



ENTREPRENEURSHIP FOR THE FORMERLY INCARCERATED: A PROCESS EVALUATION OF THE PATHWAY TO ENTERPRISE FOR RETURNING CITIZENS (PERC) PROGRAM



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Entrepreneurship for the Formerly Incarcerated: A Process Evaluation of the Pathway to Enterprise for Returning Citizens (PERC) Program

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Table of Contents

Executive Summary	i
Implications for Policy and Practice	iv
Section 1: Introduction.....	1
Section 2: Literature Review	3
Section 3: Methodology	7
Section 4: Program Description and Measure of Program Sustainability	15
Section 5: Characteristics of Applicants and Participants	24
Section 6: Participation Levels	30
Section 7: Training Staff Feedback on Program and Participants	33
Section 8: Participant Feedback on Program and Training Staff.....	37
Section 9: Preliminary Outcomes: Changes in Entrepreneurship Knowledge	41
Section 10: Implications for Policy and Practice	44
Section 11: Conclusion	54
References	55
Appendix A: Pre- and Post-Test Entrepreneurship Assessment.....	61
Appendix B: PERC Checklist for Assessing Capital with CNIMFG.....	67

Executive Summary

Introduction

Each year, over 25,000 individuals are released from Illinois prisons and nearly half of them end up returning to prison within three years (Illinois Sentencing Policy Advisory Council, 2015; The Illinois Department of Corrections, 2018). Reentry entrepreneurship training programs have been implemented as one way to reduce recidivism and improve the economic stability of men and women returning to the community from jails and prisons. Entrepreneurship training programs were developed to help overcome barriers inherent in traditional reentry workforce development programs and services such as lack of education, work experience, qualifications, opportunities, and discrimination (The Annie E. Casey Foundation, 2016). Some programs provide the opportunity for small loans to help fund new entrepreneurs. The body of previous research is small, but there is some support that entrepreneurship programs may be a way to help improve outcomes for formerly incarcerated individuals (Johnson, Wubbenhorst, & Schroeder, 2013; Keena & Simmons, 2015; Klein & Mohan, 2017).

Illinois Criminal Justice Information Authority (ICJIA) researchers conducted an evaluation of Pathway to Enterprise for Returning Citizens (PERC). PERC offers classroom training on entrepreneurship and business, mentoring, and the opportunity to obtain a loan to start a business to individuals recently released from prison and living in Chicago neighborhoods. PERC is a collaboration between the Chicago Neighborhood Initiative's Micro Finance Group (CNIMFG), ICJIA, Illinois Department of Corrections (IDOC), several community-based nonprofit training organizations, and multiple private funders. The goals of PERC are to increase employment and self-sufficiency of returning citizens; decrease recidivism; and produce businesses that operate for two or more years.

ICJIA researchers completed a process evaluation examining program planning and development in the first six months of the program by using multiple methods of data collection. The evaluation of the PERC program focused on individuals that applied for PERC in Winter 2017 and completed training in Spring/Summer of 2018. The research attempted to answer the following research questions about PERC:

- Who were the applicants and participants of the program?
- How did the program operate in its first six months?
- What did the stakeholders, training staff, and participants think of the program?
- To what extent did participants learn entrepreneurship skills?

Methodology

The total sample size of eligible applicants to the program was 97. Researchers conducted a randomization procedure to assign eligible applicants to PERC or a comparison group. 72 were assigned to PERC and distributed among agencies based on proximity and the date of their release from prison and 25 were assigned to a comparison group. The randomized assignment to PERC was conducted as part of a future outcome evaluation, though this report focuses on the findings from a process evaluation. The number of active participants providing data through their participation in PERC declined over time, ending with 12 who “graduated” or completed

the classroom training portion. Researchers used the following data collection methods to evaluate the program:

- **Administrative data** provided individual-level data on PERC participants from the following four sources:
 - *Program application forms* offered baseline data on clients and their preliminary business ideas (n=124).
 - *Prison data* provided additional information on clients collected by IDOC (n=97).
 - *Contact/sign-in sheets* tracked of training agency contacts with participants (n=54).
 - *Intake forms* collected supplementary baseline data on applicants (n=26).
- **Surveys** were used to learn from participants, staff, and training agencies, which included:
 - *Pre- and post-test* measured changes in knowledge of entrepreneurship skills before and after the classroom training (n=22).
 - *Post-training participant survey* gathered feedback on experiences with PERC, including satisfaction with the program, instructor knowledge, course content, the degree to which their needs were met, and general demographics (n=9).
 - *Post-training staff survey* on their experience with the program (n=10).
 - *Program sustainability tool* measured the extent to which PERC could be sustained over time based on feedback from the training agencies (n=8).
- **Focus groups** were held with PERC training agencies (n=10), as well as one with stakeholders to learn more about program development (n=5).
- **Interviews with PERC participants** were conducted to learn about experiences before, during, and after the program (n=6).

Program Description

In 2016, program stakeholders raised \$1.4 million dollars to fund PERC, including money for small loans for participants. In January 2017, stakeholders sent out a request for proposals (RFP) for agencies to provide entrepreneurial training and education, as well as business mentoring. Stakeholders selected three training agencies—Bethel New Life, Safer Foundation, and Sunshine Enterprises, all nonprofits based in Chicago. The trainings started in March 2018 and used different training models and curriculums. The trainings used lectures, homework, and group work to teach their curricula to returning citizens recently released from prison.

Program application, selection, and assignment. PERC stakeholders from ICJIA and CNIMFG conducted informational sessions at eight correctional facilities in November 2017. To be eligible for the program, potential participants had to voluntarily apply and fully complete an application. A total of 124 prisoners filled out applications for PERC; 97 applications were eligible for the program. Twenty-seven applications were excluded due to incompatible release dates (in relation to the date classroom trainings started), missing or non-Cook County addresses, convictions for specific financial crimes or Class X sex offenses, or an incomplete consent form. After the application and selection process, the 97 eligible participants were randomly assigned—72 to the PERC program (treatment group) and 25 to a comparison group (control group). Those selected to the program were notified by staff in prison or staff at a PERC training agency.

Measure of program sustainability. Eight staff from three PERC training agencies completed the survey that includes questions in eight domains to measure the extent of program sustainability. Based on all survey responses, the extent of sustainability of PERC overall was 5.2 out of 7 (1=Little/no extent to 7=Very great extent). Lower overall average scores included funding stability (4.6), communication (4.8) and strategic planning (4.9). Improvements in some of these domains could be achieved by seeking additional sources of funding, including community members in development, enhancing program marketing, and/or sharing information about challenges and successes with the community.

Applicants and Participants

Most of the 124 PERC applicants were Black (73 percent) and/or male (81 percent), and 73 percent had at least a high school education. Based on applications, the top four most selected (participants could select more than one) reasons for applying to PERC were learning how to launch a business (88 percent), learning how to access funding/ funders (79 percent), creating a business plan (74 percent), and financial management (74 percent). Further, the top three business ideas on applications were restaurant/ food service (17 percent), real estate/ construction (14 percent), and fashion/ beauty/ crafts (9 percent).

PERC Participants

Demographics, Resources and Backgrounds. Most of the 26 participants with completed intake forms were Black (73 percent) and/or male (85 percent), had at least a high school education (64 percent), and/or had never been married (72 percent). When reporting about living circumstances and access to resources, 12 percent reported having a reliable car, 46 percent reported having some kind of health insurance, and 92 percent reported having a place to live for the next six months. In addition, 42 percent of participants had prior managerial or supervisory experience. Only 19 percent knew their credit score. Based on IDOC data, three PERC participants had a mental health illness and 10 had a substance dependence.

Self-assessment of entrepreneurship skills. Most PERC participants *agreed* or *strongly agreed* that they wanted to start a business in the next 12 months and that starting a business was not easy. Only a few participants reported having a network of people who could help them start a business (21 percent) and knowledge of how to improve their credit score (42 percent).

Contact, attendance, and completion. Of 72 eligible applicants accepted and selected into PERC training, attendance data indicated that 20 participants attended one or more training classes, meaning 72 percent did not attend any PERC classes. Additionally, class attendance went down over time with 16 participants in week one, and 10 in week 12. The average class attendance was 9.6 participants per week. There were 12 training graduates out of 72 eligible participants—a 17 percent training completion rate. The 12 training graduates had higher-class attendance (47 to 100 percent attendance) compared to non-graduates (13 to 40 percent).

Feedback from Stakeholders, Training Staff, and Participants

Forty percent of training staff were satisfied overall with PERC; however, 90 percent supported future involvement with PERC. Sixty percent agreed that implementation went smoothly and 80 percent received training needed to perform their role. Another 80 percent agreed or strongly agreed that they were supported by PERC staff. Seven of 10 training staff responded that it was *somewhat* or *very difficult* to make initial contact with applicants. PERC training staff offered suggestions to improve PERC including closer training location proximity (n=3), expanded recruitment (n=3), and enhanced pre-release contact (n=2). Most staff reported transportation as a key issue that participants faced and for which they received help from PERC. Many staff believed that the program prepared participants to start their own business (n=6) and prepared them for the traditional job market (n=6).

PERC stakeholders thought the program needed to increase engagement including pre-release contact. Stakeholders noted in a focus group that the population served was transient and difficult to keep in regular contact with—which may have affected program retention. PERC participants suggested more flexibility in the classroom training such as holding training classes at different times of day, especially to accommodate participants who were employed.

Participants were positive regarding most aspects of the program including the quality and helpfulness of the class. However, four stated that there was too much homework. Eight of the 9 surveyed participants reported that the skills they learned in PERC could help them in future job interviews. All participants agreed that training staff were knowledgeable and helpful to them in many aspects of training—answering questions, offering feedback, and explaining course material. Additionally, all nine of the surveyed PERC participants agreed (n=4) or strongly agreed (n=5) that training staff were knowledgeable about reentry issues. Overall, PERC participants responded favorably regarding the quality with which training staff treated them. This included being respectful, listening, being trustworthy, and being professional. PERC participants reported being helped with education (83 percent) and transportation (85 percent).

Changes in Entrepreneurship Knowledge

An assessment of entrepreneurship knowledge was administered twice—before the program started (as a pretest) and after the classroom training portion of the program (as a posttest). Eight of 12 program graduates completed a posttest. Four individuals had more correct answers after training, two had fewer correct answers, and one stayed the same.

Implications for Policy and Practice

Understand the reentry population and address their needs. Based on the focus groups, the bulk of the entrepreneurship training agencies' prior experience was with serving mostly women participants and very few formerly incarcerated individuals. Their experience was focused on the training aspects, but the trainers may have had little exposure to individuals involved in the criminal justice system. It is important that all involved in the program understand the population they are serving, including their unique needs and challenges. PERC staff and stakeholders should be trained on those issues, as well as the reentry process, including services offered in prison, and during parole processes. The program should map reentry resources that are available, as well as those that are needed in the community area served by the program (The Council for State Governments, 2005).

Consider recidivism risks. PERC is a social program designed to not just offer entrepreneurship training, but impact recidivism among individuals who are formerly incarcerated and, to some extent, disadvantaged in society. Social programs are different than typical educational programs in that they want to assist the most at-risk individuals (also harder to treat) than those with the least risk (Andrews & Bonta, 2017; Lowenkamp & Latessa, 2005; Lowenkamp, Latessa, & Holsinger, 2006; Sperber, Latessa, & Mararios, 2013). Based on decades of study, criminal justice researchers have identified principles—Risk, Need, & Responsivity or RNR—that have been proven effective to reduce recidivism (Andrews, Zinger, Hoge, Bonta, Gendreau, & Cullen, 1990). Research has found programs that do not adhere to the RNR framework are likely to increase recidivism risk, not decrease it (Andrews & Bonta, 2017). In addition, the program should avoid creaming or taking only the very best candidates.

Enhance training. Returning citizens face many barriers, such as access to transportation, lack of financial resources, and parole requirements (Vigne, Davies, Palmer, & Halberstadt, 2008). Attendance data, training staff comments, and participant comments highlighted the need for expanded training accessibility. Several participants were unable to attend classes due to work obligations or transportation. Further, participants specifically mentioned a need for training at different times and attendance data indicated that class attendance varied. If PERC worked to develop an online curriculum, include more locations, or offered a stipend to increase the overall flexibility of the program, then conflicts with accessibility could be reduced. PERC should expand training accessibility, as much as financially possible, to increase retention, participation, and the overall success of the program.

Research on entrepreneurship, and training curriculums specifically, is limited. Therefore, it is difficult to implement an evidence-based entrepreneurship curriculum. Despite this, there are some best practices that could be integrated within training. For example, it has been found that experiential learning, or “learning by doing,” is more effective for developing entrepreneurial skills and attitudes than traditional methods like lectures (European Commission, 2008; Walter & Dohse, 2009). The PERC program should continue this practice and work to incorporate as much experiential learning as possible to increase the effectiveness of the training. In addition, a class syllabus that conveys expectations and rules generated by participants themselves could positively influence accountability and classroom outcomes (DiClementi & Handelsman, 2005; Taxman & colleagues, 2004).

Adapt entrepreneurship curriculum to population. While it is possible that training agencies are utilizing a suitable curriculum during the training process, current entrepreneurship curriculums were not developed to serve returning citizens. The PERC program should work to ensure that the curriculum used is adapted to this specific population, making changes whenever necessary.

Increase retention of participants. Only 17 percent of PERC participants completed the training, indicating a low program retention rate. While it is quite common for programs targeting returning citizens to experience issues with retention (Marks, Kendall, & Pexton, 2016), there are some ways that programs can increase participation. Factors that influence the retention of returning citizens include easing parole conditions and constraints, enhancing

motivation and self-image, removing other barriers, offering case management services, and mentoring (Houston, 2006). The PERC program should engage participants pre-release and work with parole officers to potentially increase retention in the program.

Garner support and secure sustainable funding sources. Training agency staff responses indicated program communication and strategic planning could be improved. The program could do more to communicate with stakeholders, market the program and gather support. This may include more frequent planning and reporting meetings, a PERC website or the use of social media such as Facebook, Twitter, and Instagram (Rakis, n.d.). By publicizing the program, PERC can potentially gather more interest in participation; obtain volunteers and mentors; and increase funding and donations (Reichert, Powers, & Skorek, 2016). PERC was funded through private organizations; however, training staff reported low funding stability. Stakeholders should work to secure additional funding sources including government grants such as those through the Department of Labor and the Department of Justice.

Examine the mentoring process. Mentoring is a component of many reentry programs and can facilitate more successful reentry to the community if well-designed, well-implemented, and evaluated. Researchers did not observe any clear guidelines for implementation of the mentoring components, so it recommended that it be evaluated and that best practices be utilized. Mentor training is important to the success of the program, especially if recruiting business persons who have limited experience with formerly incarcerated individuals (Albis, 2017).

Continue research evaluation and gather evidence-base on effectiveness. Research is vital to any reentry program to learn critical information about programs and what works and what does not. There is a lack of research specifically on reentry programs offering entrepreneurship training (Cooney, 2012). Therefore, as the PERC program continues, research should be an integral part of the program. PERC leadership should collectively decide on research questions to be answered, which should be based on the logic model and have agreement from all stakeholders or advisory group. In the future, the pre- and post-tests should be based on the curriculum being taught in trainings. In addition, future PERC researchers should create or find a validated measure of entrepreneurial knowledge. The program should test aspects of program, such as randomizing those who receive pre-release assistance compared to those who do not to measure outcomes.

Conclusion

Researchers outlined many recommendations to improve PERC. Stakeholders in future programming should allow significant time for program planning. After a lengthy and thorough planning process, stakeholders should consider piloting the program on a smaller scale. The pilot should be evaluated so that evaluation findings can be used by stakeholders in discussions on lessons learned and programmatic changes for improvement.

Section 1: Introduction

In 2016, 2.3 million people were incarcerated in the United States. Nearly 1.4 million citizens were held in state prisons, 650,000 in local jails, and 200,000 in federal corrections (Wagner & Rabuy, 2016). Ninety-five percent of incarcerated men and women will eventually be released back into the community (Bureau of Justice Statistics, n.d.). Unfortunately, many released will end up returning to prison, a long-standing problem often referred to as a “revolving door.” In Illinois, 27,150 individuals exited prison custody in fiscal year 2017; approximately 48 percent of them will return to prison within three years (Illinois Sentencing Policy Advisory Council, 2015; The Illinois Department of Corrections, 2018). For a single recidivism event in Illinois, the imprisonment and victim costs average \$118,746 (Illinois Sentencing Policy Advisory Council, 2015). In addition, those who are imprisoned lose control over their lives, face the threat of victimization (Wolff, Blitz, & Shi., 2007), and are alienated from their families. These issues place a major burden on local communities and the state (Solomon et al., 2008; Wolff et al., 2007).

The difficulty individuals face in finding employment in Illinois post prison release is exacerbated by the fact that the majority return to a small number of underserved, impoverished, and racially segregated communities throughout Chicago, where access to resources and support is limited (La Vigne, Mamalian, Travis, & Visser, 2003; Yonek & Hasnain-Wynia, 2011). Fifty-four percent return to the communities of Auburn Gresham, Austin, East Garfield Park, Humboldt Park, North Lawndale, Roseland, and West Englewood (Vishner, 2005). High school graduation rates in these communities can be as low as 50 percent, with up to 40 percent of families living at or below the poverty level, and nearly one out of every six houses vacant (La Vigne et al., 2003). Men and women returning to more affluent communities may have more time, reduced pressure, and greater social capital with which to find a job upon release.

Reentry programs can help the formerly incarcerated, often referred to as “returning citizens,” transition successfully back to the community by addressing unmet needs, challenges, and risk factors faced after prison. The needs of returning citizens may include immediate housing and housing stability, substance use treatment, mental health treatment, and economic stability. A common need is for stable employment, and returning citizens face numerous barriers in meeting this need. The stigma of a criminal record, the inability to develop valued workforce skills while incarcerated, and other collateral consequences reduce a returning citizen’s likelihood of finding a stable, living-wage job (Mock, 2016; Western, 2002). This issue disproportionately affects women reentering the community (Lalonde & Cho, 2008).

Reentry entrepreneurship training programs are designed to reduce recidivism and improve the economic stability of men and women returning to the community from jails and prisons. While the body of previous research is small, and the rigor of methodologies employed is limited, existing work supports the idea that reentry entrepreneurship programs may be a way to improve a wide spectrum of reentry-related outcomes.

Illinois Criminal Justice Information Authority (ICJIA) researchers conducted a process evaluation of a new program in Illinois, Pathway to Enterprise for Returning Citizens (PERC). Researchers sought to examine its capability as a reentry program. PERC offers classroom training on entrepreneurship and business, mentoring, and the opportunity to obtain a loan to start a business. PERC is a collaboration between the Chicago Neighborhood

Initiative's Micro Finance Group, ICJIA, Illinois Department of Corrections, several community-based nonprofit training organizations, and private funders. ICJIA researchers collected data via multiple methods to complete a process evaluation examining program planning and development in the first six months of the program. An outcome evaluation also is under way, with expected completion later this year.

Section 2: Literature Review

Entrepreneurship Programming in Corrections

Workforce development programs were first developed on a wide-spread level in the early 1960's during the "War on Poverty" (Holzer, 2008). The U.S. Department of Labor, with support from private philanthropy and state/local governments, has continued to fund these programs. Workforce development programming provides job skills training and development under the theoretical assumption that increasing marketable skills will lead to higher rates of employment, greater income, and less recidivism. These services are administered by correctional agencies during imprisonment and community organizations upon release. A study conducted by the U.S. Bureau of Justice Statistics found nearly half of all U.S. prisoners lacked access to vocational training programming, primarily due to budget constraints (Harlow, 2003).

The three most common employment-related reentry programs include (Holzer, 2008):

- **Job placement** to cultivate relationships with employers willing to hire ex-offenders and connect participants with those employers.
- **Job training** with an educational approach, teaching skills required for entry into the workforce.
- **Supportive services** to remove barriers that prevent workers from maintaining employment (i.e. anger management and distress tolerance, free/affordable childcare).

