applicants that have been convicted of a crime to disclose and explain the circumstances of the offense. Existence of criminal conviction does NOT prohibit assistance to an applicant. Over the years, DBED has provided financial assistance to three small businesses owned by ex-offenders through the Maryland Small Business Development Financing Authority (MSBDFFA). The purpose of MSBDFFA is to promote the viability and expansion of businesses owned by economically and socially disadvantaged entrepreneurs, and to provides assistance to small businesses that are unable to obtain adequate business financing on reasonable terms through normal financing channels. In 2011, the DBED provided financing assistance to two small businesses in the form of a Line of Credit in the amounts of \$100,000 and \$50,000, respectively.

In 2013, DBED provided financing assistance to one small business in the form of an equity investment in the amount of \$400,000.

## **Methodology and Approach/Development of Concept**

### **A summary of the meetings held and past discussions**

All three agencies took this task very seriously and began work prior to the Act taking effect in October, 2013. The Departments researched programs in Maryland and other states geared to encourage and educate ex-offenders on how to start businesses. The Departments also researched already existing resources available for individuals that want to start a business in Maryland. The Departments used this information to help guide discussions and the direction of this report.

The first joint agency meeting was held in August 2013. At this meeting, Departmental representatives discussed the roles of each agency as related to the report, necessary program components, potential barriers, and set out a preliminary plan for addressing the task at hand. After this meeting the Departments reached out to Senator Pugh and Delegate Pena-Melnyk, as sponsors of the Act, to better understand their expectations. The second meeting was held in October 2013. Senator Pugh attended this meeting and provided some suggestions on moving forward which included reaching out to ex-offenders that have started their own business to determine what challenges they faced. At the last meeting, held in July 2014, the Departments determined final action items and agreed on the components of the concept, which are laid out in this report.

### **Departmental Outreach**

The agencies decided it would be appropriate to contact ex-offender business owners to determine the successes and challenges they have faced. DBED contacted three individuals in its MSBDFa portfolio identified above, as well as a fourth individual identified by Senator Pugh. Three of the individuals were interested in meeting with the Departments. Prior to the meeting, the Departments formulated a list of questions to ask the individuals with the notion that the responses to the questions (included below) would help guide the direction of the concept overall.

- What type of business do you own?
- How long have you been in business?
- What made you decide to open a business?
- Was the decision made before you were incarcerated, while you were incarcerated, or post incarceration?
- Was your decision to open your own business related to your ability or inability to secure employment with an existing company?
- What types of resources did you use to learn about creating your own business, and to guide you through the start-up process?
- Did you experience any hurdles in starting your business? Were any of them related to being an ex-offender?
- Is there any resource that was not available to you that you believe would be beneficial to other ex-offenders that want to start their own business?

Please find a summary of key points from the three meetings below:

Meeting (1): The Departments met with the Owner and President of a Heating and Cooling Company which is registered as a Minority Business Enterprise.

- Education – no high school diploma or GED
- Mentorship – no mentor or advisor – although his father owned his own business.
- Training – he worked for three separate businesses and a previous employer provided training at Baltimore County Community College
- Support Services – participated in a work release program, rehabilitation for substance abuse, and religious support
- Successes – good credit, self-motivated
- Challenges – Obtaining a security clearance, no business training
- Recommendations – providing mentors in the same field/apprenticeships that can help guide potential entrepreneurs

Meeting (2): The Departments met with the owner of a company that operates parking management company

- Education – obtained GED and Associated Degree in Business marketing and management from Hagerstown Community College while in prison (privately funded)
- Mentorship – N/A
- Training – had a background in parking operations since he was 16. When he was released from prison he got a job in the parking industry. He learned by hands on training and was able to replicate a successful model.
- Support Services – N/A
- Successes – Had his own capital
- Challenges – sustaining employment/making a decent wage; obtaining life insurance
- Recommendations – transition from prison is the most important – individuals need a plan; transition should begin 6 months prior to release; mend broken relationships; mandate work release - vocational jobs are key;

Meeting (3): The Departments met with the founder and CEO of a commercial and residential painting company. The Company is MBE certified.

