

CONTESTANT CAPACITY : MaineStream Finance • Kara Hay, President • (207) 973-3643 • khay@penquis.org

Organizational Background: MaineStream Finance (MSF) is a nonprofit community development financial institution (CDFI) established by its parent company, Penquis Community Action Program, in 2001 to meet the financial training and financing needs of Maine's low- and moderate-income populations. MSF's small business services include classes and one-on-one technical assistance, as well as access to loans and grants. It is a licensed, supervised lender and an approved microlender and technical assistance provider for the SBA and USDA Rural Development. MSF's geographic scope is the State of Maine, the most rural state in the nation, as defined by the proportion of residents living in rural areas (61.3%). Its geographic focus is northern and central Maine, including Knox, Waldo, Penobscot, Piscataquis, Hancock, Washington, and Aroostook counties. The Aspire Challenge will target Knox, Penobscot, and Piscataquis counties, home to several correctional facilities and a strong entrepreneurial spirit. For example, in Knox County, microenterprise employment is 31.9% of the county's total employment, higher than the state (21.6%) and nation (19.1%).

Nearly 1,000 people are released from Maine prisons each year.ⁱ Due to employer bias and regulations that restrict employment options and deny access to assistance, many re-offend. At 5 years, just under one-third of Maine offenders released in 2007 and 2008 had returned to a Department of Corrections facility.ⁱⁱ Maine ranks highest among the New England states for the percentage of children with an incarcerated parent (8%).ⁱⁱⁱ

In the past six years, Maine State Prison has experimented with two popular, volunteer-offered business courses in which almost 200 inmates have participated. Anecdotal evidence (long lists of applicants and such comments as "If I had taken these courses earlier, I would not be here") suggests the value of these courses. However, it has also become evident that services much be broader to maximize success once the inmate has returned to society. MSF is well positioned to address this need and deliver services to formerly incarcerated individuals:

- Together, MSF and Penquis have more than 20 years of experience providing small business services. Funders include SBA PRIME, SBA Microloan, USDA RMAP, CDFI FA, and CDFI HFFI grant programs.
- MSF's business training program, Incubator Without Walls, was awarded the Pioneer Award for Leadership in Entrepreneurial Promotion in Rural America from the National Association of Development Organizations.
- MSF coordinates the regional Top Gun program, an entrepreneurial acceleration program executed in partnership with Maine Center for Entrepreneurial Development.
- Penquis has experience providing case management and parent education to incarcerated individuals, and serves formerly incarcerated individuals through microenterprise, housing, and other programs.
- MSF and Penquis have worked with Maine State Prison staff and volunteers on strategies to support community reintegration and have the support of the Maine Department of Corrections (see attached). In 2016 they spearheaded the effort to make community reintegration one of two priority areas adopted by the Maine Community Action Association, which consists of the state's 10 community action agencies.

Background of Management Team: Ken Greenleaf, business advisor for MaineStream Finance since 2010, provides business counseling and classes. He has, since 2015, coordinated the Top Gun entrepreneurial acceleration program for Maine's midcoast region. Before joining MSF, Ken was sales and marketing manager for Borealis Breads and involved in internet publications and commercial development startups.

James Macomber, business advisor for MaineStream Finance since 2004, provides business counseling and classes. He is a past recipient of the *SBA Home-based Business Champion Award* for both Maine and New England. Jim is the owner of a website design and maintenance company and serves as an Executive Committee member of the Piscataquis County Economic Development Council.

Denise St. Peter, economic development manager for MaineStream Finance since 2014, provides financial capability education and oversees data collection and evaluation for MSF programs. Prior to joining MSF, Denise was an associate at Chemonics International, on their new business team. Denise has an MA in African studies from Stanford University and a BA in international relations from Tufts University.

ENTREPRENEURIAL EDUCATION DELIVERY SOLUTION

Participant Recruitment Plan: MSF will conduct outreach using traditional media, social media, e-mail marketing, and a network of community partnerships to:

- inform and recruit formerly incarcerated individuals in the community;
- assist Penquis and other area agencies, prison officials, Adult Community Corrections staff, and education programs serving formerly incarcerated and soon-to-be released individuals to make appropriate referrals;
- facilitate referrals from SBA lenders, Finance Authority of Maine, USDA Rural Development, banks, the Small Business Development Center, and other small business assistance providers; and
- promote referrals from work programs already in place, such as the All4You labor agency and the MaineWorks program, both of which provide opportunities for work experience for current or formerly incarcerated individuals.