Unfortunately, the stigma and discrimination associated with having a criminal record and the narrow scope of training available often limit the ability of these programs to translate the employment skills developed into permanent, full-time, living-wage positions (Solomon, 2012; Visher, Winterfield, & Coggeshall, 2005; Wells, 2014). The Urban Institute completed a series of employer surveys administered in various large metropolitan areas between 1992 and 2001 and found 40 percent of employers would not hire an ex-offender (Holzer, Raphael, & Stoll, 2003). In neighborhoods with high concentrations of formerly incarcerated persons, it is simply not possible for all returning citizens to find quality employment within a reasonable distance from their homes, regardless of their skill level.

To try to overcome barriers inherent in traditional reentry workforce development programs and services, entrepreneurship training programs have emerged as an alternative. Entrepreneurship training focuses on the skills required to start and operate one's own business. The purpose of entrepreneurship training is specific, unlike broader business skills training (Martinez, Levie, Kelley, Saemuddson, & Scott, 2010). Some skills that are generally included in entrepreneurship education include negotiation, leadership, creative thinking, technology training, new product development, venture capital, idea production, and business plans (Kuratko, 2005).

Theoretical framework of entrepreneurship programs. The theoretical rationale for teaching entrepreneurship skills is based on a recognition of the social conditions faced by ex-offenders, the strengths they have, and internal mechanisms of behavioral change.

- **Social conditions:** Entrepreneurship education and starting a business can help formerly incarcerated men and women circumvent workforce discrimination and stigma while creating an opportunity for high wages and economic stability (Lindahl, 2007).
- **Strengths-based:** When opportunities are slim, people are forced to create their own pathways to survival; this is the spirit inherent in much of entrepreneurship. Research indicates prisoners may have a unique entrepreneurial aptitude (Sonfield, Lussier, & Barbato, 2001). This is especially true for those who were involved in illegal enterprises, such as the manufacture and distribution of drugs (Sonfield et al., 2001). For people who struggle with anger and conflict resolution, being one's own boss may reduce the risk of losing employment.
- **Internal mechanisms of behavioral change:** Self-efficacy theory posits that the belief in one's own agency and efficacy is directly predictive of how a person will respond to challenges; whether they will respond with sustained effort and healthy coping mechanisms or with less productive methods (Bandura, 1977; Bandura, 1982). Self-esteem that is developed while writing a business plan, learning from successful entrepreneurs, and working to improve one's life may lead to an increase in self-efficacy, and in turn, improved outcomes.

Reentry entrepreneurship programs tend to focus on low-risk, low buy-in business models that reduce the chance of credit damage and debt in the event of business failure. Buy-in in this context refers to the capital required to start the business and purchase required equipment. If the business is not successful, these funds may be lost. Common business models include barbershops/hair and nail salons, landscaping, and cleaning crews. These models are low-risk because the start-up capital and ongoing operation expenses are low, increasing the chance of survival. Rather than opening a business, some participants use the entrepreneurial skills gained to create a flexible source of income that supplements low-wage or part-time employment. For example, a part-time food service industry worker might sell her crafts online in her free time. Others use their knowledge of managerial and legal aspects of business operation to find higher paying traditional jobs.

Micro-lending history and theory. After receiving training and creating a feasible business plan, securing start-up funding is the next step before opening a business. Many reentry entrepreneurship programs utilize a micro-lending model to help fund start-ups. Social micro-lending was initially developed internationally as a poverty prevention effort (Seibel, 2003). Beginning in the 1980's, microfinance organizations began making small loans to women in poverty in villages throughout Bangladesh to make systemic impact on poverty (Khandker, 2005). Micro-finance was viewed as a way to both help individuals and support large-scale community development (Hulme, 2000). In Western Europe and the United States, immigrant groups helped their members by providing low interest loans for the purchase of homes or to start-up a business, thereby avoiding financial institutions that may take advantage of immigrants and the poor with predatory lending (Khandker, 2005). Today, U.S. micro-lending is generally conducted by non-governmental organizations which make small loans with low interest rates. This is part of an effort to stimulate economic independence for marginalized groups when traditional loan methods would be unavailable due to bad/no credit and no collateral. As Yunus stated in his 1999 book, offering loans to people who are part of disadvantaged populations might be a sensible way to utilize the skills they already have:

I firmly believe that all human beings have an innate skill. I call it the survival skill. The fact that the poor are alive is clear proof of their ability. They do not need us to teach them how to survive; they already know. So rather than waste our time teaching them new skills, we try to make maximum use of their existing skills. Giving the poor access to credit allows them to immediately put into practice the skills they already know. (p. 140)

Prior Research on Prison and Reentry Entrepreneurship Programs

The body of research evaluating reentry entrepreneurship programming is small and very few studies evaluate programs that incorporate micro-lending as part of their structure. Although evaluation findings tend to be positive, there are some methodological limitations. Sample sizes are usually small and participant assignments to training are not randomized. In addition, programs are highly selective of candidates, choosing mostly those with very low recidivism risk. The lack of methodological rigor creates limitations to the conclusions drawn from existing research. The following are results of studies on specific programs.

The Prison Entrepreneurship Program. The most widely researched model is the Prison Entrepreneurship Program (PEP), providing pre-release services to men in Texas prisons. Participants accepted to the program are transferred from prisons throughout the state to the Cleveland Corrections Center (Johnson, Wubbenhorst, & Schroeder, 2013). Established in 2004, PEP has graduated over 1,300 ex-offenders from its program. The program is largely volunteer based, administers lessons via a network of university professors and business leaders, and asks participants to compete among other entrepreneurs to receive micro-loan funding to start their businesses (Johnson et al., 2013).

Studies examining PEP have used a number of research methodologies, including case study analysis (Patzelt, Williams, & Shepherd, 2014), process evaluations/conceptual modeling (Sauers, 2009; Sonfield, 2008), and quasi-experimental design (Johnson et al., 2013). The recidivism rate for participants of PEP ranged from 4 to 7 percent depending on the study, which is lower than the average of 20 percent for other similar Texas inmates (Johnson et al., 2013; Smith, 2009.). Researchers calculated the return on investment for PEP, finding a 340-percent return for every dollar spent on the PEP program for participants after five years. Put another way, businesses made \$3.40 for every dollar spent on PEP. Furthermore, 93 percent of participants were still employed after one year (Johnson et al., 2013; Smith, 2009). PEP reports a 100 percent employment rate within 90 days of release on its website, with an average wage of \$11.50 per hour. The website also states that 100 percent of graduates are still employed after 12 months (PEP, n.d.).

Ice House Curriculum. Another model uses a curriculum developed from the book “Who Owns the Ice House: Eight Lessons from an Unlikely Entrepreneur,” by Clifton Taulbert and Gary Schoeniger (2010). This model is less focused on formal business development, instead teaching participants how to seize opportunities to provide marketable and in-demand items and services. This model has been implemented and evaluated in a maximum-security Mississippi prison, using nonrandom unstructured phone interviews with current and former program

participants. Researchers reported a 66-percent employment rate and 26- to 29-percent program completion rate at a cost of only \$300 per student (Keena & Simmons, 2015).

Mercy Corps Lifelong Information for Entrepreneurship. Expecting unique benefits to families and communities when women returning from prison become self-sufficient and economically stable, the Lifelong Information for Entrepreneurship (LIFE) program was initially developed with women in mind and launched at a women's prison facility. At Coffee Creek Prison in Oregon, the LIFE program currently operates a 32-week course that awards participants who produce a viable business plan a small grant (not a microloan) upon release. The LIFE program's annual report stated its participants are 41 percent less likely to recidivate than a comparison group; the methods used to calculate this rate are not described (Klein & Mohan, 2017).

Summary of the Literature on Reentry Entrepreneurship Training

Returning citizens are faced with many unmet needs, challenges, and risk factors following their release back into the community. For many, homelessness and housing instability, substance use disorders, mental health issues, and economic instability are just a few of the challenges that lie ahead.

Entrepreneurship training programs, specifically those that offer micro-lending, can help the formerly incarcerated transition successfully back into the community. These programs help stimulate economic independence for marginalized groups when traditional loan methods are inaccessible to them due to issues with personal credit or collateral. While research on prison and reentry entrepreneurship programs is limited, studies suggest these programs are beneficial to returning citizens. Methodological limitations to the studies make it difficult to formulate conclusions about program effectiveness, however.

Section 3: Methodology

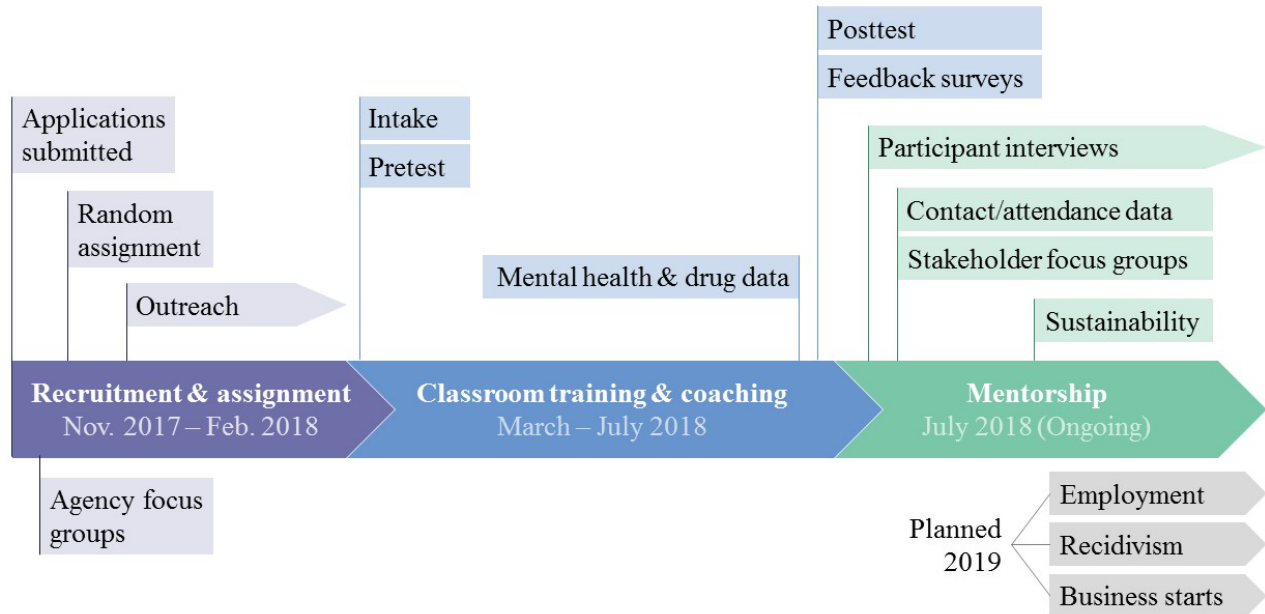
This evaluation of the PERC program focused on the first cohort of PERC participants. These individuals applied for program participation in Winter 2017 and completed training in Spring/Summer 2018.

The research attempted to answer the following research questions about PERC:

- Who were the applicants and participants of the program?
- How did the program operate in its first six months?
- What did the stakeholders, training staff, and participants think of the program?
- To what extent did participants learn entrepreneurship skills?

The research methods incorporated administrative data; focus groups with training agencies and stakeholders; feedback surveys of training staff and participants; and participant interviews. Administrative records included application forms, sign-in sheets, intake forms, pre- and post-tests, and surveys. The research process, including assignment, data collection, and analysis, began in November 2017 (*Figure 1*). All data collection components of the evaluation were approved by the ICJIA’s Institutional Review Board.

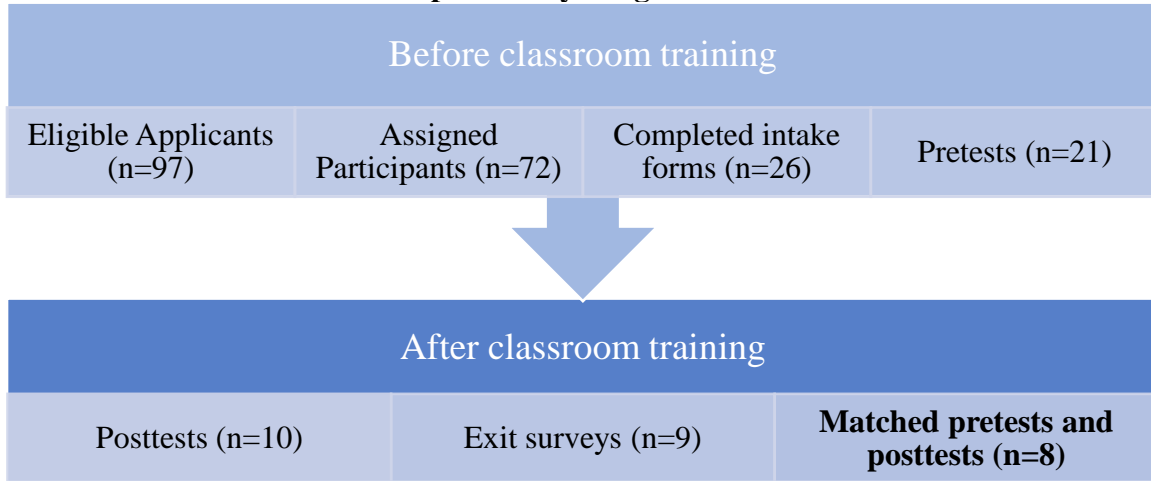
Figure 1
Research/Data Collection Timeline



Participant Sample Size

The sample size of eligible program applicants was 97. However, the number of active participants providing data throughout their program participation declined over time (*Figure 2*). A high rate of participant attrition was evident at the start of the program; not everyone accepted completed the program. As a result, response rates varied by program phase.

Figure 2
Sample Size by Program Phase



Administrative Data

Upon submission of an application to PERC, program applicants were required to provide written consent to participate in the study, and researchers matched and tracked individual-level administrative data.

Application forms. PERC program applications were distributed at informational sessions in Illinois correctional facilities in November 2017 with a due date of approximately two weeks. Application forms also were left for those who could not attend the information session. PERC participants completed applications while in prison. Upon IRB approval of the study, ICJIA researchers sent study consent forms and a distribution protocol to the prison personnel who distributed them to the applicants for completion. Prison personnel collected and mailed all forms to the ICJIA. A total of 124 individuals completed an application.

Applications were reviewed by PERC program leadership with the help of researchers to determine eligibility based on preset program criteria and study requirements (i.e. signed consent forms). In the end, 97 applicants were eligible for the study based on their offense types, addresses and completed consent form. Researchers collected information from their applications to establish baseline data and to randomly assign applicants to the treatment and control group. Data elements collected included name, date of birth, gender, race, social security number, IDOC facility, housing situation upon release, address upon release, phone number, release date, and education level. In addition, the form asked applicants to select a reason for their interest in PERC, report history of prior business ownership, explain their business ideas, and describe who would want to buy their products or services. Researchers entered and analyzed the application data using Microsoft Excel.

Random assignment to PERC. Random assignment of eligible applicants to the program was conducted to enable a long-term comparison of outcomes between program participants and a comparison group. ICJIA researchers assigned a numeric code to each eligible applicant and a letter code to each of the four training agencies. The coded names, program

preference rankings (based on proximity to the applicant), and number of available slots for each training agency were sent to external researchers at BetaGov for random assignment. BetaGov is a collaborative team of researchers at New York University's Marron Institute that help government organizations conduct rigorous program evaluations at no cost. BetaGov conducted the random assignment while considering program rankings – created by calculating the distance from each program's main training facility to the address individuals listed on their applications. Smaller distances translated into a higher preference ranking. Random assignment was conducted this way because of the unique geographic considerations, quick turnaround necessary, and limited ICJIA staffing.

Illinois Department of Corrections data. ICJIA researchers were granted access to the Illinois Department of Corrections' Offender360 offender management database. In June 2018, researchers obtained IDOC records for 97 PERC applicants. Data variables included race, gender, admission and discharge dates, mental health evaluation, security level, and Texas Christian University (TCU) Drug Screen 5 screenings. The TCU Drug Screen 5 screens for mild to severe substance use disorder, and "is particularly useful when determining placement and level of care in treatment" (Institute of Behavioral Research, 2017). Researchers received a Microsoft Excel file of the Offender360 data and analyzed the data using Excel and SPSS statistical software.

Contact/Sign-in sheets. Researchers provided training agencies with a spreadsheet template to keep track of contacts with participants. Training agency staff customized the spreadsheet to track initial contact attempts, class attendance, and barriers to attendance and participation. The files were provided to researchers electronically by the PERC program manager and analyzed with Microsoft Excel. Information for 72 participants was available on these sheets, with varying levels of data completeness.

Intake forms. Before the trainings began in March and April, PERC staff asked participants to attend an orientation and fill out a 21-question intake form, created by researchers to collect participant demographics, needs as returning citizens, and general financial situations. Training staff collected, scanned, and emailed 26 intake forms to ICJIA researchers who entered and analyzed the data using Microsoft Excel. This information was collected to inform program enhancement.

PERC Participants Surveys

Participant Pretests and Posttests. Researchers, with input from the PERC training agencies and stakeholders, produced a basic assessment to measure changes in knowledge of entrepreneurship skills (see *Appendix A*). This assessment was based on an entrepreneurship test previously produced by the Center for Urban Research and Learning at Loyola University Chicago, which was provided electronically to researchers by a training agency staff member. The assessment comprised of two parts, an objective knowledge test and a subjective knowledge rating (i.e. self-assessment). The two parts were administered by training staff, guided by research protocols, at two points in time—before classroom training was given (pretest) and after classroom training was complete (posttest).

In the objective knowledge test, participants were asked 23 substantive questions (excluding date, name, and program phase). The questions included three on the participants' business idea/plan that were not scored, but were included so that changes to the business idea/plan after the completion of classes could be analyzed. Thus, participants were asked 20 questions about business terms, entrepreneurship concepts, business plans, marketing, finances, and promotion. Based on responses on the pretest and posttest, four open-ended questions were deemed to have been too vague or unclear and were not scored. Those questions were excluded from use in the score calculation. Correct answers for each of the remaining 16 questions were worth one point, for a total score ranging from zero to 16 points. The scored questions included open-ended, multiple choice, and fill-in-the blank questions.

The subjective portion of the assessment consisted of 23 additional questions that asked participants to rate their own knowledge about entrepreneurship and their potential businesses. Sixteen of the questions were on attitudes toward entrepreneurship and knowledge about business and were rated on a 5-point Likert scale from "Strongly Disagree" to "Strongly Agree," including a "Neutral" option in the middle. Seven self-assessment items asked participants to rate how clear their understandings were on specific aspects of their business ideas. Ratings were on a 5-point Likert scale with choices of "Not Clear at All," "Somewhat Unclear," "Neutral," "Somewhat Clear," "Very Clear," and "Does not apply."

A total of 22 individuals completed both parts of the pretest and 10 individuals completed both parts of the posttest. Just nine of those individuals completed both the pretest and posttest. Some participants did not complete each part in its entirety, leading to some missing data. Training staff scanned all tests and emailed them to ICJIA researchers who entered and analyzed the data using Microsoft Excel.

Following the completion of classroom training, ICJIA researchers decided an attempt to validate the assessment through exploratory factor analysis would not yield any interpretable findings due to the small sample size (22 individuals completing the pretest and 10 completing the posttest). Research generally suggests that sample sizes over 100 are best when validating even short scales, with varying agreement over the exact number (Mundfrom, Shaw, & Ke, 2005).

Post-training participant feedback survey. In addition to the posttest assessment, PERC staff, guided by research protocols, administered anonymous exit surveys to participants after the final class. The survey consisted of 21 questions seeking feedback on program satisfaction, instructor knowledge, course content, and the degree to which their needs were met. Demographic information was requested on the survey form as well. Participation was voluntary and trainers were instructed to leave the room while participants completed the survey. To ensure confidentiality, completed surveys were collected by a designated individual who was not a trainer. Nine participants who attended training at two of the three training agencies responded to the survey; seven were male and all were Black. Training staff collected, scanned, and emailed the surveys to ICJIA researchers who entered and analyzed data using Microsoft Excel.