- Education – enrolled in EDGE Entrepreneurial Program at Sojourner-Douglas College
- Mentorship/Training – learned the painting business through hands-on experience working for similar companies; learned by “trial and error”
- Support Services – Church, Maryland Washington Minority Contractors Association
- Successes – Received assistance from the Baltimore City Small Business Resource Center and obtained guidance on cash flow from Meridian Management Group, Inc.
- Challenges – not financially prepared to start a business and did not have the knowledge to estimate the costs
- Recommendations – N/A

**Preliminary discussions/overview of concept**

### *Employment of a 2-Step Approach: Pre and Post Release*

Based on best practices and ex-offender entrepreneurial programs in other states, the cohort believes that it is best to identify potential participants while he or she is incarcerated and begin programming/classes that will continue upon release. Providing the opportunity for inmates to participate in a small business program would incentivize good behavior by allowing more out-of-cell time. Lastly, creating an additional education opportunity and fostering growth as a small business owner could also have a positive impact by lowering the recidivism rate of the participants.

### **Overview of Concept**

#### **Examination of Other Models Across the Nation**

There are a number of government and non-government based ex-offender entrepreneurship training programs across the United States. The agencies reviewed various programs including programs in New York, Oklahoma, Oregon, Texas, and Washington. *See Appendix A for a summary of key programs.* While all of the programs were structured differently, they each shared some broad overlapping themes, which helped us develop a basic structure of such a program and provided us with discussion points and options of components to consider. These included developing criteria for the following:

- Participation
- Skills needed – hard and soft
- Education – types of courses and length of a program
- Support services

#### **Additional Research**

Three other programs provided guidance as to the types of education classes and potential services that could be considered in formulating an entrepreneurship class for offenders (see below). These programs could also provide additional guidance for creation of such a program.

##### **“Project Opportunity”**

Project Opportunity is sponsored by the Salisbury Area Chamber of Commerce Foundation, Inc.<sup>7</sup> While the program is geared to support veterans who are interested in starting a business it provides a model of the types of courses that provide an individual with the education necessary to starting a business. There are three phases to the Program.<sup>8</sup> Phase 1 includes outreach to the community, an overview of the program, and self-assessment. Phase 2 includes an assessment to determine eligibility for Phase 3. Phase 3 is known as “Project Opportunity Business Boot Camp” the actual training program, is 10-weeks long. “Students” meet three hours per week prior to graduation.<sup>9</sup> The content of the program is as follows:

Week 1 – Assessing Your Business Idea and Business Planning

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<sup>7</sup> <http://saccfoundation.org/workforce-development/project-opportunity/>

<sup>8</sup> <http://saccfoundation.org/workforce-development/project-opportunity/>

<sup>9</sup> <http://saccfoundation.org/workforce-development/project-opportunity/>



- Week 2 – The Marketing Plan and Marketing Analysis
- Week 3 – Product, Price, Placement, and Promotion
- Week 4 – Where is the Cash and Managing Money
- Week 5 – Financial Tips and Tools
- Week 6 – Selling Success and Networking
- Week 7 – Business Entities, Accounting Practices, and Government Oversight
- Week 8 – Management
- Week 9 – Websites and Social Media
- Week 10 – Overview of Opportunities Available to Veteran Owned Businesses
- Week 11 – Presentation of Business Concept and Graduation Ceremony

#### “Maryland Capital Enterprises”

Maryland Capital Enterprises is a private nonprofit entity located in Salisbury, Maryland, that strives to support micro businesses.<sup>10</sup> They provide counseling and develop business plans within their service area. They also help entrepreneurs find information, improve their skills, and acquire financing.<sup>11</sup>

#### “The New Revival Center for Renewal”

The New Revival Center for Renewal is a faith-based nonprofit organization that serves ex-offenders in Prince George’s County, Charles County.<sup>12</sup> They are focused on “meeting the needs of returning ex-offenders and their families”.<sup>13</sup>

A snapshot of the services they and their partners offer include:

- Addiction
- Housing and Homeownership
- Food
- Personal Care
- Transportation
- Mentoring
- Youth programs
- Job and Career Development<sup>14</sup>

Additionally, they host a “Create Your Own Job Program” that includes an aspect to educate individuals to start their own business in 90 days or less.<sup>15</sup> The Program is twelve weeks long – and meets for one hour a week offering vocational training in home remodeling and repair services, entrepreneurship training, and small business computer literacy training.<sup>16</sup>

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<sup>10</sup> <http://www.marylandcapital.org/home>

