

# Communities & Banking

Supporting the Economic Strength of Lower-Income Communities

summer 2012  
volume 23, number 3

## Philanthropy at Community Banks

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in the Recession**

# Communities & Banking

*Communities & Banking* magazine aims to be the central forum for the sharing of information about low- and moderate-income issues in New England.

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# Letter from the Editor



Photograph: John Ellis

*Communities & Banking* magazine focuses on lower-income communities and people in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.

One topic that always interests us is the way community banks help build the economic strength of these lower-income communities—for example, through loans to small businesses or through philanthropy.

In “How Smaller Banks Work with Local Nonprofits,” Claire Greene talks to bankers about their philanthropic strategies and how nonprofits could improve the pitches they make for support. Many small banks, writes Greene, want to know how many people are likely to benefit from an initiative and what the nonprofit’s track record has been. Banks also encourage nonprofits to ask for volunteer help as well as money because many bank employees enjoy using their technical and financial skills *pro bono*.

Our summer issue also circles back on some ongoing C&B themes. Delia Sawhney talks about a possible avenue for improving elementary school outcomes using classrooms that comprise two grade levels. At the other end of the educational spectrum, Jerry Rubin of Jewish Vocational Service discusses the mismatch between current worker skills and high-demand skills. He recommends greater integration of postsecondary training with community colleges.

One intriguing story from Connecticut describes a low-income housing facility for older veterans needing assisted living but not a nursing home. The key, we learn, is to have state assistance follow the individual “to the level of care appropriate for his or her needs.” Another Connecticut article maintains that tackling the barriers to good health is an important way to help poor families be healthy.

You will note that we also revisit the topic of prisoners. That is because many low-level, nonviolent offenders are poor, and when they come back to their communities, they are still poor, only now they have a record that can keep them from a legitimate job, and that affects the communities we care about. We asked one author to describe how entrepreneurship can work for some ex-offenders. And because a poor education may perpetuate poverty and crime, we turned to Vermont’s Children’s Literacy Foundation to learn about the benefits of helping children of prisoners begin to break that cycle.

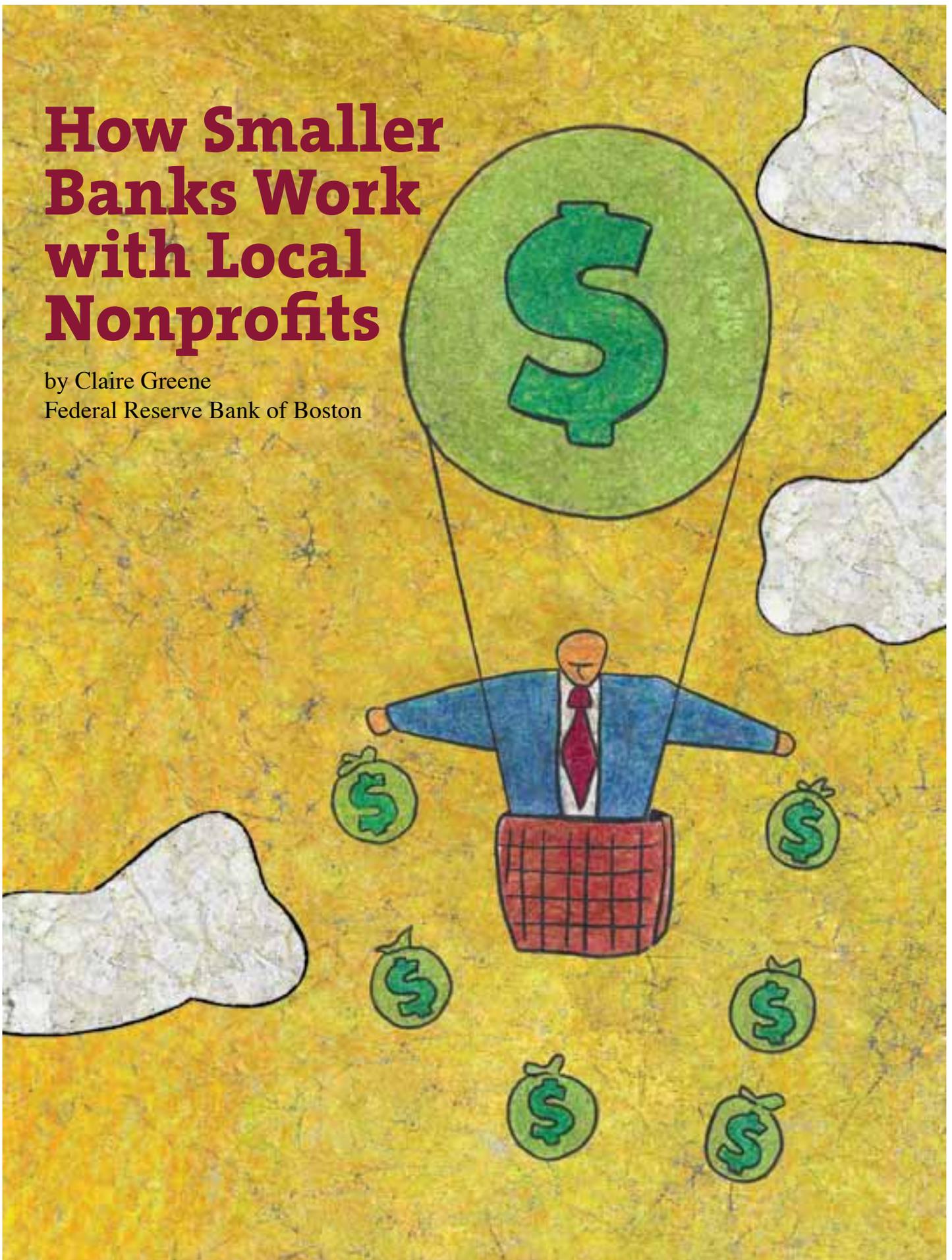
Please send us your feedback, pro and con, and your ideas for articles, especially if we have shortchanged your state lately. When we receive letters, we print them.

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Managing Editor

# How Smaller Banks Work with Local Nonprofits

by Claire Greene  
Federal Reserve Bank of Boston



A 2008 survey by the Committee Encouraging Corporate Philanthropy found that 84 percent of chief executives of global corporations believe the public expects them to play a bigger role in solving social problems. In New England, leaders of small banks also believe they are being called upon to assist communities in difficult times, and they are willing. Just like larger institutions, community banks look at philanthropy through a strategic lens.<sup>1</sup>

### Thinking Strategically

Particularly at financial institutions serving low- and moderate-income (LMI) communities, leaders mention the importance of choosing charities that will have the greatest impact. These institutions generally focus their giving on education, health care, and social services. They talk less about sponsoring a baseball team or contributing a savings bond to a school raffle, worthy as those activities are. Small banks are thinking big.

Executives of small banks and bank foundations in Massachusetts, New Hampshire, and Maine said in recent interviews that they want to know how many individuals will benefit from a gift, which charitable opportunity will have the best long-term effect, and whether the nonprofit has a tangible goal. They want proposals with specific objectives.

As Monica Curhan of Citizens-Union Savings Bank in Fall River, Massachusetts, says, “We want to give money where it’s most needed and will do the most good.”

Community bankers also emphasize the importance of nonprofits communicating a vision. That’s rarer than you might think. As Bill Hogan of Easthampton Savings Bank in Easthampton, Massachusetts, observes, some nonprofits are so close to the work they do “they assume that you know what they are about.” Moreover, nonprofits sometimes expect a small financial institution to be casual about giving. “In small towns, people walk in and try to walk out with a check,” says Anna Lyon of Franklin Savings Bank in Farmington, Maine.

That’s not the way it works. Many community banks handle their giving through foundations. Others manage it through the marketing department. Whatever the structure, community banks take a professional approach to giving. They have a budget, a strategy, and community goals they want to be identified with. They look for organizations with a track record, fiscal discipline, good recordkeeping, and committed volunteers.

**“The best proposals are the most complete. They do a really good job of describing their mission but also showing their financial position.”**

### Digging for Details

Even well-known community organizations must tell their stories, with details, to banks and bank foundations. Particularly those who use a financial institution’s online form need to remind themselves to provide details. Kevin Noyes of Peoples United Bank and the Danversbank Charitable Foundation says he wants to know what

constituencies the nonprofit serves, who is on its board, and how it is funded. “People send me novels, and we read them all. We want to get the meat. It’s an easier sell to the board if someone really tells it like it is.”

Although most nonprofits are able to describe their vision fully, smaller groups sometimes don’t have the time or expertise to spell out budgets and expenses. Curhan says, “The best proposals are the most complete. They do a really good job of describing their mission but also showing their financial position.”

The more detailed the project budget, bankers say, the more likely the chance of full or partial funding. “If you ask for \$20,000 to purchase 20 computers, I can see that 10 [thousand] will get you 10 computers. It’s still worthwhile,” says Noyes.

The giving strategies of many community banks have evolved as bank consolidation has forced local nonprofits to find new

## One Bank’s Wild Idea: Offer Money

Bristol County Savings Bank, like most New England community banks, has a myriad of opportunities to give to worthy causes. The bank’s foundation could distribute its philanthropic dollars two times over—merely by responding to requests.

About 18 months ago, the foundation decided that its charitable giving was not working. The foundation was overwhelmed with proposals. Worthy nonprofits were spending too much time crafting applications, only to be denied.