Training Agency Surveys

Post-training staff survey. Following the training, PERC trainers, coaches, managers, and caseworkers were asked to complete an online survey on staff demographics of program experiences. Participants were provided an online consent form and asked to click “agree” before taking the survey. Ten trainers from three agencies took the survey. Seven were male, three were female, seven were Black, and three were other races. PERC staff participants surveyed included managers, trainers, mentors, and individuals serving in other roles. The survey was created in Qualtrics’ survey platform, downloaded, and analyzed using Microsoft Excel.

Program sustainability tool. Researchers administered an online version of the Program Sustainability Assessment Tool (PSAT) (Luke, Calhoun, Robichaux, Elliott, & Moreland-Russell, 2014) to staff at four PERC training agencies. The PSAT asks 40 questions to measure sustainability, comprised of five questions in eight domains: environmental support, funding stability, partnerships, organizational capacity, program evaluation, program adaption, communications, and strategic planning (*Table 1*). Question responses were listed on a seven-point Likert scale, from 1=Little/no extent to 7=Very great extent. The tool has been deemed reliable, but has not been validated (Luke, et al., 2014). Researchers emailed an online version of PSAT to the training agencies in October 2018. The survey was created using Qualtrics software and the completed survey data was downloaded in November 2018. A total of nine training staff from the four PERC training agencies responded. The data were analyzed using SPSS software.

Table 1
Program Sustainability Assessment Tool Domains

Domain	Description
Environmental Support	The political and economic climate within and external to an organization will affect an organization's ability to accomplish needed and desired programs. This component acknowledges the need for internal and external champions of the program to help communicate the program and its benefits to policymakers and stakeholders
Communication	Increasing program visibility and communicating information about a program's efficacy externally can help garner greater community and stakeholder support for the program. Program efficacy can help build staff buy-in and support from organizational leaders internally.
Funding Stability	The ebbs and flows of funding for a program can make it challenging to maintain the quality and consistency of the program. By planning for stable funding within the strategic process, an organization can better prepare for these ebbs and flows; in particular, through diversification of funding streams.
Partnerships	Stakeholders can help a program regarding advocacy, connection to resources or expertise, and dissemination of program information. They can help champion a program and provide support in tumultuous political and economic climates.
Organizational Capacity	Organizational capacity refers to the extent of resources, capabilities, knowledge to help maintain a program, the program goals, and program efficacy. Providing sufficient resources (e.g. enough staff, strong leadership, sufficient training) can help increase a programs potential for long-term success.
Program Evaluation	Program evaluation is vital to informing an organization as to the processes and outcomes (efficacy) of a program. Further, this information helps inform planning and program maintenance and can shed light on a program's effectiveness. Collecting information about a program's processes and outcomes can be especially useful in gaining support and funding for the program.
Program Adaptation	Program evaluation is also important when it comes to program adaptation; as a program is implemented, obstacles may come up or specific program components may need adaptation. Program adaptation necessitates flexibility, particularly to a changing environment, and a quality improvement process within the program. Using program evaluation and the current evidence for a program to adapt a program can ensure effective use of resources and positive outcomes.
Strategic Planning	Strategic decision-making, including processes to guide a program's directions, goals, and strategies, helps ensure program alignment within the overall organizational environment. This component is what ties together all previous components into a deliberate, concise, and long-term plan for sustainability rather than making reactionary decisions from day-to-day.

Source: Program Sustainability Assessment Tool, V2, Washington University.

Focus Groups

PERC training agencies. In November and December 2017, ICJIA researchers conducted five focus groups with potential PERC training agency staff prior to the start of the program. Participation in the focus group was voluntary and written consent was received from all who participated. Training agencies that participated in the focus groups included Bethel New Life, Safer Foundation, Sunshine Enterprises, North Lawndale Employment Network, and Chatham Business Association. While five focus groups were conducted, results from three are discussed in this report, as two of the agencies ultimately did not provide PERC training. Ten men and women from the three training agencies were interviewed, with titles that included directors, program managers, and consultants. The focus groups were asked 12 questions in four sections:

1. About their agency (2 questions).

2. About their PERC training model and training staff (5 questions).
3. Lessons learned from prior training (4 questions).
4. Knowledge and expectations of research (1 question).

PERC stakeholders. In September 2018, ICJIA researchers conducted a focus group with five stakeholders in PERC to better understand how the program was developed and how it operates. Stakeholders were representatives of Chicago Neighborhood Initiatives Micro Finance Group, Illinois Criminal Justice Information Authority, and the Illinois Department of Corrections. Participation in the focus group was voluntary and written consent was received from all who participated. The focus group lasted 40 minutes and included 10 open-ended questions on the history of PERC, the strengths and weaknesses of the program, the hurdles and surprises of the program, and the future of PERC. Two women and three men participated. Researchers audio-recorded the focus groups and then transcribed and analyzed them.

Interviews with PERC Participants

Researchers reached out to 55 of the 72 participants assigned to PERC training to recruit them for an interview on their initial contact with PERC agencies and their experiences in the program. The individuals not asked for an interview (n=17) were unable to be contacted by any PERC training agency staff according to administrative documents. Researchers asked individuals assigned to the PERC program for an interview as long as they had some form of initial contact with a PERC staff member, regardless of whether they actually attended any of the classes or completed the program. A participant contact list containing phone numbers, emails, and addresses was provided by application and intake form data received from PERC and its training agencies.

Researchers conducted semi-structured interviews to provide in-depth qualitative information about experiences before, during, and after the program. Participants were given a \$20 gift card. Six interviews were conducted in October and November 2018. The interviews were audio-recorded and transcribed. Those in the sample were age 25 to 62 years old and the levels of education completed ranged from some high school to a bachelor's degree. Five interviewees were male; all were Black; and five were born in Chicago. No respondents were married and one respondent had children. Three of the respondents had attended no classes and three had attended some but not all.

Study Limitations

PERC training agencies administered most data collection tools, giving researchers less control over administration and completion of the tools by subjects. Many subjects dropped out of the program as it progressed and, therefore, did not complete instruments crucial to evaluating the program. Due to program dropout and a small sample size in the study, some outcomes may be the result of factors other than program participation and program feedback may not represent a generalizable experience of participation in the program. Survey feedback from participants could especially suffer from bias since the survey was only administered to individuals still attending class at the end of the classroom phase of the program.

The surveys and focus group data were self-reported. Though questions were designed to avoid ambiguity or bias and assurances of confidentiality were made, subjects may have simply forgotten about certain experiences, been motivated to express only positive thoughts about the program, or overestimated their business knowledge and abilities.

The pretest and posttest measuring entrepreneurship knowledge utilized questions from a test previously developed by other researchers for evaluating one of the PERC training agencies, but it was not a validated test. Research literature indicates no validated measure of entrepreneurship knowledge currently exists (Mamun, Kumar, Ibrahim, Yusoff, 2017), making it difficult to accurately assess changes in knowledge.

PERC agencies used three separate curriculums for the entrepreneurship training; therefore, the experiences and comments of PERC participants reflect different interventions and contexts.

Section 4: Program Description and Measure of Program Sustainability

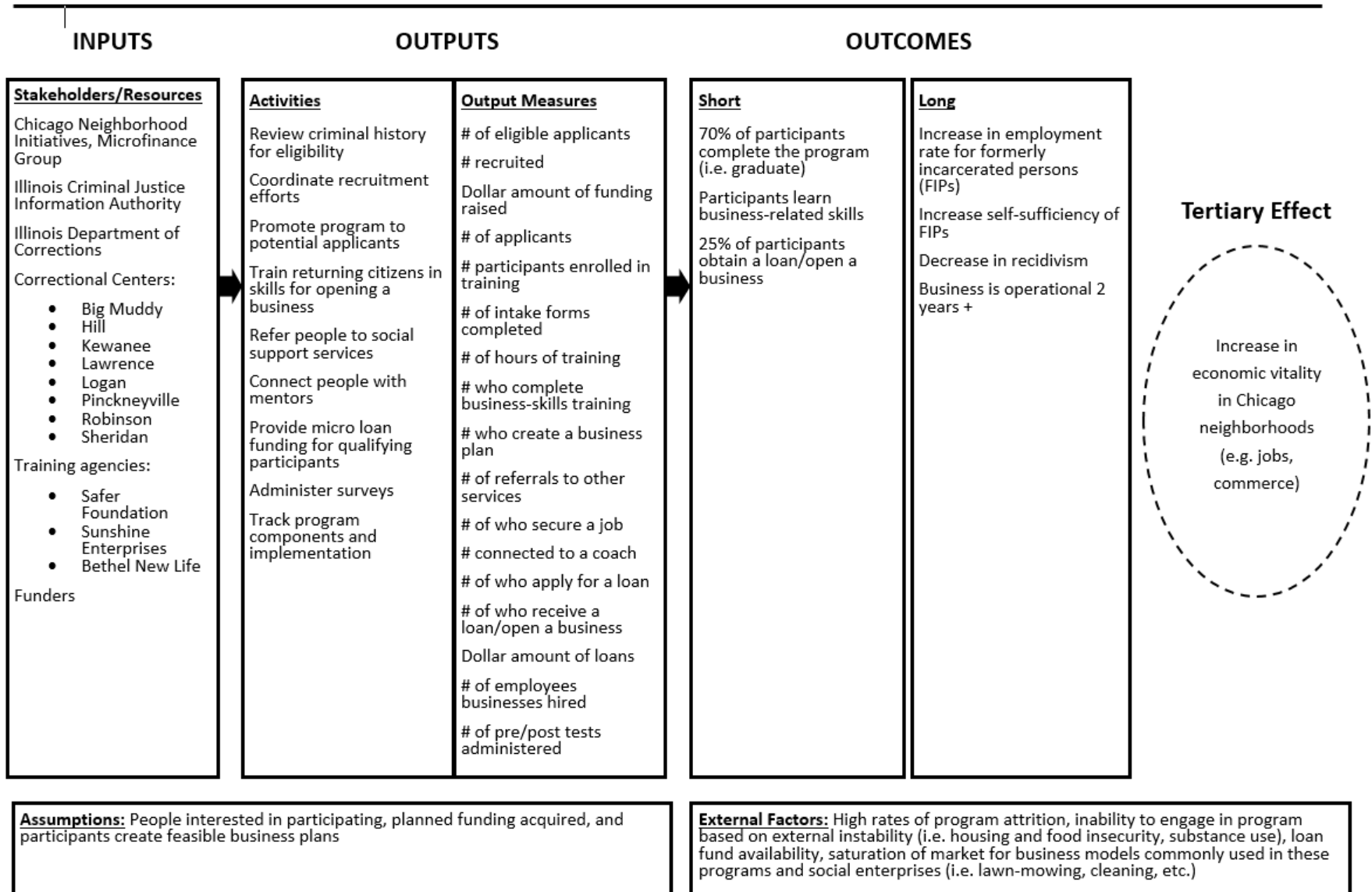
Using focus groups, PERC administrative data, and surveys, researchers documented how the program began and operated in its first six months. The goals of PERC are to increase employment and self-sufficiency of returning citizens; decrease recidivism; and produce businesses that operate for two or more years. A logic model depicts how inputs (stakeholders and resources) are connected to program activities to achieve specified goals (*Figure 3*).

Program Inception

The Chicago Neighborhood Initiatives microfinance group (CNIMFG) began developing the PERC program in 2016. CNIMFG is a small business micro-lender serving low- to moderate-income neighborhoods in the Chicago area. While working on these neighborhoods, CNIMFG recognized that many of their borrowers were formerly incarcerated individuals and that helping this population obtain loans could increase business activity and personal success post-imprisonment. As CNIMFG set out to design a program that would serve this population, they convened stakeholders that included the Illinois Criminal Justice Information Authority (ICJIA), Illinois Department of Commerce and Opportunity (IDCO), and the Illinois Department of Corrections (IDOC). Program developers set out the initial goals and program deliverables and with help from ICJIA researchers and other stakeholders those were connected to proposed program activities and produced the logic model mentioned earlier (*Figure 3*).

Stakeholders sought and raised \$1.4 million for the program (including participant loans). Funders included the U.S. Small Business Administration, U.S. Department of Treasury CDFI Fund, banking institutions, and private foundations. ICJIA and IDOC involvement was state supported and ICJIA research evaluation work was federal government-funded. A PERC program manager was hired by developers to support the program mission by coordinating communication between stakeholders, facilitating best practice sharing among training organizations, acting as program spokesperson, planning and budgeting, and aiding in the collection of data from trainers to facilitate the process and outcome evaluations.

Figure 3
Logic Model of PERC



PERC Training Agencies

In January 2017, stakeholders sent out a request for proposals from agencies to provide the following services:

- Business and entrepreneurial training and education
- Preparation for transition
- Skills development
- Business plan development
- Financial literacy
- Personal credit counseling
- Legal services
- Business mentoring

The proposal deadline was in February 2017. Initially, stakeholders selected five training agencies. However, as participant eligibility, scheduling, and contractual issues were ironed out, leaders developing the program contracted with three training agencies on behalf of program funders: Bethel new Life, Safer Foundation, and Sunshine Enterprises.

Established in 1979, **Bethel New Life** is a nonprofit, faith-based organization in Chicago with locations in the Austin and West Garfield Park neighborhoods. Bethel programming focuses on economic development and social services. Bethel offers workforce development, small business development, entrepreneurship training, and senior housing.

Safer Foundation is headquartered in Chicago and serves individuals throughout Illinois and into Iowa. Safer Foundation is one of the nation's largest providers of non-profit employment training services for those with criminal records. Founded in 1972, Safer Foundation provides a wide spectrum of resources, including residential detention centers, education, job placement, entrepreneurship education, and supportive services. Safer also advocates for policy changes to support employment initiatives for people with criminal records.

Sunshine Enterprises was established in 2013 as a division of Sunshine Gospel Ministries, a faith-based youth services agency. Sunshine supports low and moderate-income entrepreneurs in developing their own businesses through its business academy. Sunshine Enterprises offers training in Englewood, North Lawndale, West Evanston, and Woodlawn. Sunshine Enterprises offers Business Acceleration Services, advanced business coaching, the Community Business Academy, an entrepreneurship education program; and co-working office space.

PERC Participant Application and Selection Process

PERC stakeholders from ICJIA and CNIMFG conducted informational sessions at eight correctional facilities in November 2017, including two adult transition centers. The eight correctional facilities were Big Muddy, Hill, Kewanee, Lawrence, Logan, Pinckneyville, Robinson, and Sheridan. The two adult transition centers were run by Safer Foundation. Potential participants who voluntarily applied and submitted a completed application qualified for an initial review for eligibility. A total of 124 prisoners filled out applications for PERC and 97

were deemed eligible for the program. Twenty-seven applicants were excluded because of scheduling conflicts between official prison release dates and classroom training start dates, missing or non-Cook County addresses, convictions for specific financial crimes or class X sex offenses, or incomplete study consent forms.

Offenses that determined if an applicant was ineligible included:

- 720 ILCS 5/17 et al. Deception and Fraud Offenses
- 720 ILCS 5/29 et al. Bribery in Contests
- 720 ILCS 5/29B-1 et al. Money Laundering
- 720 ILCS 5/33 et al. Official Misconduct
- 720 ILCS 5/33E et al. Public Contracting Offenses
- 815 ILCS 515/3 et al. Home Repair Fraud
- 720 ILCS 5/10-2 et al. Aggravated kidnapping
- 720 ILCS 5/10-5 et al. Child luring
- 720 ILCS 5/11-1 et al. Criminal sexual assault
- 720 ILCS 5/11-6 et al. Indecent solicitation child
- 720 ILCS 5/11-14 et al. Promoting juvenile prostitution
- 720 ILCS 5/11-20 et al. Child pornography
- 720 ILCS 5/12-33 et al. Ritual abuse

PERC Participant Assignment Process

After the application and selection process, the 97 eligible participants were randomly assigned—72 to the PERC program (treatment group) and 25 to a comparison group (control group). Researchers used random assignment to ensure the treatment and control groups were similar and that any differences between the two would be less likely to explain different outcomes for each group. ICJIA researchers received assistance from an external group, BetaGov, who completed the randomization. BetaGov is associated with New York University's Marron Institute and assists government agencies conducting rigorous program evaluations.¹

Researchers calculated and ranked the distances between the four training agencies and for each participant's home address to determine locations that would be most convenient to them. Researchers used those rankings to group and assign participants to the locations, but the process was not without challenges, which included:

- **Release and program start dates.** PERC required participants to be released from prison by March 31, 2018; however, some training programs were scheduled to begin prior to that date. Some participants were unable to attend training at the agency closest to their residence because they were still incarcerated when that course started.
- **Agency capacity.** Each program had a limited participant capacity; this necessitated overflow placement at agencies at greater distances.
- **Clustering of participants residing near agencies.** With participant residences clustered more frequently near certain training agencies, efforts were made to balance the number of participants in each course. This created a greater distance between home and classes for some.

Location re-assignment among participants was not allowed in order to maintain the integrity of the research design for the outcome evaluation.

Entrepreneurship Training Models

Three agencies, using three different training curriculums, were contracted to provide PERC training. Entrepreneurship training started in March 2018 at the three agencies. Each of the models are described below.

Bethel New Life's PERC training lasted 15 weeks and used a curriculum created by the agency. PERC participants attended 13 weeks of classes, occurring three hours per day once a week. Participants were assigned four to eight hours of homework per week. In the last two weeks of training, participants presented their completed business plans. There was generally one primary trainer for each program and then guest speakers that gave lessons on special topics such as social media or legal entities. Participants were told to create a team that includes other classmates and were expected to have one meeting (either in person, via email, etc.) a week. Further, the program matched participants with a mentor that could help them throughout the program and after graduation to meet or talk at least every other week. Participants graduated

¹ For more information about BetaGov, see their website at <http://www.betagov.org/>.

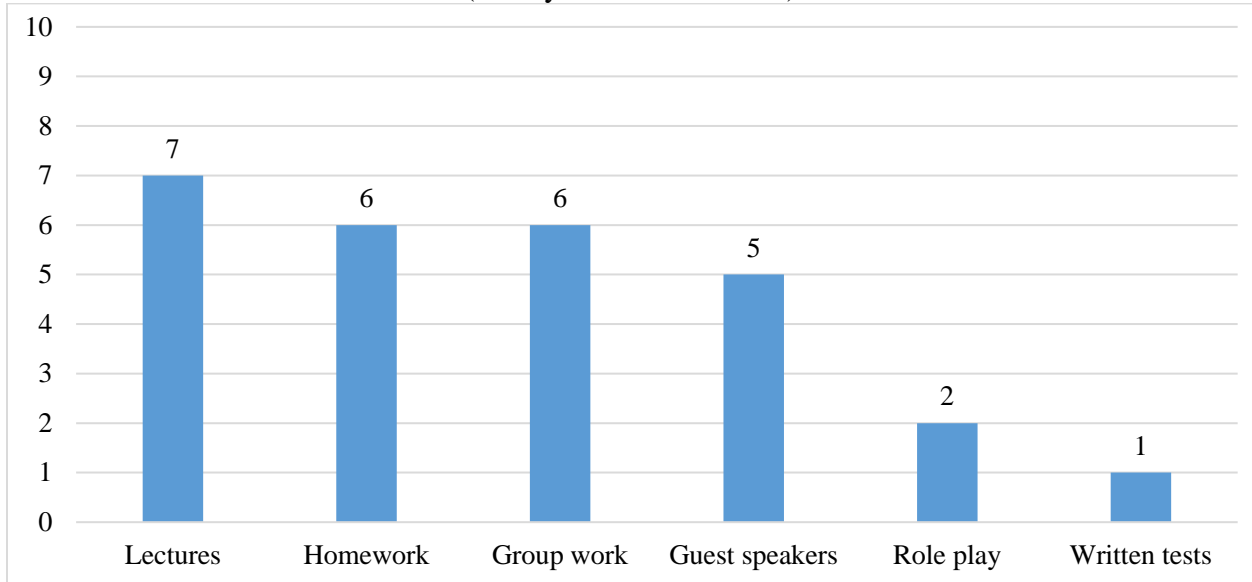
from the program if they attended a minimum of 12 out of 15 classes. After graduation, participants worked towards completing the goals on their action plans.

