



# The Prison Entrepreneurship Program

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AN INNOVATIVE APPROACH  
TO REENTRY

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A M E R I C A N   E N T E R P R I S E   I N S T I T U T E

# Executive Summary

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Every year, more than 650,000 men and women leave prison and return to communities across America. With little more than some pocket change and a bus ticket, they reenter society and struggle to find work, housing, a steady social network, and other necessities to successfully transition from a life behind bars to one of freedom.

Upon release, economic barriers, the stigma of a felony conviction, and oftentimes mental health and addiction challenges make reentry a bleak picture for returned citizens. These challenges lead many back to the same patterns and behaviors that sent them to prison in the first place. According to the Department of Justice, more than 40 percent of those released from prison are rearrested in their first year out, 67 percent within three years, and more than three-quarters within five years. Unfortunately, this should come as no surprise, given the lack of quality education, job training, and social capital made available to prisoners while serving time.

Our nation's revolving prison door and large prison population present a huge cost to taxpayers and families alike. In 2016, 2.3 million individuals are behind bars in the US, and an estimated 7.7 million Americans have been incarcerated at some point in their lifetime. Incarceration costs the US \$80 billion a year today, and in Texas, home to the largest state prison population in the nation, taxpayers spent \$2.5 billion to incarcerate prisoners in 2015. One recent report found that at least 5.1 million American youth have had at least one parent incarcerated at some point during their childhoods.

To reduce the nation's prison population, many reform efforts have focused on sentencing practices: reducing or repealing mandatory minimums, particularly for nonviolent drug offenders. While this approach makes sense, it does little to reduce recidivism or increase opportunity for those already in

prison. And ignoring what happens to the currently incarcerated and those recently released is problematic, given the crucial time period immediately following a prisoner's release due to their vulnerability in finding work, housing, and other essentials.

One approach to reducing recidivism and helping the formerly incarcerated reenter society successfully is prison education and reentry programming. Although still a growing field, research on these programs—which range from college and GED courses to vocational, career, high school, and entrepreneurship courses—have demonstrated the ability to reduce recidivism and increase opportunity for those who have served time.

The Prison Entrepreneurship Program (PEP) has shown an ability to do both. This Texas-based program trains incarcerated men on how to become business entrepreneurs upon their release and then works with them and their families indefinitely after their sentence is over. The program lasts nine months on the inside: a three-month Leadership Academy, focused on character development, and a six-month Business Plan Competition (BPC), during which participants develop their own business proposals and pitch them to program volunteers. Graduates earn a certificate in entrepreneurship from Baylor University's Hankamer School of Business, and once out of prison, they have the potential to earn seed funding from PEP supporters and micro loans.

When PEP men are released, program staff meet them at the gates and help them acquire identification, medical insurance, and basic necessities such as toiletries and clothes for a job interview. PEP also owns transition housing for graduates and assists with finding jobs, complying with parole, and reconnecting men to their families.

PEP's results are promising. Program graduates recidivate at a rate of just 7 percent, about one-third

the recidivism rate for Texas. Within 90 days of their release, 100 percent of all PEP graduates are employed. In 2016, 28 PEP-started businesses project revenues of more than \$100,000. Six project revenues of more than \$1 million.

PEP's comprehensive approach and outcomes to date suggest that while education, work, family, community, and housing all matter to help the formerly incarcerated return to society successfully, they must be addressed in tandem to create long-term change. PEP's model is unique because it does what most programs do not—it connects an in-prison program with services, resources, and a community outside of

prison, making participants' transition home more manageable and less siloed.

Today, there is a growing emphasis on reentry at the local, state, and federal levels. Yet despite the evidence that correctional education and reentry programs can make the return to society a smoother process, effective program models are neither well-known nor extensively discussed.

To help contribute to that dialogue, this paper provides an in-depth look at PEP, offering best practices and a lens through which to view opportunity and reentry for policymakers, advocates, and scholars working to address this critical policy issue.

# The Prison Entrepreneurship Program: An Innovative Approach to Reentry

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ELIZABETH ENGLISH

*“If there’s a way to do it better . . . find it.”* —Thomas Edison

Every year, more than 650,000 men and women leave prison and return to communities across America.<sup>1</sup> With little more than some pocket change and a bus ticket, they reenter society and struggle to find work, housing, a steady social network, and other necessities to successfully transition from a life behind bars to one of freedom.

This should come as no surprise, given the lack of quality education, job training, and social capital made available to prisoners while serving time. A lack of education plays a particularly outsized role in this picture, both for incoming and exiting inmate classes. In 2007, almost 1 of every 10 young male high school dropouts was behind bars, compared to 1 of every 33 high school graduates.<sup>2</sup> In 2016, 30 percent of all prisoners have less than a high school degree, compared with 14 percent of the broader US population.<sup>3</sup> Almost one-third score at the lowest levels of reading proficiency, while more than half score at the lowest levels of numeracy proficiency.<sup>4</sup>

