



## **TESTIMONY IN SUPPORT OF SENATE BILL 554:**

### **Maryland New Start Act of 2022**

TO: Hon. Delores Kelley, Chair, and Members of the Senate Finance Committee

FROM: Nicole Hanson-Mundell, Executive Director

DATE: February 15, 2022

Out for Justice, Inc. (OFJ) is an organization comprised of individuals who are both directly and indirectly impacted by the criminal legal system advocating for the reform of policies and practices that adversely affect successful reintegration into society. OFJ supports Senate Bill 554 with amendments as a means of expanding access to capital and skills training to those experiencing barriers to employment due to their criminal record.

A criminal record can be both the cause and consequence of poverty and has detrimental effects on the employment prospects for the 25% of working-age Marylanders with a record. Every year, approximately 15,000 Marylanders are released from state prisons and struggle to secure a job, find a place to live, and reenter society. Demographically, 72% of Maryland's prison population is black, the highest in the nation, and one out of three Marylanders returning from incarceration, return to Baltimore City. The Department of Justice has [found](#) high rates of recidivism among returning citizens, with half of all returning citizens recidivating within 3 years and 60 percent recidivating within 5 years. One of the primary drivers of high recidivism rates is the inability of returning citizens to find a job: up to 60 percent of formerly incarcerated persons remain unemployed one year after their release. This is mainly due to the fact that more than 70% of employers perform background checks on all of their job applicants and deny employment to many returning citizens on the basis of a record. A past criminal conviction of any sort reduces job offers by half. This leaves many of the 1.5 million Marylanders with a criminal record out in the cold when trying to obtain gainful employment. When securing employment through traditional means becomes untenable, many opt for entrepreneurial ventures, skills training, or both, to stay afloat.

Entrepreneurial development programs for formerly incarcerated individuals report dramatically lower rates of recidivism, and self-employment can provide economic stability for those who are otherwise locked out of the labor market. A 2015 Manhattan Institute study [revealed](#) that employment, especially within the first six months of release, drastically lowers the likelihood of recidivism for nonviolent offenders. Entrepreneurship should be one of the tools that returning citizens have access to as they re-enter society.

The proposed legislation would build on the successes of programs across the country that have successfully deployed entrepreneurial development to reduce recidivism by helping returning citizens secure employment and start businesses. In Texas, the Prison Entrepreneurship Program—which has graduated more than 2,300 returning citizens—has [helped](#) 100 percent of its participants secure employment within 90 days and has helped its participants start more than 360 businesses. In Oregon, the state Department of Corrections [found](#) that participants in the Lifelong Information for Entrepreneurship Program were 41 percent less likely to recidivate. Defy Ventures, which operates in New York, California, Connecticut, Colorado, Washington, and Illinois, [reports](#) an 82 percent employment rate and a less than 5 percent recidivism rate for its released graduates.

Senate Bill 554 seeks to bring this program to Maryland by establishing a 5-year pilot program within the Small Business Administration (SBA) to award grants to at least five organizations (or partnerships of organizations) annually over the five-year period to provide entrepreneurial development training to formerly incarcerated individuals. The organizations must demonstrate ties with the business and returning citizen communities. In addition, organizations are required to partner with lenders in the existing SBA Microloan Program who will provide micro-loans (up to \$50,000) to qualifying participants. Justice impacted individuals would receive training in business plan creation, work readiness, entrepreneurial management, licensing, and executive mentoring from local small businesses with the provisions in full effect.

OFJ supports efforts to expand employment access and entrepreneurial training to returning citizens but we believe that the bill should be amended to specifically include the names of service providers and organizations led by impacted persons who are already doing the work to reach justice-impacted individuals. We also believe that the bill lacks a sufficient consequence for organizations that receive funding but fail to actually produce successful entrepreneurs from the returning citizen population. We respectfully ask that these concerns be amended into Senate Bill 554 and are open to a discussion regarding these issues.

Sincerely,

**Nicole Hanson-Mundell**

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