Safer Foundation's training model for PERC was based on the "Ice House" model, to which the foundation purchased the rights. Training staff at Safer described the Ice House model as one that blended a mindset approach with traditional business planning and development. That is, the Ice House model does not focus on practical or technical business jargon but instead focuses on ways of thinking that would allow individuals to be successful as an entrepreneur. The 14-week training featured two-hour classes once per week and homework assignments based on class discussions. If needed, participants were connected with social service agencies offering substance use disorder treatment, mental health treatment, and housing. This occurred through an event the program described as "collision." During collision, participants experienced something similar to speed dating, where they met briefly with several professionals from social service agencies and the business world.

Sunshine Enterprises' PERC training model was developed by New Jersey-based Rising Tide Capital. Rising Tide offers a 12-week business academy course that provides hands-on training in entrepreneurship planning and management. As part of the training, Sunshine Enterprises incorporated soft skill building in the areas of public speaking, developing relationships, and time management, along with business concepts. Three classes were dedicated to role playing that allowed participants to learn entrepreneurship skills through hands-on experience. Participants were expected to attend a three-hour class once per week to learn the skills necessary for starting a business, and complete related homework assignments that averaged three to six hours per week. In the course of this process, professionals in the community voluntarily offered their services to participants. For example, a bank representative held office hours for participants interested in learning about the institution's loan program. Upon program completion, Sunshine also offered coaching and business acceleration services to participants. Sunshine offered its core training classes to participants at three of its locations throughout Chicago.

Training methods. Based on staff exit survey responses, the trainings most commonly consisted of lectures, homework, and group work to teach their curricula (*Figure 4*). Half of the responding training staff reported that they used guest speakers (n=5), two used role-playing, and one reported using written tests.

Figure 4
Training Staff on Use of Training Methods for PERC (n=10)
 (Always or Often used...)



Data source: Post-training survey of PERC training staff.

PERC Program Next Steps

This process evaluation focused on program operations in its first six months—from application to classroom training completion. Post-training, PERC participants continued to receive mentoring and take steps to become eligible for micro-loans to start their businesses.

Mentorship. PERC mentors provided business advice in specific industries to participants, while coaches provided technical assistance to the participants. Based on information provided from communications with the training organizations at the time of this report, two participants trained at Sunshine Enterprises have been connected with mentors although that agency has not established a formal mentoring relationship and those trained at Bethel New Life had mentors while classes were in session, but have not continued to meet with these mentors after classes stopped.

Micro-lending. CNIMFG agreed to provide access to capital to of up to \$50,000 for qualifying PERC graduates. See *Appendix B* for information on the loan requirements.

Measure of Program Sustainability

Eight staff from the three PERC training agencies completed the Program Sustainability Assessment Tool (PSAT) regarding sustainability of the program. The tool includes 40 questions designed to measure the extent of program sustainability (1=Little/no extent, 7=Very great extent) based on staff knowledge about and perceptions of external and internal factors that can affect a program. Scores from staff at each training agency were averaged across respondents from that agency and then the average of the agency scores was computed to represent a composite sustainability score for the PERC program overall. Higher scores indicate a higher

level of program sustainability. Based on survey responses, the average total sustainability score for PERC across all its training agencies was 5.2 on a scale ranging from 1 to 7. *Table 2* displays PERC’s composite average score in each domain of sustainability along with the lowest and highest averaged agency score for each domain.

Table 2
Composite Score of PERC Program Sustainability by Domain

Domain	Overall Avg. PERC Score	Lowest Avg. Agency Score	Highest Avg. Agency Score
Funding stability	4.6	3.7	5.2
Communication	4.8	3.9	5.3
Strategic planning	4.9	3.9	5.9
Program adaptation	5.2	4.3	6.1
Partnerships*	5.3	4.9	5.5
Program evaluation	5.3	4.2	6.1
Environmental support	5.7	4.7	6.5
Organizational capacity	5.7	4.7	6.5

Source: Responses to Program Sustainability Assessment Tool (PSAT), V2, Washington University

Note: Responses were given on a 7-point Likert scale ranging from 1=Little/no extent to 7=Very great extent. Eight respondents from three agencies provided data.

*One respondent did not answer questions about program partnerships.

Domains with the lowest PSAT averages may reflect potential sustainability issues and indicate an area in need of improvement. None of the domains indicated a critical issue with sustainability, but responses do suggest that domains could use improvement. Funding stability received one of the lowest average scores from respondents (4.6 out of 7), indicating this domain was one of PERC’s weakest. Funding-related questions included items asking about the supportiveness of the economic climate, long-term funding, funding variety, and the existence of both stable and flexible funding. Additionally, respondents indicated the extent to which the program communicates with stakeholders about the program was 4.8 out of 7. Though not immediately concerning, there is room for improvement on this domain over time, especially considering at least one agency rated this domain at 3.7. Questions on the communication domain asked about communication strategies to secure and maintain external awareness and support, communicating the program’s rationale to external institutions, impact on community awareness of the issue, and demonstration of value to academic communities. Finally, PSAT results show strategic planning may be lacking to some degree, with an overall average score of 4.9 out of 7. Strategic planning questions asked about an agency’s plans for future resource needs, long-term financial plans, existing sustainability plan, clarity of goals to stakeholders, and clarity of roles and responsibilities to stakeholders.

Improvements in some of these domains could be achieved by seeking additional sources of funding, including community members in development, enhancing program marketing, and/or sharing information about challenges and successes with the community. The overall goal should be to maintain and leverage the strongest domain of organizational capacity (existence of support

and resources necessary to manage and sustain the program's activities) while increasing strategic planning activities and communication with program stakeholders and external institutions.

Section 5: Characteristics of Applicants and Participants

PERC Applicants

Table 3 contains the demographic data for the 124 PERC applicants. Most applicants were Black men with a high school education.

Table 3
PERC Applicant Demographics
(N= 124, unless otherwise noted)

Demographic	n	Average/ Percent
Age		Average= 37 years old
Race		
Black	90	73%
White	9	7%
Latino	19	15%
Other	6	5%
Male	100	81%
High school or higher education (n= 123)	88	73%
Living arrangements following release		
Their house/ apartment	37	30%
Friend or family's house/ apartment	65	52%
Shelter/ transitional facility	17	14%
Other	5	4%
Prison*		
Logan	24	19%
Pinckneyville	16	13%
Hill	16	13%
Sheridan	14	11%
Robinson	14	11%
Lawrence	10	8%
Big Muddy	10	8%
ATC North Lawndale	8	6%
ATC Crossroads	8	6%
Kewanee	4	3%
Owned a business before	22	18%
Security Level (n= 110)		
Minimum	63	57%
Medium	46	42%
Maximum	1	1%
Prior incarcerations in Illinois		Average= 3 incarcerations
Serious mental illness (n= 63)	20	32%
DSM drug dependence (n= 91)	49	54%
Most problematic drug (n= 91)*		

None/ blank	36	40%
Alcohol	17	19%
Cocaine	4	4%
Hallucinogens	4	4%
Heroin	15	16%
Marijuana	9	10%
Barbiturates	4	4%
Crack	2	2%
Self- reported serious drug problem (n=91)	40	44%
Received drug treatment before (n= 91)	46	51%

Data Source: PERC administrative data and Illinois Department of Corrections data

Note: Totals may not equal 100 percent due to rounding.

The participants’ four most frequently selected reasons for applying to PERC were (participants could select more than one):

- Learning how to launch a business (n=108, 88 percent)
- Learning how to access funding/ funders (n=97, 79 percent)
- Creating a business plan (n=92, 74 percent)
- Learning financial management (n=92, 74 percent)

Further, the participants’ top three business ideas were:

- Restaurant/food service (n= 21, 17 percent)
- Real estate/construction (n= 17, 14 percent)
- Fashion/beauty/crafts (n= 11, 9 percent)

Of the 124 applications received, several were ineligible due to program restrictions or incompleteness. Specifically, 16 applications were from individuals who were ineligible for the program due to conviction type, listed a post-release address outside of Cook County, or were released from prison later than any of the training start dates. In addition, six applicants provided no address (a requirement for geographic assignment) and five did not sign a consent form to participate in the research study. This left 97 eligible applicants. Of them, 72 were randomly assigned to PERC and 25 were randomly assigned to a non-PERC control group.

PERC Participants

Demographics. *Table 4* describes the PERC program participant demographics for the 26 participants that were successfully contacted by PERC training staff and completed and submitted intake forms to their assigned training agency before the start of PERC training. Again, most participants were Black men with a high school education who had never been married.

Table 4
PERC Participant Demographics
(N= 26, unless otherwise noted)

Demographic	n	Average/ Percent
Age		Average= 39 years old
Race		
Black	19	73%
White	3	12%
Hispanic	4	15%
Male	22	85%
High school or higher education (n= 24)	15	64%
Marital status (n= 25)		
Never married	18	72%
Divorced	4	16%
Married	2	8%
Other	1	4%
Security Level (n= 25)		
Minimum	16	62%
Medium	9	35%
Prior incarcerations in Illinois		Average= 3 incarcerations
Prison*		
Adult Transition Center- Crossroads	1	4%
Big Muddy	2	8%
Hill Correctional Center	4	15%
Kewanee	1	4%
Lawrence	2	8%
Logan	4	15%
Pinckneyville	4	15%
Robinson	4	15%
Sheridan	4	15%

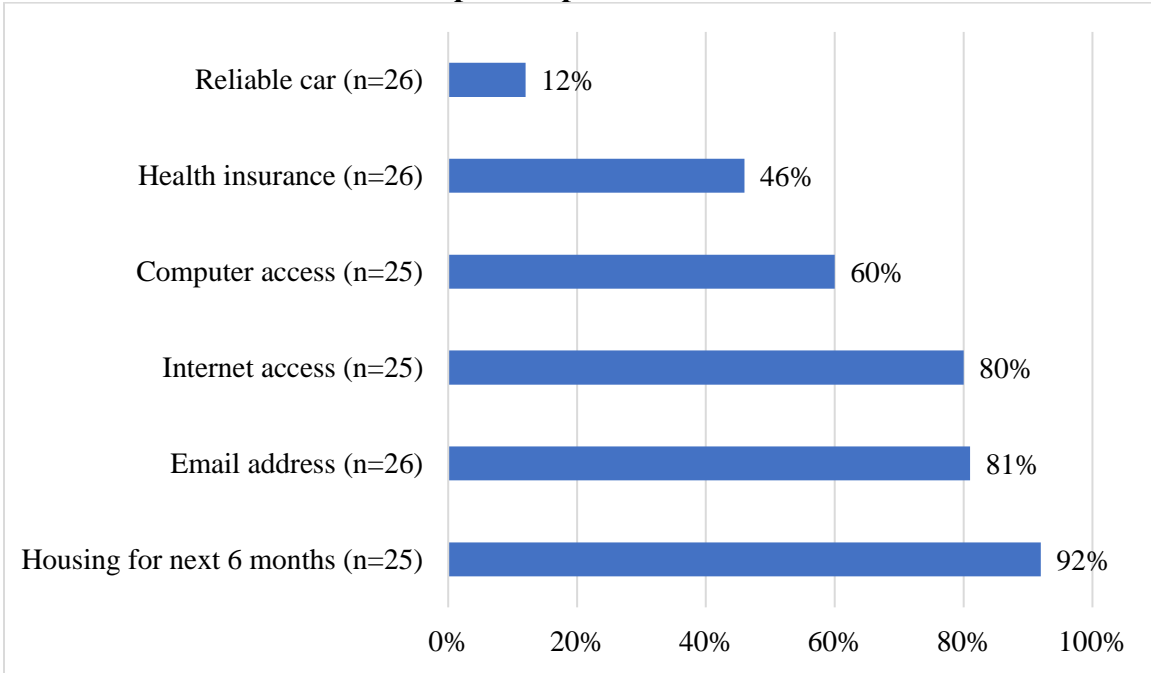
Data Source: PERC administrative data and Illinois Department of Corrections data

Note: Totals may not equal 100 percent due to rounding.

PERC participants who completed an intake form were asked to describe resources/assets they would possess after leaving prison (*Figure 5*). A small percentage had a reliable car (12 percent) and less than half had health insurance (46 percent), but almost all reported having housing for the next six months.

In addition, 42 percent of participants had prior managerial or supervisory experience and 19 percent had accessed their credit score in the past.

Figure 5
PERC Participant Reported Resources/Assets



Data Source: PERC administrative data and Illinois Department of Corrections data

IDOC data indicated three PERC participants had serious mental illness and 18 had substance dependence (*Table 5*). However, the data source did not contain information for all participants in the sample so this could be underestimating the prevalence of mental illness and substance dependence in the sample.

Table 5
PERC Participant Behavioral Health

Serious mental illness (n= 8)	3	38%
DSM drug dependence (n= 18)	10	56%
Most problematic drug (n= 18)*		
None/ blank	5	28%
Alcohol	2	11%
Cocaine	2	11%
Hallucinogens	1	6%
Heroin	5	28%
Marijuana	2	11%
Barbiturates	1	6%
Self- reported serious drug problem (n=18)	9	50%
Received drug treatment before (n=18)	9	50%

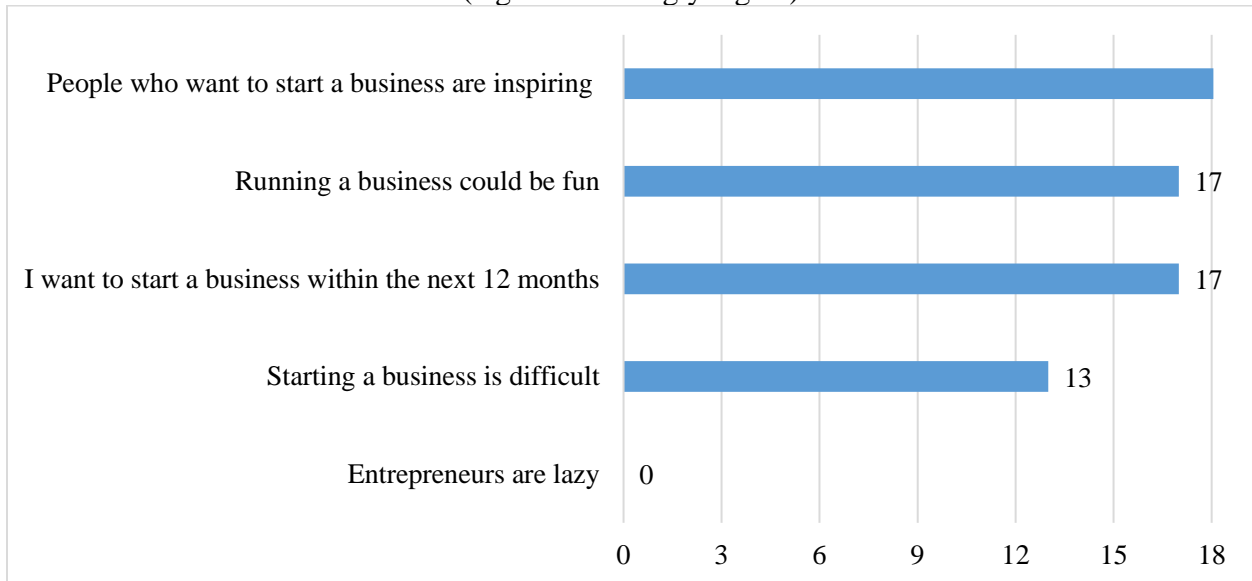
Data Source: PERC Administrative and Illinois Department of Corrections data

Note: Totals may not equal 100 percent due to rounding. Data was not available for all program participants.

Detail on participants in interview sample. Six participant interviews gave researchers additional insight. Three of the six interviewees described where they grew up as either violent or rough. All interviewees reported drug or alcohol use, but only two respondents reported drug/alcohol use that led to legal trouble. Five of the six participants reported three or more arrests throughout their lifetime, and the number of self-reported incarcerations ranged from one to seven. Four participants were employed at the time of the interview and five reported having participated in job training before participating in the PERC program. One reported taking business classes before PERC training. Three participants reported having family members that had owned or operated a business in the past and two respondents reported having owned their own businesses in the past.

Pre-training participant self-assessment of entrepreneurship skills. Researchers asked PERC trainers to administer a participant self-assessment prior to receiving PERC training. In total, 22 participants responded to a self-assessment consisting of 23 questions rated on a Likert agreement scale. Some participants skipped assessment questions. Most participants agreed or strongly agreed that they wanted to start a business in the next 12 months and that starting a business was not easy. *Figure 6* depicts participant attitudes and intentions prior to receiving training.

Figure 6
Participant Attitudes and Intentions, Pre-Training (n=19)
 (Agree or Strongly Agree)

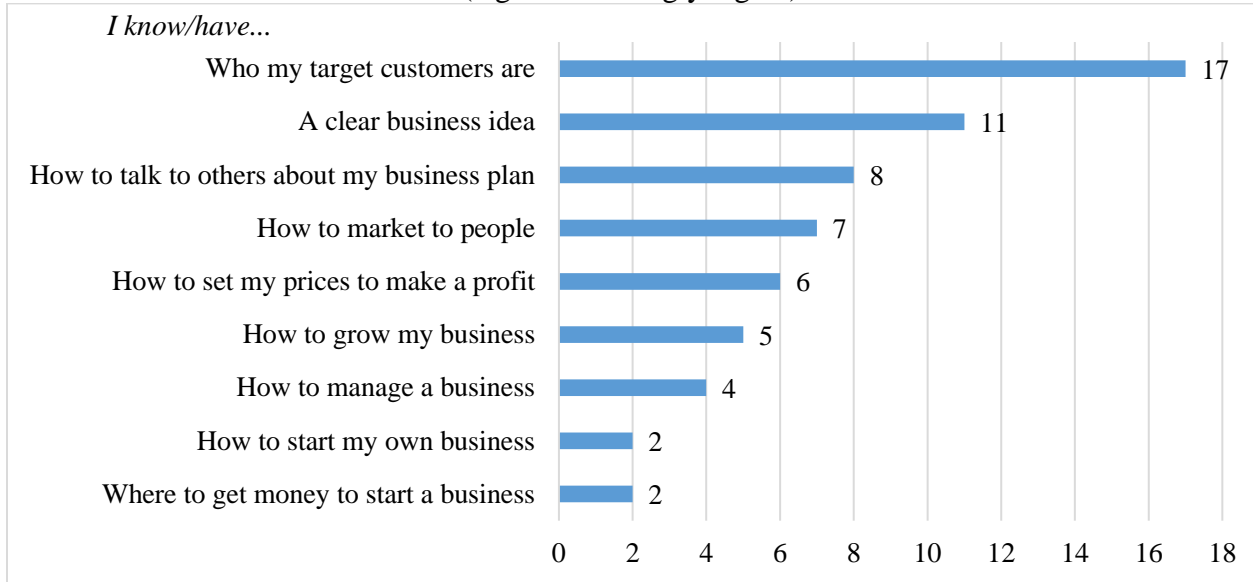


Data Source: Pre-training self-assessment of PERC participants

Note: Respondents were given on a 5-point Likert scale from “Strongly Agree” to “Strongly Disagree.”

Few participants reported having a network of people who could help them start a business (21 percent). Slightly more reported knowledge of how to improve their credit score (42 percent). The self-assessment also examined participant business knowledge (*Figure 7*).