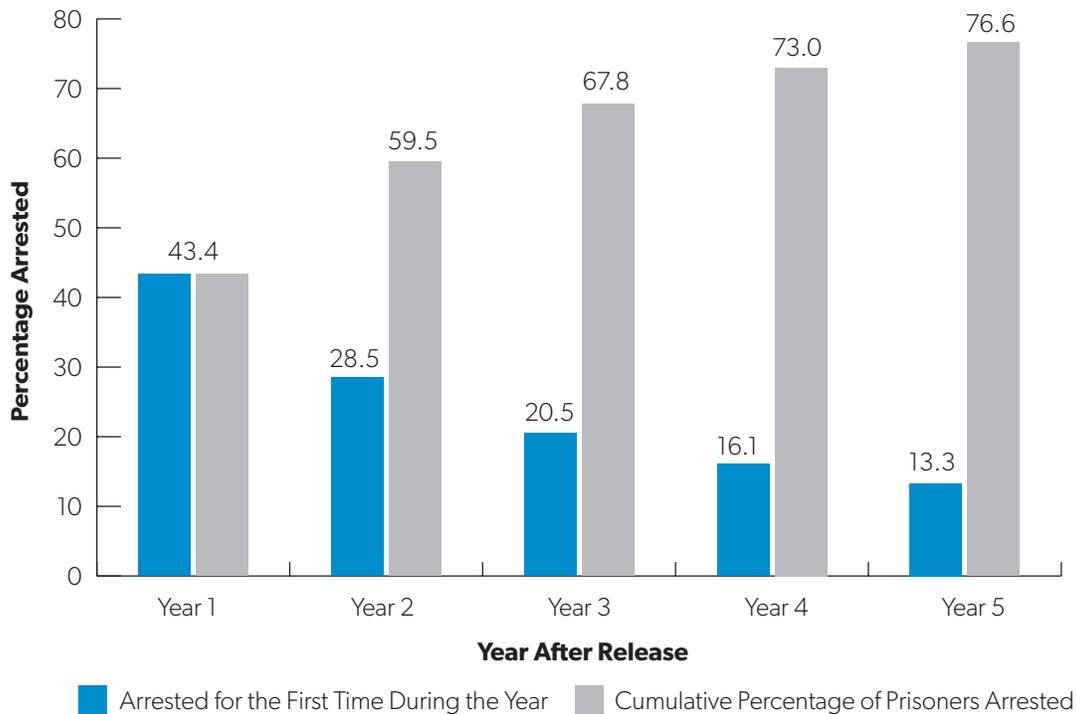
But because more than 95 percent of prison sentences are for less than life,<sup>5</sup> the vast majority of those behind bars are coming home at some point. Economic barriers, the stigma of a felony conviction, and oftentimes mental health and addiction challenges make reentry a bleak picture. Finding work is particularly challenging: survey data suggest that more than half of those released from prison are unemployed a year after their release.<sup>6</sup> This inability to find work leads many ex-felons back to the same patterns and

behaviors that sent them to prison in the first place. According to the Department of Justice, more than 40 percent of those released from prison are rearrested in their first year out, 67 percent within three years, and more than three-quarters within five years.<sup>7</sup>

The revolving prison door comes at a high price. In 2016, 2.3 million individuals are behind bars in the US, and an estimated 7.7 million Americans have been incarcerated at some point in their lifetime.<sup>8</sup> Incarceration costs the US \$80 billion a year<sup>9</sup>—a national average of approximately \$31,000 to incarcerate one individual.<sup>10</sup> In Texas, home to the largest state prison population in the nation,<sup>11</sup> taxpayers spent \$2.5 billion to incarcerate prisoners in 2015.<sup>12</sup>

But it is not just the monetary costs that today’s criminal justice reformers use as impetus for change. There are also the human costs to families and communities ripped apart by incarceration, which disproportionately impacts low-income communities and communities of color.<sup>13</sup> And although men make up the majority of the nation’s prison population, the number of women behind bars has increased 700 percent between 1980 and 2014.<sup>14</sup> One report found that at least 5.1 million American youth have had at least one parent incarcerated at some point during their childhoods.<sup>15</sup>

Many experts trace the uptick in the prison population to the “tough on crime” policies of the 1980s and 1990s. These included mandatory minimum laws, which doled out minimum prison sentences

**Figure 1. Reduced Likelihood of Criminality over Time**

Source: Nathan James, *Offender Reentry: Correctional Statistics, Reintegration into the Community, and Recidivism*, Congressional Research Service, January 12, 2015, <https://fas.org/sgp/crs/misc/RL34287.pdf>.

for possession of drugs such as crack cocaine. Other policies shut off funding streams to prison education programs, such as the federal Pell Grant Program, almost overnight. To deter crime, the thinking went, felons should receive long prison sentences with little access to rehabilitation and education. Although Americans once supported using prisons as a means to rehabilitate, survey data show that during the “tough on crime” years, Americans increasingly believed that prisons’ primary purpose was to punish, not rehabilitate.<sup>16</sup>

On both sides of the aisle, a new line of thinking has been emerging. In recent years, states, which pay the lion’s share of incarceration costs,<sup>17</sup> have searched for ways to rein in their bloated prison systems. In an era of hyperpartisanship, the modern criminal justice reform movement has benefited from broad bipartisan goodwill, forging unlikely partnerships in state capitols and Congress alike.

Yet for the most part, policymakers have focused their reform efforts on sentencing practices: reducing or repealing mandatory minimums, particularly for nonviolent drug offenders. While this thinking makes sense, it does little to reduce recidivism<sup>18</sup> or increase opportunity for those *already* in prison.

Ignoring what happens to the currently incarcerated and those recently released is problematic, given the crucial time period immediately following prisoners’ release due to their vulnerability in finding work, housing, and other essentials. A recent Bureau of Justice Statistics study reinforces this point. In 2005, the agency began to follow a cohort of 404,638 former prisoners across 30 states. By the end of their first year out, 43.4 percent of the inmates were rearrested for their first time post-release (see Figure 1). After the second year, only 28.5 percent were rearrested for the first time. The rate of *first-time* rearrest continued to decrease every year: 20.5 percent

after three years, 16.1 percent after four, and only 13.3 percent after five.