To be eligible for the program, individuals must be considered nonviolent ex-offenders, and either formerly incarcerated individuals (targeting those within one year of release) or incarcerated individuals (targeting those scheduled for release within one year).

Classroom Instruction: MSF and its parent agency, Penquis, have educational programs in place that could easily be adapted to the needs of ex-offenders. Among them are the following:

- **Incubator Without Walls (IWW):** This 12-session training uses NxLevel Business Plan Basics, A Guide for Micro-entrepreneurs curriculum to increase basic business skills, including developing a business plan, market research, marketing, financial statements, taxes, technology, and small business management. Guest speakers, such as accountants, lawyers, IRS officials, and marketing/advertising specialists, speak on topics of interest. IWW is offered both as a classroom training and as a web-based, self-study course. It consistently receives high marks from participants and is a past recipient of a *Pioneer Award for Leadership in Entrepreneurial Promotion in Rural America* from the National Association of Development Organizations.

Class	Topic
1	Paperwork, being in business, intro to a business plan, goal setting, personal SWOT
2	Assessing your business idea, look at your SWOT results, business form, business description, mission statements
3	Insurance, business plan check-in, marketing research & planning, the four P's, showcase—how to
4	Business researching and data
5	Money: chart of accounts, first look at sales forecasting & cash flow, business plan check-in, business planning – one piece at a time
6	Financial data, basic loan applications, lending types, business plan check-in
7	Four P's, branding, advertising, customer life cycle, selling, & business plan check-in
8	Regulations, contracts, independent contractor or employee, key employees and key duties, business plan check-in, <u>Showcases</u>
9	Operating procedures, management needs, management team, advisors, business plan check-in, <u>Showcases</u>
10	Tie it all together: class needs, <u>Showcases</u>
11	What's next; celebrate your success
12	Extra or make up

An abbreviated version of the IWW training, Incubator Without Walls Express, covers credit, business plan, business concept, legal structures of business, marketing, record keeping, financials and cash flow, loans and grants, resources, and more in just seven classes. As with the original training, IWW Express classes are augmented with guest speakers from the local business community, allowing participants to network with local bankers, accountants, insurance agents, web and media designers, and an array of other experts.

- **The Hatchery:** This seven-session entrepreneurial education series, facilitated by an MSF business advisor and featuring local entrepreneurs and professionals, provides information on business plans, marketing, financials, financing, and other topics of interest to new and existing small business owners.
- **Financial Literacy/Capability:** Opportunities include Money Smart--a 10-module training delivered in class and online that covers banking services, credit, budgeting, saving, consumer rights, and homeownership--and financial capability education and coaching using resources of the NeighborWorks America National Center for Homeownership Education and Counseling (NCHCEC). Two MSF staff members are NCHCEC-certified to provide financial education and coaching, and have achieved impressive results using this approach.

The Incubator Without Walls training will serve as the base for the curriculum to be used for the MaineStream Finance Aspire Challenge. MSF staff members will consult with key community partners, including Maine State Prison staff and volunteers and Region 3 Adult Community Corrections staff, to identify modifications and additions necessary to address the needs of current and formerly incarcerated individuals. Online resources will be reviewed and developed as necessary to support educational objectives.

Additional resources offered will be determined by members of the planning team and by the needs of participants. In addition to mentoring and support services, described below, offerings may include supplemental online training, specialized workshops, and networking and knowledge meetings, which provide opportunities for new and existing businesses, including those who have already graduated from the IWW program, to network and increase their business knowledge. These meetings enable small business owners to share valuable experiences with each other and to learn from guest speakers on topics chosen by IWW members. For example, an IRS representative may be invited to speak about tax-related issues for small businesses or a marketing specialist to speak about promoting a product/service. This is also a time for the small business owner to showcase his/her business and develop relationships that may be beneficial personally and professionally. MSF has found these meetings to be particularly beneficial for rural small business owners who do not have the opportunity to meet and learn from others in the same situation.

MSF conservatively estimates serving 50 individuals: 25 will be served through a minimum of two classroom training sessions (with access to additional training and support) and 25 will be served through supplemental training activities only. Supplemental training activities include one-on-one technical assistance, online resources, pitch support, and community support services. Participants who successfully complete program requirements, including developing a business plan, will receive a certificate of completion.

Data will be collected and the program evaluated in accordance with the metrics identified by SBA for success measurement, to be determined post award. As noted previously, the Maine Community Action Association has adopted community reintegration as one of two priority areas for the state's ten community action agencies. The results of the Aspire Challenge will help to inform this work and potentially serve as a model to be replicated in other areas of the state.