Figure 7
Participant Business Knowledge, Pre-Training (n=19)
 (Agree or Strongly Agree)

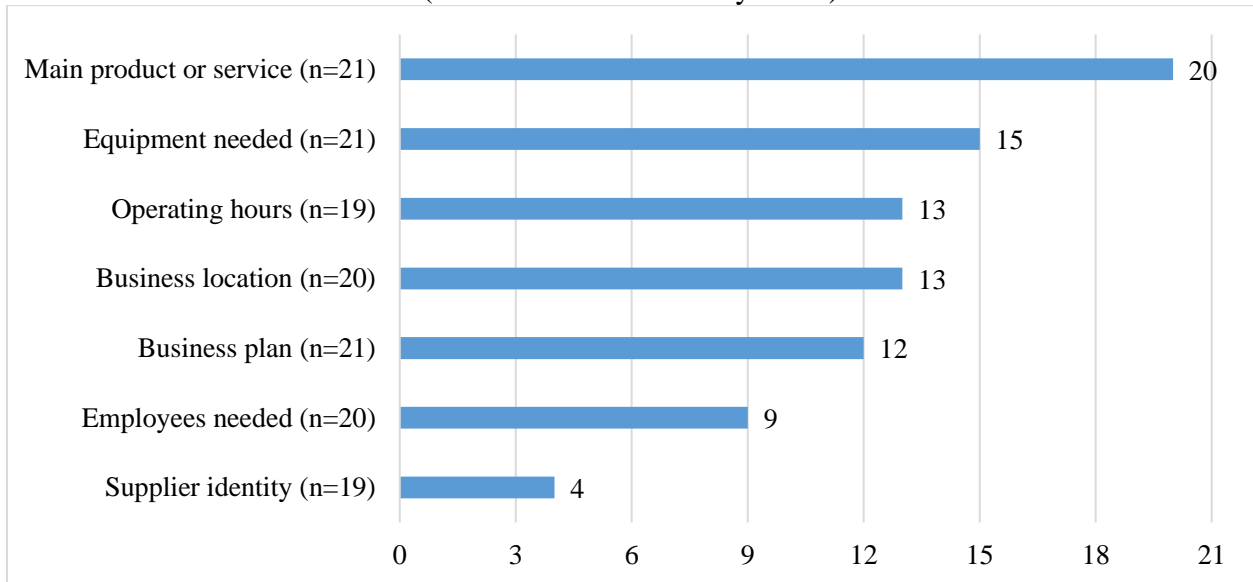


Data Source: Pre-training self-assessment of PERC participants

Note: Responding were given on a 5-point Likert scale from “Strongly Agree” to “Strongly Disagree.”

Further, the self-assessment included questions on clarity of the participants’ business plans. In general, it appeared that clients felt that broader aspects of their business were clearer than specific aspects. *Figure 8* highlights the responses to these questions.

Figure 8
Participants Clarity of Business Aspects, Pre-Training
 (Somewhat Clear or Very Clear)



Data Source: Pre-training self-assessment of PERC participants

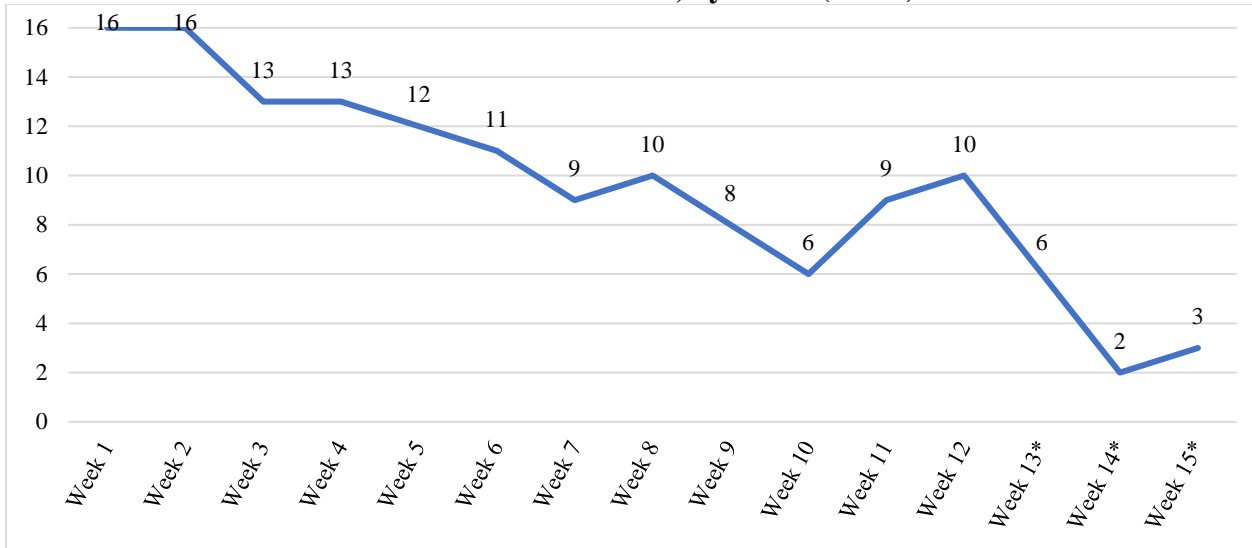
Note: Responses were given on a 5-point Likert scale from “Not Clear at All” to “Very Clear.” Respondents were also given the option of “Does not apply.”

Section 6: Participation Levels

Contact, Attendance, and Completion

Researchers analyzed participant contact and class attendance data provided by training staff. The data showed some participants were not successfully contacted prior to the start of class. For participants who were successfully contacted, they were expected to complete their intake forms and attend classes. *Figure 9* depicts the combined weekly attendance at all training sites. Approximately 20 total participants (28 percent of those assigned to PERC) attended at least one training class.

Figure 9
PERC Class Attendance, by Week (n= 72)

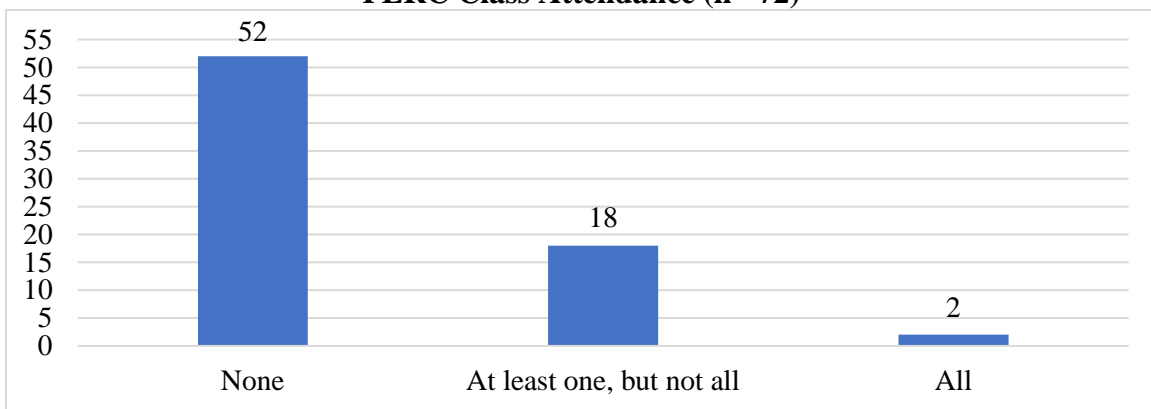


Source: PERC administrative data

* Note: One PERC site held training for only 12 weeks and the remaining two held class for 15 weeks.

Most assigned participants (72 percent) did not attend any PERC classes. *Figure 10* depicts the frequency of class attendance from none, to at least one, and all.

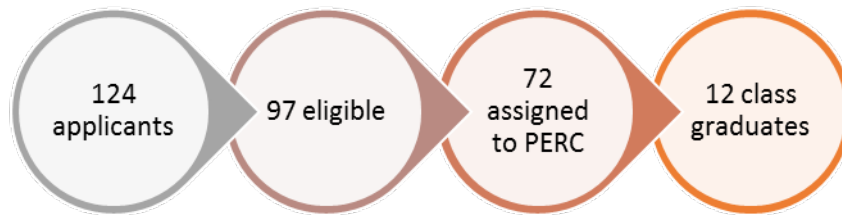
Figure 10
PERC Class Attendance (n= 72)



Source: PERC administrative data

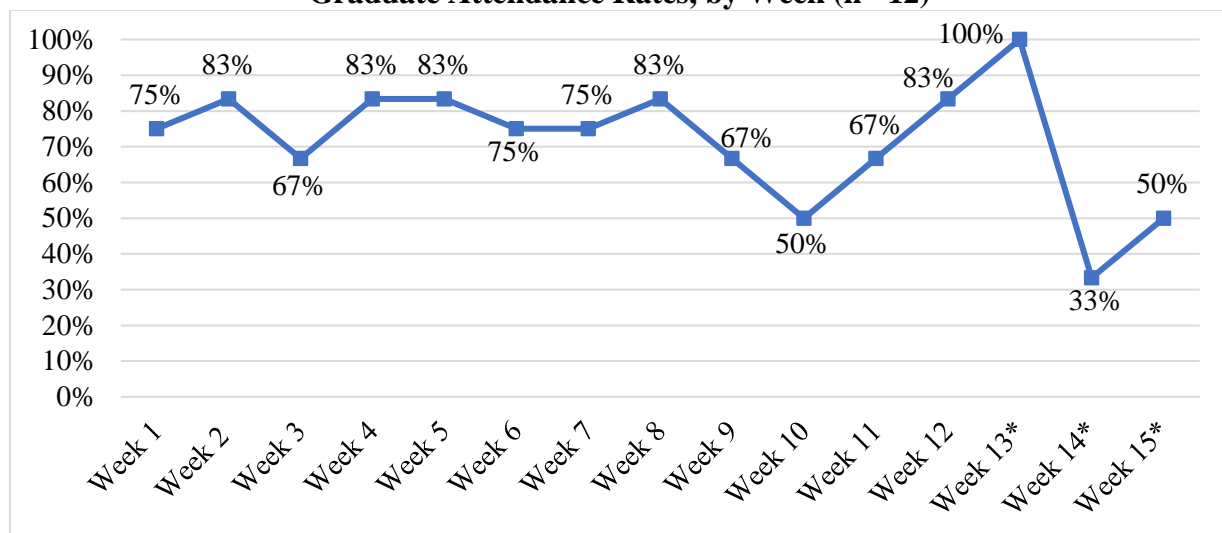
Twelve of 72 eligible study participants graduated—a 17 percent training completion rate. To graduate, participants were officially required to attend a minimum of 80 percent of classroom sessions (missing up to three classes). *Figure 11* depicts the number of PERC applicants, those eligible, those randomly assigned to PERC, and the number of training graduates.

Figure 11
Flow of Number of PERC Applicants to Training Graduates



Despite the requirement of an 80-percent attendance rate, administrative data indicated the attendance rates of several graduates fell below this threshold. Class attendance rates of the graduates ranged from 47 percent to 100 percent, with a median rate of 67 percent. In comparison, the group of participants who attended some training classes, but did not ultimately graduate had an attendance rate that ranged from 13 percent to 40 percent and a median class attendance rate of 20 percent. It is possible that attendance requirements originally set based on training agencies’ past experiences serving individuals in the community were adjusted as PERC training progressed, especially considering the challenges encountered in successfully engaging a cohort entirely made up of returning citizens. *Figure 12* depicts the proportion of *graduates* that attended class each week.

Figure 12
Graduate Attendance Rates, by Week (n= 12)



Source: PERC administrative data

* Note: One PERC site held training for 12 weeks, so attendance rates for the last three weeks were calculated by removing those that were not in a 15-week program.

Following graduation, participants that met CNIMFGs terms were eligible to apply for a loan to help fund their business idea. Terms included successfully completing PERC and meeting criteria set forth in the credit policy of CNIMFG, but exceptions were possible with approval of the management team and loan committee (*Appendix B*). At the time of writing this report (December, 2018), no graduates had applied for or received a loan for their business.

Section 7: Training Staff Feedback on Program and Participants

Feedback was collected via post-program exit surveys of PERC training staff and participants, interviews with PERC participants, and focus groups with PERC stakeholders and training staff.

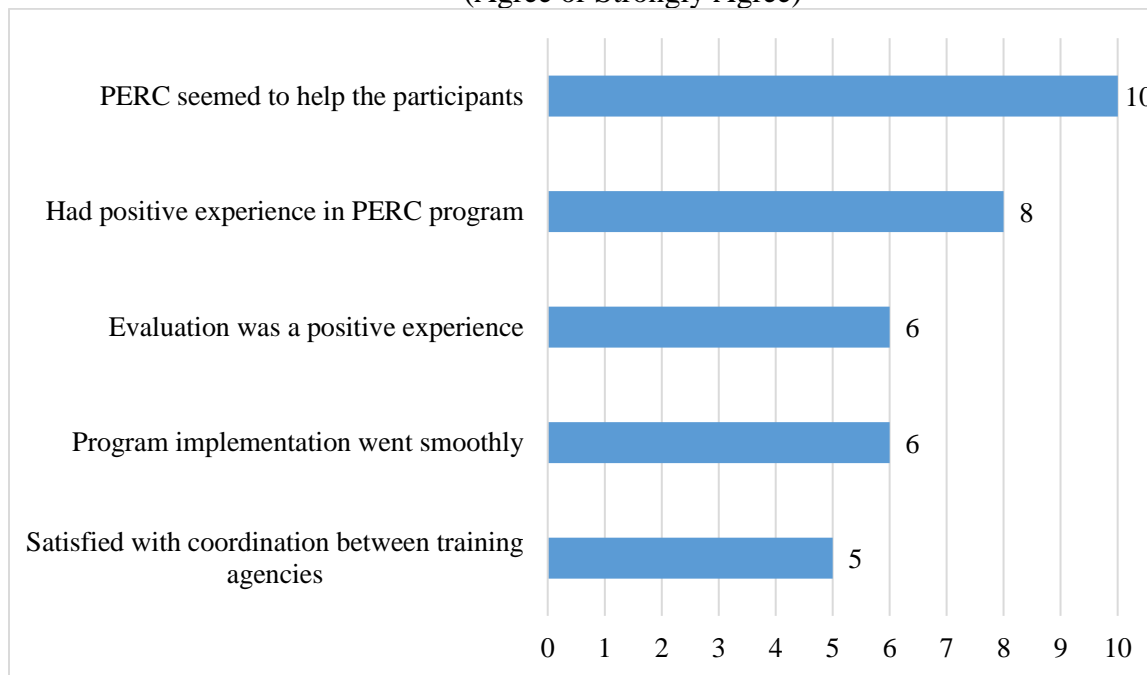
Satisfaction with PERC

While just 40 percent of training staff reported overall satisfaction with the PERC program, 90 percent supported their agency's future involvement with PERC. PERC staff provided mostly positive feedback regarding certain program specifics (*Figure 13*), thus low satisfaction is not easily explained by negative views on the program components staff were asked about. None of the feedback received adequately addressed why overall satisfaction was lower than support for future involvement, but it is possible the high support for future involvement reflects training staff commitment to the overall mission despite mixed satisfaction about the overall PERC effort. As one training staff member explained:

The work is essential for us in Chicago, Illinois. I was honored to be a part of it and we will continue to serve returning citizens, believing they are not to be defined by the worst thing they've ever done and helping them to think similarly.

Half of staff agreed or strongly agreed that they were satisfied with coordination between training agencies while 60 percent agreed or strongly agreed that implementation went smoothly, and 80 percent agreed or strongly agreed they received the training needed to perform their role. Another 80 percent agreed or strongly agreed they were supported by other PERC staff.

Figure 13
Feedback from Training Staff about PERC (n=10)
(Agree or Strongly Agree)



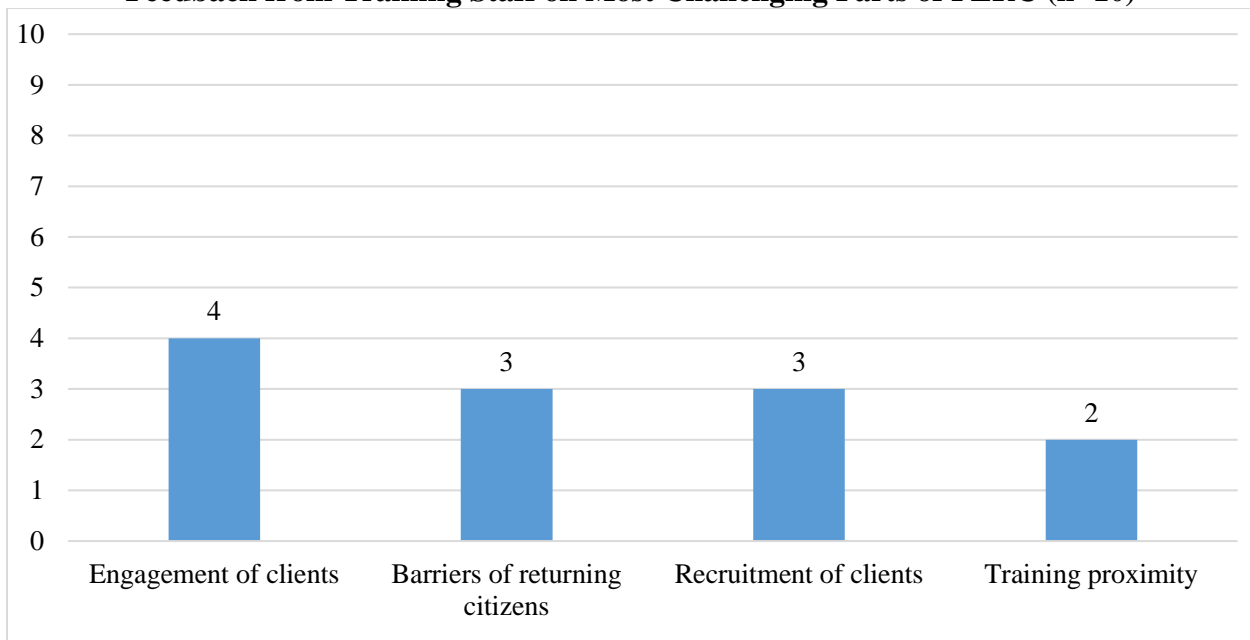
Data source: Post-training survey of PERC training staff

Note: Responses were given on a 5-point Likert scale from “Strongly Agree” to “Strongly Disagree.”

Program Challenges

Contact and Engagement. In training staff exit surveys, seven staff reported initial applicant contact was somewhat difficult or very difficult, two reported it was somewhat easy, and one was not responsible for initial contact and did not answer. In addition to questions about specific types of challenges, training staff were asked to describe in their own words the most challenging aspect/s of PERC they may have experienced. ICJIA researchers organized these short, open-ended responses, coded and grouped them based on common themes, and tallied the four resulting categories (*Figure 14*).

Figure 14
Feedback from Training Staff on Most Challenging Parts of PERC (n=10)



Data source: Post-training survey of PERC training staff

Note: The question was open-ended and respondents could offer multiple responses. Each response was coded by researchers into the categories displayed.

PERC training staff offered suggestions to improve PERC, including:

- Closer training location proximity (n=3).
- Expanded recruitment (n=3).
- Enhanced pre-release contact (n=2).
- Use of screening process (n=1).
- Increased trainer input in program development (n=1).
- Improving access to job placement (n=1).