Bristol County’s surprising solution: Make the pool of nonprofits even bigger. The bank would prospect for organizations doing the work it cared most about, just as it would prospect for customers. “We didn’t want to give \$1 million by relying on people to come to us and ask,” says CEO Dennis Kelly.

The foundation reached out to superintendents of schools in Attleboro, Massachusetts, and Pawtucket, Rhode Island. Both superintendents identified increasing the graduation rate as a priority. In Attleboro, the bank’s foundation then gave \$20,000 to help students still attending high school make up lost credits.

It funded a night program for students who had dropped out. In Pawtucket, the superintendent suggested a music program to keep students engaged, and Bristol County Savings Charitable Foundation donated \$22,000 for band instruments.



## How to Ask

Executives of financial institutions and their foundations suggest some strategies that could improve nonprofits' success in applying for donations and grants.

- Learn about the bank's focus.
- Make sure your mission matches the bank's focus. Banks in low- and moderate-income areas zero in on education, health care, social services. Funding for arts organizations typically is folded under the economic-development umbrella.
- Time your request to fit the bank's calendar. If you want a large sum, start talking early. Once other gifts have been budgeted, the bank may need to defer large donations.
- Work your connections. It's harder for banks to say no to employees, depositors, and community members.
- Match your board to your mission. If your nonprofit serves a particular geographic area or population, be prepared to show that the groups served are represented on your board.
- Ask for technical assistance, not just money. Banks like their employees to volunteer. A nonprofit might tap bank employees' financial and marketing expertise.
- Say thank you—publicly and often. Board members and executives pay close attention to acknowledgments. This important responsibility is often forgotten.
- Keep in touch. Community banks and their foundations give again and again to charities with which they have a track record.
- Dot the *i*'s and cross the *t*'s. Include the 501(c)(3) statement, proof-read, and get names and titles right.

supporters. A 2007 study of the impact of mergers on philanthropy found that some larger banks have shifted toward funding big national organizations, “with a corresponding drop in local giving.”<sup>2</sup> Meanwhile, according to interviewed bankers, requests are outstripping available funds by two or three times. They hastened to add that the

**“We have an unwritten rule that if a teammate is involved in a charitable organization, we pay close attention to that endeavor.”**

requests are worthwhile. But the plethora of applications makes the community connection vital.

Jim Hogan of Washington Savings Bank in Lowell, Massachusetts, says, “If we get a request that is not in Greater Lowell or does not touch our community, it's very hard to say yes.” Similarly, Anthony A. Paculli, chief executive officer of Meetinghouse Bank in Dorchester, a Boston neighborhood, says, “We are a Dorchester-based institution. Dorchester itself is large. We try to keep in our community.”

Many bankers mention that a nonprofit's connection to a bank employee can help. Jim Delameter of Northeast Bank, Lewiston, Maine, observes, “We have an unwritten rule that if a teammate is involved in a charitable organization, we pay close attention to that endeavor.”

Of course, like all banks, community-based institutions are subject to the Community Reinvestment Act (CRA). Regulators review lending and community development activities in the bank's market area, and the bank is rated on its ability to meet the needs of that community. To maintain consistency across the country and between bank examinations, regulators use standard definitions of what counts for community development.<sup>3</sup> Bankers, and particularly community bankers, are very aware what regulators will consider toward that rating. In current economic times, when bank profits are under pressure, many bankers will weight CRA considerations heavily as they choose activities to support.

## Seeking Big Impact

For banks large and small, charitable giving makes strategic sense even beyond CRA ratings. The 2007 study found that the largest banks look at philanthropy as a business strategy—a way to increase community goodwill and promote their businesses. Banks give partly to make their employees feel good. They give partly for the recognition that translates into increased business and loyal customers. And they give to improve the economy in their market areas.

Banks look carefully at how important their gift will be to the success of proposed projects. Sometimes they choose to help smaller organizations because they can see how their gift could make a big difference. As Jim Tibbets of First Colebrook Bank in Colebrook, New Hampshire, states, “We want to be either a major sponsor or one of the larger sponsors, so we get recognition and have impact.”

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*Claire Greene is a senior communications specialist in the Financial Institutions Relations and Outreach unit at the Federal Reserve Bank of Boston.*

### Endnotes

- <sup>1</sup> Community banks are defined here as institutions with assets of \$10 billion or less.
- <sup>2</sup> Becky Sherblom, “Banking on Philanthropy: Impact of Bank Mergers on Charitable Giving” (National Committee for Responsive Philanthropy, 2007), [http://www.ncrp.org/files/NCRP\\_BankMergers\\_final.pdf](http://www.ncrp.org/files/NCRP_BankMergers_final.pdf).
- <sup>3</sup> See <http://www2.fdic.gov/crapes/peterms.asp>.

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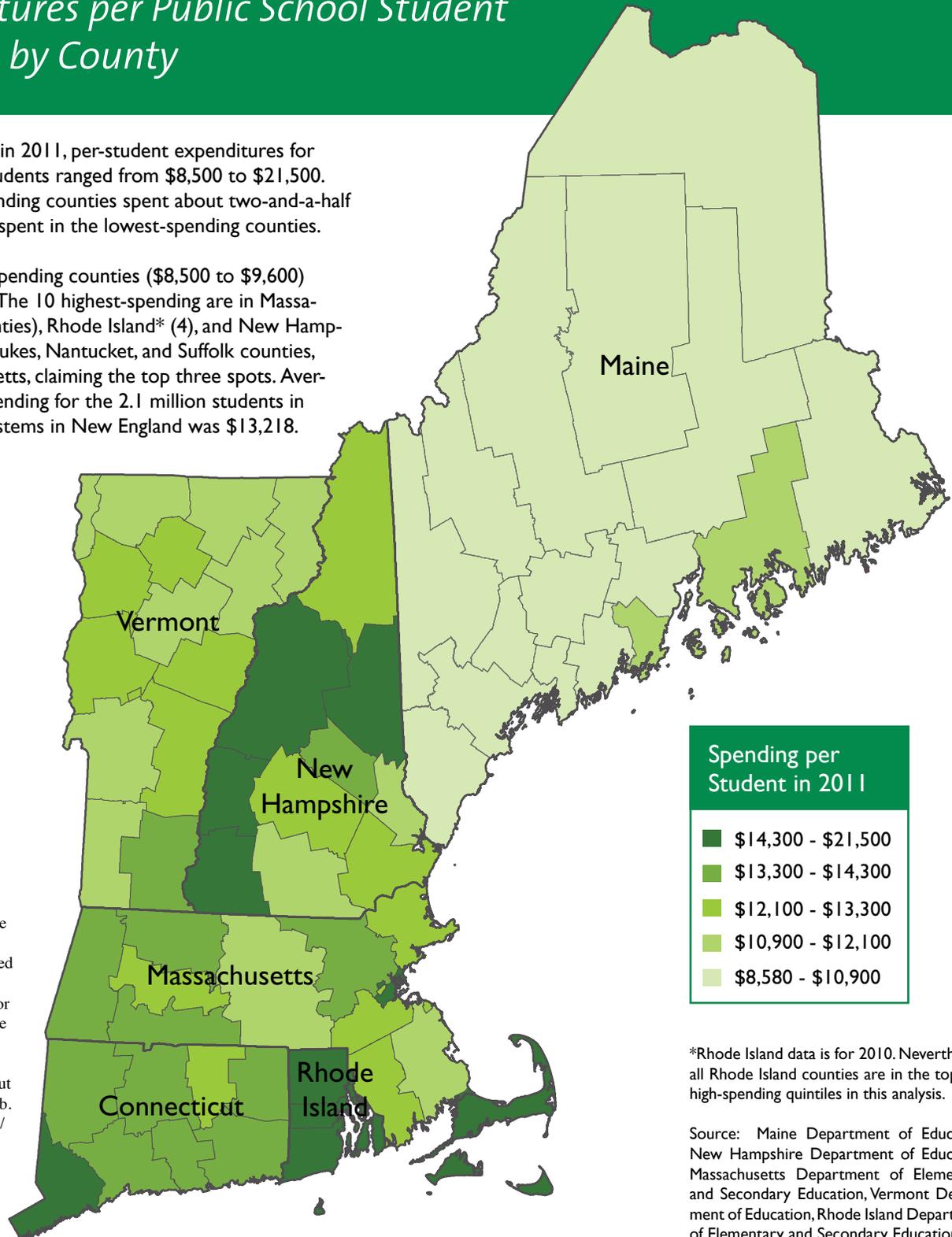
# Mapping New England

Kaili Mauricio  
Federal Reserve Bank of Boston

## Expenditures per Public School Student in 2011, by County

In New England in 2011, per-student expenditures for public school students ranged from \$8,500 to \$21,500. The highest-spending counties spent about two-and-a-half times what was spent in the lowest-spending counties.

The 10 lowest-spending counties (\$8,500 to \$9,600) are all in Maine. The 10 highest-spending are in Massachusetts (3 counties), Rhode Island\* (4), and New Hampshire (3), with Dukes, Nantucket, and Suffolk counties, all in Massachusetts, claiming the top three spots. Average per-pupil spending for the 2.1 million students in public school systems in New England was \$13,218.