As a Congressional Research Service report explains, “The longer released prisoners went without being rearrested, the less likely they were to be rearrested.”<sup>19</sup> This suggests that interventions focused on those about to be released and those recently released may offer the greatest promise in reducing repeat crime and recidivism. The potential of antirecivism measures to prevent crime—rather than merely change how crime is treated in the courts—merits greater attention from policymakers.

### **A Better Way Forward: Prison Education and Reentry Programs**

While rigorous research on how to best reduce recidivism is sparse, what research exists suggests that successful reentry starts behind bars and extends throughout the reentry process.<sup>20</sup> Instead of prisons serving solely to warehouse criminals, what if the time served was just as important as *how* that time was served? What if prison was viewed as a ramp-up for successful reentry, rather than exclusively punitive?

Dating back to 1798, “correctional education” programs have sought to provide the incarcerated with the skills and tools necessary for successful reentry.<sup>21</sup> Programs include college and GED courses, adult basic education, associate’s degree programs, vocational and career training, and high school and entrepreneurship courses.

The most commonly cited benefit of such programs is their ability to reduce recidivism. One Rand Corporation meta-analysis found that inmates who participated in correctional education programs had a 43 percent lower recidivism rate than nonparticipants.<sup>22</sup> Another study examined the outcomes of 3,200 prisoners released from prison across three states. The researchers found that prisoners who participated in education programs while behind bars had lower three-year recidivism rates than those who did not participate.<sup>23</sup> Similar studies exist—although it is important to note the wide range of program designs and research methodologies that have produced their results.<sup>24</sup>

At the same time, reducing recidivism is not the only important indicator of program effectiveness. While correctional education can save taxpayer dollars by keeping individuals from recidivating, it can also add value to society by empowering prisoners to be students, entrepreneurs, reliable family members, and role models on the outside. The broad range in prisoner characteristics and correctional education and reentry programs means more rigorous research is necessary to help experts better understand what particular interventions work best, for whom, and by what measures.<sup>25</sup>

Today, there is a growing emphasis on reentry at the local, state, and federal levels. Yet despite the evidence that correctional education and reentry programs can make the return to society smoother, effective program models are neither well-known nor extensively discussed.

To help contribute to that dialogue, this paper describes one program working with prisoners, families, and communities in Texas. While just one model, the Prison Entrepreneurship Program (PEP) offers lessons and best practices to reduce recidivism, increase opportunity, and empower the formerly incarcerated far beyond their release date. This paper describes what PEP does, how it does it, and why its structure, mission, and staff make it a program worth noting in an era of American politics that is increasingly open to reform.

### **The PEP “Revolution”**

It is a humid, early-spring morning in Cleveland, Texas—a rural town 45 minutes outside Houston. Just off US Highway 59 lies the all-male Cleveland Correctional Facility, a state-operated, medium-security prison and home to 520<sup>26</sup> of Texas’ roughly 143,000 inmates.<sup>27</sup> More than 70 PEP executive volunteers file through security and into the prison to begin the day’s mission: counseling 100 prisoners in business and entrepreneurship.

Across a prison yard enclosed by barbed wire, volunteers stop and wait outside the door of the unit’s gymnasium. The door opens, unleashing roars of music,

cheers, and chants. Dressed in white prison uniforms, PEP participants form a tunnel around the volunteers, who walk through single file, giving out high fives and handshakes. Most volunteers know the PEP men by name and tell them it is good to see them again. The men call each other “brother.” There is dancing.

Since its founding in 2004, PEP—a 501(c)(3) non-profit headquartered in Houston—has connected “free-world squares” like these executive volunteers with prisoners to create a pathway to economic mobility. Operating both within and outside prison walls, PEP’s mission is no small feat: provide incarcerated men with skills, knowledge, and social capital on the inside to help transform them, their families, and their communities on the outside.

PEP fulfills this mission with an emphasis on entrepreneurship, providing participants the knowledge to start their own business upon release so they can be the “CEOs of their own lives.” The program lasts nine months on the inside: a three-month Leadership Academy, focused on character development, and a six-month Business Plan Competition (BPC), during which participants develop their own business proposals and pitch them to volunteers. Graduates earn a certificate in entrepreneurship from Baylor University’s Hankamer School of Business, and once out of prison, they have the potential to earn seed funding from PEP supporters and Kiva loans, a microfinance project.

When PEP men are released, program staff meet them at the gates and help them acquire identification, medical insurance, food assistance, and basic necessities such as toiletries and clothes for a job interview. PEP also owns transition housing for graduates and assists with job placement, parole compliance, and reconnecting men to their families.

Although PEP is underpinned by Judeo-Christian values, it accepts men of all faith backgrounds. It also partners with the Texas faith community and other local nonprofits.

PEP’s work is made possible by its dedicated 26-member staff and more than 650 executive volunteers, who support PEP by judging business proposals at in-prison events, teaching continuing education courses, and hosting family-style dinners for graduates

after they are released. PEP staff actively recruit executive volunteers—many of whom are business executives—in the Houston and Dallas areas and send them regular program updates and newsletters to keep them engaged.

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Executive volunteers also help form the network of more than 750 employers who have hired PEP graduates. More often than not, this comes about organically, in thanks to PEP’s graduate events, which volunteers attend and often organize. PEP participants also receive 20 personal business cards they can distribute at in-prison events to executive volunteers with whom they wish to connect upon their return to society.

