



Testimony of

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

U.S. House of Representatives

Committee on Small Business:

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

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

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

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

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

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

The WBC Program in Prisons

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

¹ From the 2019 CBJ: “Women’s Business Centers (WBCs) helped many small businesses work with microlending institutions, helping them access millions of dollars in loans.” Pg. 43

https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF

² P.L. 100-533, available at <https://www.gpo.gov/fdsys/pkg/STATUTE-102/pdf/STATUTE-102-Pg2689.pdf>.

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

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

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

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

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

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

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

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

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

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

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

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

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

³ Adam Looney and Nicolas Turney, *Work and opportunity before and after incarceration*, Brookings Institute, March 2018

https://www.brookings.edu/wp-content/uploads/2018/03/es_20180314_looneyincarceration_final.pdf

Legislation is Needed

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

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

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

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

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

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

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

Conclusion

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

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

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