

1.1 Organizational Background – Women’s Opportunities Resource Center (WORC) is a nationally-recognized nonprofit founded in 1993 to promote social and economic self-sufficiency for low-income individuals – primarily women and their families – through self-employment training, small business microlending, and incentive savings programs integrated into an overall asset-building approach. WORC is an SBA Microlender and certified U.S. Treasury CDFI and has been recognized nationally for its work, receiving, among other awards, the U.S. Treasury 2001 Presidential Award for Excellence in Microenterprise Development - Poverty Alleviation.

Org & Project Name: Women’s Opportunities Resource Center, *Philadelphia Re-Entry Entrepreneurship Program*
Official Contact Person: Lynne Cutler, President | 215.564.5500 | lcutler@worc-pa.com

WORC targets underserved individuals & families in Philadelphia and the surrounding four counties. Our clients are primarily women, people of color, and immigrants/refugees. During FY16, WORC served 401 individuals, of whom 79% were low-moderate income and primarily African-American (57%), Asian (20%), multi-racial (10%).

Philadelphia Re-Entry Entrepreneurship Program (PREP) is a 7-week self-employment training and character-building program targeting formerly-incarcerated women. *PREP* integrates content from proven curricula:

- Entrepreneurship training from WORC’s *Start-Smart Start-Green* self-employment training program – a 6-week, 36-hour course which since 2004 has trained >3,500 participants leading to 825 businesses launched.
- Character-building & leadership development from CHILL OUT *Prison Re-Establishment Program* – a 12-week, mentorship-based course that since 2013 has empowered >450 incarcerated female inmates at Philadelphia’s Riverside Correctional Facility to develop self-confidence and personal skills enabling re-entry.

The target population for this project comprises formerly-incarcerated women who either live in or are returning to Philadelphia and the surrounding four counties. Per the PA Dept. of Corrections, 35,000 ex-offenders return to Philadelphia yearly after release from federal, state, and local prisons, with an annual recidivism rate of 65% and three-year incarceration rate of 41% as of 2014. A 2011 report by the Economy League titled “Economic Benefits of Employing Formerly Incarcerated Individuals in Philadelphia,” identified lack of opportunities, motivation, & supporting resources as principal causes for ex-offenders facing sustained unemployment and re-arrest. Entrepreneurship is a powerful pathway toward financial self-sufficiency, particularly as many returning citizens will face significant difficulty securing traditional employment.

1.2 Management Team – The project team is uniquely qualified to execute this work, bringing extensive experience working hand-in-hand with both formerly-incarcerated women and with low-income, diverse populations via its entrepreneurial training, business microlending, and incentive savings-match programs.

Camille Johnson is Manager of the Family Savings Account (FSA) Program at WORC, in which participants save and receive matching funds toward education, a first home, or car for business. An ordained Minister, Ms. Johnson is also Founder of CHILL OUT, through which she has worked hand-in-hand with >450 incarcerated women since 2013. Her role in the project is to recruit & assess applicants, recruit coaches, assist with FSA delivery, and implement the soft-skills character-building curriculum.

Howard James is Training Manager at WORC, and delivers the *Smart-Start* self-employing training whose curriculum will be adapted for *PREP*. Mr. James is a prominent minority entrepreneur with over a decade of experience operating businesses. He also brings a track record of developing entrepreneurship training, with learnings used to inform improvements to *Start-Smart*’s own design. Mr. James will deliver the bulk of *PREP*’s entrepreneurship and character-building curriculum also incorporating occasional guest speakers.

Inja Coates is Lending & Compliance Officer at WORC. In this role she assists training & business loan clients with credit-builder and business loans; prepares loans for underwriting, approval and closing; and provides business assistance (BA) to prepare clients for greater borrowing. Ms. Coates brings 20+ years of experience working with low-income Philadelphians, as well as strong ties with non-profit organizations with resources to support the project. For *PREP*, Ms. Coates will conduct client lending & training support as well as reporting compliance.