Despite its broad scope today, PEP grew out of the simple idea to teach the incarcerated business skills. Back in 2004, New York-based financial services professional Catherine Hoke came to Texas for a series of prison visits with a Christian outreach program. There Hoke saw the untapped potential of the prisoners

she encountered and that, while many wanted to live transformed lives, they lacked the resources to carry out their ambitions. She also realized that some of the same characteristics that landed them in prison made for sharp business minds if channeled productively.

After the visit, Hoke and a group of colleagues returned to Texas to host a “Business 101” panel and later a business-plan competition, receiving coverage in the *Wall Street Journal*. With Hoke at the helm, PEP launched into a full-scale operation later that year, graduating 53 men in its first cohort.<sup>28</sup>

Since 2010, PEP has been led by Bert Smith, a former Houston business executive who got hooked in 2005 as a volunteer. As has happened with many PEP volunteers, spending a day with PEP men at the unit dismantled his preconceived notions of what was possible behind prison walls. “I went into prison for the first time, honestly expecting to meet caged animals,” Smith says. Instead, he met men who were “creative, funny, and determined” and “absolutely starved for business experience and advice.”<sup>29</sup>

By the end of 2016, PEP will have graduated more than 1,700 men—30 cohorts—at its two locations in Texas: the Cleveland Correctional Facility outside Houston and the Sanders Estes Unit near Dallas. Each prison is managed by Management & Training Corporation (MTC), a Utah-based for-profit company under contracts with the State of Texas. PEP men (see Table 1) recidivate at a rate of just 7 percent, about one-third the recidivism rate for Texas, which hovers around 21 percent.<sup>30</sup>

PEP operates on a budget of \$2.4 million (\$2,800 per participant per year) with mostly volunteer labor and support from foundations (which comprises 55 percent of PEP’s budget), individuals (40 percent), and corporations and churches (5 percent). The majority of PEP’s staff are PEP graduates themselves.<sup>31</sup> In addition, PEP has more than 60 board members among its Governing Board, National Advisory Board, Houston Advisory Board, and North Texas Advisory Board.

PEP’s program skeleton makes it clear that it is less a program and more an entire network of carefully connected services, staff, and volunteers. Its web page even declares itself a “revolution.”<sup>32</sup> But making it all work is easier said than done—there are several

**Table 1. PEP Men: A Profile**

- **Convicted Felons:** Almost 60 percent for violent offenses; 40 percent served prior sentences
- **Average Current Sentence:** 7 years
- **Ages:** 18–63 (average age is 34, with 76 percent under 40)
- **Race:** Approximately 34 percent black, 34 percent white, and 32 percent Hispanic/other

According to a 2013 survey of PEP men, approximately:

- 50 percent had absent fathers;
- 75 percent were first arrested before age 18;
- 40 percent have lost a family member to violence;
- 33 percent had at least one parent incarcerated growing up;
- 33 percent have experience with homelessness;
- 10 percent were in the foster care system;
- 10 percent are former members of the military; and
- 85 percent do not have an education beyond a GED or high school diploma.

Source: PEP.

key components necessary to make PEP operational, including the right group of men who are willing to accept the unique challenge it offers.

### PEP’s Selection Process

PEP recruits men from across the entire Texas prison system—more than 60 male prisons in total—and transfers accepted applicants to one of the two prisons

**Figure 2. Getting into PEP**

Source: PEP.

in which it operates. To be eligible, men must have a high school degree or GED (or be working toward it), must be within three years of their prison release date, cannot be active gang members, and cannot be sexual offenders. PEP staff then remove from consideration men who will be released before they can complete the program and those who have already been in PEP.

This leaves approximately 5,000 men per quarterly cycle who are contacted by PEP and invited to apply (see Figure 2). Only about 1,600 of those men write back and ask for the full information package—complete with the PEP application and *The Associated Press Stylebook* (AP stylebook), which contains punctuation rules, business vocabulary, and PEP’s “10 Driving Values.” Of those 1,600, approximately 960 men complete the 20-page application, which asks about criminal, drug, alcohol, family, schooling, and gang history; asks applicants to walk through their life timelines; and requires a testimonial essay about why applicants are a good fit. Some applicants are tested by PEP staff, who then conduct in-person interviews, while others are admitted based on their applications alone.<sup>33</sup> Out of all eligible men, PEP accepts 240 every quarterly cycle. The acceptance rate is only about 5 percent of all eligible men—25 percent of all applicants.

Above all else, PEP looks for men who demonstrate a commitment to change. “One of the bedrock principles of PEP is we want guys who want it. If a guy is sitting on his bunk and he doesn’t have the desire, frankly, we don’t want him,” explains Smith.<sup>34</sup>

PEP staff submit a final list of men they wish to enroll to Texas Department of Criminal Justice (TDCJ) staff, who reject some men based on their behavior, their health, or logistical complications that prevent them from transferring out of their current prison. The warden, an MTC employee, must also sign off on the transfer. While PEP covers all recruiting costs, TDCJ pays to transport men from one unit to another. It also gives PEP staff permission to occupy as many prison beds as they would like.

According to Smith and PEP Chief Development Officer Tony Mayer, this transaction is a win-win for PEP and participating prisons: PEP benefits from having the prison space for participants, and plainly, prison staff are eager to transfer out the worst-behaved inmates to another facility. But Smith believes PEP helps change prison culture for nonparticipants, too. “I think any warden, if exposed to PEP or a program like it, would be very enthusiastic,” he explains. “The value set that is adopted by our guys changes the culture—it changes the character of the unit.”<sup>35</sup>

### Program Model

From the time they are transferred to the Cleveland or Estes Unit, PEP men form a community, often living in the same prison pods. At Cleveland, PEP participants occupy about 60 percent of the prison—approximately 300 of the unit’s 520 beds. PEP classes start within two months of arrival. At that point, PEP

staff enter the men into the program database, where they track a range of outcomes for as long as the men are affiliated with the program. For most, that extends well beyond their time in prison.