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\*Rhode Island data is for 2010. Nevertheless, all Rhode Island counties are in the top two high-spending quintiles in this analysis.

Source: Maine Department of Education, New Hampshire Department of Education, Massachusetts Department of Elementary and Secondary Education, Vermont Department of Education, Rhode Island Department of Elementary and Secondary Education, and Connecticut Department of Education.

# Community Health Care



Illustration: Corbis Images

## *Quality That Goes Beyond Access*

by Eliza Cole, Community Health Center Inc.

Experts working in health care for low-income patients are increasingly focused on providing integrated approaches that can help patients cope with life challenges—issues that affect health but generally fall outside the scope of traditional care. At the Boston Medical Center, for example, patients have access to legal assistance that might be used to press a landlord to make asthma-reducing heating improvements. BMC patients may also request help with translation, transportation, and bureaucratic tasks that can help them take full advantage of available health-care options and achieve good compliance with treatment plans.

In Connecticut, Community Health Center Inc., an affordable-care organization founded in 1972, also believes in treating the whole patient. Per its motto “Health care is a right, not a privilege,” the organization views individual health as inextricably linked with the inalienable rights to life, liberty, and the pursuit of happiness asserted in the U.S. Declaration of Independence.

### Embracing New Models

Many emerging models of care concern themselves with an increasingly broad array of patient circumstances. One such model is the team-based *patient-centered medical home*, generally “led by a personal physician who provides continuous and coordinated care throughout a patient’s lifetime to maximize health outcomes.”<sup>1</sup>

When a patient at a patient-centered medical home confronts an emotionally devastating diagnosis, for example, she is not simply referred to a behavioral health specialist. Instead the patient is escorted over to a specialist within the same health



Photograph: Corbis Images

facility, thereby receiving immediate support and advice. Community Health Center offers such “warm handoffs” as a way to overcome some patients’ hesitation to follow up on recommendations to see a behavioral-health specialist. The face-to-face introduction makes a difference.

Another aspect of integrative care involves cultivating healthful behaviors. Rather than merely advising patients to eat more healthful foods, innovative providers are increasingly working to offset environmental factors that keep patients from adopting lifestyles that can keep them healthy. For example, many low-income people live in so-called *food deserts*, areas with limited access to reasonably priced produce and other nourishing, unprocessed foods. Experts agree that if good affordable food is hard to find, nutrition advice is of little use, and un-

healthy eating patterns become inevitable.

Among the approaches being undertaken to address the food-desert problem is supporting farmers markets. Community Health Center is one organization that now subsidizes farmers markets in urban areas that lack easy access to fresh produce. Meanwhile, the U.S. Department of Agriculture (USDA) is enabling farmers to accept Supplemental Nutrition Assistance Program (SNAP) vouchers, also known as food stamps, at farmers markets. In addition, the USDA offers the Women, Infants, and Children (WIC) Farmers Market Nutrition Program (FMNP) and the Senior Farmers Market Nutrition Program.

During fiscal year 2010, the agency reports, 18,245 farmers, 3,647 farmers markets, and 2,772 roadside stands were authorized to accept FMNP coupons. Coupons redeemed through the FMNP resulted in more than \$15.7 million in revenue to farmers for fiscal year 2010.<sup>2</sup>

Health-care entities with a holistic outlook also believe in helping the patient learn how to prepare recommended foods and incorporate them into family diets. Some health centers offer cooking demonstrations that include ideas for using more-nutritious ingredients in favorite dishes. Simple changes, such as using Greek yogurt instead of sour cream, whole wheat flour instead of white flour, or herbs instead of salt, can improve people’s diets.

Patient education may also include culturally competent information about how to handle health and nutrition issues during the holidays. For example, Stefanie Nigro, an assistant clinical professor at the University of Connecticut School of Phar-

## Health and Community Development

by Sol Carbonell, Federal Reserve Bank of Boston

The Boston Medical Center partners with Health Leads, an organization that mobilizes college volunteers to connect patients and their families with the basic resources they need to be healthy. Check out a video of Co-Founder and CEO Rebecca Onie describing the organization’s model at the Boston Fed’s Healthy Communities Conference in 2011: [www.bostonfed.org/healthycommunities2011](http://www.bostonfed.org/healthycommunities2011).

The conference was an opportunity to address the social determinants of health, brainstorm ways to promote better health outcomes for lower-income communities, and start a dialogue among leaders from community development corporations, health centers, government agencies, banks, and nonprofit organizations concerned about health in lower-income communities. The resulting partnerships are ongoing.

# Tapping Technology

Cutting-edge health-delivery systems are constantly improving their models. Sometimes that involves increased use of technology. *Hartford Business Journal* has covered the technology side of Community Health Center.\*

“As patients walk into the Community Health Center in New Britain, they are greeted by an electronic kiosk, ready to scan a patient’s license so they can quickly check in. Flat-screen TVs provide health tips. Technology has changed the experience for medical practitioners too. They all carry laptops so they can easily access or input patient clinical data into an electronic medical records system. Video conferencing capabilities expand the training and consulting options available for staff.”

The organization, notes the magazine, “has more than 200 locations and serves 130,000 patients in 13 cities across the state [and] may be one of the most cutting-edge primary care practices in Connecticut.

“But it’s not because the center caters to a wealthy patient base. In fact, the organization primarily serves the uninsured or underinsured, which account for 90 percent of its patients. CHC is a Federally Qualified Health Center (FQHC), which means as part of its funding it receives grants from the federal government to provide primary care, including medical, dental and behavioral health services, to people regardless of their ability to pay. Organizations like this are expected to take on a greater role in the health care system under federal health care reform, especially as insurance coverage is expanded to those who previously lacked it.”

\* Greg Bordonaro, “State-of-the-art: Statewide health center system leading the way through technology,” *Hartford Business Journal*, November 7, 2011, <http://www.chc1.com/News/PressReleases/11072011.pdf>.

macy, posted an entry on the Community Health Center blog with advice for diabetic patients who are Muslim about managing fasting during Ramadan.<sup>3</sup>

## Beyond Clinic Walls

Providing access to better nutrition is just one area where health-care practitioners need to go beyond the walls of the clinic. Good nutrition is a first step in fighting obesity, diabetes, and food-related maladies. Physical activity also contributes centrally to health. Unfortunately, recent funding cuts may be inhibiting exercise opportunities. Parks are being closed in some areas, and schools are cutting back on gym classes and recess periods.

To counter the cutbacks—and promote the notion that exercise is good not just for

**Interactions between health-care providers and the educational system are also important. Too often, students miss school and parents miss work for routine medical visits.**

weight control but for improved academic performance and self-esteem—Community Health Center offers Recess Rocks, a national comprehensive movement program for elementary school children. In addition, Community Health Center is among the organizations that support exercise for all by advocating for safer parks, bikeways, walk-to-school initiatives, and similar efforts to make physical activity safer and more enjoyable. The city of Somerville, Massachusetts, with its citywide campaign, Shape Up Somerville, provides a great example of how different stakeholders can work together “to increase daily physical activity and healthy eating.”<sup>4</sup>

Interactions between health-care providers and the educational system are also important. Too often, students miss school and parents miss work for routine medical visits. To minimize the amount of time that students are out for doctor appointments and to ease the burden on parents, more and more health centers are partnering with schools to create school-based community health centers. Today some

centers include both medical and behavioral-health providers.

The integrative approach to health care also recognizes English literacy as an important factor in health outcomes: patients must comprehend written medical instructions, prescription inserts, and other materials in order to comply with treatment plans. Accordingly, some health centers collaborate with English as a Second Language programs, going beyond the requirements for federally funded health organizations to provide medical translation services. Giving people assistance to master verbal and written English helps them deal with stresses outside the medical facility, and that, too, can improve health.<sup>5</sup>

It’s important to recognize just how much health affects individuals’ ability to enjoy life, liberty, and the pursuit of happiness. Forward-thinking providers will remain vigilant to ensure that health care—and the diverse factors that affect health—are properly addressed for all Americans.

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*Eliza Cole is a media specialist at Community Health Center Inc. in Middletown, Connecticut.*

## Endnotes

- <sup>1</sup> See [http://www.acponline.org/running\\_practice/pcmh](http://www.acponline.org/running_practice/pcmh).
- <sup>2</sup> See <http://www.fns.usda.gov/wic/FMNP/FMNPfaqs.htm>.
- <sup>3</sup> See Stephanie Nigro, “To fast or not to fast? How to manage diabetes during Ramadan,” <http://community.chc1.com/2011/07/fasting-and-diabetes-during-ramadan>.
- <sup>4</sup> See <http://www.somervillema.gov/departments/health/sus>.
- <sup>5</sup> Alice Hm Chen, Mara K. Youdelman, and Jamie Brooks, “The Legal Framework for Language Access in Healthcare Settings: Title VI and Beyond,” *Journal of General Internal Medicine* 22 (November 2007): 362–367, <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2150609>.

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# Housing for Veterans: A New Model

by Lisa Conant, Community Renewal Team Inc.  
Photographs courtesy of Community Renewal Team, Inc.



The future Veterans Landing in Newington, Connecticut.