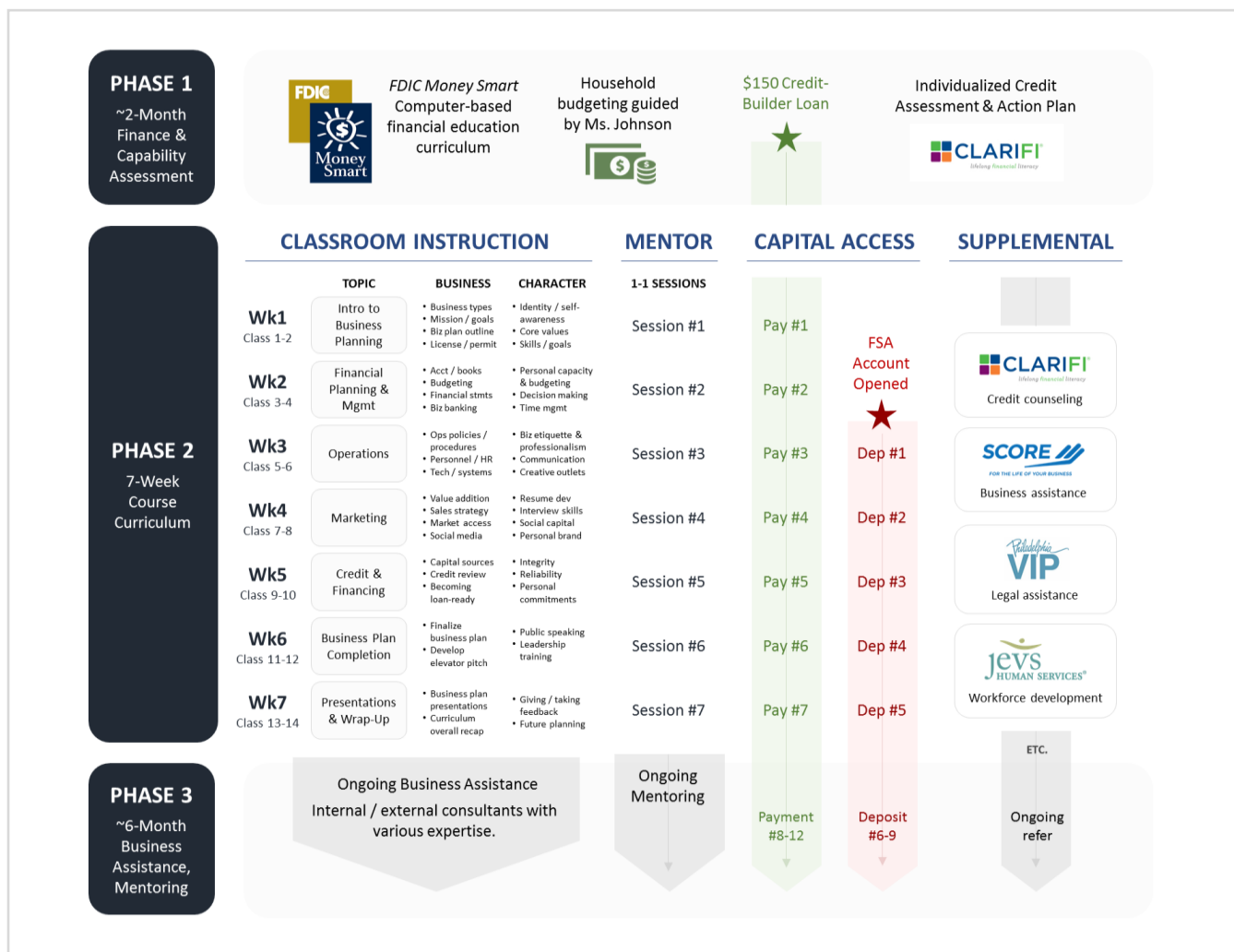
Lynne Cutler is President & Founder of WORC, and brings 39 years of business, research & organizational expertise. Her role is to oversee program administration and to help resolve any high-level issues that may arise.

2.1 Recruitment Plan – WORC will operate two (2) cycles of *PREP* during the project period, each with 11 participants and running seven (7) weeks in length. Cycle 1 is slated to start in June 2017 and Cycle 2 in Oct 2017. We anticipate selecting all Cycle 1 members from an immediate pipeline of ~60 women currently or formerly in CHILL OUT. These are individuals interested in exploring business ventures in a variety of sectors such as catering, event planning, tailoring, and hair styling. Cycle 1 membership is expected to be 100% low-moderate income and comprising mostly mothers (historically 90%) and people of color (70% African-American, 20% Latino). For Cycle 2 and beyond, recruitment avenues include:

- **On-Site Recruiting** – WORC has secured approval for staff to conduct quarterly or semi-annually informational sessions directly within two local prisons, Riverside Correctional Facility and SCI Muncy.
- **Partner Referral** – WORC will receive referrals from partners serving formerly-incarcerated women. Along with CHILL OUT, WORC will maintain constant contact with Philadelphia Works, a career guidance, job training & placement agency, as well as Why Not Prosper, a non-profit founded by a formerly-incarcerated woman that provides returning women re-entry services ranging from housing to violence prevention.