<sup>11</sup> <http://www.marylandcapital.org/home>

<sup>12</sup> <http://nrcr.webs.com/ourstory.htm>

<sup>13</sup> <http://nrcr.webs.com/ourstory.htm>

<sup>14</sup> <http://nrcr.webs.com/ourstory.htm>

<sup>15</sup> <http://nrcr.webs.com/programsandservices.htm>

<sup>16</sup> <http://nrcr.webs.com/programsandservices.htm>

## **Development of Pre-Release Entrepreneurship Class**

### *Potential Syllabus Topics*

It is important to provide an aspiring entrepreneur with a proper foundation. Educational topics should include:

- Developing a Business Plan
- Analyze your Market including your competition
- Targeting your Market
- Managing your Cash Flow
- Running a Profitable Company
- Creating a Profit and Loss Statement
- Analyzing your Financial Ratios
- Promoting & advertising your business
- Using electronic and digital media to establish your on-line presence

### *Identifying Inmate Participants*

If this program were to receive funding and be implemented, the agencies recommend creating an initial pilot program in one institution before expanding the program Statewide in order to gauge the interest and potential success of the offenders in the program. Additionally a pilot program would enable partners and interested parties to identify areas of weakness and improve upon the initial program. DPSCS and DLLR would work jointly to publicize the program throughout the institution where the pilot program is held. Of course, if the pilot program is successful, the informational literature and advertisements would be carried throughout the other institutions as well. DPSCS could submit a request to Maryland Correctional Enterprises, the prison industry arm of DPSCS, to design and print posters and flyers for dissemination in institutional classroom and programming space. DPSCS, DLLR and DBED could create a survey based on the program that could be given to inmates who receive their GED to identify potential candidates.

Pursuant to MD Code Ann. Labor and Employment §11-902, education for inmates is required. The law mandates that inmates must enroll in education or workforce skills classes if the individual does not have a high school diploma/GED, has at least 18 months remaining on their sentence, and is not exempt due to medical, developmental or learning disabilities. In 2013, an average of 3,000 students participated in correctional education programs each day (about 12,000 a year).

Additionally, the inmates would need to be eligible and suitable to be classified to the pre-release security level and within 12-18 of their release date. Requiring that the inmates be on pre-release status in order to participate in the program will assist in ensuring they can continue with the program upon release in a timely fashion. However, there is always a chance that the inmate could commit an infraction that results in the revocation of his or her pre-release status and make them ineligible to continue with the program. Therefore, DLLR and DPSCS Case Management staff should review the inmate's infraction history and determine whether or not the inmate is

appropriate for the program prior to enrollment. Lastly, the parole agent assigned to the offender upon release should be informed of the offender's participation in the program.

### *Hard and soft skills to be taught (DPSCS and DLLR)*

DLLR's Correctional Education program provides academic, library, occupational, and transitional services to incarcerated students in state correctional institutions. The academic program includes Adult Basic Education, GED Preparation, Special Education, English for Speakers of Other Languages, and the Postsecondary Education Program. The Library Program provides recreational, informational, and research services. The Occupational Program offers 20 vocational programs with 12 nationally-recognized certifications. Transitional classes include life skills, financial literacy, introduction to computers, employment readiness and workforce development, and career exploration. Correctional Education prepared incarcerated students to become responsible members of their communities.

### *Identifiable Programming/Educational Space*

Identification of potential programming/educational space is another important factor to take into consideration. If the program receives funding and is implemented, selecting the region to deploy the pilot program will dictate the location of the program. Since DPSCS is divided into three geographic locations (the Northern, Central and Eastern Regions), DPSCS, DLLR and DBED would need to identify a facility in one of the Regions for the pilot after taking into consideration the following factors: (1) academic and non-governmental partners; (2) available DLLR staff to teach courses; (3) availability and location of mentors (see below); and, (4) identifying best pool of inmate candidates to enroll. Furthermore, the program would require the agencies to secure programming/educational space for post-release classes since the offenders could not return to the pre-release facilities due to security concerns, protocol and procedures. This post-release space must be a central meeting location for the ex-offenders to ensure a high level of attendance and easy access to promote success.

### **Development of Mentorship Component**

As previously mentioned, the Departments met with several ex-offenders who own successful small business. Generally, these individuals agreed that providing a mentorship program would be beneficial for program participants because the mentors could provide input based on their first-hand experience, help guide them through the process and discuss methods to overcome typical challenges facing returning citizens. Ideally, program participants would be paired up with mentors who own businesses in the same field or career area the participant is hoping to transition into. The mentorship component would commence during the post-release portion of the program and could continue even after the program has ended.