**Leadership Academy.** In its early days, PEP focused exclusively on teaching business. But over time, staff recognized the need for character development. “We started seeing that the character of some of these guys was not good. . . . They could learn how to do business, but they were coming out with bad character. Nobody would do business with them,” explains Phi Tran, PEP’s chief operating officer and the longest-serving member of the team.<sup>36</sup> He is also a PEP graduate himself.

To address character development, PEP created its Leadership Academy to set a foundation for the BPC to follow. “We allow the men to explore who they are . . . what they want to be,” explains Tran.<sup>37</sup> In the first Leadership Academy lesson, men are asked to write their own eulogies. The academy also includes exercises for men to examine their upbringings and past decisions that led them to prison, including one during which they explain each of their tattoos to their peer group. Other lessons teach the men to identify negative character traits so they can identify them in themselves and others. “If you call somebody a brother, and they have this negative trait but you don’t call it out, then you’re not helping them,” says Tran.<sup>38</sup>

Leadership Academy involves 20 hours of class every week, five days a week, for 12 weeks. It revolves around the Effective Leadership curriculum designed by PEP and taught largely by servant leaders, who are graduates of prior PEP classes. PEP men also complete the Quest for Authentic Manhood curriculum, developed by a Christian pastor, and are frequently joined by men from local faith communities. Men watch videos of real-life situations on etiquette, drug and alcohol abuse, dating and marriage, and respect for authority, and they discuss the lessons with their peer group.

PEP men are also assigned “sweet names” during the Leadership Academy to give them the chance to be known by something other than their past. The names (such as “Bob Barker—come on down!” and “Nuttty Professor—yes, I can!”) help PEP men develop

**Table 2. PEP’s 10 Driving Values**

- Excellence
- Accountability
- Integrity
- Wise Stewardship
- Fun
- Execution
- Servant-Leader Mentality
- Fresh-Start Outlook
- Innovation
- Love

Source: PEP.

a sense of humility and brotherhood as a cohort and are used throughout the program. Each cohort of PEP participants also selects a collective name for itself; “Superior Spring 16,” “Famous Fall 16,” and “Celestial 17” are some of the most recent. This camaraderie helps when participants are asked to speak and even dance in front of their cohort and volunteers at prison events, something PEP does to grow confidence and break down barriers.

At its core, the Leadership Academy grounds the men in PEP’s “10 Driving Values” (see Table 2), which are hung on the wall of the room PEP occupies in the prison. It holds every man accountable by fostering a belief that the values are more than just words—they are the keys to individual transformation.

**Business Plan Competition.** Once men have completed the Leadership Academy, they begin the BPC. This “mini-MBA” component lasts for six months and teaches the men entrepreneurship; public speaking; business accounting; and how to develop, present, and implement a business plan. During the BPC, participants pitch to executive volunteers more than 120 times.

The BPC consists of 1,000 hours of classroom instruction, in addition to outside work. At the start,

participants take six tests on business concepts and vocabulary. They also have substantial homework assignments, weekly quizzes, and group assignments. If a participant fails a test or misbehaves, he is required to write out the *AP Stylebook*—“AP Styles”—a minimum of three times. “We say to them, young man, read and study at a college level; write a 10-page plan for a business you’d like to start, complete with a multiyear financial forecast; [and] present and defend it hundreds of times to peers and experienced free-world executives,” explains Smith.<sup>39</sup>

BPC courses are taught four days a week by Smith, another PEP staff member, or PEP servant leaders and focus on various aspects of business, such as marketing, finance and accounting, and business plans. The curriculum is derived from a college textbook on entrepreneurship and is supplemented with lessons on Harvard MBA case studies, current issues, and speaking to professional audiences. Participants also complete a Toastmasters course and read Fyodor Dostoyevsky’s *Crime and Punishment*.

Participants also work outside of class to develop and refine their business plans. PEP leverages volunteers from around the country—many of whom are MBA students or business executives—to serve as business-plan advisers. Advisers provide personalized feedback on each participant’s proposal and assist them with accessing outside information. Since prisoners are barred from accessing the internet, advisers conduct research on business plans and send the information to PEP staff, who pass it along to the participants. Advisers edit business plans for content and grammar, provide conceptual feedback, challenge participants’ ideas, and provide financial advice. As PEP staff explain, the goal is not for business plans to be “good enough for an inmate”; rather, they are expected to be on par with those created by MBA-level professionals.

In addition, every PEP man participates in a series of BPC events over the course of the six-month BPC phase (Table 3).