To be eligible to apply for *PREP*, an individual must be: a woman; formerly incarcerated in any jurisdiction and currently located in greater Philadelphia; able to launch a business with less than \$10k in startup funding; have product knowledge or transferable skills; and have the capacity to generate ~\$100 per month to satisfy ongoing credit-builder loan repayments and FSA account deposits (further described in Section 3). Ms. Johnson will lead evaluation of applications with assistance from team members as needed. Once selected, the 11 Cycle 1 participants will flow through the *PREP* Program Schedule illustrated in Figure 1.

Figure 1 – *PREP* Program Schedule



Phase 1 of *PREP* involves a number of financial capability and assessment activities: women will complete the computer-based FDIC *Money Smart* financial education curriculum, work with Ms. Johnson on an individual basis to create a household budget, receive a \$150 secured credit-builder loan to establish or build repayment history, and meet individually with partner credit counseling agency Clarifi to develop a credit-related action plan.

Upon start of classes in Week 1, participants meet for classes two (2) times per week (described in narrative Sec 2.2), meet their coaches for weekly 1-1s (Sec 2.3), and begin repayment of the credit-builder loan (Sec 3). Women also open an FSA account in Week 3 (Sec 3), an incentive savings program in which they are matched 100% up to \$500 for the amount saved over 6-9 months, with proceeds used to fund the business. Finally, participants receive ongoing supplementary services from partners (Sec 2.4).

2.2 Classroom Instruction – *PREP* features a course curriculum that gradually increases in depth over seven (7) weeks. The cohort meets for three (3) hours twice per week, yielding a total of 42 hours of entrepreneurship and character-building instruction per cycle. WORC will require participants to be timely and professional at each class. Attendees will be required to attend every course over the 7-week period, with absence only allowed in the event of a health or family emergency. Class format will include both theory and hands-on application. In addition, each session will be coupled with an assignment, with the goal that take students take concepts they learn in class and apply them in practice students learn in class and applying them in practice.

In each area of entrepreneurial instruction, subject matter will also be tied back to business plan development. For example, a lesson defining the “balance sheet” and “income statement” would follow with participants creating those financials for their own businesses. At the end of the 7-week course, each participant will thus have created a basic business plan. The course will end with an elevator pitch competition, with participants judged on the quality of their sales pitch and the financial & operational viability of their ventures. Each cycle’s winner will be awarded \$500, to be used as capital start-up costs helping these individuals launch their ventures.

Of the total 22 *PREP* enrollees across Cycles 1-2, 18 (80%) are expected to successfully complete the course curriculum. Of these 18 completers, ~70% or 12 individuals are expected to reach financial self-sufficiency. Out of these 12, seven (7) are expected to successfully launch a business and to secure an additional WORC microloan up to \$10k. The remaining five (5) women will pursue further education or traditional employment.

2.3 Mentoring – Each participant will receive one session of 1-1 mentoring per week, administered by volunteer Transitional Coaches with deep experience working alongside formerly-incarcerated women. *PREP* staff will recruit existing Coaches from CHILL OUT, and via referral from partners like SCORE Philadelphia and M. Livingston Group. Mentoring is particularly important in fostering support and accountability among formerly-incarcerated women. At Riverside, Ms. Johnson notes that the ratio of social workers to inmates is less than 1:10. The lack of individualized, attentive and caring interaction has led many incarcerated women to become emotionally isolated and to lose basic self-determination and social skills. Ms. Johnson has found that sustained encouragement is instrumental in sparking the motivation that ex-offenders need to succeed on the outside.

Following the 7-week course curriculum, mentoring will continue in two forms. The first is ongoing, specialized business assistance to be performed by WORC staff, consultants, and outside partners in areas like social media, market access, and bookkeeping. The second is continued character-building and personal development mentoring, particularly important as women face the uncertainties of embarking on their new ventures.