Connecticut's veterans are rapidly aging. Nearly 75 percent of the 222,632 veterans living in the state are older than 55.<sup>1</sup> With each passing year, this population encounters more health issues and more challenges with daily living. Military conflicts of recent decades have left many with grave injuries, extensive medical needs, and behavioral health issues that are sometimes severe. Although these veterans may not need a nursing home right now, many would benefit from an assisted-living arrangement. Unfortunately, such housing is beyond many veterans' budgets.

Now a new model of affordable residential care is being pioneered in Connecticut to help low- and moderate-income veterans maintain independence as long as possible—while easing the burden on the veterans health-care system.

## Affordable Housing

A Hartford-based community-action agency, Community Renewal Team Inc. (CRT), is teaming up with the Veterans Administration to create Veterans Landing, a new

**It's a new concept. Normally, assisted-living residences are available only to those who can cover the costs privately.**

assisted-living facility expected to house 103 older veterans and their spouses. Veterans Landing is modeled on an affordable CRT facility called The Retreat—assisted living that includes programs to help residents continue to enjoy life and contribute to their community.

## The Retreat

The Retreat is part of a state-initiated pilot project designed to determine whether assisted-living services could be provided successfully to very low-income, Medicaid-eligible elderly or disabled individuals. The answer is positive.

Working with the Connecticut Department of Social Services and four other

state agencies, CRT developed a funding structure that leverages existing resources to offset construction and operations costs—and residents' expenses. Most medical fees get paid by Medicaid or Medicare, and rents are offset with subsidized-housing certificates from programs such as the Connecticut Housing Finance Authority's rental assistance program (RAP).

It's a new concept. Normally, assisted-living residences are available only to those who can cover the costs privately. Medicaid pays for nursing homes, but not for assisted living. The average monthly cost for a Connecticut assisted-living facility is around \$4,600 and can range up to \$8,000 per month—more when extra fees are added.<sup>2</sup> A 2007 state survey of private (nonsubsidized) assisted-living facilities showed that in five years, 221 residents left because they were unable to pay for their care. Of these, 81 percent were obliged to move to nursing homes. But although nursing homes benefit low-income people by accepting Medicaid, many people prefer to hold off on going into one. Moreover, nursing homes can

be both medically unnecessary and more expensive for taxpayers.<sup>3</sup>

The Retreat pilot shows that when state assistance follows the person to the level of care appropriate for his or her needs, it can pay for other services—not only a skilled-nursing facility but home care or assisted living. Low-income people who would benefit from assisted living are therefore not forced prematurely into nursing homes merely so they can become eligible for the subsidy. Of the 344 seniors living at The Retreat in September 2011, 147 had either moved out of nursing homes or had avoided premature nursing-home placement. Meanwhile, the facility is saving Connecticut millions of dollars every year.

CRT aims to replicate its Retreat success at Veterans Landing. The feasibility of providing low-income seniors with comprehensive assisted living that blends medical care, help with daily activities, and extensive social, recreational, and emotional support has been demonstrated. Now veterans, who might in the past have received care in a section of a hospital or nursing home, will be able to have a dedicated facility with the same advantages that Retreat residents enjoy.

The agency's experience working with low-income and at-risk veterans in other settings will also benefit Veterans Landing. CRT already operates Veterans Crossing, a transitional rooming house that offers intensive case management for homeless veterans and is the only Connecticut agency with supportive services for veterans' fam-



Veterans Landing will be modeled on The Retreat, which provides assisted living for lower-income seniors.

ilies. CRT's expertise working with these populations—as well as its experience providing clinical behavioral health care—will play a critical role in the project's success.

CRT's work with veterans, seniors, and lower-income people in general is one reason why the organization and its affiliate, The Meadows Real Estate Corporation, were chosen by the VA to develop and operate the new facility. When it opens in early 2015 on the campus of the VA Connecticut Health Care System in Newington, Connecticut, Veterans Landing will be the first assisted-living residence in New England to focus solely on veterans over 55—and one of the first nationwide.

### **Veterans Landing**

Veterans Landing is planned to emphasize comfortable surroundings and resident-centered activities. It will include 95 one-bedroom and eight studio apartments with kitchenette, handicapped-accessible bathroom, and living room. Residents will receive 24-hour access to medical care in addition to assistance with activities of daily living (hygiene, housekeeping, transportation). An array of recreational and social activities to encourage personal growth and community involvement is also in the works.

The facility will feature a number of the successful Retreat offerings, which include daily therapeutic exercise led by the residents themselves, a resident-run speaker series, and community-engagement activities such as reading to preschool children, talking about life skills with troubled teens, and collecting donations for homeless shelters. Staying involved and connected with society has been good for the physical and mental health of The Retreat residents and will benefit Veterans Landing residents, too.

Retreat resident Stanley Buczacki's experience is a case in point. Staff noted that Buczacki, a veteran, loved to talk about his wartime experiences. So they connected him to the Newington VA facility and Central Connecticut State University, which were collaborating on a veteran-interview project to document war narratives. Today his stories are part of the national archive at the Library of Congress, and he is very proud.



An outdoor space at The Retreat.



Buczacki's satisfaction demonstrates the value of staying engaged, which is why enrichment is recognized as a requirement for successful assisted-living residences. Gus Keach-Longo, CRT's executive director of senior services and leader of the Veterans Landing planning team, says, "We try to create an environment where we would choose to live if we needed assisted-living care."

### Putting Together the Deal

As the preferred developer of Veterans Landing, with an "enhanced usage lease" for land at the Newington veterans' campus, CRT now faces two significant financing challenges: 1) building a structure costing approximately \$30 million and 2) keeping the costs for residents affordable.

Expanded partnerships with Connecticut state agencies—the Department of Social Services, the Housing Finance Authority, and the Department of Economic and

Community Development—are key. Fortunately, CRT has experience using federal low-income housing tax credits (LIHTCs) successfully as well as Department of Housing and Urban Development (HUD) 202 Program funding, which provides affordable supportive housing for very low-income frail elderly. The organization also will tap vouchers from HUD's Veterans Affairs Supportive Housing (VASH), a program that helps individual veterans offset their housing costs. Also critical will be CRT's longstanding relationships with private funding sources such as financial institutions, the Hartford Foundation for Public Giving, and other foundations.

The Veterans Landing financing structure continues to evolve. Meanwhile, CRT is maintaining its focus on meeting the needs of the veterans themselves, with particular attention to the priority they put on spending time with other veterans in an environment that honors their military

service.<sup>4</sup> If Veterans Landing successfully provides a residential community where low- and moderate-income veterans can maintain or improve their health and their community engagement while aging in place among their peers, the model may be replicated elsewhere.

"There's a brotherhood among veterans," says Laurie Harkness, who runs the Errera Community Care Center for VA Connecticut Healthcare. "When people are part of the military culture—particularly in a combat zone where they depend on one another for their survival—an amazing bond develops."

The Connecticut Congressional delegation has been uniformly supportive of Veterans Landing. As U.S. Congressman John Larson said in a December 2011 statement, "Our veterans deserve the best care possible from the moment they put on the uniform to when they return home and throughout their years ahead."

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**Lisa Conant** is a writer and program planner at Community Renewal Team Inc., specializing in housing and veterans' issues. She is based in Hartford.

### Endnotes

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- <sup>2</sup> *Market Survey of Long-Term Care Costs* (New York: MetLife Mature Market Institute, October 2010).
- <sup>3</sup> H. Niesz and Z. Schurin, *Private Assisted Living Populations* (Hartford: State of Connecticut Office of Legislative Research, March 2, 2007).
- <sup>4</sup> *Assisted Living Facilities for Military Veterans* (Broomfield, Colorado: Assisted Living Directory, 2011), <http://www.assisted-living-directory.com/content/veterans.cfm>.

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# MUSLIM IMMIGRANTS

## *Hurt by Recession but Not Complaining*

by Besheer Mohamed, Pew Research Center



Photograph: iStockphoto

The Pew Research Center's 2011 survey of Muslim Americans shows that in spite of being hard hit by the recession, Muslims living in the United States are somewhat more positive about their financial situation than other Americans.

In 2007, family income among Muslim Americans was roughly comparable with that of the population as a whole. Among adults nationwide, 44 percent reported household incomes of \$50,000 or more annually, as did a comparable number of Muslim American adults (41 percent). At the highest end of the income scale, Muslim Americans were about as likely to report household incomes of \$100,000 or more as were members of the general public (16 percent for Muslims compared with 17 percent among the general public). Roughly one-third of both Muslim Americans (35 percent) and adults nationwide (33 percent) reported household incomes of less than \$30,000 annually.

### **Harder Hit**

In 2011, the pattern has changed significantly. The survey suggests that Muslims living in the United States have been hit harder by the recession than the general public. From 2007 to 2011, Muslim Americans experienced a significantly sharper decline in income than Americans overall. In particular, the number of Muslims who make less than \$20,000 per year increased by 14 percentage points (from 17 percent to 31 percent), whereas no significant change in the percentage of the general public below that threshold is detectible by the Pew survey data (22 percent in 2011, 20 percent in 2007).