**Servant Leaders.** After men graduate from PEP but are still in prison, they become servant leaders. Servant leaders play an integral role in the PEP model:

**Table 3. BPC Events**

- **Think Tank:** Executive volunteers meet one-on-one with PEP participants, listen to their initial ideas, and offer feedback before the first official pitch.
- **Venture Capital Panels:** PEP men make their first three-minute business pitch to a panel of executive volunteers, who provide written and oral feedback.
- **Excellence in Etiquette:** Texas-based etiquette guru Colleen Rickenbacher teaches a class on proper business behavior and interpersonal skills.
- **Business Plan Workshop:** PEP invites executive volunteers and area college students and professors to offer feedback to PEP men on their business proposals.
- **Pitch Day:** PEP men make seven-minute business pitches in a *Shark Tank*-style event to executive volunteers, who offer feedback and advice before the BPC.
- **Business Plan Competition:** Participants present their final, 10-minute business plans to a panel of executive volunteers. Judges select the winner after several rounds of pitches.
- **Graduation:** At the end of the BPC, PEP participants, alongside their families, attend graduation and receive their PEP diploma and certificate in entrepreneurship from Baylor University. Every cohort’s valedictorian speaks, in addition to PEP staff.
- **Mock Interviews:** Following the graduation ceremony, PEP enlists the help of human resources representatives and executive volunteers to conduct mock interviews with graduates.

Source: PEP.

they mentor participants, teach Leadership Academy and BPC lessons as peer educators, and provide logistical support for in-prison events. Graduates’ specific

roles are determined either by appointment—for roles such as peer educator or ministry leader—or through interviews.

PEP hosts a job fair for graduates to learn about and interview for servant-leader positions, including event coordinators, accountability group leaders, pod coaches, media team members, ministry team members, business-plan editors, typists, and Leadership Academy and BPC facilitators. Each graduate is assigned two jobs as a servant leader, which he carries out until his release from prison. Most spend approximately nine months as servant leaders, although many are released from prison earlier.

## Reentry Starts at Day 1

Perhaps the most unique component of the PEP model is how it seamlessly connects services, people, and information to participants while in prison so their transition back into society is successful. As Charles Hearne, one of PEP's executive relations managers—and a PEP graduate—explains, “Not many programs, if any, serve men on the inside, and then continue to serve them on the outside.”<sup>40</sup>

**PEP's Transition Team.** In prison, PEP's seven-member transition team—a cadre of case managers and transition coordinators who are themselves PEP graduates—hosts “reentry days” to explain what will happen to the men on their release days, preparing them for what it will feel like to go from making “five decisions a week to five decisions a minute,” as Smith explains.<sup>41</sup>

In the weeks leading up to a participant's release, the transition team also works to ensure he has his identification—birth certificate, Social Security card, and Texas state ID—in addition to health insurance, child support payments, and other logistics in order. At PEP's Houston office, transition team members Manny Rodriguez and Harvey Mai work from a large white board, with the names of PEP men about to be released on the left side and a list of reentry essentials they still need to secure on the right. This organization and attention to detail helps PEP men get

into housing, jobs, and a reliable social network much faster than their non-PEP counterparts. “What our guys get accomplished in a few days . . . some guys two or three weeks out are still trying to get. . . . They're not even job searching yet because they don't have their IDs,” explains Rodriguez.<sup>42</sup>

On the day a PEP man is released, a member of the transition team meets him at the prison gate, a stark contrast to the experience of non-PEP releases, who receive a \$50 check from the state and a one-way bus ticket to the county in which he was last arrested. Transition team members drive newly released PEP men to the PEP office and furnish them with fresh-start kits, which include T-shirts, socks, binders, clothes for interviews, undergarments, sheets, and hygiene products. Then, transition staff take PEP graduates to a restaurant for their first meal as free men.

After day one, staff help men get to interviews and meetings with their parole officers and generally help them reintegrate into society by providing indefinite and comprehensive supports typically siloed from in-prison programming. They help set PEP men up for success on the outside by connecting them to jobs, resources, the free-world PEP network, and even their own family. They also help the majority of men settle into PEP transition houses, where they can live with other members of the PEP community.

**Transition Houses.** PEP helps participants transition home by providing affordable housing at five transition houses owned or managed by PEP: three in Houston and two in Dallas. According to Smith and Mayer, about 70 percent of PEP graduates live in one of the transitional houses for three to six months, and PEP staff strongly encourage them to do so. “We tell our guys that life is like a long-distance race, and you've got to be properly conditioned. And right out of prison, you are not in shape,” explains Smith.<sup>43</sup>

Each house has a house manager—a PEP graduate—who enforces house rules, including keeping curfew, abstaining from drugs or alcohol, attending weekly house meetings, and meeting parole compliance. Men can live in the housing for their first two weeks for free. After that, they pay \$100 per week.

Executive volunteers are at the house multiple times a week for informal mentoring meetings and house dinners, which they help prepare and run. House dinners are open to all PEP volunteers and occur monthly, strengthening the relationship between volunteers and the most recently released PEP men.

**eSchool.** PEP also offers recent graduates a weekly “eSchool” (entrepreneurship school) workshop taught by PEP volunteers and other community members. These sessions focus on life skills, business, entrepreneurship, and personal finance. Participants who complete 20 workshops earn a second PEP diploma.

Like its other post-release services, PEP’s eSchool provides resources and opportunities for graduates to develop their business plans and skills. It also offers a professional network for graduates to connect with business experts and peers. According to Smith, these indefinite supports are crucial because they help maintain the community PEP builds in prison and introduce participants to positive role models. “It is all about community—a new community built on accountability and encouragement,” he explains.<sup>44</sup>

**Executive Mentors.** This new community is further fortified by PEP’s executive mentors, who commit to mentor a PEP graduate following his release. PEP’s case managers work to match graduates with mentors in a similar business field to help with professional networking, advice, and guidance. If the relationship goes poorly, case managers can reassign mentees and mentors.

Executive mentors can meet with their assigned PEP graduates as often as they wish, although meeting once a week—at least immediately following a graduate’s release—is standard. Mentors help graduates maintain the PEP mindset, as many return to negative home environments after prison. Because most PEP graduates do not start a business immediately following their release, mentors often review and distribute their mentee’s resume, offer to be a job reference, and conduct mock interviews.