2.4 Community Connections – WORC has developed deep partnerships over its 25 years of asset building work:

Business Development partners provide supplementary entrepreneurship training and business assistance, and include Philadelphia Commerce Department, SCORE, and SBA. Of particular note is ongoing WORC partner Clarifi, which will conduct initial credit repair assessments and ongoing credit counseling with *PREP* participants.

Workforce Development partners reinforce core job skills, useful for both entrepreneurship and traditional employment. Partners include JEVS Human Services, Philadelphia Works, Experience Works, and Career Link.

Social Services – Partners in social services assist with obtaining official IDs, accessing public benefits and aging services, etc. Partners include Community Legal Services, Prisoner Re-Entry Network, and Why Not Prosper.

3.1 Access to Microlending – WORC is a certified U.S. SBA Microlender and U.S. Treasury CDFI. We have a sizeable loan pool, with ~\$1.1 million currently available to lend. As illustrated in the *PREP* Program Design in Figure 1, WORC will incorporate two (2) of its in-house products as standard components of the *PREP* program design:

Figure 2 – PREP Program, Access to Capital Components

| <u>Credit-Builder Loan</u> | <u>FSA Savings-Match IDA</u> |
|--|--|
| <ul style="list-style-type: none"> Secured loan of \$150 with 12-month term (monthly repayment of ~\$15). Loan closed in Week 0 upon <i>PREP</i> admission, before start of course curriculum in Week 1 Timely repayment establishes or builds credit Supplements Clarifi credit-repair action plan | <ul style="list-style-type: none"> 100% match up to \$500 for amount saved over 6-9 months (monthly deposit of ~\$56-\$83). FSA Account opened in Week 3, contingent on perfect class and mentoring attendance to date Proceeds used to fund start-up expenses Can be leveraged to secure addl. resources |

The credit-builder loan and FSA IDA account afford participants multiple benefits:

- Increased Access to Capital – Increased credit score from the loan, as well as expanded asset position from FSA, augment individuals' ability to access financing from mainstream financial institutions.
- Increased Funding for Business – The FSA provides participants immediate capital to invest into the business
- Strengthened Financial Practices – Products will instill disciplined financial practices, with the loan requiring monthly repayment and FSA requiring monthly deposits.
- Asset-Building Foundation – Introduction to such products illustrates to participants the benefits of taking a multi-faceted and multi-channel approach to increasing income and assets.

Beyond the Credit-Builder Loan, WORC expects to disburse additional business loans up to \$10k to the seven (7) total *PREP* participants who both complete the program and successfully launch their business. Target loan products for this project include:

Figure 3 – WORC Microloan Products

| | Credit Builder | Start-Up | Line of Credit | Small Business |
|----------------------|---|---|--|--|
| Loan Amt | \$150 – \$2.5k | \$1k – \$10k | \$1k – \$20k | \$1k – \$20k |
| Term (mo) | Up to 24 | Up to 36 | Up to 36 | Up to 36 |
| Interest Rate | Prime plus 4-7% | Prime plus 4-7% | Prime plus 4-7% | Prime plus 4-7% |
| Description | <ul style="list-style-type: none"> – Establish or build credit – Character eval – Paired w/credit counseling | <ul style="list-style-type: none"> – For emerging businesses denied by major banks – For hiring, mktg, working cap, etc | <ul style="list-style-type: none"> – Flexible financing for inventory or receivables. – Up to 3 draw / yr – Repay <12 mo | <ul style="list-style-type: none"> – For existing, stable businesses – For repeat clients w/ proven ability to repay |

3.2 Connection to Capital & Funding – WORC is an SBA microlender and U.S. Treasury CDFI, and will thus conduct the vast majority of lending in-house. However, WORC does maintain referral relationships with peer non-profit lenders like Entrepreneur Works and The Enterprise Center; as well as major banks through which we mutually refer cases in the infrequent instances where the partner stands to better serve the client's needs. In terms of market access, WORC helps its clients access new markets through efforts including referrals to potential contacts, participation at expos, and networking events. WORC is also a member of the Sustainable Business Network (SBN) which provides opportunities to meet established business owners, obtain business advice, and develop new contacts.