### **Identifying Potential Partnerships & Post-release Continuance of Entrepreneurship Class**

#### *Existing Resources*

As indicated above, the Small Business Resources Office (SBR) at DBED would be able to provide assistance to offenders who may be interested in starting their own businesses by

providing personalized attention to their needs and acting as liaison, information provider, and problem solver.

#### *Potential Academic Partnerships*

There are a number of academic institutions in the State that offer MBA's and that also strive to positively impact the community they are located in – particularly with respect to promoting economic development. Reaching out to these institutions to develop a partnership would serve to be beneficial to the offenders and the teachers and students within the institution. Institutions could participate in an entrepreneurship program by: teaching the offenders, serving as mentors, inviting offenders to participate in MBA related events. These partners could also assist DLLR in developing a curriculum/syllabus to be taught inside the institution and could teach courses to the participants post-release.

#### *Potential Non-Governmental Partnerships, Grants and Budgetary Constraints*

There are a number of non-governmental entities that could partner with the State to provide education and/or support services. Approaching some of these entities to determine if there is an interest to expand an already existing program is an option. Multiple departments would need to approach foundations, federal agencies, and/or institutions for financial assistance or seed money, unless the program was built entirely in-house with designated funding. However, in-house-only development might not be preferential, as it would lack the integration with the private/foundational partners, who may be required to drive success. Potentially, these partners could assist in funding the post-release education component, offer financial assistance to ex-offenders who successfully complete the program, or provide incentive-based awards to the ex-offenders who present the most promising small business model at the end of the program. Regardless, due to the current economic climate and budgetary constraints, securing funding would present a challenge to the implementation of such a program.

#### **Moving Forward/Conclusion**

Based on the aforementioned research, meetings and discussions, the Departments recognize the practical and economic challenges involved in implementing a program of this nature. However, the Departments have no doubt that such a program, in pilot form, would be worth further exploration.

## Appendix A: Summary of Key Ex-Offender Entrepreneurial Programs in Other States



**Oregon and Washington: LIFE Prison Reentry Program for Women Prisoners (Pilot Program)**

Sponsor: Mercy Corps Northwest (MCNW) <sup>17</sup>

Program: Business Education Program

- Target inmates within 18-24 months of release;
- Curriculum includes financial literacy, business plan development, soft skills (conflict resolution, goal setting, time management), and planning for transition from prison to open society;
- MCNW staff with the help of community experts, volunteers, and experienced students. <sup>18</sup>

Additional Resources: available through MCNW Reentry Transition Center include:

- Access to fax, copier, computer, e-mail, etc;
- Clothing;
- Housing referrals;
- Alcohol and drug assessment;
- Cognitive behavioral therapy;
- Family connections;
- Counseling;
- Mentorship;
- Driver's license reinstatement;
- Financial literacy <sup>19</sup>

**Oklahoma: Entrepreneurial Ex-Offenders Training and Support Program**

• Sponsor: Oklahoma Department of Corrections<sup>20</sup>

• Program

○ Target both male and female inmates across various security level prisons; other requirements:<sup>21</sup>

- High School Diploma or General Educational Development (GED)
- 10th grade Reading and Math Levels
- Release date within 18 months with at least 6 months of actual time remaining
- Strong interest in becoming self-employed.<sup>22</sup>

○ Curriculum includes:

- Workbooks for Successful Living
  - Taking Responsibility and Control
  - Tools for Successful Living
  - Improving Self-Esteem
  - Taking Care of Yourself
  - Making Spare Time Good Time
  - Developing Your Values

<sup>17</sup> <http://www.mercycorpsnw.org/what-we-do/life-prison-curriculum/>

<sup>18</sup> <http://www.mercycorpsnw.org/what-we-do/life-prison-curriculum/>

<sup>19</sup> <http://www.mercycorpsnw.org/what-we-do/life-prison-curriculum/>

<sup>20</sup> [http://www.ok.gov/eeots/Program\\_Intent/index.html](http://www.ok.gov/eeots/Program_Intent/index.html)

<sup>21</sup> [http://www.ok.gov/eeots/Program\\_Intent/index.html](http://www.ok.gov/eeots/Program_Intent/index.html)

<sup>22</sup> [http://www.ok.gov/eeots/Participant\\_Criteria/index.html](http://www.ok.gov/eeots/Participant_Criteria/index.html)