Additionally, the survey suggests that although overall employment levels for Muslim Americans and the general public are comparable, underemployment is more common among Muslims. Nearly one in three Muslims (29 percent) is either unemployed and looking for work (17 percent) or working part-time but preferring to have full-time

employment (12 percent). In contrast, a total of 20 percent of adults surveyed nationwide are unemployed or underemployed. Homeownership has also declined for Muslim Americans.<sup>1</sup>

The finding that Muslim Americans—a largely nonwhite immigrant group—have struggled to weather the recession is consistent with the results of a recent Pew Research Center report on the recession's impact on the wealth of U.S. households. That report found that, from 2005 to 2009, the median net worth of black, Hispanic, and Asian households fell much more sharply than the net worth of non-Hispanic white households.<sup>2</sup>

What may be surprising is that, despite a decline in financial well-being across a variety of measures, American Muslims are somewhat more positive about their financial situation than the general public. (See "Muslims Somewhat More Satisfied with Their Finances than General Public.")

## U.S. Muslims Somewhat More Satisfied with Their Finances than General Public

Self-Ratings of Personal Financial Situation, 2007 and 2011

Percent of respondents	Muslims			General Public		
	2011	2007	Change	2011	2007	Change
<b>Excellent shape</b>	12	8	4	5	8	-3
<b>Good shape</b>	34	34	0	33	41	-8
<b>Only fair shape</b>	38	37	1	40	36	4
<b>Poor shape</b>	15	15	0	21	14	7
<b>No answer</b>	1	6	-5	1	1	0

Source: 2011 *Muslim American Survey* (Washington, DC: Pew Research Center, 2011). General public answers from 2011 based on Pew Research Center survey conducted June 15 to June 19, 2011. General public answers from 2007 based on Pew Research Center survey conducted February 7 to February 11, 2007.

Over the last four years, the portion of U.S. adults who rate their financial situation as “excellent” or “good” has dropped from 49 percent to 38 percent. No such decrease has been found among Muslim Americans despite the fact that many report a lower family income now than four years ago. Instead, the percentage of Muslim Americans surveyed who rate their financial situation positively has remained relatively stable over the last four years.

### Subgroup Differences

Though Muslim Americans overall rate their financial situation more positively than the general public, that is not true for all subgroups. As one might expect, Muslims with higher household income are generally more satisfied with their financial situation than those with lower incomes. However, even when there is no measurable difference in income levels, certain subgroups are more satisfied than others.

In particular, third-generation Muslim Americans—Muslims born in the United States to U.S. natives—assess their financial situation more negatively than other Muslim Americans do. Only 30 percent of third-generation Muslim Americans surveyed rate their financial situation as excellent or good, compared with 51 percent of immigrant Muslims and 47 percent of the children of immigrants. First- and second-generation American Muslims rate their financial situation more favorably than third-generation American Muslims, even though they are no more likely than third-generation Muslims to have high family incomes (above \$50,000) or to own their own homes, and no less likely to be underemployed.<sup>3</sup>

Since the more positive view of personal finances is limited to Muslims who have not been in the country for multiple generations, part of the variation might be tied to their past experience in less wealthy countries of origin. Most Muslim immigrants to the United States come from places that have significantly lower per capita gross domestic product than the United States. In fact, according to 2009 estimates from United Nations Statistics Division,

### Despite a decline in financial well-being, American Muslims are somewhat more positive than others.

the median per capita GDP for the top 10 home countries is just \$1,254.

That possibility is reinforced by the high number of Muslims who say life is better in the United States than in Muslim-majority countries. Two-thirds (68 percent) of foreign-born Muslims say the quality of life for Muslims is better in the United States than in most Muslim countries, a viewpoint that is consistent with their attitudes toward financial opportunity. Indeed, Muslim Americans are more likely than the general public to believe that people can get ahead through hard work. In 2011, three-quarters of all Muslim Americans surveyed (74 percent)—and 72 percent of foreign-born Muslims—said they believe in the effects of hard work, compared with less than two-thirds of the general public (62 percent).

Since almost two-thirds of Muslims living in the United States are immigrants (63 percent), the patterns prevalent among immigrant Muslims affect the patterns seen among Muslims as a whole. But it appears that Muslim immigrants view their financial situation differently both from Muslims whose families have been in the country for multiple generations and from the general public.

**Besheer Mohamed** is a research associate at the Pew Research Center. He is based in Washington, DC.

### Endnotes

- <sup>1</sup> The 2007 survey of American Muslims was conducted only among households with a landline telephone. The 2011 survey of American Muslims was conducted using both cell phones and landlines. The inclusion of cell-phone users in the 2011 survey sample could potentially have affected the income profile of Muslim Americans, since cell-phone-only respondents tend to be younger and less affluent than respondents who are reachable by landline. However, even among respondents reached by landline phone, the percentage making under \$30,000 annually has increased since 2007.
- <sup>2</sup> The report, “Wealth Gaps Rise to Record Highs Between Whites, Black and Hispanics,” was based on the Pew Research Center’s analysis of data from the U.S. Census Bureau’s 2005 and 2009 administrations of the *Survey of Income and Program Participation* (SIPP).
- <sup>3</sup> Third-generation Muslim Americans are predominantly African American (59 percent), though less than 5 percent of all third-generation Muslims identify themselves as members of traditionally black denominations such as the Nation of Islam.

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# Consumer Payment Options

by Darin Contini,  
Federal Reserve  
Bank of Boston



Photograph: Corbis Images, Illustrations: iStockphoto

Every day consumers are faced with choices about how to pay for a good or service. Debit cards, credit cards, checks, prepaid cards, cash, and even mobile systems are all options available to consumers making a purchase. And it can matter a lot which option a consumer chooses.

## The Details

To make the best payment decisions, consumers need to know a few details about the options.

### Debit Cards: Signing vs. PIN

PIN (personal identification number) debit transactions are referred to as online debit

transactions. When making such a transaction, the card is confirmed and a PIN is entered. The system checks the available funds in the account and, once authorized for the purchase amount, the transaction completes. Many observers believe that the security of PIN debit transactions is enhanced by having the consumer enter his or her PIN. The additional level of verification can reduce the risk of the transaction being fraudulent. Merchants also like PIN debit transactions because the cost to them is less.

Debit transactions using a signature are processed over the credit card network and do not involve a PIN. The signature debit transaction offers protection to consumers

who are more focused on the possibility of accidentally revealing the PIN while typing it out in front of other people.

### Faster Check Processing

A 2003 federal law generally referred to as Check 21 made it possible for banks to eliminate physical transfer of paper checks. Since Check 21 went into effect, most checks have been converted to images and sent electronically for settlement, thus reducing the amount of time that the money is still in the check writer's account. Most checks clear overnight. Compared with the multiple days that ground transportation takes, the processing is fast. Consum-

ers who choose to write checks must therefore be extra careful that they have enough money in their accounts at the moment of payment. Knowing that a deposit the next day will cover the amount is not sufficient overdraft protection.

### Fraud Reduction

Fraud occurs across all payment types, whether it arises from counterfeit bills, bad checks, or the creation of false bank-account numbers.<sup>1</sup> Credit cards offer robust fraud prevention and detection services for consumers. For example, if a credit card is used to pay for a transaction in a location that is a long distance away from the cardholder's home and if a previous transaction took place within a short amount of time at a different locale, the credit card system may raise a red flag and direct the merchant to call the card company for verification. In addition, the cardholder may be contacted by the issuer to see if there is a problem.

Credit cards rely not only on the account number on the front of the card for authentication, they usually require an additional nonembossed three- or four-digit code located on a separate area of the card. Consumers who use a credit card to make online purchases must typically provide that code. Depending on the type of credit card, the digits are referred to as the card verification value, CVV, CVC, CVV2, or CVC2.

### Cash vs. Cards

It is impossible to use cash for online purchases and often impossible to use it to book travel arrangements in person or to pay a phone bill. Additionally, many airlines have stopped accepting cash for food on flights or for plastic headphones. Aside from cash's purchasing-power limitations, using cash also is likely to result in poor record keeping. Consumers get detailed statements from card companies, but if they want to track every purchase accurately when using cash, they must fill out a ledger or keep a receipt for every transaction. Cash does provide a means to protect privacy, and for some consumers, that attribute may outweigh other considerations.

The downside is, of course, that when cash is lost or stolen, it's gone. There is no way to cancel cash as one cancels a check. There is no way to be reimbursed as if using a card or other electronic payment.

### Prepaid Cards

Prepaid cards offer many benefits to consumers whether or not they have a bank account.

Having a prepaid card allows consumers to load funds into an account and limit spending to the amount of available funds. Prepaid cards prevent consumers from overdrawing the account while offering some of the same functionality as debit cards or credit cards. Some prepaid cards make detailed statements available, a benefit to those who wish to track their spending. Additionally, a prepaid card can be registered in case the individual needs it reissued at some time in the future.

## For those consumers who may still be cautious about using their credit or debit cards for online purchases, prepaid cards could be the best alternative.



Although it might be necessary to pay a reissuance fee, registering makes a prepaid card a better option than cash after a loss or theft.

For those consumers who may still be cautious about using their credit or debit cards for online purchases, prepaid cards could be the best alternative. Because they can be used only up to the available funds on the card, a thief could not use the card to make excessive charges. As with any other product, consumers should always check to see what, if any, fees are associated with the prepaid card.

### Automated Clearing House

The Automated Clearinghouse (ACH) was established in the early 1970s so that people and organizations could make payments that occur routinely. A primary goal was to reduce the number of paper checks in the payments system. Over the past 40 years, the ACH has become the largest payment network in the United States. It uses bank-account information (bank routing and account numbers) to move funds electronically over a secure network. In addition to

enabling consumers to deposit their paychecks directly into accounts, ACH services help them purchase goods online, fund prepaid cards, receive tax refunds, and pay recurring bills such as rent and utilities.

