

FROM PRISON TO PROSPERITY:

A model for job creation and economic self-sufficiency

by Laura Winig, *Venturing Out*

Photograph: iStockphoto



The United States has the highest incarceration rate in the developed world, imprisoning 2.3 million people in 2010 (more than China), or 730 people per 100,000.¹ When prisoners are released, it benefits society to help them find jobs.² Concerned experts from academic researchers to social-service organizations are currently trying to address that challenge. One approach is to help ex-offenders repurpose street skills in ways that enable self-employment in legitimate markets.³

Limited Job Options

In 2010, nearly 4,000 people were released from Massachusetts prisons and jails—70 percent directly to the street, without access to the services that those on parole or in a halfway house receive.⁴ It is not an approach that cuts crime.

According to Department of Corrections 2005 data, for example, three years after their release, 44 percent were reincarcerated. Such recidivism is costly to taxpayers, who shoulder not only incarceration costs (\$46,000 per Massachusetts inmate in 2010), but the subsequent costs to society and to re-offenders' families.⁵

Employment reduces recidivism among formerly incarcerated men and women.⁶ Ex-offenders who are unable to find work are three to five times more likely to commit another crime than are those who find employment.⁷ Beyond providing a paycheck, employment builds work experience, expands skills, and gives the former prisoner a chance to successfully reintegrate into society.

According to a 2011 study by the National Employment Law Project, the increased availability of commercial background checks means that people with any criminal record are shut out of the job market.⁸ Although in Massachusetts Criminal Offender Record Information (CORI) laws were reformed in 2010 to ban employers from asking applicants about their criminal histories on job applications, such questions are allowable in subsequent face-to-face interviews.⁹

The Society for Human Resource Management states that 80 percent of employers now run a criminal check. Especially during an economic downturn, it is understandable that, with a choice of applicants, employers shut out those with criminal convictions.

So self-employment is one of the few viable career alternatives for people released from prison. And self-employment may even tap certain personality traits that made the ex-offender temporarily successful in illegal activity. There is a known correlation between certain personality characteristics—a penchant for risk taking, fierce independence, and entrepreneurial instincts—with success in microenterprise. Thus it is not surprising to learn that an activity as antisocial as drug dealing has a “large and positive association with the probability of post-release self-employment” in a legitimate business.¹⁰ That’s important to know, given that about one-third of prisoners have been convicted of drug-trafficking crimes. No one wants one-third of prisoners returning to drug dealing.

A study conducted by Hofstra University researcher Matthew Sonfield found that

incarcerated individuals “possess similar or higher entrepreneurial aptitude than various types of entrepreneurs.”¹¹ He remarks, “If entrepreneurial ‘propensity’ or ‘aptitude’ is an attribute that some people possess to a greater degree than do others, and if a portion of our nation’s prison inmates possess this attribute, then entrepreneurial or self-employment training for soon-to-be-released inmates and recently released ex-convicts would be a potentially valuable component of our nation’s social policy efforts, and might result in a lowering of recidivism rates.” Indeed, other researchers have found that entrepreneurship experience in illegal businesses is a predictor of the level of business performance and motivation that ex-offenders are likely to achieve when they launch legal businesses.¹²

Incarceration to Incorporation

Prison-based entrepreneurship education began emerging in the 2000s to teach inmates self-employment skills before their return to society. By 2010, more than 30 states offered programs, mostly through nonprofit organizations. Some programs claim hundreds of graduates and scores of successful businesses—bakeries, commercial cleaning ventures, beauty salons, and more. In most programs, students learn the principles of start-up and operations, including business planning, budgeting, financing, marketing, and the like.

A handful of Massachusetts prisons are experimenting with entrepreneurship education to help prepare inmates for reintegrating into society.

gration into the mainstream. The Middlesex County House of Correction in Billerica recently graduated a class of 12 would-be entrepreneurs who took Entrepreneurship 101. It was offered by Venturing Out, a local nonprofit that teaches self-employment skills to men and women nearing release.¹³

“We believe that our students are most likely to achieve economic self-sufficiency if the businesses they launch have low regulatory, taxation, and capital requirements—typically, small service businesses,” says founder Baillie Aaron. Over 12 weeks, students write detailed business plans that are analyzed and critiqued by the organization’s instructors. “Our instructors are not traditional teachers,” explains Aaron. “They are entrepreneurs who bring their wealth of experience launching and running traditional small businesses—lawn care, commercial cleaning, auto detailing, and cosmetology services, for example, into our prison classrooms.”

In Texas, where prison entrepreneurship programs have graduated more than 600 students since 2004, the recidivism rate among graduates has dropped to 10 percent, saving taxpayers millions.

