

Contestant Capacity

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Justine Petersen Housing & Reinvestment Corporation's (JP) mission of connecting institutional resources with the needs of low- to moderate-income families so they may build long- term assets is carried out by its products, which include credit building and financial education, homeownership preparation and retention, and micro-enterprise lending and training. It is a company that combines effective response to demand with an efficient and effective business model wherein revenues largely are outcome based. Since inception in 1997, JP and its' U.S. Department of Treasury certified Community Development Financial Institution, Great Rivers Community Capital, have:

- Counseled individually 32,000 families on credit building strategies;
- Assisted 4,500 to purchase homes, accessing \$415 million in safe, affordable mortgage loans;
- Originated over \$40 million in small business /micro-enterprise loans and \$17 million in small dollar loans to 12,000 people that were unable to access financing any place else; and
- Provided technical assistance and training to over 14,000 micro-entrepreneurs;

JP clients are 80% inner city residents, 81% African-American, 80% low- and moderate-income, and 9% formerly incarcerated. JP is currently operating the Aspire Entrepreneurship Initiative in the four pilot communities.

The JP Aspire Solution will replicate and enhance, using evidence-based practice, many of the original Aspire components such as individual credit building coaching, case management, the Ice House Entrepreneurship Curriculum, community connections and access to micro-lending. Additionally, the JP Aspire Solution will augment the mentoring component of the program. We've selected as our local partner the Kansas City Metropolitan Crime Commission – Second Chance Program.

The Kansas City Metropolitan Crime Commission was created in 1949 and serves to advocate, develop strategies and operate innovative programs that bring people and public safety agencies together to power a safer, better greater Kansas City community. One of those programs, the Second Chance Risk Reduction Center, was launched in 2010. The Second Chance Risk Reduction Center provides a common-sense, evidence-based approach to reducing crime and improving public safety by supporting reentry programs and policies which promote responsible citizenship. Second Chance works closely with Missouri Department of Corrections and specializes in assisting "high-risk" assessed participants, estimated to have an 83% probability of returning to incarceration. These services include employment assistance, housing and transportation assistance, resource referrals for health care and other critically needed services, and community connections. To date, Second Chance participants have a rate of return to incarceration of less than 20% and an employment rate of 63%.

Management Team:

Sheri Flanigan-Vazquez, MSW, JP COO, is responsible for all grant management and compliance. Tamra Thetford, Shawna Collier and Franchot Cunningham are currently working on the Aspire Entrepreneurship Initiative and will work on the JP Aspire Solution. Each is certified in the Ice House Entrepreneurship Education curriculum. Ms. Thetford joined JP staff in 2016 after fifteen years with the FIELD program of the Aspen Institute working on program outcomes and evaluation. Ms. Collier is a JP Small Business Counselor with a banking background. Mr. Cunningham, who is formerly incarcerated, is a JP Small Business Associate and former client. Brittany Peterson is a Senior Resource Specialist with Second Chance, and is certified as an Offender Workforce Development Specialist and Offender Employment Retention Specialist. Stephen Barbee is a Resource Specialist with Second Chance, is certified as an Offender Workforce Development Specialist, and has personal experience within the criminal justice system. Julie Clark is a Housing Specialist with Second Chance, and has 30 years of experience working as a Probation and Parole officer with Missouri Department of Corrections.

Entrepreneurial Education Delivery Solution

Recruitment: Second Chance, a program of the Kansas City Crime Commission, will identify prospective JP Aspire Program participants through their connection with the Missouri Probation & Parole offices located in Kansas City, Jackson & Clay County. This referral relationship annually generates 200 formerly incarcerated to the Second Chance jobs program. Second Chance counselors will screen referrals with an interest in business ownership that are also able to commit to a fourteen week training program and interested in building strong credit. Goal: Recruit 15 program participants for each cohort. The JP Aspire Solution will complete three cohorts in the one year period. (Total: 45)

Classroom Instruction: JP has selected the Ice House Entrepreneurship Program (IHEP) as a proven, existing intensive curriculum that has been successful with formerly incarcerated participants. Based on the book, *Who Owns the Ice House? Eight Life Lessons from an Unlikely Entrepreneur*, IHEP teaches eight concepts: 1) Power of Choice, 2) Recognizing Opportunity, 3) Ideas in Action, 4) Pursuit of Knowledge, 5) Creating Wealth, 6) Building your Brand, 7) Creating Community and 8) Power of Persistence. Each lesson contains video case studies of “unlikely” entrepreneurs that share experiences and reinforce program concepts. Extended video case studies and on-line material are available for continued learning (<https://elimindset.com/programs/ice-house-small-business/>).

JP has augmented the curriculum to include a component of personal credit building. Justine PETERSEN believes that strong personal financial stability supports sound business financial management and therefore, all counseling begins with a review of personal credit history, development of a household budget and the creation of a Credit Action Plan. Typical items on a Credit Action Plan include establishing the ability and willingness to make on-time payment, correcting errors on the credit report and settling collection debt. On-going case management will track participant progress on the personal Credit Action Plan. As part of the JP Aspire Solution, JP will train and support three Second Chance counselors to provide credit building counseling and small dollar lending with program participants.

JP has also enhanced the IHEP curriculum to incorporate outside speakers to address Business Fundamentals such as business financing, bookkeeping, legal structure, marketing, and employer/employee relations. As JP has a lending history in Kansas City since 2012, we have strong relationships with SBA resource partners, lending institutions, government and not-for-profit organizations to draw from for outside speakers.