### Mobile Payments

Mobile payments are already available in the United States. Anyone who donated to Haiti after the 2010 earthquake using the text messaging called short message service (SMS) has made a mobile payment. Currently, it is possible to send and receive money using a mobile phone that is linked to an account. Although mobile payments seem new here, there have been several launches of mobile-payment applications in recent years, and use of this payment channel is continually expanding.

Mobile payments are not really that different from other types of payment. Rather than focusing on the novelty, consumers should understand that mobile phones have become access devices. As such, they allow one more way to make payments using existing accounts. There are clear advantages to having all the payment types that are currently in wallets moved to secure housing on mobile phones. The additional passwords, alerts, location-based functions, and enhanced authorization for a payment of using a mobile system can offer more security than other payment types.

### Looking Ahead

Whether a consumer's wallet contains cash, credit cards, debit cards, checks, or prepaid cards, or any combination, it is important to know the differences between the payment options. Depending on the situation, a consumer may choose a different payment type or even introduce an entirely new payment method on the basis of the latest information. Who knows, perhaps in the near future everyone will trade in their leather wallets for mobile wallets.

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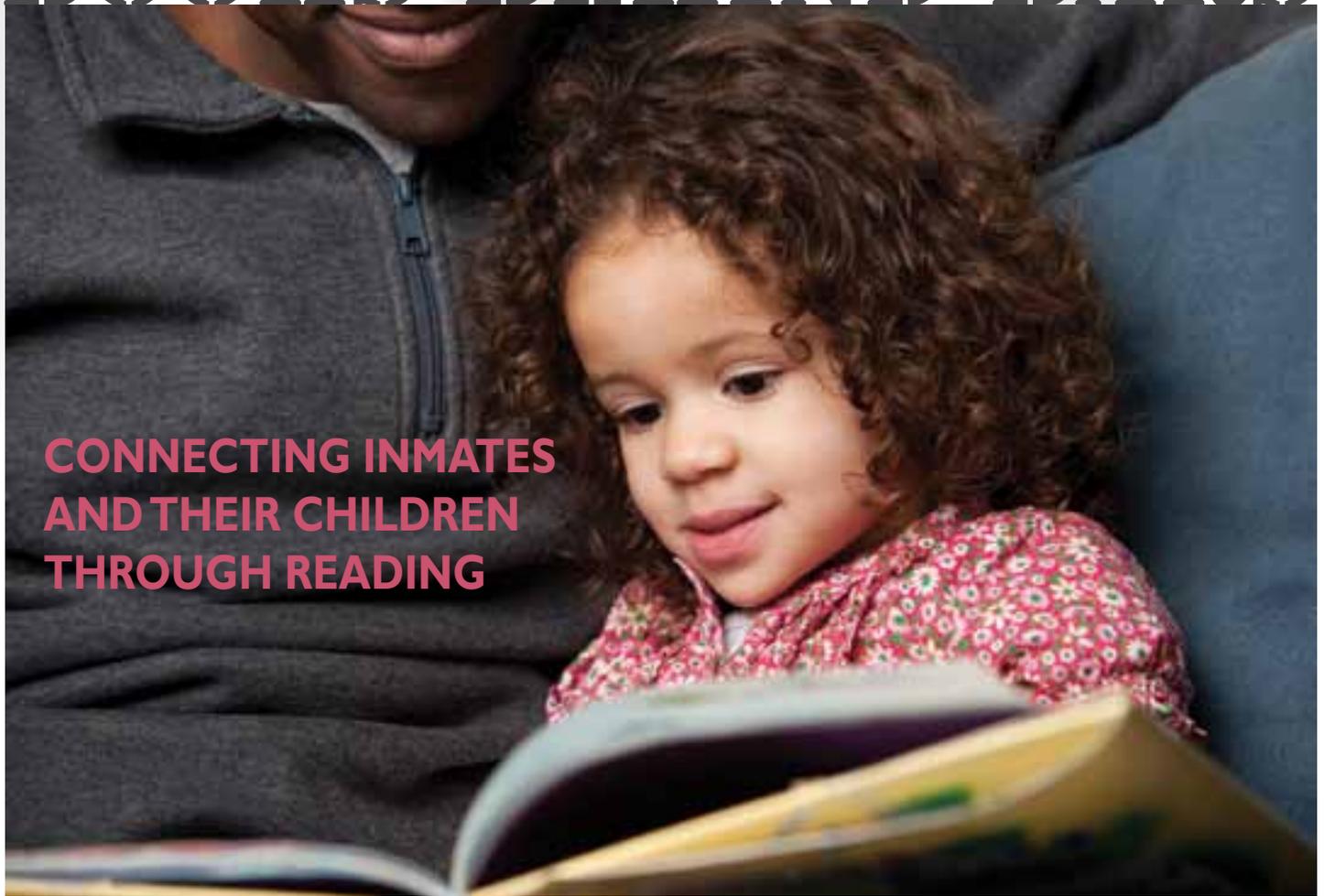
**Darin Contini** is a payments industry consultant at the Federal Reserve Bank of Boston.

### Endnote

<sup>1</sup> A Boston Fed gallery exhibit at the time of publication includes a display of counterfeit money and how to detect it. The exhibit is open to the public. See [http://www.economicadventure.org/exhibits/current\\_exhibit.html](http://www.economicadventure.org/exhibits/current_exhibit.html).

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# BOOKS BEHIND BARS



## CONNECTING INMATES AND THEIR CHILDREN THROUGH READING

by Suzanne Loring, Children's Literacy Foundation

Photograph: iStockphoto

The 2003 National Assessment of Adult Literacy survey, "Literacy Behind Bars," estimates that 70 percent of inmates in the United States are functionally illiterate. That means their ability to read and write is inadequate to complete daily living and employment tasks beyond a basic skill level. Of the more than 1.5 million state and federal inmates, 809,800 of them are parents, and that puts more than a million children at high risk of becoming less than proficient readers themselves.

The Children's Literacy Foundation, also known as CLiF, works with incarcerated parents and their children in all 17 prisons across New Hampshire and Vermont. CLiF's mission is to inspire a love of reading and writing among rural, low-income, and at-risk children.

### Vermont, New Hampshire

CLiF supports a variety of literacy programs in the prisons and jails across the two states. The organization donates new children's li-

braries for family visiting rooms in prisons and jails, gives books to children of prison inmates, and pays for professional authors and storytellers to perform on family visiting days. In addition, CLiF provides literacy seminars for inmates to encourage them and help them read to their children.

"Parents have a critical influence on their children's interest in becoming strong readers and writers," says Executive Director Duncan McDougall, who is also the organization's principal spokesperson and presenter. "CLiF works to bring families together through fun literacy events and supports them in making reading a regular part of their lives. This is especially challenging for inmates who, because of their situation, are rarely able to share books with their children."

When children listen to books being read aloud and when they read stories themselves, they build listening skills, vocabulary, imagination, and a longer attention span: all attributes that help them become more successful in school.<sup>2</sup> And reading aloud with

children not only helps build strong literacy skills but also can create a wonderful relationship between child and parent, whether that parent is living at home or not.

For many inmates who aren't confident readers—or who can't read at all—the idea of reading with their children can be quite daunting. CLiF works with inmates who have children at home to help quell these fears and answer questions like, "Why should I read to my child?" "When should I read to my child?" or "How can I read aloud to my child even if I'm not a strong reader?"

McDougall has some tried-and-true tips that he shares during seminars with inmates who are parents:

- It is never too early or too late to start reading with your child.
- Don't worry if you are not a strong reader. Use your own words. Tell the story from the pictures or have your child tell the story.
- Slow down. Take your time reading

and let your child picture the story in his imagination.

- Change your voice. Use plenty of expression when reading. Growl like a lion or yawn when a character is sleepy.
- Have fun! Above all, relax and enjoy. The more fun your child has reading books, the more time she will want to spend reading them.

## So Many Hurdles!

According to a 2009 study by the Annie E. Casey Foundation, “Early Warning: Why Reading in the Third Grade Matters,” 68 percent of fourth graders in the United States read below a proficient level. A child’s fourth grade literacy level is a key indicator of future academic and career success.<sup>3</sup> In fact, one in six children who are not reading proficiently in the third grade do not graduate from high school on time, a rate four times greater than that for proficient readers. These rates are highest in children from low-income families and those living in rural areas.

One of the most vulnerable groups of children referred to in the Annie E. Casey Foundation study is children of prison inmates. These young people are already struggling with the stigma of having a parent behind bars. In addition, they are usually from low-income households and from families with lower education levels. As much as 85 percent of children who become juvenile offenders are functionally illiterate, adds the U.S. Department of Education in its 2003 National Assessment of Adult Literacy.