Mentors also play a large role in keeping graduates connected to the PEP network to further expand opportunities for younger classes. Monte Pendleton, PEP’s longest-serving volunteer, explains that upon release, one of his mentees returned to the oil field where he “had experienced modest success, and with his PEP training he was soon supervisor over the engineers on a number of drilling rigs. He convinced not only his own company but other drillers to hire PEP graduates.”<sup>45</sup>

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## Staff estimate that at least 7 percent of PEP graduates have been employed by another graduate.

PEP has on record 40 men working in the oil field due to a connection made by a graduate, and more than 70 others have been hired by graduates who own other types of businesses. Staff estimate that at least 7 percent of PEP graduates have been employed by another graduate.

**Family Liaisons.** Another essential component of the PEP model is family liaisons, PEP staff who meet with participants beginning in the BPC phase of the program. A primary goal of family liaisons is to ensure every man has four loved ones in the audience at PEP graduation, which doubles as a full contact visitation, something uncommon in prison. Since most participants are estranged from their family members, family liaisons work to identify the key family members whom participants would like to attend graduation—and then physically find those individuals and encourage them to come, sometimes even driving them to the prison for the ceremony.

“Our reentry program really starts with our family liaisons,” explains Manny Rodriguez. “As early as two to three weeks into the class . . . they come into the unit, and they meet individually with every person. They get family information, relationship information—when’s the last time you spoke to your mother, your father, your kids? How good is that relationship? How often do you communicate? And they get a sense right there of what’s going on with that family situation. By the time class is over, they’ve already developed a relationship with those families to reconcile the incarcerated person with his family.”<sup>46</sup>

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## As the number of men PEP serves in prison grows, so will the number of men it will need to serve on the outside.

Staff also contact families earlier in the process to describe what their family member is doing in PEP. They conduct conference calls with family members, facilitate letters home, and update the PEP blog, which families can read to keep up on their loved ones’ progress.

**Nonprofit, Faith-Based, and Individual Partners.** Along with its volunteer network, PEP has deep roots in the communities in which it operates, which Smith and Mayer say is crucial for its viability. According to Smith, the most important thing PEP does is create this new community. “There is no way that any staff of any organization can do what needs to be done. It needs to be this new community to love and support these guys,” he explains.<sup>47</sup>

One example of a community partnership is a family reunification weekend, hosted by members of a local church who provide the use of a lake house and several

boats for PEP men and their families for the weekend. Another local church partners with PEP around the holidays to provide gifts to the children of the PEP men who are still incarcerated or just released. Others donate items for PEP’s reentry kits, host shoe drives, and conduct other fundraisers to support PEP men. Through the support of church initiatives, in-kind giving, other reentry organizations, and second-chance employers, PEP has created a network of outside supports that help bolster its existing reentry services.

PEP also has a loyal lineup of individual donors who contribute to its annual operating budget of \$2.4 million. In 2015, individual donors made up 40 percent of all PEP donations, the second-highest category after grants. Some donors—called PEP Partners—make monthly donations ranging from \$5 to \$2,000.

### What’s Next for PEP?

Since graduating just 53 men in its first class 12 years ago, PEP is today serving 800 men in two prisons while providing reentry services in two cities. Over the next decade, PEP aspires to grow to serve at least 10 percent of the men released from Texas prisons each year—particularly those in remote locations who do not benefit from being close to urban settings like Houston and Dallas. This would mean serving 4,000 men and expanding into more units, which TDCJ has given PEP permission to do.

As the number of men PEP serves in prison grows, so will the number of men it will need to serve on the outside. By 2026, PEP projects the need for transitional housing in multiple cities for 1,500 men at any one time. Its leadership team also has goals to create a PEP center, which would be a campus-like facility for transitional housing, startup and office space, and group meeting rooms.

To make all this possible, Smith estimates that PEP’s budget will need to increase from \$2.4 million to almost \$7 million by 2026. While some of this will continue to come from private donations, PEP has recently developed a for-profit business to create more job opportunities for PEP men, generate a revenue stream, and provide more ways for the community to

support its efforts. PEP currently owns two Auto Lab Complete Car Care Centers and recently purchased the property for a third. The long-term vision of the centers is to generate enough money to cover at least half of PEP's budget needs.

Today, Smith and Mayer estimate that about 60 percent of PEP's spending takes place outside prison, while about 40 percent goes toward in-prison programming. If given more funds, Smith and Mayer say they would undoubtedly use it on the outside. And while PEP has advised several other states and even countries—one program in Germany is inspired by PEP—on how to replicate its model, it is first and foremost committed to serving more Texas men in the coming years, and its leadership has been cautious about expanding too rapidly for fear of compromising program fidelity.

### Implications for Research and Policy

In 2013, researchers at Baylor University conducted a return on investment analysis of PEP. According to the analysis, PEP had a 340 percent return on investment, partly because Texas spends \$21,390 to incarcerate one prisoner for one year,<sup>48</sup> while PEP spends only \$2,800 on one participant for one year—an annual savings of almost \$18,000 for every man it keeps out of prison. The researchers also compared PEP's recidivism rate to nine other prison rehabilitation programs in Texas and found that PEP graduates' was 17 percent lower.

**More, Rigorous Research.** While the Baylor study is a helpful starting point, it does not answer the central question researchers want to know: to what degree are results attributable to the program's impact, and to what degree are they attributable to selection bias and participants' inherent motivation? Given PEP's participant population—men who have GEDs or high school diplomas, passed the program's rigorous application process, and completed the program—the low recidivism rate might reflect a population that is less likely to recidivate in the first place, rather than the positive effects of PEP itself.