In addition to the formal mentoring component described below, JP has structured the IHEP to help participants begin to build a positive network. Beginning with the interactive format of the class and the many small group and paired discussions, participants are encouraged to network amongst themselves, creating positive connections to other entrepreneurs working towards success. Weekly out of class assignments require participants to share their business idea with potential customers and existing entrepreneurs, soliciting feedback to strengthen their business plan, and further build out a robust positive network. And finally, there are three opportunities for successful entrepreneurs with backgrounds similar to the participants to share their experiences and be interviewed by the class.

Throughout the fourteen week program, participants use the Ice House Opportunity Discovery Process to develop a solid business plan. Along the way, participants share their progress with the cohort, and the facilitator provides individual and group guidance as the business plan is refined. Ultimately, participants develop a business plan presentation that is shared at the graduation ceremony. Goal: 12 program participants from each cohort will complete business plan and graduate from the program. (Total 36)

Mentoring

The purpose of the mentoring component is to connect participants with someone who will have a positive influence and impact on their life choices. Mentors will provide one-to-one interaction to achieve personalized learning, growth and goals; cater to individual needs, personal styles and time constraints; assist participants to process real-life issues, problems and decisions; provide access to information and choices; and support personal development. Participants will be introduced to mentoring as a structured opportunity for additional personal support. The mentoring component will build upon the success of Second Chance Reentry Program's Mentoring2Excel (M2E) Program. The M2E program is run by Eugene Ronsick, a retired USAF pilot and corporate executive who has a solid history of service to the formerly incarcerated. He provides recruitment and training of local volunteers to serve as mentors.

At Session 2, JP in conjunction with Second Chance, will coordinate a panel of prospective mentors. Participants will be provided mentor profiles prior to the session. In a facilitated session, the mentors will each introduce themselves and their unique experiences and participants will be able to interview them as a group. The mentoring component will be strongly encouraged, but is not required.

In addition to individual meetings outside of the program session, mentors will be invited to support participants in the Community Connections described below. Depending on mentor experiences, JP will draw from the group for some of the Business Fundamentals speakers and examples of successful entrepreneurs.

Community Connections: For Session 5, JP in conjunction with Second Chance, will coordinate a Social Service Collision with social service providers who will add value to the networks of program participants. Determined after a participant needs assessment, invited social service providers may include the Urban League of Greater Kansas City, United Services Community Action Agency, Legal Aid of Western Missouri, Community LINC (transitional housing and supportive services), Beyond the Conviction (employment services) and Harvester – Community Food Network. Prior to the Social Service Collision, participants will become familiar with the represented organizations, brainstorm with cohort members on how each may be a resource, and identify and prepare to discuss their family needs. The Social Service Collision will be in "speed dating" format. Each participant will have five minutes to talk individually with each social service provider about his/her situation and discuss potential services and resources. The goal of the Social Service Collision is to expand participant knowledge and access to resources in the community.

At Session 10, JP will coordinate a Business Resource Collision with business development providers. Invited business development providers will include SBA resource partners (Veteran's Business Center, SCORE volunteer, SBDTC), KC Biz Care, Legal Services, local financial institutions and local professionals such as attorney, accountant/bookkeeper, and marketing. Participants will prepare with their cohort prior to the event by learning about invited providers and talking through how each may assist in their business development goals. The Business Resource Collision will also be in "speed dating" format. The goal of the Business Resource Collision is to assist participants to develop a network of professionals who will assist with business formation and growth.

Access to Capital

Access to capital is an integral part of the design of the JP Aspire Solution. As part of the Credit Building component that JP has added to the Entrepreneurship Curriculum, participants will focus on personal credit and financial stability at the onset of the program. Each participant will have a Credit Action Plan and household budget in order to develop strong personal financial capability. Participants with thin credit profiles (less than three active lines of credit) will have access to a credit building loan through JP's CDFI subsidiary, Great Rivers Community Capital, and participants with an open collection will have access to a Life Loan to settle the debt and continue credit building. As participants are repaying these small dollar loans, they are establishing a good line of credit that is reported to the credit bureaus and developing a repayment relationship with JP.

During Session 3, a JP Small Business Counselor will present on JP underwriting guidelines. While more flexible than mainstream lenders, JP relies on four traditional C's of lending: Credit, Capacity, Collateral and Character. This alignment of core factors will give participants a broad overview of typical underwriting of mainstream financial institutions. The JP Small Business Counselor will also be specific about the documentation required for a JP Micro-Loan. As part of the SBA Microloan Intermediary Program the JP Small Business Counselor will be available to assist participants to prepare the proper documents for a microloan application.

During the program, participants may apply for small microloans to kick-start their business ideas while continuing to fully develop their business plan as part of the IHEP classes. The anticipated size of the initial loan will be \$3,000. The City of Kansas City has generously committed \$6,500 of initial loan loss reserve specific for microloans originated to the formerly incarcerated.

The JP Small Business Counselor will work with participants on their final business plan presentations. At the graduation ceremony, local lenders, funders, capital providers will be invited to hear participant business plan presentations and celebrate their ideas and accomplishments.

JP embraces a step-up model of lending. After participants complete the program, formalize their business plans, and demonstrate on-time payments on the initial microloans, they will be eligible to borrow additional funds to capitalize their business ideas. JP operates the SBA Microloan Intermediary program and is an SBA Approved Community Advantage lender.