Low literacy skills can have a devastating effect on the future lives of children and on the economy of the nation and its global competitiveness. The United States performs poorly against trading partners and competitors in comparisons of reading achievement. According to one study, if U.S. students had met the educational achievement levels of higher-performing nations between 1983 and 1998, America’s gross domestic product (GDP) in 2008 could have been \$1.3 trillion to \$2.3 trillion higher.<sup>4</sup>

Although there are many factors that play into a child’s ability to read—including economic background, parents’ education, developmental disabilities, absences from school, and lack of health insurance—the importance of access to books and of hearing books read to aloud is undeniable.<sup>5</sup>

CLiF helps build these foundations and encourage healthy relationships in inmates and their children by providing both

with books. At the end of each literacy seminar, CLiF introduces the Storybook Program, which allows inmates to choose the books, record themselves reading to their children, and then send both the books and the recording home.

Through listening to the recording and reading the book at home, the child can keep the engagement with the parent going. The next time the parent and child are together, they have the opportunity to talk about and share the experience of reading. In this way, literacy can be introduced into the inmate’s home and a relationship between parent and child can be strengthened around a positive experience with books.

## A Better Life

“The Storybook Program generates enthusiasm with every group that participates,” says Anne Aubertin, the former program coordinator at the Hillsborough County Department of Corrections in Manchester, New Hampshire. Thanks to the initiative, she adds, “A group of children will experience the joy of hearing their mother read a great children’s book to them.”

**“We have one little boy who comes to visit every week and runs to choose a book to take home.”**

CLiF sustains the positive reading experience by ensuring that these children have access to reading materials during future visits. Books are given to them at story times on family visiting day, and CLiF makes sure prisons have books to give to children every time they come to visit.

“We have one little boy who comes to visit every week and runs to choose a book to take home,” said Jess Keller, the program coordinator at the Northwest Correctional Facility in Swanton, Vermont. “We also have one mother who wanted to be able to read her child a book every night when they talked on the phone. We have now made it possible to have children’s books circulate in the woman’s prison for this purpose.”

CLiF hopes to break the cycle of illiteracy among inmates and their children in New Hampshire and Vermont through their partnerships with all the prisons and jails in the two states. Although scientific data are not available, the organization gets

regular feedback that after the seminars, inmates read more with their children and share books with them. Some inmates report that when they have phone calls with their families, the first things the kids want to talk about are the books that the inmates sent home.

Although it was a challenge at first for CLiF to get into the prisons, once a relationship was created, the prison staff were very supportive. The key is to have someone at the prison who makes sure that the children’s library in the visiting room is made available during family visits and who enables prisoners to make recordings of themselves reading books to send home.

CLiF’s model is one that can be easily spread to other prisons. In the past year alone, prisons in New York, Colorado, Wisconsin, and Florida have asked for more information about CLiF’s prison reading program.

Providing books, seminars, presentations, and reading encouragement can translate into fewer children and parents whose struggles with reading and writing separate them from family members and from the world around them.

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**Suzanne Loring, M.S.,** is program director at the Children’s Literacy Foundation, which is based in Waterbury Center, Vermont.

## Endnotes

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- <sup>3</sup> “Double Jeopardy: How Third Grade Reading Skills and Poverty Influence High School Graduation” (white paper, Annie E. Casey Foundation, Baltimore, 2011).
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- <sup>5</sup> “Access to Print Materials Improves Children’s Reading, A Meta-Analysis of 108 Most Relevant Studies Shows Positive Impacts” (white paper, Reading is Fundamental and Learning Point Associates, Washington, DC, 2010).

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# Educating New England's Workforce for the Future

by Jerry Rubin, Jewish Vocational Service



Karen, a longtime employee at Children's Hospital Boston, had put her dreams of going to college on hold after having her first child. But in 2010, at age 50, she entered Bridges to College, a college-preparatory initiative. The program, which includes academic preparation and coaching, is offered by Jewish Vocational Service (JVS), an adult education, training, and employment organization. Karen matriculated at Bunker Hill Community College, and as of this writing is completing her prerequisites for a nursing program, with a goal of becoming a nurse at Children's Hospital. She has been promoted to patient account supervisor there, and her future looks bright.

Thanks to Bridges to College, Erickson's future looks bright, too. At the age of 12, Erickson fled the Democratic Republic of the Congo and entered a refugee camp in Zambia, where he lived for 16 years. He endured numerous hardships, including the deaths of two brothers and the paralysis of his mother. In 2009, he and his family were resettled in the United States. He was 29 and, with sole responsibility for his family's welfare, he was obliged to put his education on the back burner and pursue entry-level jobs. The good news is that last year Erickson successfully completed Bridges to College and, as of September 2011, began studying to earn a medical assistant certificate. He expects to complete the program this year.

Karen and Erickson's stories illustrate the major shifts taking place in the job market and labor force in New England. Traditionally, an educated and trained workforce has been the critical success factor for the region's economy. Education also has been the key to economic opportunity for residents. The wage premium for workers with some college education or technical training has grown rapidly over the past decade across the nation. And in New England, Massachusetts in particular, the growth of this wage premium is among the highest in the country. The concern for New England is that if, over the next decade, the share of working adults with some postsecondary education continues to lag behind other parts of the country, the whole region will lose ground.

### Impending Mismatch

In a recent report issued by the Federal Reserve Bank of Boston, "Mismatch in the Labor Market: Measuring the Supply and Demand for Skilled Labor in New England," economist Alicia Sasser Modestino projects

that the region is facing a significant imbalance between the demand for and supply of middle-skill labor, the kind that requires at least a year or two of college education. And according to the economic research unit of the Massachusetts Executive Office of Labor and Workforce Development, 60 percent of all net new Massachusetts jobs created over the next decade will call for an associate's degree or higher. Nationwide, only 38 percent of all net new jobs will call for an associate's degree or higher.

New England already has lower rates of degree attainment at community colleges than the nation as a whole, and the Boston Fed projects that by 2019, the share of individuals in New England who have completed an associate's degree will decline because of a decrease in population and a growing

## Approximately 200,000 Boston adults lack the education and technical training they need to secure middle-skill jobs.

percentage of immigrants who have lower-than-average educational attainment.

For many working adults, the gap between their educational level and what they need to get into college and succeed is nearly insurmountable. In Boston, for example, one-quarter of adults over 18 have only a high school diploma (compared with 31 percent nationally), and 16 percent don't have even that (compared with 13 percent nationwide). Approximately 200,000 Boston adults lack the education and technical training they need to secure middle-skill jobs. Despite programs such as Bridges to College and reforms at community colleges, the public systems that individuals turn to are not adequately funded or designed to help the large numbers of working adults prepare for and succeed in community college and beyond.

Most adults who feel the lack of adequate skills to progress in the labor market or pursue further education turn to the adult-education system or community colleges. The adult-education system, which provides English for speakers of other languages as well as academic remediation that can lead to high school equivalency, is delivered by a combination of community-based organizations, local school systems, and community colleges. Although it helps

millions of low-skilled Americans each year improve their English skills and sometimes gain a high school equivalency certificate, it is not really designed to prepare students for community college or any postsecondary education. Very few of its students take that path successfully.

Because community colleges are open-enrollment institutions (open to all), many adults and high school graduates go there even when they lack adequate academic skills. They enter remedial classes in large numbers, and more often than not, they drop out without getting a certificate or degree. They may not realize that remedial classes do not provide college credit, and by the time they are ready to take college classes, they may have used up their financial aid.

### Efforts So Far

Given the obvious importance of helping New England residents gain postsecondary education for their own economic success and that of the region, one might assume that the six states are focusing their policies and resources on the issue. Sadly, the record is mixed at best. Integrating the adult-education system with community colleges so that more working adults are prepared for college—while making both systems easier for students to navigate—may have received increased attention over the past decade, but the level of attention is far below what is needed.

The recent World Education survey of New England states' efforts to help adult students enter and succeed in college paints a worrisome picture.<sup>1</sup> Despite several pilot projects and successful models, there is little evidence that any New England state has achieved significant reform or improvement over the past decade. The study describes the adult-education system of one New England state as having "no state-level coordination with the postsecondary system." It describes another as having a "lack of alignment and understanding about where adult education ends and developmental education [remediation at the community college level] begins."

Massachusetts has recently increased efforts to address the issue. It has funded several projects to integrate adult education with community college, using the language of its adult-education funding requirements to emphasize preparation for some postsecondary education and creating forums to get adult-education providers and community colleges to collaborate on integration.

Such efforts are encouraging, but for the thousands of adults who need college and certificates and degrees but can't get them, it is too little.

A decade of successful program models and innovative policy changes in states such as Washington, Kentucky, Oregon, and North Carolina strongly suggest that there are effective ways to help low-skilled adults enter and succeed in college. State leadership, targeted resources, and policy advances can accelerate change in the key institutions. Successful approaches include:

- Developing more intensive adult-education classes, including bridge-to-college programs, that include college-preparatory skills specifically based on community college course requirements.
- Creating career pathways so that students can focus on specific academic and occupational education in adult-education programs while preparing for college and can transition into linked occupational programs once they enter college.
- Investing in coaching services that can keep students on track while they

are preparing for college and can help them successfully transition into college and graduate.

- Creating clear agreements between adult-education programs and community colleges so that they coordinate on necessary skill levels (for college acceptance), coursework, accountability, and state funding.
- Improving the ability of working adults to navigate college coursework more easily, including developing common entrance requirements for programs within and between colleges, and helping students to transfer and "stack" their classes into marketable certificates and degrees without having to retake courses.