- Character Education
- Parenting
- Owning Your Own Business<sup>23</sup>
- Funding: Federal Grant

### **Texas: Prison Entrepreneurship Program (PEP)**

- Sponsor: PEP is a Houston-based 501(c)(3) non-profit organization<sup>24</sup>
- Qualifications
  - Male
  - Within 3 years of release
  - Clean recent disciplinary case history
  - Minimum education of GED or HS diploma
  - No history of sexual convictions
  - No current gang affiliation
  - Must be committed to personal change
  - Must be willing to be released to a post-release service area<sup>25</sup>
- Program
  - Prep Class (precursor to core program)
    - Time-frame: 3 months – 20 hours of work per week
    - Focus: character transformation, work ethic, and business/computer basics<sup>26</sup>
  - Business Plan Competition (core program/”mini MBA”)
    - Time-frame: 6 months – 1,000 hours of classroom instruction plus hours of homework, group assignments and public events
    - Focus: Textbooks, , Harvard MBA case studies, current events, public speaking, life skills<sup>27</sup> and decision making
    - Mentorship: Introduction to executives to provide feedback and network upon release
    - Goal: to complete a business plan for a venture they could start upon release from prison<sup>28</sup>
- Family Program
  - Engage the family members of participants
    - Update on PEP class
    - Information on reintegration process, forgiveness, and acceptance<sup>29</sup>
- Re-entry Services – include transportation, medical services, counseling, guidance, a support network, and emergency financial assistance<sup>30</sup>
- Additional Support
  - Continuing education<sup>31</sup>

<sup>23</sup> [http://www.ok.gov/eeots/Participant\\_Curricula/index.html](http://www.ok.gov/eeots/Participant_Curricula/index.html)

<sup>24</sup> <http://www.pep.org/who/faq.htm>

<sup>25</sup> <http://www.pep.org/who/faq.htm>

<sup>26</sup> <http://www.pep.org/who/faq.htm>

<sup>27</sup> Life skills include interviewing techniques, dining etiquette, fatherhood, drug and alcohol abuse, marriage, dating, respect for authority, spirituality, etc.

<sup>28</sup> <http://www.pep.org/who/faq.htm>

<sup>29</sup> <http://www.pep.org/who/faq.htm>

<sup>30</sup> <http://www.pep.org/who/faq.htm>

- Business development services <sup>32</sup>
- Funding: Mostly privately funded by donors<sup>33</sup>
- Post Program Support:
  - The weekly housing allowance
  - “Fresh Start Kit” <sup>34</sup>

### **California: Project ReMADE**

- Founder: Stanford Law Student<sup>35</sup>
- Sponsor: Stanford Law School<sup>36</sup>
- Eligibility: Formerly incarcerated individuals<sup>37</sup>
- Program:
  - Teach basic business principles
  - Topics include: accounting, marketing, negotiations, public speaking
  - Provide mentorship by professionals and law and business students
  - 3 Months – 6 sessions; each session is 3 hours long
  - Participants meet with mentor teams<sup>38</sup> to develop business plan <sup>39</sup>

### **New York: Defy Ventures**

- Founder: Catherine Hoke (founder of PEP)
- Eligibility: Formerly incarcerated with felony histories
- Program:
  - Three-Week Introductory Training Program (all applicants must complete)
  - Seven month, three stage intensive entrepreneurship training
    - Applicants must be invited to participate
    - Entrepreneurs-in-Training qualify for startup grants while in the academy
    - Graduates compete for a combined total of \$100,000
    - 10 hours per week on online training and in-person events; 5 hours of independent assignments
    - Heavy emphasis on attendance, punctuality, and dress code
    - Must have basic computer skills
    - Defy has guidelines for the types of businesses it supports

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<sup>31</sup> Continuing education is required for an inmate to graduate from eschool and to receive a cash bonus to invest in the inmates business.

<sup>32</sup> <http://www.pep.org/who/faq.htm>

<sup>33</sup> <http://www.pep.org/who/faq.htm>

<sup>34</sup> <http://www.pep.org/>

<sup>35</sup> <http://projectremade.org/contact-us/>

<sup>36</sup> <http://projectremade.org/faq/>

<sup>37</sup> <http://projectremade.org/faq/>

<sup>38</sup> Mentor team includes a law student, business student, and professional

<sup>39</sup> <http://projectremade.org/faq/>