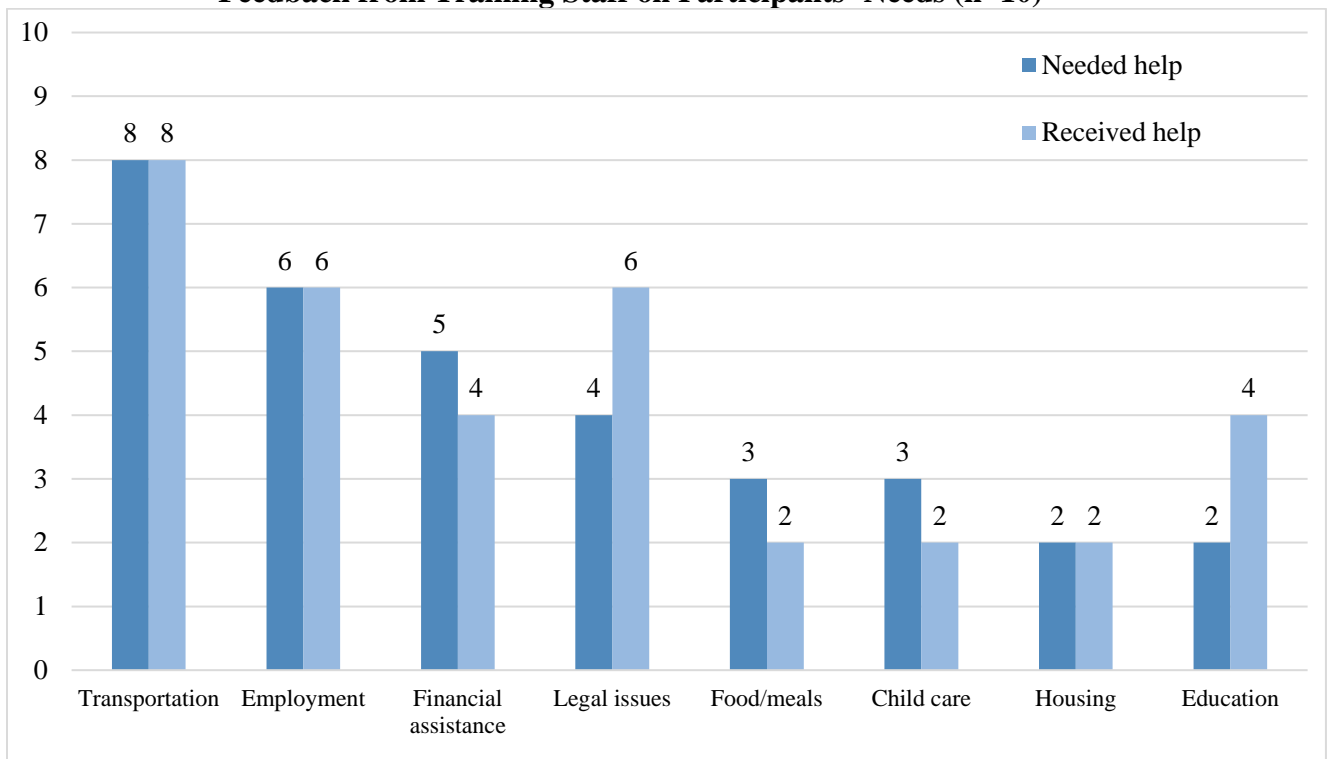
Stakeholders mentioned the program could be improved by enhancing the screening processes and pre-release engagement. The rationale was that providing participants with training and

preparation work prior to release from prison could help with engagement post-release. Suggestions from PERC participants included conducting longer training classes or expanding scheduling options for training classes.

Participant Needs and Program Assistance. Both staff and stakeholders mentioned difficulties in assisting returning citizens. In addition to the challenges previously mentioned, stakeholders noted in a focus group that the population served was transient and difficult to maintain contact with, which may have affected program retention.

Stakeholders also reported the help and social support offered to participants were program strengths and may have helped reduced participants’ feelings of isolation. In the staff feedback survey, staff reported transportation was a barrier to participation (*Figure 15*) and in the participant feedback survey participants agreed (discussed further in *Section 8*).

Figure 15
Feedback from Training Staff on Participants’ Needs (n=10)



Data source: Post-training survey of PERC training staff

Note: Responses were on a 5-point Likert scale asking how often participants needed and received help. Responses included Never, Rarely, Sometimes, Often, or Always. Responses were collapsed into “Never” and “Rarely or more” categories to show any level of participant need and any level of assistance with that need.

Future of PERC

In their focus group, stakeholders predicted PERC would evolve based on what they learned from research and practice in the program’s first six months. PERC has funding to continue programming through 2019. Moving forward, stakeholders said they hoped to have more cohorts

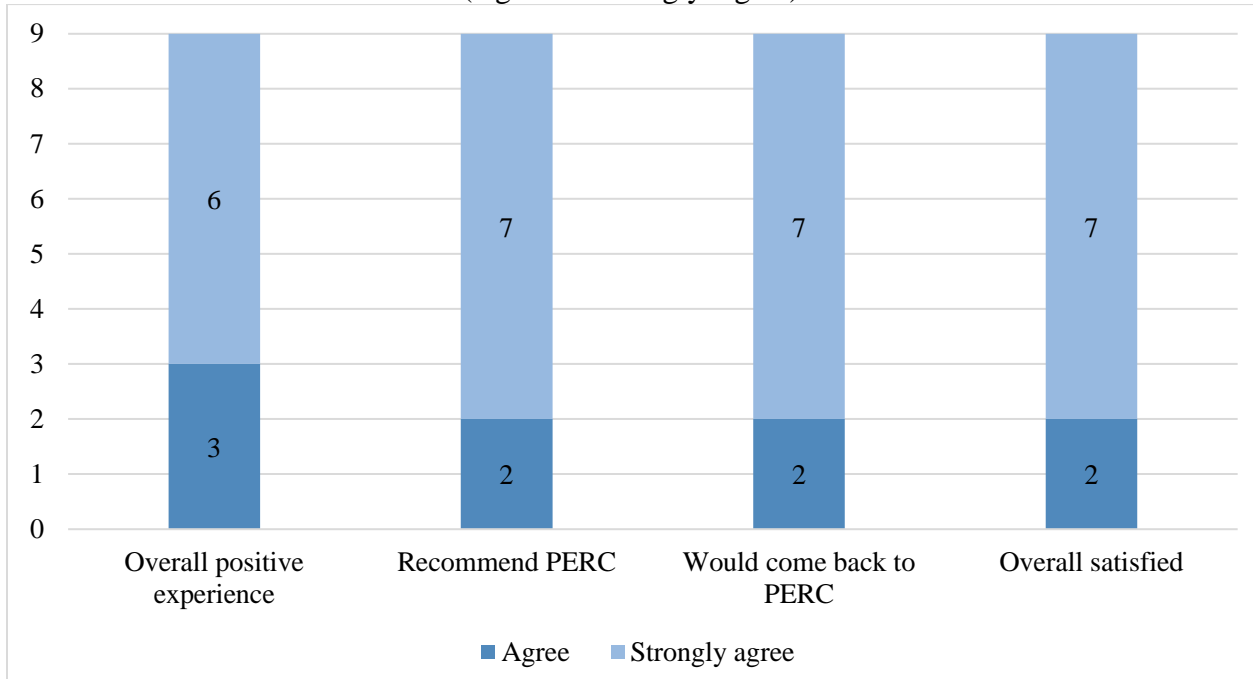
of PERC participants, add a pre-release portion to the program to help ensure candidate stability, and see graduates open businesses and obtain loans.

Section 8: Participant Feedback on Program and Training Staff

Feedback on the Program

Participants were given the opportunity to provide feedback about their experiences in PERC and with the training staff via an exit survey administered at the end of the classroom phase of the program and phone interviews conducted after training was completed. Responses on most aspects of the program were positive (Figure 16).

Figure 16
Feedback from PERC Participants (n=9)
(Agree or Strongly Agree)



Data source: Post-training survey of PERC training staff

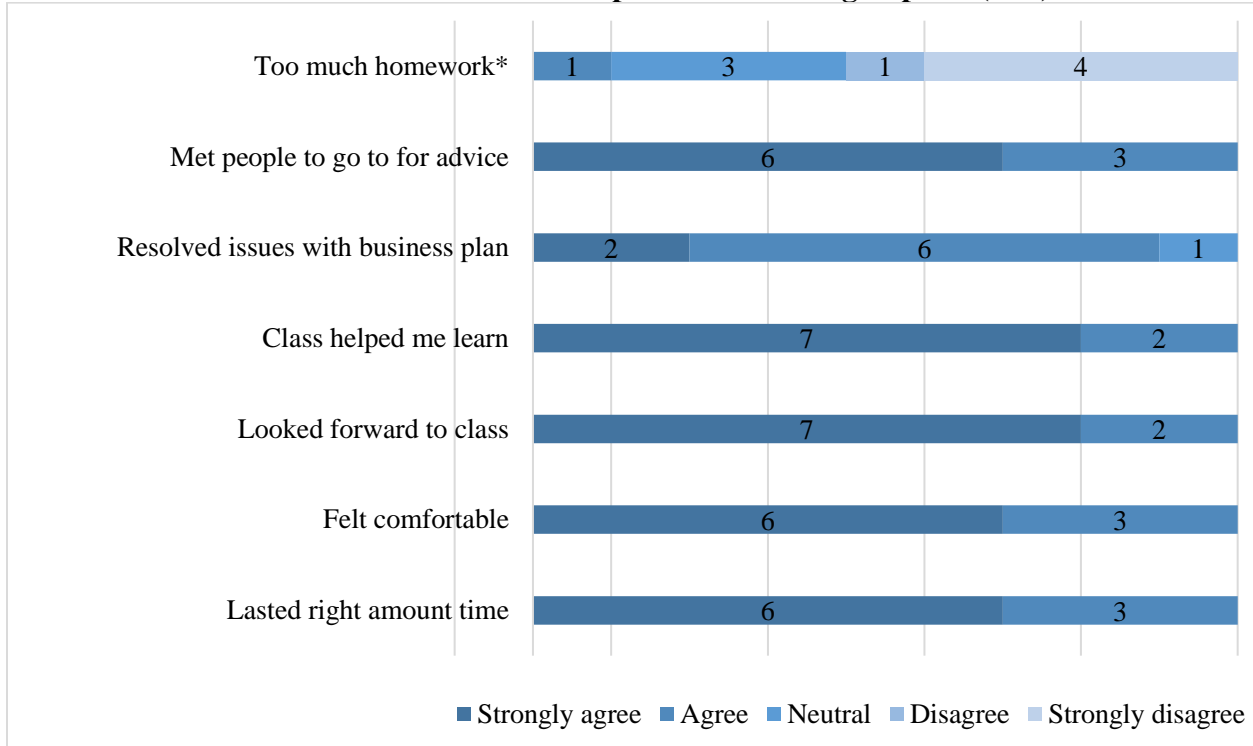
Note: Responses were given on a 5-point Likert scale from “Strongly Agree” to “Strongly Disagree.”

The six participants interviewed by phone were asked to rate how satisfied they were with PERC on a scale from 1 to 7, with 1 being not satisfied and 7 being completely satisfied. Responses ranged from 4 to 7, with 5 and 6 being the most frequent responses. Therefore, it appeared that the interviewees were generally satisfied with the program.

Feedback on Training

Overall, participants responded positively on the quality and helpfulness of the classes, but four agreed or strongly agreed that there was too much homework (Figure 17). None of those interviewed by phone mentioned the homework was too difficult or too overwhelming.

Figure 17
Feedback from PERC Participants on Training Aspects (n=9)



Data source: Post-training survey of PERC training staff
 *Reverse coded

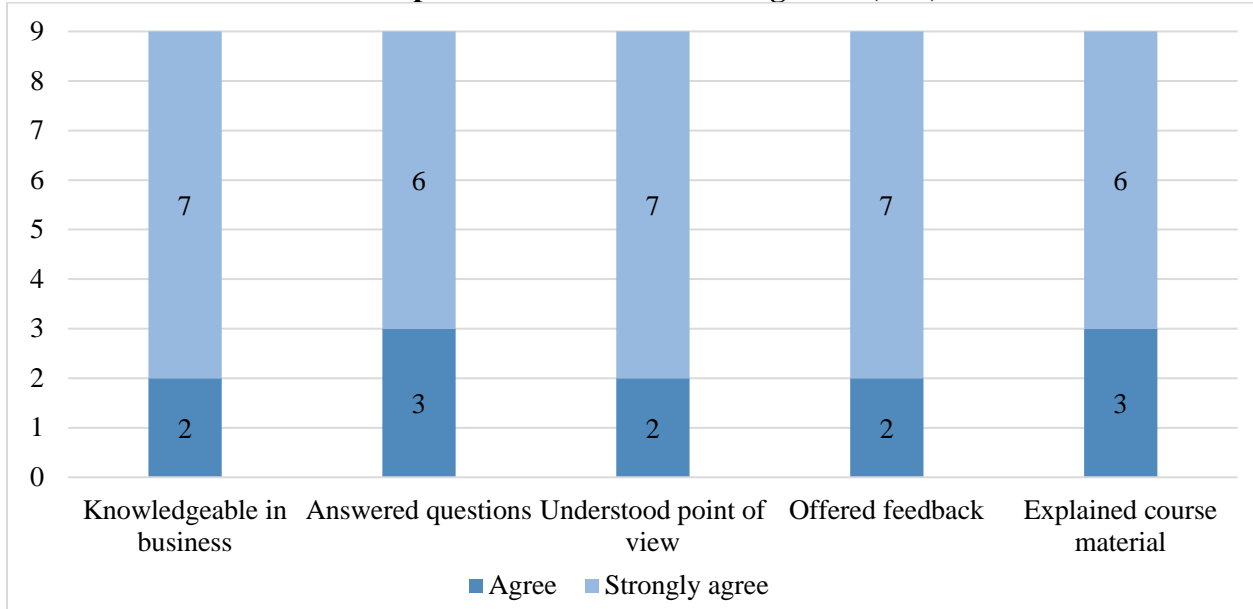
Skills learned in training. Eight of the 9 surveyed participants reported that the skills they learned in PERC would help them in future job interviews. Six respondents agreed or strongly agreed that the program prepared them to start their own businesses and for the traditional job market.

During phone interviews, one participant said listening to peers present and receiving critiques on their business plans was extremely helpful as they developed their own plan and presentation. Interviewees also reported valuing skill-building exercises on money management, understanding business materials needed, marketing, and finance.

Feedback on Training Staff

All participants who completed the feedback survey agreed or strongly agreed that training staff were knowledgeable and helpful in many aspects, including answering questions, offering feedback, and explaining course material (*Figure 18*).

Figure 18
Participant Feedback on Training Staff (n=9)

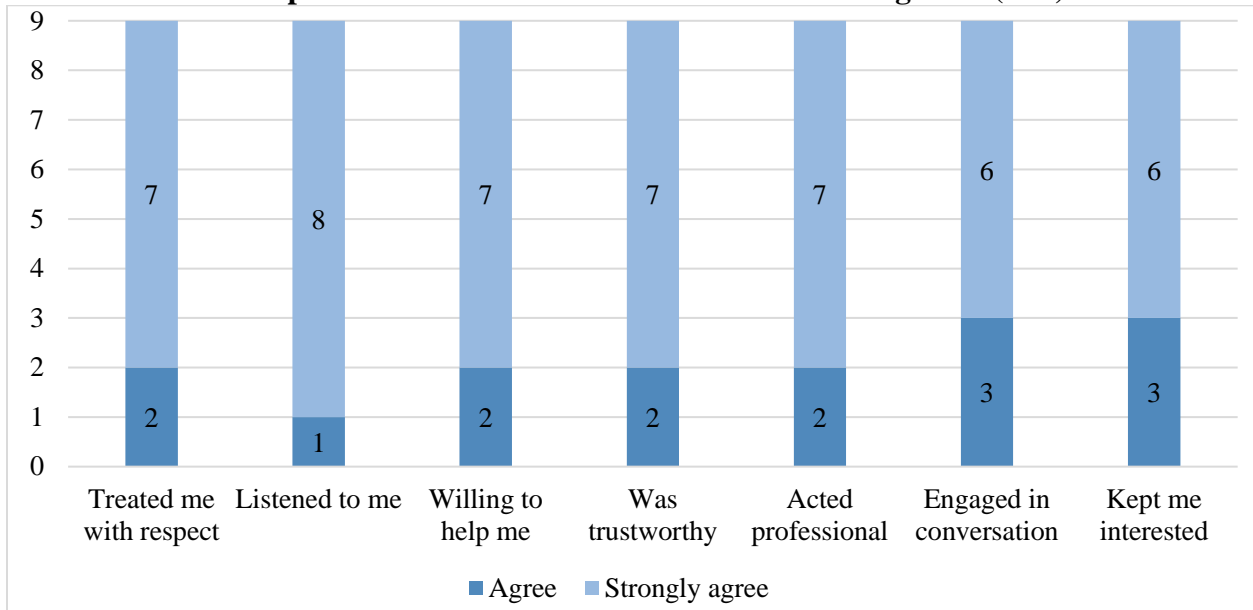


Data source: Post-training survey of PERC training staff

Note: Responses were given on a 5-point Likert scale from “Strongly Agree” to “Strongly Disagree.”

Additionally, all nine of the surveyed PERC participants agreed (n=4) or strongly agreed (n=5) that training staff were knowledgeable about reentry issues. Overall, PERC participants responded favorably regarding the quality with which training staff treated them. This included being respectful, listening, being trustworthy, and being professional (*Figure 19*).

Figure 19
Participant Feedback on Characteristics of Training Staff (n=9)



Data source: Post-training survey of PERC training staff

Note: Responses were given on a 5-point Likert scale from “Strongly Agree” to “Strongly Disagree.”

Those interviewed by phone also felt positively about training staff. For example, interviewees described the trainers as knowledgeable and interested in helping. A few interviewees also mentioned they appreciated when trainers related first-hand experience as a teaching tool in class.

One participant noted becoming upset with a change in classroom training staff, which caused them to consider dropping out of the program.

One interviewee recommended having trainers that could better relate to formerly incarcerated individuals and recommended training the trainers on the needs of returning citizens, such as finding employment and staying focused on positive goals.

Challenges Faced by Participants

Participants interviewed by phone reported a variety of barriers that impacted their participation in the PERC program, including personal and undisclosed issues. Other reported challenges included home monitoring that restricted the ability to attend class during the specified times, the cost of public transportation, having a job that conflicted with the training times, an inconvenient training location, and a prison release date that was revised to a later date than the one listed on the application and occurred after the start date of training.

Section 9: Preliminary Outcomes: Changes in Entrepreneurship Knowledge

An assessment of entrepreneurship knowledge was taken twice—once before the program started (as a pretest) and once after the classroom training portion of the program (as a posttest) (*Appendix A*). ICJIA researchers received both a completed pretest and posttest from eight participants trained at two of the three training agencies.

Sixteen multiple choice questions were scored and totaled to produce test scores ranging from 0 to 16 points. The assessment included open-ended, multiple choice, and fill-in-the blank questions. *Table 6* depicts changes in scores achieved before the training and after the training. Four individuals had more correct answers after training, two had fewer correct answers, and one stayed the same.