Mentoring: In addition to formal instruction, MSF will provide one-on-one technical assistance in areas such as business plan development, locating financial assistance, human resource issues, marketing, and business management. MSF business advisors have expertise in healthy foods production and distribution businesses, child care enterprises, and business technology, and able to address challenges unique to those areas.

Community Connections: MSF provides services complementary to and in coordination with an extensive network of community partners. It connects entrepreneurs with the local business community by engaging local business owners and professionals as class/workshop presenters and in regional networking events. In addition to small business development services, it offers financial capability coaching, homebuyer education, foreclosure intervention counseling, and matched savings accounts for business start-up and expansion, education, and purchase and repair of a home or vehicle. As a subsidiary of a large community action agency, MSF also provides access to a wide array of support services, addressing needs related to housing, transportation, child care, health care, and more. MSF business advisors work individually with entrepreneurs to assess their needs and provide linkages to community resources.

ACCESS TO CAPITAL

Access to Micro-lending: MSF is an approved lending intermediary for SBA, USDA Rural Development, and the Finance Authority of Maine (FAME). It specializes in microloans that serve a community that often has difficulty accessing financing. MSF has funds from SBA, USDA, Bangor Savings Bank, FAME, CDFI Fund, and Maine Community Foundation available to lend. Loans up to \$50,000 are available to support the start-up and expansion of micro businesses (businesses with 10 or fewer employees). Loan purposes include start-up and operating capital, inventory, supplies, purchase of equipment and computers, building/property improvements, and real estate purchase. Specialty micro finance programs include healthy foods options, child care centers, and business technology “Power Up” loan/grant products.

Connection to Capital and Funding Opportunities: MSF teaches entrepreneurs how to create business plans, build their teams, and ultimately find the kind of capitalization needed to build their businesses. MSF has connections with the local angel investor community and can guide people to government and quasi-governmental agencies such as the Maine Technology Institute. MSF also maintains partnerships with other funding and economic development agencies throughout the state. MSF’s network of area lenders consists of more than 20 local community and regional banks. These lenders include seven bankers who serve on either the MSF Board of Directors or MSF Loan Committee.

Through the development of business plans, MSF business advisors will work with entrepreneurs to identify, demonstrate, and articulate their financing needs, locate potential sources of funding, and guide them through the process, whether a loan application or a pitch to an interested investor.

ENDNOTES

ⁱ Rubin, M., Shaler, G., Geren, A., Dumont, R. & Rocque, M. (2014) Maine Crime & Justice Databook. USM Muskie School of Public Service, https://muskie.usm.maine.edu/justiceresearch/Publications/DataBook2014/2014_Maine_Crime_and_Justice_Databook.pdf.

ⁱⁱ Ibid.

ⁱⁱⁱ Annie E. Casey Foundation. (2016). A Shared Sentence: The devastating toll of parental incarceration on kids, families and communities. <http://www.aecf.org/resources/a-shared-sentence/>.

STATE OF MAINE

DEPARTMENT OF CORRECTIONS



PAUL R. LEPAGE

GOVERNOR

DR. JOSEPH FITZPATRICK

COMMISSIONER

U.S. Small Business Administration
409 3rd St, SW.
Washington DC 20416

February 11, 2017

The Maine Department of Corrections is pleased to support the application by MaineStream Finance (MSF) and Penquis Community Action Program for the Aspire Challenge administered by the Small Business Administration.

The Maine Department of Corrections is responsible for the direction, general administrative supervision, guidance and planning of both adult and juvenile correctional facilities and community corrections within the State. Guided by our mission to reduce the likelihood that juvenile and adult offenders will re-offend, we provide practices, programs and services that are evidence-based. We routinely work in collaboration with agencies and community-based providers, including Penquis to ensure a wide array of programming to meet offender needs.

The program proposed by MaineStream Finance and Penquis Community Action is rooted in the mission and focus of the Department of Corrections. An important protective factor in reducing the incidence of a return to custody is education and job readiness/job training. We are particularly impressed with what MSF and Penquis propose as it combines basic education about personal finances with planning for a career in small business.

Should MSF and Penquis be funded Maine Department of Corrections will engage in conversations around:

- Development of programs for adults on probation;
- Development of programs within secured facilities;
- Development of programs within unsecured facilities;
- Development of programs specific to justice-involved women.

We look forward to the opportunity to work with Penquis and MSF in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Colin O'Neill'.

Colin O'Neill
Associate Commissioner

A handwritten signature in blue ink, appearing to read 'Ryan Thornell'.

Ryan Thornell
Associate Commissioner