Aaron notes that the curriculum was custom-designed to address the challenges that students will face as they start businesses. “They are unlikely to be able to secure loans or leases and will have limited access to start-up capital.” So they study the practices of successful entrepreneurs who faced the same challenges. The curriculum features many case studies of people who left prison and achieved success on the outside.

Lawrence Carpenter is an example. Incarcerated for six years, Carpenter emerged from prison determined to stay out. He launched a commercial cleaning business in 2004, and by 2011 had built it into a multistate franchise.

“Carpenter had no cleaning experience, no money, and a limited education, but he was street smart and had the drive and determination necessary to succeed as

an entrepreneur,” said Aaron. “Students learn that they can repurpose their experience, regardless of whether it was for a legitimate, informal, or illegal company ... to create enterprises that will enable them to support their families legally.”

In Texas, where prison-based entrepreneurship programs have graduated more than 600 students since 2004, the recidivism rate among graduates has dropped to 10 percent, saving Texas taxpayers millions. As Massachusetts looks to emulate that success, Aaron points out that her newly minted entrepreneurs have an opportunity to give back to society. “When they launch businesses, they become taxpayers themselves and they create jobs—everybody wins. It’s like the old proverb about the difference between giving a man a fish and teaching him how to fish. Rehabilitation should be about teaching the skills they need to stay out of prison, or society will continue to power the revolving door.”

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Endnotes

¹ See International Center for Prison Studies, http://www.prisonstudies.org/info/worldbrief/wpb_stats.php?area=all&category=wb_poptotal.

² In 2010, Massachusetts spent \$11.3 million on offender programs, which included education, vocational, and work programs. See Massachusetts Department of Corrections 2010 Annual Report, <http://www.mass.gov/eopss/agencies/doc/annual-report-2010-12-15-11.pdf>. In 2010, work-skills training was provided to 519 out of the roughly 11,000 people incarcerated. An additional 500 inmates sat for GED testing. See <http://www.mass.gov/eopss/docs/doc/program-booklet.pdf>. The Department of Corrections makes entrepreneurship education available in a handful of facilities through volunteer organizations. Even so, these programs train nearly 150 inmates annually at a cost of approximately \$2,200 per student. The Prison Entrepreneurship Program, a Texas nonprofit that operates entrepreneurship programs, educated 182 students in 2011 at an average cost of \$5,500 per inmate.

³ The Venturing Out program requires that students already have a high school diploma or GED and be within nine months of release. It screens people using criteria the prisons use and are willing to share—for example, educational status, anticipated release date, and behavior within prison. Past offenses are not part of the screening, except that certain classes of offenders are prescreened out of educational opportunities altogether by the

Department of Corrections.

⁴ “Recidivism,” Bureau of Justice Statistics, United States Department of Justice, <http://bjs.ojp.usdoj.gov/index.cfm?ty=tp&tid=17>.

⁵ The recidivism rate is the measure of criminal acts that result in return to prison with or without a new sentence during a three-year period following a prisoner’s release. See <http://www.mass.gov/eopss/agencies/doc/faqs-about-the-doc.html>.

⁶ Robert J. Sampson and John H. Laub, *Crime in the Making: Pathways and Turning Points through Life* (Cambridge, Massachusetts: Harvard University Press, 1993).

⁷ Matthew C. Sonfield, “Entrepreneurship and prisoner re-entry: the development of a concept,” *Small Business Institute Research Review* 35 (2008).

⁸ See <http://www.nelp.org/page/-/SCLP/2011/PromotingEmploymentofPeoplewithCriminalRecords.pdf?nocdn=1>.

⁹ See <http://www.massresources.org/cori.html>.

¹⁰ Ruta Aidis and Mirjam van Praag, “Illegal entrepreneurship experience: Does it make a difference for business performance and motivation?” *Journal of Business Venturing* 22 (2007): 283-301.

¹¹ Matthew C. Sonfield, R. Lussier, and R. Barbato, “The entrepreneurial aptitude of prison inmates and the potential benefit of self-employment training programs,” *Academy of Entrepreneurship Journal* 7, no. 2 (2001): 85-94.

¹² See for example, R.W. Fairlie, “Drug dealing and legitimate self-employment,” *Journal of Labor Economics* 20, no. 3 (2002): 538-563.

¹³ There are few comparable programs in Massachusetts. A woman who volunteers at one facility teaches her own home-grown program. In 2011, another nonprofit, Step-Up Venture University, decamped after a single class. The only published list of programs similar to Venturing Out includes none in New England. See <http://www.inc.com/articles/2009/02/prison-entrepreneurship.html.PromotingEmploymentofPeoplewithCriminalRecords.pdf?nocdn=1>.

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Correction

The title of the chart on page 13 in the spring issue should be “Share of Latino-owned Businesses Relative to the Share of Latino Population,” not “Share of Latino Population that Own Businesses.”