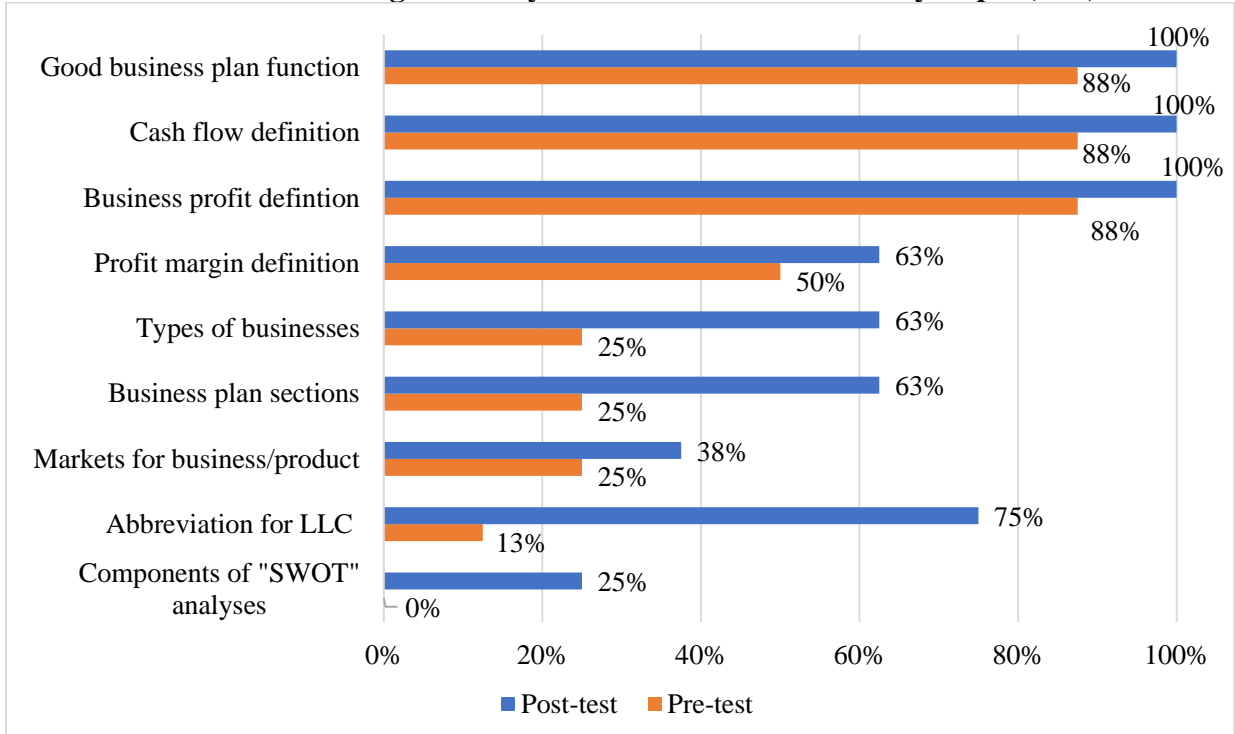
Table 6
Change in Scores on Entrepreneurship Knowledge

PERC participant	Pretest		Posttest		Change in number of correct answers
	Number of correct answers	Percent correct	Number of correct answers	Percent correct	
1	10	63%	8	50%	-2
2	7	44%	6	38%	-1
3	11	69%	10	63%	-1
4	6	38%	6	38%	0
5	10	63%	11	69%	1
6	9	56%	11	39%	2
7	8	50%	14	88%	6
8	5	31%	14	88%	9

Source: ICJIA analysis of matched PERC participant pretests and posttests

Of the 16 scored questions on the test, nine were answered correctly more frequently after classroom training than before training (*Figure 20*). The greatest increase in correct answers was for Question 8, which asked, “*What does the abbreviation LLC stand for?*”

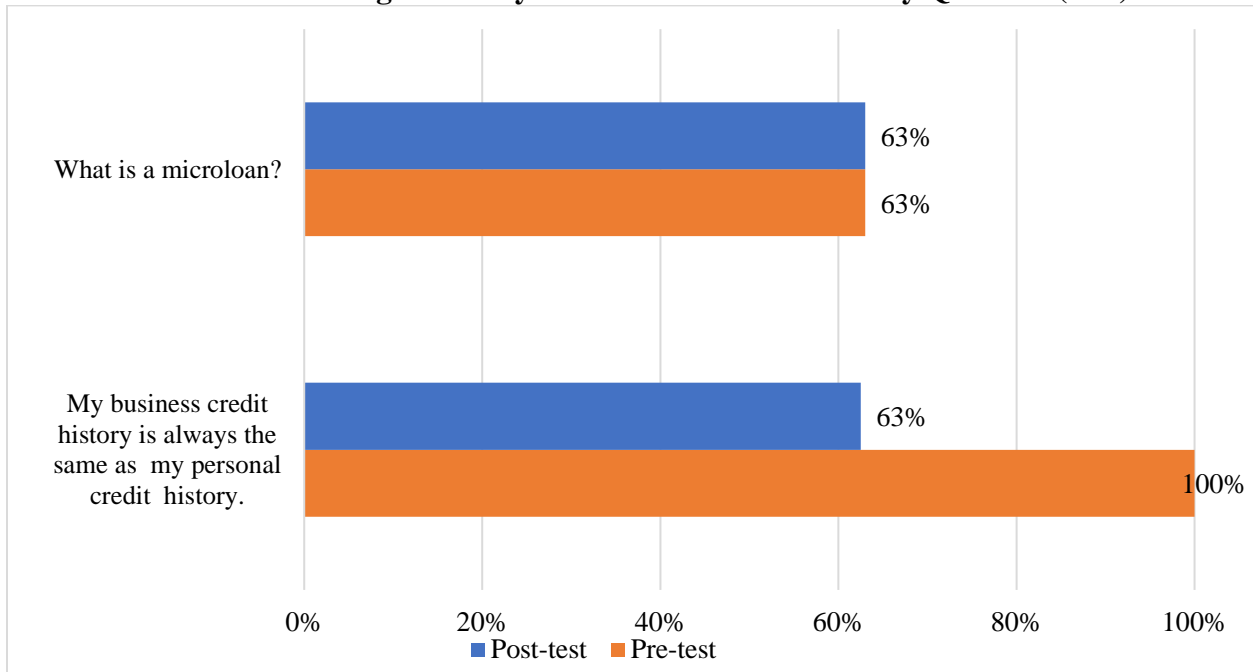
Figure 20
Percent Answering Correctly on Pretests and Posttests by Topic (n=8)



Source: ICJIA analysis of PERC data and participant Entrepreneurship Assessment scores

One of the questions on the assessment was answered correctly less frequently after training than before and one was answered correctly with the same frequency before and after training (*Figure 21*). *Figure 21* depicts the questions with the same or fewer number of correct answers at the end of PERC classroom training. The decrease was seen in Question 16, which was a True or False statement claiming, “*My business credit history is always the same as my personal credit history*”. The correct answer is false, but true was selected 37.5 percent of the time.

Figure 21
Percent Answering Correctly on Pretests and Posttests by Question (n=8)



Source: ICJIA analysis of PERC data and participant Entrepreneurship Assessment scores

Section 10: Implications for Policy and Practice

The Council of State Government's National Reentry Resource Center states:

Increasingly, reentry programs and initiatives across the country are partnering with evaluators to better understand the effectiveness of their recidivism reduction strategies and identify ways to use data to further refine their practices (CSG Justice Center Staff, 2018).

After conducting a multi-method, process evaluation of PERC in its first six months, ICJIA researchers offer these suggestions for programmatic enhancement based on the findings of the research and backed by the existing literature. Researchers acknowledge that PERC is a complex program which assists an often high-need population and recommendations and that acting on recommendations and suggestions will require more resources, time, and energy to accomplish.

Understand the Reentry Population and Address their Needs

Information gathered in focus groups indicated entrepreneurship training agencies' previous experience was not primarily with men or those reentering the community after prison (though there were exceptions). Agency experience was heavy on the training aspects, but the trainers themselves seemed to have had little exposure to individuals involved in the criminal justice system.

Program partners must understand the population they are serving, including their unique needs and challenges (The Council of State Governments, 2005). Participants feedback surveys suggest mostly satisfactory views from those PERC participants who completed the program, but in interviews other participants expressed the desire for trainers to understand the needs and challenges faced by the returning population. PERC staff and stakeholders should be trained on those issues and the reentry process more broadly and be knowledgeable about services offered in prison and the workings of parole (The Council of State Governments, 2005).

Those leaving prison often return to disadvantaged communities and face a wide range of challenges meeting needs that make successful reintegration difficult (Visher, La Vigne, & Travis, 2004). These challenging needs may include employment, health care, housing, transportation, and child care (Reichert, Powers, & Skorek, 2016). The criminal justice system cannot solely assist the formerly incarcerated, reduce recidivism risk, and increase public safety with the resources currently available—programs such as PERC must also offer support to reintegrate individuals back into the community (Taxman, Young, Byrne, Hosinger, & Anpach, 2000). To do that effectively, a commitment to initial and ongoing training is needed. Leveraging the knowledge and connections of government, research and private stakeholders already involved with the program could be one place to start.² However, in-person staff and stakeholder training with a local expert in the field would allow for real-time discussion and problem-solving and ensure program consistency. Alternatively, PERC's program manager could choose a suitable online resource that offers educational materials about reentry (e.g. The National

² For example, ICJIA researchers provided stakeholders with one-page research briefs on reentry needs and mentoring and passed on information from the National Reentry Resource Center, such as including relevant webinars and funding opportunities.

Reentry Resource Center) and require that all involved staff review key topics and develop a written plan for program delivery.

Offer wraparound services. Parole officers monitor, supervise, assess needs, and refer parolees to services, such as job training, substance use disorder treatment, and housing. The extent to which they supervise and assist may vary by officer and sometimes needs go unmet. For a reentry program to be successful, it must assess what individual needs are unmet, offer individualized assistance in accordance, and allow flexibility to those reentering into the community (Yoon & Nickel, 2008). Programs should be prepared to make referrals and cultivate relationships with community agencies and parole departments to assist their clients and remove barriers to success (Yoon & Nickel, 2008). Establishing meaningful relationships with a variety of external service agencies upfront may make this easier and has potential to enable the ability to accurately track the assistance clients receive as they progress through the program.

Employment assistance. PERC focuses on formerly incarcerated clients starting their own businesses, but they likely will need to find employment, as well. Starting a business can take significant time and planning and PERC clients may need money for living expenses during the training and development period. In addition, parole departments may require their parolees to obtain a job. Research has found employment is an important factor in staying out of prison, but lack of education, work experience, qualifications, opportunities, and discrimination create barriers to securing a job (The Annie E. Casey Foundation, 2016). Individuals sometimes lack job seeking skills, proper attire, or transportation to interviews. In addition, collateral consequences of a criminal conviction means some may be barred from work in certain fields and obtaining licenses (Mock, 2016).

Health care needs. Many individuals who have been in prison have chronic health problems, such as asthma, diabetes, heart disease, cancer, HIV, hypertension, or tuberculosis (Binswanger, Krueger, & Steiner, 2009). Many suffer from mental health disorders, such as anxiety, mania, depression, and psychosis. Up to two-thirds of those in prison have substance use disorders and increased risk for overdose post-release (Fazel, Yoon, Hayes, 2017). Left unaddressed in the community, these physical and mental health issues can affect functioning and increase risk of recidivism.

Housing and homelessness. As many as 80 percent of released persons move in with family and friends, a situation which may be temporary (Visher, La Vigne, & Travis, 2004). When they choose or are asked to leave, some become homeless, stay in shelters, or double up with others due to a lack of affordable housing, particularly in urban areas. Periods of homelessness increase risk of recidivism; therefore, PERC training staff should be prepared to make referrals for local housing (Lutze, Rosky, & Hamilton, 2014).

Additional service needs. Additional needs that impact reengagement in society, self-sufficiency, recidivism, and levels of participation in programming include:

- Identification and important documents (e.g., state ID, social security card, birth/marriage certificates, educational credentials).
- Transportation.
- Food, clothing, and amenities.

- Child care, custody, support.
- Assistance with legal debts (e.g., court fines, fees).
- Legal assistance (e.g., record expungement, child custody, support).
- Federal assistance benefits.
- Banking account (Taxman, Young, Byrne, Hosinger, & Anpach, 2000).

PERC can map reentry resources that are available, as well as those that are needed in the community area served by the program (The Council for State Governments, 2005).

Consider Recidivism Risks

PERC is a social program designed to offer benefits above and beyond simple entrepreneurship training. It also aims to reduce recidivism for individuals who are formerly incarcerated and disproportionately disadvantaged in society. Social programs are different than typical educational programs in that they want to assist the most at-risk individuals, who are also harder to treat (Andrews & Bonta, 2017; Lowenkamp & Latessa, 2005; Lowenkamp, Latessa, & Holsinger, 2006; Sperber, Latessa, & Mararios, 2013).

Based on decades of study, criminal justice researchers have identified principles—Risk, Need, & Responsivity (RNR)—that when followed effectively facilitate a reduction in recidivism (Andrews, Zinger, Hoge, Bonta, Gendreau, & Cullen, 1990). Research has found programs that do not adhere to the RNR framework are likely to increase recidivism risk, not decrease it (Andrews & Bonta, 2017). RNR principles may help reentry programs make informed decisions on how to best use scarce resources and improve outcomes (Andrews & Bonta, 2017). For instance, serving higher-risk individuals is more likely to achieve the goal of reduced recidivism overall. Focusing on low-risk individuals may not be the most effective use of already scarce resources and could even cause harm by exposing such individuals to high-risk individuals and/or extra burdens (e.g. scheduling conflicts, transportation costs, homework on things they already know) (Andrews et al., 1990; Lowenkamp & Latessa, 2005).

When considering the goal of reducing recidivism, PERC should avoid taking only the very best candidates (also known as “creaming”). The impact of such a practice on PERC and the communities it serves might be that the program ends up overlooking entrepreneurs in prison who need PERC’s help the most (entrepreneurs lacking knowledge, business networks and motivational supports provided through PERC training, coaching, and mentorship). Kirst-Ashman & Hull (2016, p. 332) stated the following regarding creaming:

One danger is that evaluating only the best may show significantly greater effectiveness than if all similar candidates in the population were included. Another danger is that perhaps the best candidates would have changed anyway. For example, many first-offender programs take those they consider good candidates for the program. Thus, they tend to bias the outcome. The selection of clients creates a form of bias that is quite powerful. Sometimes workers are not aware they are selecting clients with specific characteristics.

Reentry programs should be individualized and consider individual barriers to effectively engage high-risk individuals (Andrews & Bonta, 2017). Programs can use research-based techniques to motivate individuals to make change, including cognitive-behavioral therapy (CBT) and simpler techniques such as:

- Providing rewards and positive feedback.
- Expressing empathy.
- Reinforcing the ability to change.

Reentry programs that meet only one need of the individual, such as employment, may not reduce recidivism. Reentry programs can reduce recidivism risk if they focus and address these criminogenic needs:

- Anti-social friends, peers.
- Anti-social personality.
- High conflict family, intimate relationships.
- Substance use disorders.
- Low-level achievement in work or school.
- Unstructured, antisocial free time.

In prison, as well as in the community by parole departments, RNR principles can be employed by using a risk assessment tool to predict recidivism risk and identify needs; focus program efforts on moderate- and high-risk offenders; develop an extensive support network of social services in the community; and consider motivational interviewing techniques that are responsive to individuals.

Enhance Training

Use best practices to execute classroom training. The three training agencies used different training models and curriculum with varying lengths and approaches to classroom training. According to information gathered in the focus groups, one agency created its own curriculum and the others used curriculums with no research base. Research on entrepreneurship and on entrepreneurship education curriculums, specifically, is limited.

According to Arasti and colleagues (2012), in successful entrepreneurship education, “there is no universal pedagogical recipe to teach entrepreneurship” (p.2). Although there are no programs that have been rigorously tested enough to be considered evidence based, the PERC program could implement broader best practices within their training to better achieve the program goals and increase knowledge. For example, experiential learning, or “learning by doing,” is more effective for developing entrepreneurial skills and attitudes than traditional methods like lectures (European Commission, 2008; Walter & Dohse, 2009). Participatory training methods can include class discussions, case study presentations, role play, brain storming, and field trips. The PERC program should continue to include experiential learning and work throughout sessions to increase the effectiveness of the training and expand such learning where possible.

Other best practices include providing and discussing a formal syllabus that outlines the pace of the class, explains what participants will learn, and conveys class expectations to participants. Regarding class expectations, Taxman and colleagues (2004) suggest active participation in the

setting of accountability standards is an important element of success for parolees. In one study, DiClementi and Handelsman (2005) found that collaboratively generated class rules empowered students and positively impacted the classroom more than rules generated by an instructor. Thus, it may be particularly effective for PERC agencies to include class expectations that students themselves collaboratively generate.

Adapt entrepreneurship curriculum to population. Most entrepreneurship curriculums were not developed to serve returning citizens. PERC program administrators should work to ensure that the curriculum used is responsive to this specific population, making changes when necessary.

Expand training accessibility. Returning citizens face many barriers, such as access to transportation, lack of financial resources, and parole requirements (Vigne, Davies, Palmer, & Halberstadt, 2008). Attendance data and staff and participant comments highlighted the need for expanded training accessibility. Many participants were unable to attend classes due to work obligations or transportation issues. Further, participants specifically requested training at different times to offset scheduling conflicts.

Online training development, more convenient training locations, and stipends to help with expenses while searching for a job could increase the overall flexibility of the program and alleviate accessibility barriers. One reentry program in Massachusetts increased program participation from less than 12 to over 50 by offering training online and reducing the required amount of time spent in face-to-face sessions (Albis, 2017).

Specifically, enhanced training accessibility across agencies could increase retention, participation, and the overall success of the PERC program. Entrepreneurship education and participatory training methods may not always be amenable to online training delivery, but offering this alternative approach when appropriate could yield benefits to both clients and staff.

Increase retention of participants. Just 17 percent of PERC participants completed the training. While programs targeting returning citizens commonly experience issues with retention (Marks, Kendall, & Pexton, 2016), there are ways to increase participation. According to a 2004 report from the Urban Institute, several key factors influence program retention, including:

- *Parole conditions and constraints*, such as curfews and meetings with parole officers. These constraints can result in missed programming meetings and decreases in participation.
- *Motivation and self-image* of the returning citizens. These factors foster increased participation as participants decide to refrain from criminal activity and see themselves positively (as contributors to family and community, potential entrepreneurs, their own boss, or valued employees).
- *Other barriers*, such as lack of transportation and child care, lack of access to needed treatment, poor conflict management, and job schedules. These factors can interfere with a citizens' ability to attend meetings and participate in the program.
- *Case management services*, such as assessments, service planning, linkage, monitoring, advocacy, and skills training to address common barriers (Houston, 2006). Consistent,

long-term management and monitoring that begin early have been found to be the most effective (Houston, 2006).

- *Mentoring*, when done successfully, can increase program retention.

By addressing these factors, the PERC program could increase engagement and retention.

Engage participants prior to prison release. Pre-release services can increase post-release program engagement (Trupen et al., 1999). One study found meeting with a case manager prior to release significantly predicted increased odds of program engagement (Hamilton & Belenko, 2015).

- During pre-release, the program can:
 - Prioritize crucial first steps.
 - Assess needs and offer support.
 - Develop a rapport.
 - Specify expectations.

Work with parole. The degree to which parole is aware of and supportive of PERC is unknown. Attendance data and participant interviews indicated some participants were unable to attend class due to movement restrictions or house arrest. Half of all training staff reported connecting with participants' parole agents. Strong collaborative efforts between PERC programs and parole departments could clear the way for movement restriction exceptions and other accommodations to increase participation.

Garner Support and Secure Sustainable Funding Sources

Secure funding sources. Survey responses of PERC training staff indicated that levels of funding stability may benefit from improvement. PERC had private funding that served as a suitable source for initial development and support of training agencies' work with justice-involved individuals. To broaden the scope of funding in the future, grant opportunities may be sought through public funding and additional private funding. Grant opportunity databases are a great resource for programs seeking funding. Several private organizations and foundations across the country support criminal justice reform efforts and reentry programs. The U.S. Department of Justice offers many opportunities through Second Chance Act and reentry programming funding, including the Second Chance Act Adult Reentry and Employment Strategic Planning Program. According to the Center for the Study of Social Policy (2011), federal grants are most likely to be attained when the following elements are present:

- Data to demonstrate need.
- Learning and accountability.
- A focus on results.
- Effective partnerships.
- Solutions that work.
- Long-term sustainability.

PERC produced a logic model depicting program outcomes, utilized past research and took steps to enable a rigorous outcome evaluation in the future, thus the program already exemplifies the first three elements, increasing the likelihood that the program can obtain future funding. The PERC program also has created partnerships between community agencies, government agencies, and private foundations, another desirable element for federal funding. Identifying the solutions that work the best will come with time, experience, assessment, and revision. PERC program sustainability findings in this report also can be included in grant applications.

Expand communication and planning. Training agency staff indicated communication with stakeholders and strategic planning for the future were some of PERC's weakest domains of program sustainability. Meetings between program developers and staff were conducted on a semi-regular basis, but delays in hiring a program manager may have affected program planning and communication and contributed to confusion about roles and responsibilities. Additionally, though the program put out a press release about the program, held a press conference at the program kick-off, and invited press to a PERC graduation ceremony, more could be done to leverage environmental support and communicate with the community and other stakeholders. This could in part be achieved via a website and/or on social media (Rakis, n.d.). By expanding communication about the program, PERC may gather more interest in participation from volunteers and mentors, and increase exposure to sources of funding and donations (Reichert, Powers, & Skorek, 2016).

Examine the Mentoring Process

Mentoring is a component of many reentry programs and can facilitate more successful reentry to the community if it is well-designed, well-implemented, and evaluated. Research indicates successful mentoring programs offer several benefits, including:

- Improved family relationships.
- A decrease in recidivism.
- An increase in reentry program retention.
- Improved employment outcomes

Researchers did not observe any clear guidelines for mentoring component implementation; they recommend that a mentoring plan is further developed with best practices in mind, consistently incorporated, and evaluated.

Mentoring program models vary in efficacy depending on the context (Umez, De la Cruz, Richey, & Albis, 2017). Some program models feature group mentoring while others mentor individually or offer a combination of the two. The mentoring component of a reentry program should strengthen social networks and increase each client's ability to address challenges that arise during the reentry process.