**Table 4. PEP Outcomes**

- **100 percent** of all PEP graduates are employed within 90 days of their release.
- **74 percent** of graduates released more than three years ago have been employed by their current employer for more than one year.
- **51 percent** of all PEP men with children see them daily.
  - Another **17 percent** see their children weekly.
- **41 percent** of those released more than three years ago earn more than \$52,000 per year.<sup>49</sup>
- **41 percent** of those released more than three years ago own their own home.
- **37 percent** of respondents have started their own business since release.
  - **82 percent** of those businesses are still active today.
- **28** PEP-started businesses project revenues of more than \$100,000 in 2016.
- **6** businesses project revenues of more than \$1 million in 2016.
- Since its inception, the average recidivism rate for PEP men has been **7 percent**, almost one-third the rate of the Texas prison population writ large.<sup>50</sup>

Source: PEP.

Perhaps the best way to disentangle selection and program effects is via a large-scale randomized control trial (RCT). However, other more easily implementable research designs that could isolate PEP's true impact on program participants, controlling for other variables at play, would also be informative. Researchers, in partnership with PEP, could make a valuable contribution to the reentry field by

conducting more and rigorous analyses on the program to better evaluate its unique approach and inform future programs moving forward.

At the same time, it is wise that PEP tracks outcomes other than recidivism (see Table 4). While recidivism is the core measurement of reentry program success, other outcomes—such as income, employability length, familial relationships, and housing—are also important in evaluating graduates' long-term success. Thanks to PEP's robust tracking, staff have been able to track men who went through the program even years after their release.

**Ingredients for Replication.** Despite its complex design, Smith believes PEP is scalable. “It absolutely can be done in other jurisdictions,” he says.<sup>51</sup> There are seven components PEP believes are non-negotiable for making a successful program (see Table 5), but beyond that, Smith says that other cities need to “adjust [their] methods according to the jurisdiction.”<sup>52</sup>

Of these seven components, Smith especially stresses PEP's relationships with TDCJ and the faith community. TDCJ gives PEP maximum flexibility in using their facilities and administering the program, a remarkable partnership given the sometimes-fraught relationship between in-prison programs and prisons. And independent of the specific faith, Smith says, a program like PEP needs a support system that will support its transformative aspect, which many participants say is the most important part. For adapting the PEP model to, say, a prison with a large Muslim inmate population, Smith would convene Muslim faith leaders, demonstrate how PEP works and how it instills values in addition to business skills, and help the faith leaders develop a version of the program that works for their community.

Still, these components are necessary but not *sufficient* conditions for replication. Replication is difficult, and a program like PEP requires volunteers and leadership who live and breathe the program, know exactly how it works, and have built trust and familiarity with inmates, state lawmakers, and correctional staff. As Smith said, “I think we've got a pretty good idea of what it takes for successful replication. What we

**Table 5. Ingredients for Replication**

1. Favor and cooperation from the state correctional authority
2. Strong relationships with local faith communities
3. Strong ties to the local business community
4. Partnership with academic institution(s)
5. Employer network of those willing to hire PEP graduates
6. Local champion with a deep commitment to PEP's mission
7. Adequate funding to build momentum and gain larger support, with particular emphasis on transition housing and other reentry support

Source: PEP.

don't have are the human resources that really know PEP and understand this culture. I don't have somebody we could take out of the PEP team and send to [another state], and that's really what it would take.”<sup>53</sup>

## Concluding Thoughts

Even in the absence of research that disentangles selection and program effects, it is clear PEP's dynamic public-private partnership is a smart approach for the state and benefits many individuals who go through it. PEP's \$2,800 per-inmate investment more than pays for itself by placing men into jobs as soon as they are released. And this does not account for the revenue, jobs, and other activity PEP graduates add to the Texas economy every year.

But PEP does more than prepare men to work. It gives participants hope and a new perspective of what their lives can be moving forward. As one participant said, “PEP gives us confidence and hope for the future . . . so we can build a life for our families . . . and give our families hope in us.”<sup>54</sup> By tackling the

character flaws that lead many to prison and replacing them with employable skills and a new value set, PEP invests in prisoners as assets, offering them a path to a better life if they choose to take it.

As Mark Zertuche, a 2009 PEP graduate, said, “I would have made it without PEP, but [PEP] has made me stronger. Honestly, I’m a guy from the hood—I only completed the ninth grade, [and] my dad died when I was one year old. Being in that environment creates a certain type of character—a certain type of personality on the outside.”<sup>55</sup> After PEP, Zertuche started a construction company that now grosses one million dollars in revenue. His director of operations is Juan Gonzalez, previously his fellow gang member and prison cellmate. Today, he regularly hires and mentors other PEP graduates.

Although there are several lessons to be gleaned from PEP, the most fundamental is this: while education, work, family, community, and housing all matter to help the formerly incarcerated return to society successfully, they must be addressed in tandem to create long-term change. PEP’s model is unique because it does what most programs do not—it connects an in-prison program with services, resources, and a community outside of prison, making participants’ transition home more manageable and less siloed.

PEP’s civil society approach can serve as a model for prison reform, reentry, and creating opportunity on a large scale. It offers a window into what reform looks like when services are coordinated; when those in prison are viewed as assets, not liabilities; and when returned citizens have the opportunity to be productive and necessary members of American society.

### **About the Author**

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