PERC training agencies should consider:

- Recruiting mentors that fit with the program model.
- Training mentors and establish guidelines for their roles.

- Developing and convey expectations for those who are mentored.
- Offering flexibility and consider individual strengths and needs.
- Matching participants to specific mentors with similar backgrounds to the extent possible.
- Communicating with corrections and parole.
- Learning from mentors to better identify and address reentry needs.
- Instructing mentors to support program objectives.
- Evaluating mentoring to understand and enhance its use.

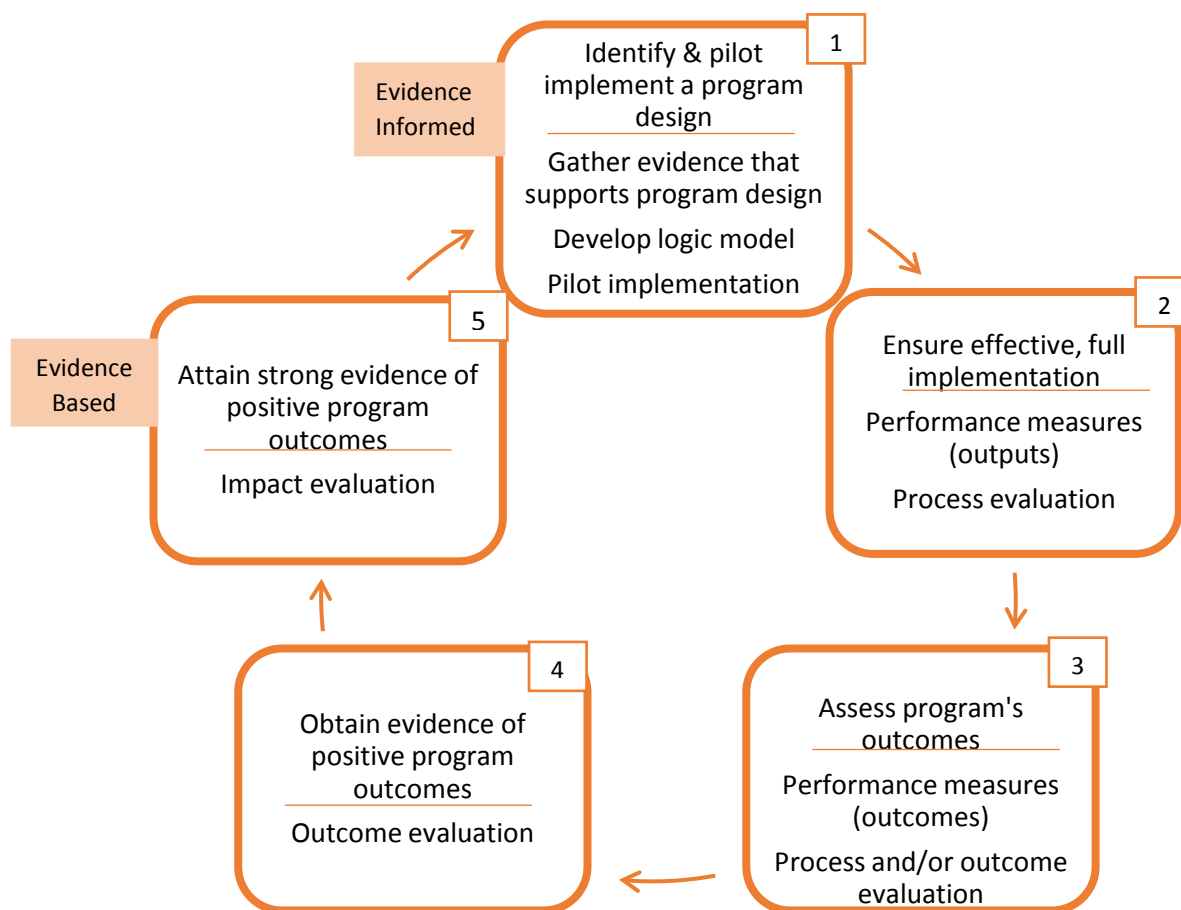
Training for mentors is important to the success of the program, especially if recruiting mentors from among business persons who have limited experience with formerly incarcerated individuals. Training should cover many topics including:

- The population, reentry issues, and process.
- Safety and personal boundaries.
- Background on the training agency and PERC.
- Policies and procedures including role definitions, and communication expectations (Albis, 2017).

Continue Research Evaluation and Gather Evidence on Effectiveness

Research on reentry programs can be used “to improve public safety, save taxpayer dollars, strengthen public trust in the corrections system, and provide former prisoners with greater opportunities to access services and live productive lives (Mulhausen, 2018). *Figure 22* depicts the process needed to build evidence on the effectiveness of a program.

Figure 22
Building Evidence of Effectiveness



Research specifically on reentry programs offering entrepreneurship training is lacking. According to Cooney (2012, p. 129),

Because of the scarcity of research that has been undertaken on the distinctive challenges faced by former prisoners when looking to start their own business upon release from prison, very little is known about their specific training requirements in terms of entrepreneurship education.

Therefore, as the PERC program continues, research should be an integral part of the program.

Determine and prioritize research questions. PERC leadership should collectively decide on a set of research questions to be explored based on the program’s logic model. Agreement among all stakeholders on questions to be asked will help direct the program’s many disparate components to focus on the main program goals. The questions also will serve as a guide in the evaluation process and determine the topics of investigation.

When determining research questions, stakeholders should ask:

- What information do they hope to gain from the evaluation?
- How does the evaluation align with the long-term goals and research agenda for their program?
- What are the funders' expectations?
- What resources are available for the evaluation? (The Corporation for National & Community Service, n.d.)

Since PERC seeks to reduce recidivism, a criminologist or sociologist should be consulted to measure the outcome of recidivism. Other outcomes sought include increased employment among participants, increased self-sufficiency, and maintenance of a business for two or more years. Thus, if research questions are more complex than “did a business open?” a consultant with expertise in entrepreneurship may be needed.

Enhance the pretests and posttests. Pretests and posttests were developed to measure entrepreneurship knowledge gained from the PERC training course. However, primary course objectives were unclear prior to developing the questions. In the future, the pre- and post-tests should be based on the curriculum being taught in trainings. Additionally, researchers should create or find a validated measure of entrepreneurial knowledge. While the tests had face validity (it appeared to be a valid measure based on feedback from the PERC stakeholders), the pre- and posttests should be validated with a larger sample size to determine reliability. Additionally, PERC participants and trainers can offer feedback on questions they find confusing or ambiguous.

Test the program to measure outcomes.³ The program should test each of its components separately when possible. For example, PERC leadership proposes that pre-release work will improve program retention. This theory can be used as a hypothesis. This claim may be tested by comparing program outcomes between participants that receive pre-release assistance and those who have not. Measuring outcomes under these circumstances would allow a strong conclusion about the effect of modifying an aspect of the program, given that the individuals in each group share similar background characteristics. This measurement could save valuable effort, time, and money for both participants and program stakeholders.

Consider research limitations. Because the program was not standardized, PERC participant experiences may have varied. Training agency surveys revealed variations in program stability and agency capacity. Entrepreneurship training was unstandardized among the three agency providers. The trainings varied in length (12 to 14 weeks), curriculum, training practices, and homework. These variations inhibit research on program efficacy as a whole and will make revisions to the program more difficult to implement. A single-agency pilot program would help streamline the evaluation process to clearly reveal lessons learned and inform program enhancement. A commitment from program stakeholders and training agencies to assist in the evaluation and data collection also will benefit future programming.

³ ICJIA researchers are conducting a randomized control trial of PERC which will be shared in a future publication.

Section 11: Conclusion

This evaluation synthesized information collected in focus groups, surveys, interviews, and administrative data. The evaluation revealed staff and participants were satisfied with the program, but several areas needed improvement. A low retention rate and a graduation rate of 17 percent needs further exploration. Additionally, class attendance varied among all participants. In interviews and surveys, it was apparent that participants faced barriers to attending in-person classroom training, including conflicting work schedules, parole restrictions, travel costs, distances to training, and family commitments or issues. Training staff reported challenges with the recruitment process, making initial contact with clients, classroom training attendance, and barriers faced by the recently incarcerated.

Due to these findings, ICJIA researchers recommend the following to improve the program:

- Increase understanding of the reentry population's needs.
- Clarify the program selection process/criteria.
- Set clear expectations and requirements for the participants.
- Enhance aspects of the program, such as accessibility and the curriculum.
- Engage participants pre-release.
- Garner support and securing future funding.
- Examine the mentoring process.
- Continue research evaluation and gather evidence of program effectiveness.

New program planning takes a considerable amount of time and effort. The Council of State Governments (2005) suggests taking the following critical steps when starting a reentry initiative:

1. Encourage collaboration among stakeholders
 - a. Recognize the complexities of the different systems
 - b. Identify key stakeholders and engage them in a discussion regarding reentry
 - c. Define the scope of the problem
2. Develop a knowledge base
 - a. Understand who is being released from prison
 - b. Identify what state and local policies influence and govern reentry
 - c. Identify where released prisoners are returning and understand the characteristics and service capacities of those communities
 - d. Understand why released prisoners are reoffending
 - e. Examine how prisoners are prepared for reentry, supervised, and aided in the transition from prison to community

Upon completion of a thorough planning process, a single-agency pilot program would be ideal for evaluation to inform future programming. The pilot should be evaluated and afterward the stakeholders can come together to discuss lessons learned and changes that can be made to improve the program.

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Appendix A: Pre- and Post-Test Entrepreneurship Assessment

Pre/Post Assessment

Entrepreneurship Assessment

ANSWER KEY

Please read and answer the following questions about starting a business. Some questions will ask you to write an answer and others will ask you to mark your answer with an “X” or circle. This is not a test that will affect you in any way and we don’t expect you to know everything asked. This just allows us to better understand what you may know at this point.

Date: _____ / _____ / _____

1. First name: _____
2. Last name: _____
3. Please select when you are taking this assessment. (**Check one**)
 - Before class training starts (pre)
 - After class training ends (post)
3. Please briefly describe the business you want to start:

4. Do you currently have a written business plan? (**Check one**)
 - Yes
 - No

Questions about Entrepreneurship

5. What are three important ways a business plan helps to start a business? (**Write your answers**)
 1. _____ (not scored)
 2. _____
 3. _____
6. Which of the following sections go into a complete business plan? (**Check all that apply**)
 - Financial
 - Executive Summary
 - Sales Projections
 - Marketing
 - Bankruptcy details
 - Product details

7. True or False? A good business plan should tell lenders how they will get their money back. **(Check one)**
- True
 - False
8. What does the abbreviation **LLC** stand for?
- Limited Liability Company/Corporation
9. Which of the following is not a type of business? **(Circle one)**
- A. "S" Corp
 - B. LLC
 - C. "D" Corp
 - D. "C" Corp
 - E. I don't know
10. How much money do you think it will cost to start your business?
\$ _____ (not scored) _____
11. What are the four parts of a S.W.O.T. analysis? **(Check all four)**
- Strengths
 - Workforce
 - Timeline
 - Opportunities
 - Ownership
 - Weaknesses
 - Threats
 - Strategy
12. What is a business profit? **(Circle one)**
- A. The money that comes in from customers that day.
 - B. The money that is used to buy supplies.
 - C. The money that is leftover after all expenses are paid.
 - D. The money from wages.
 - E. I don't know
13. What is a profit margin? **(Circle one)**
- A. The amount by which revenue from sales exceeds costs.
 - B. The amount which you pay to your suppliers.
 - C. The total assets of your business.
 - D. Your monthly budget allowance.
 - E. I don't know
14. Which of the following would be the best personal credit score? **(Circle one)**
- A. 300
 - B. 430
 - C. 510
 - D. 720

- E. I don't know
15. Which of the following directly affects your credit score? **(Check all that apply)**
- Paying a loan back late
 - Paying off a credit card
 - Saving money at home in a safe
 - Applying for a credit card
16. True or False? My business credit history is always the same as my personal credit history. **(Check one)**
- True
 - False
17. What is cash flow? **(Circle one)**
- A. The amount of cash in your register.
 - B. The total amount of assets your business can claim on your taxes.
 - C. The amount of cash you pay your employees.
 - D. The total amount of money being transferred into and out of a business.**
 - E. I don't know
18. What is a microloan? **(Circle one)**
- A. A large loan that must be paid back in full within 30 days.
 - B. A small, short-term loan.**
 - C. An investment by an angel donor that does not need to be paid back.
 - D. A small loan paid back over twenty years.
 - E. I don't know
19. Which four of the following terms are important in marketing? These are also known as the "Four P's" of marketing. **(Check all four)**
- Product
 - Performance
 - Profitability
 - Place
 - Progress
 - Price
 - Promotion
 - Planning
20. Please list up to 6 specific ways a new business could promote their product or service. (e.g. radio advertisement). **(Write in answers)**
1. _____ (not scored) _____
 2. _____
 3. _____
 4. _____
 5. _____
 6. _____

21. Which of the following must you do when trying to understand the market for your product or service? (**Check all that apply**)

- Define the target market
- Gather market data
- Travel to different cities
- Evaluate and Analyze market data
- Meet with suppliers
- Determine if the market is ready
- Talk to lawyers about the market

22. Please name three types of people an entrepreneur would want to make a business pitch to. (**Write in answers**)

1. _____ (not scored)
2. _____
3. _____

23. Please briefly describe the purpose of insurance for your business (1-2 sentences). (**Write your answers**)

_____ Correct answers are ones that mention something similar to “reducing risk, burden, or financial trouble.” Or “covering accidents or injuries” _____

24. Which one of the following things would an entrepreneur focus on to make their product or service more appealing than the competition? (**Circle one**)

- A. Supplier contracts
- B. Employee wages
- C. Customer Experience
- D. Technology
- E. I don't know

25. Please list up to 6 potential sources of funding for someone who wants to start a business. (**Write your answers**)

1. _____ (not scored)
2. _____
3. _____
4. _____
5. _____
6. _____

Please continue on the next page... 

Thoughts about Starting your Own Business

1. For each of the following statements, please circle one response that fits best.

	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
a. I want to start a business within the next 12 months	1	2	3	4	5
b. I know how to manage a business	1	2	3	4	5
c. I know where to get money to start a business	1	2	3	4	5
d. I have a network of people who can help me start a business if I wanted to	1	2	3	4	5
e. I know how to improve my credit	1	2	3	4	5
	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
f. Starting a business is difficult	1	2	3	4	5
g. Running a business could be fun	1	2	3	4	5
h. Entrepreneurs are lazy	1	2	3	4	5
i. People who want to start a business are inspiring	1	2	3	4	5
	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
j. I know who my target customers are	1	2	3	4	5
k. I know how to talk to other people about my business plan	1	2	3	4	5
l. I know how to start my own business	1	2	3	4	5
m. I have a clear business idea	1	2	3	4	5
n. I know how to set my prices to make a profit	1	2	3	4	5
o. I know how to grow my business	1	2	3	4	5
p. I know how to market to people	1	2	3	4	5

2. For each of the following statements, please choose how clear you are about that part of your business.

	<i>Not Clear at All</i>	<i>Somewhat Unclear</i>	<i>Neutral</i>	<i>Somewhat Clear</i>	<i>Very Clear</i>	<i>Does not apply</i>
q. What my main product or service is	1	2	3	4	5	N/A
r. The location of my business	1	2	3	4	5	N/A
s. The hours my business will be available for customers	1	2	3	4	5	N/A
t. What equipment I will need to buy	1	2	3	4	5	N/A
u. How many employees I need	1	2	3	4	5	N/A
v. Who my suppliers will be	1	2	3	4	5	N/A
w. My business plan	1	2	3	4	5	N/A

Thank you for completing the assessment!

Appendix B: PERC Checklist for Assessing Capital with CNIMFG

The goal of the training/services provider is to prepare returning citizens to vision, plan, fund, and open a small business. Each returning citizen completing training should be able to do the following before *accessing capital with CNI*:

1. Complete the PERC entrepreneurial training program
2. Obtain a letter of recommendation from the PERC entrepreneurial training program affirming completion of items identified below
3. Is currently employed or have recurring income that can be considered for debt repayment (*Income can be from employment wages, Social Security, disability, unemployment, pension, alimony, child support, etc. The presence of a co-signer with such income can also be reviewed*)

CNIMFG understands that the goal of PERC is to create opportunities through entrepreneurship. However, it also understands that it may take time to start and stabilize the business. During this time, applicants must demonstrate their ability to make loan payments, via any of the above means, until the business can show the ability to repay the loan.

4. Has an unexpired government issued photo ID
(City ID, State ID, State Driver's License, Passport, etc.)
5. Understands Personal Credit
 - a. Consulted with a credit counselor to help improve credit score, if needed (*Please note that CNIMFG does not use a minimum credit score to determine eligibility. It does however stress the importance of understanding credit, establishing good and positive credit behaviors and taking necessary actions to improve credit. CNIMFG will pull personal credit when underwriting a loan and reports Borrower's lending activity to credit bureaus.*)
 - b. Participant will be ineligible if the following conditions exist:
 - Currently in bankruptcy proceedings
 - Have government issued student loan debt that is more than 90 days past due
 - Have tax liens that are not in a repayment plan*(Should either of these exists, participants are encouraged to contact credit issuers and work out a deferment, settlement and repayment plan prior to seeking financing. A copy of such plan or resolution will be requested by CNIMFG)*
6. Complete a business plan that includes:
 - a. A clear and succinct description of the business
 - b. Mission statement
 - c. Market research
 - d. Analysis of strengths, weaknesses, opportunities and threats (SWOT)
 - e. Review of competitors
 - f. Plan for pricing and promotion
 - g. Detail industry experience
 - h. Financial projections for 24 months

- i. Implementation strategy
7. Establish a support network that includes:
 - a. A credit counselor to help them improve their credit score
 - b. An ongoing coaching relationship with a mentor
 - c. An ongoing coaching relationship with entrepreneurial training organization
 8. Build a market for their business, including some of the following:
 - a. Researching markets and establishing a market position
 - b. Pricing, pitching and promoting their business
 - c. Contracts or Letters of Intent from prospective customers
 - d. Established industry relationships where business opportunities could arise
 9. Manage the finances of their business
 - a. Generating income to live on while the business gets started
 - b. Have access to a system to track income and expenses of business
 - c. Knowing when and how much should be paid in taxes
 - d. Understanding of Sources and Uses of needed capital for business
 10. Create or prepared to create the legal structure for their business, including:
 - a. Incorporating
 - b. Obtaining the necessary business licenses for industry
 11. PERC entrepreneurs should be prepared to answer lender questions that are industry specific.
Sample questions:
 1. Where will your business operate?
 2. If not from a home office, have you identified a location and understand what the requirements will be for occupying the space?
 3. If equipment is needed to start business, can you identify the type of equipment, costs and where you plan to purchase it?
 4. Have you completed the business licensing requirements for your industry?



Perks for PERC

Loan Terms

- Installment Loan
- Up to \$10,000
- Up to 36 months
- 6.00% Interest rate
- Monthly Principal & Interest payments
- No minimum credit score for eligibility (*consistent with all CNIMFG loans*)
- No prepayment penalties (*consistent with all CNIMFG loans*)
- 3% Origination fee (*may be financed in the loan*)
- Unsecured loan (*CNIMFG will seek collateral, if available, however the existence of collateral shall not be a condition of the loan*)
- Payments made via scheduled automatic debits.

Other Incentives

- Computer or tablet loaded with business related software (While supplies last)
- A \$500 secured credit card (CNIMFG will seek grant funding to pay for this expense)
- Access to credit monitoring services (Offerings through Capital One's Credit Wise program)

Eligibility

Product is reserved those justice touched and/or previously incarcerated individuals who have successfully completed the PERC entrepreneurial training program. Individuals will be underwritten based on criteria set forth in CNIMFG current Credit Policy; however, CNIMFG's management team and Loan Committee reserves the right to make exceptions to its policy, when appropriate, in order to remove barriers facing individuals within this population.

Eligible applicants may apply for additional funding up to CNIMFG's current funding limits, however; will not be guaranteed financing via the terms of Perks for PERC.



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