As New England climbs out of the deepest recession since the Great Depression, a highly educated and skilled workforce is critical. The region will not succeed if it excludes a significant and growing segment of its population from higher education and skilled jobs. Its stagnant population growth, increasing reliance on immigration

for its labor force, and its traditional competitive advantage in education, technology, and innovation all point to the importance of maximizing every worker's abilities. Fortunately, there are clear and demonstrably successful models and policies that can help solve the education and skills gap if state leaders are willing to embrace them.

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**Jerry Rubin** is president and CEO of the Boston-based Jewish Vocational Service. JVS provides education, skills training, and employment services for more than 16,000 people per year and over 1,400 area employers.

#### Endnote

<sup>1</sup> "Postsecondary Success of Young Adults: System Impact Opportunities in Adult Education" (white paper, National College Transition Network, World Education Inc., Boston, September 30, 2010), <http://www.collegetransition.org/docs/Gates-Executive%20Summary.pdf>.

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## FINANCIALLY HARMED IN THE FORECLOSURE PROCESS?

The Federal Reserve and the Office of the Comptroller of the Currency have initiated enforcement actions against a group of mortgage servicers because of deficiencies in the servicers' foreclosure processes. The regulators are encouraging borrowers who were financially harmed in the mortgage foreclosure process in 2009 and 2010 to request an independent review. After the review, servicers may be required to provide compensation. You have until July 31, 2012, to submit your request.



Details at <https://independentforeclosurereview.com>

Photograph: iStockphoto

# Multiage Education

by Delia Sawhney, Federal Reserve Bank of Boston



Photographs: iStockphoto

Educators are constantly looking for new ways to improve outcomes for children, especially children in troubled schools and neighborhoods. One idea worth considering is *multiage education*, currently being employed in several Boston suburbs.

Despite initiatives like the Massachusetts Education Reform Act (MERA) of 1993—which helped to reduce achievement gaps among school districts by increasing relative spending in districts that serve large shares of disadvantaged students—sharp educational disparities persist.<sup>1</sup> Multiage education, which can be used to energize learning, represents an approach that may help to alleviate such disparities.

What exactly is multiage education?<sup>2</sup> As used today, the term describes primary or elementary classrooms that blend two- to three-year age groups. A look at programs currently under way may provide a better understanding of this alternative to age-based classrooms and show how its characteristically child-centered curricula can improve student engagement.

## Setting One's Own Pace

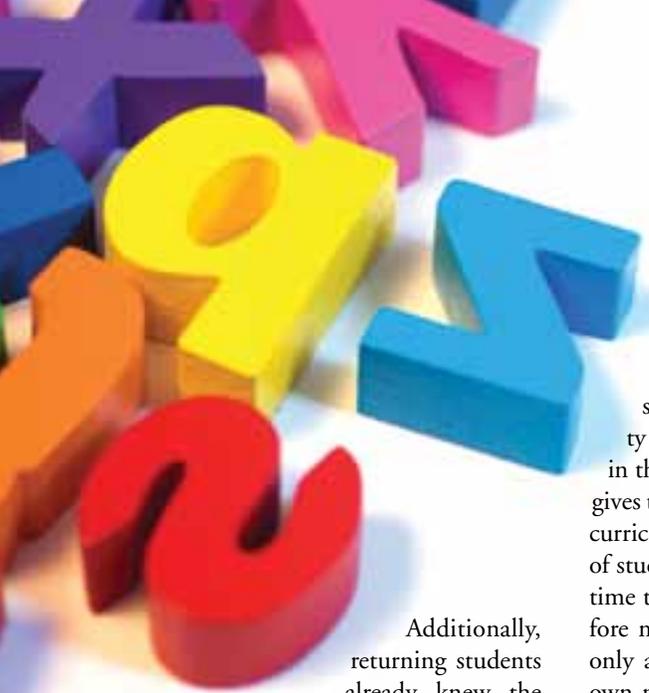
Conversations with principals and teachers at a variety of Massachusetts public schools highlight a diversity of approaches to administering multiage programs. At one end of the spectrum are schools offering one or two multiage classes. At the other extreme are schools fully entrenched in the multiage philosophy and offering blended classrooms only.

The length of time that the programs have existed also varies, with some around for decades and others in their infancy, celebrating only their second or third year.

**What exactly is multiage education? As used today, the term describes primary or elementary classrooms that blend two- to three-year age groups.**

Regardless of how long programs have been around, their approach to structuring lessons is similar. They generally start with a group lecture to introduce new concepts, followed by individual lesson plans and extensive work in small teams. Students move to the next curriculum level only when ready. All programs emphasize the importance of letting children set their own pace. They get gently pushed by teachers when needed, but they are expected to do their best and to challenge themselves.

In interviews, teachers noted several positive outcomes of multiage classrooms. Many saw an efficiency gain from having only one-third to one-half of their class replaced each year. Such low turnover, they claimed, enabled them to give meaningful assignments from day one, rather than spending the first six weeks assessing students' strengths, weaknesses, and learning styles. The structure also facilitated the task of getting to know the new students any given year.



Additionally, returning students already knew the rules, so they could model what was expected in the classroom, laying the foundation for the mentor/mentee relationships that naturally extend across both social behavior and academic work in multiage classrooms. Teachers also noted that multiage classes sometimes offer new opportunities for students to become leaders.

As one teacher remarked, “The second-year students know how things are run in the classroom, so even shy, quiet children who normally wouldn’t get a chance to fill a leadership role often do in a multiage environment.”

The fostering of mentor/mentee relationships that can create a sense of community and confidence was frequently mentioned. According to one teacher, “There is a camaraderie that is not seen in the traditional classrooms due to the relationships made between the kids.”

Several teachers speculated that people entering a multiage classroom pick up on the sense of community com-

ing from the way students work in small groups (often around tables or on the floor) and the way they interact as they help one another with assignments.

Several teachers also described a hard-to-measure but tangible self-confidence in children, likely stemming from a sense of community in their classrooms, their engagement in their studies, and the way the approach gives them control over their learning. With curriculum centered on the individual needs of students, children get a say in how much time they spend on practicing concepts before moving on to other lessons. That not only allows them to absorb topics at their own pace, but also helps them shape their learning path.

It is true that many of the teaching strategies discussed here could perhaps im-

**“The second-year students know how things are run, so even shy, quiet children who normally wouldn’t get a chance to fill a leadership role often do.”**

prove instruction in traditional age-based classrooms as well, but for multiage education such strategies lie at the heart of the approach. They help sustain child-centered principles while encouraging engagement and motivation. Children are involved in making the educational decisions.

One teacher commented that it was not uncommon in a multiage classroom to hear a child say, “I can’t talk right now because I need to get my work done.” Another suggested that anyone entering such a classroom would be hard pressed to tell which students were older or younger, since everyone works so nicely together.

### Challenges

Multiage education does pose some challenges. Teachers commented on how complicated it was to keep track of individualized curricula in multiage environments. Although

the programs teach students how to navigate independently through learning materials and to take an active role in their education, most small-group work requires that teachers identify children with compatible skill levels.

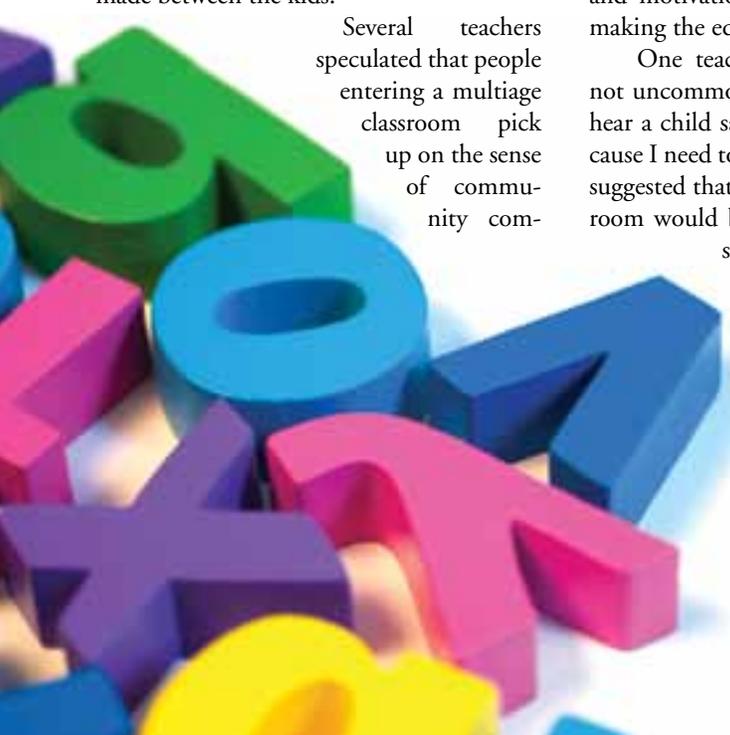
Teachers overseeing the work accomplished in their classes also have to be ready to guide children to new groups and activities when appropriate. It is the teacher’s responsibility to make sure the students stay engaged. Moreover, teachers of blended classes have to keep track of which books were read in the first year, so that when students return for their second year, they tackle new challenges. Lesson plans must therefore span two years instead of one.

Interviewed teachers also mentioned how important it is that schools launch multiage models for the right reasons, observing that programs started for budgetary reasons do not work. They warned that successful multiage programs take considerable planning and effort, and they speculated that new teachers thrown in without individual commitment or sufficient training might feel overwhelmed.

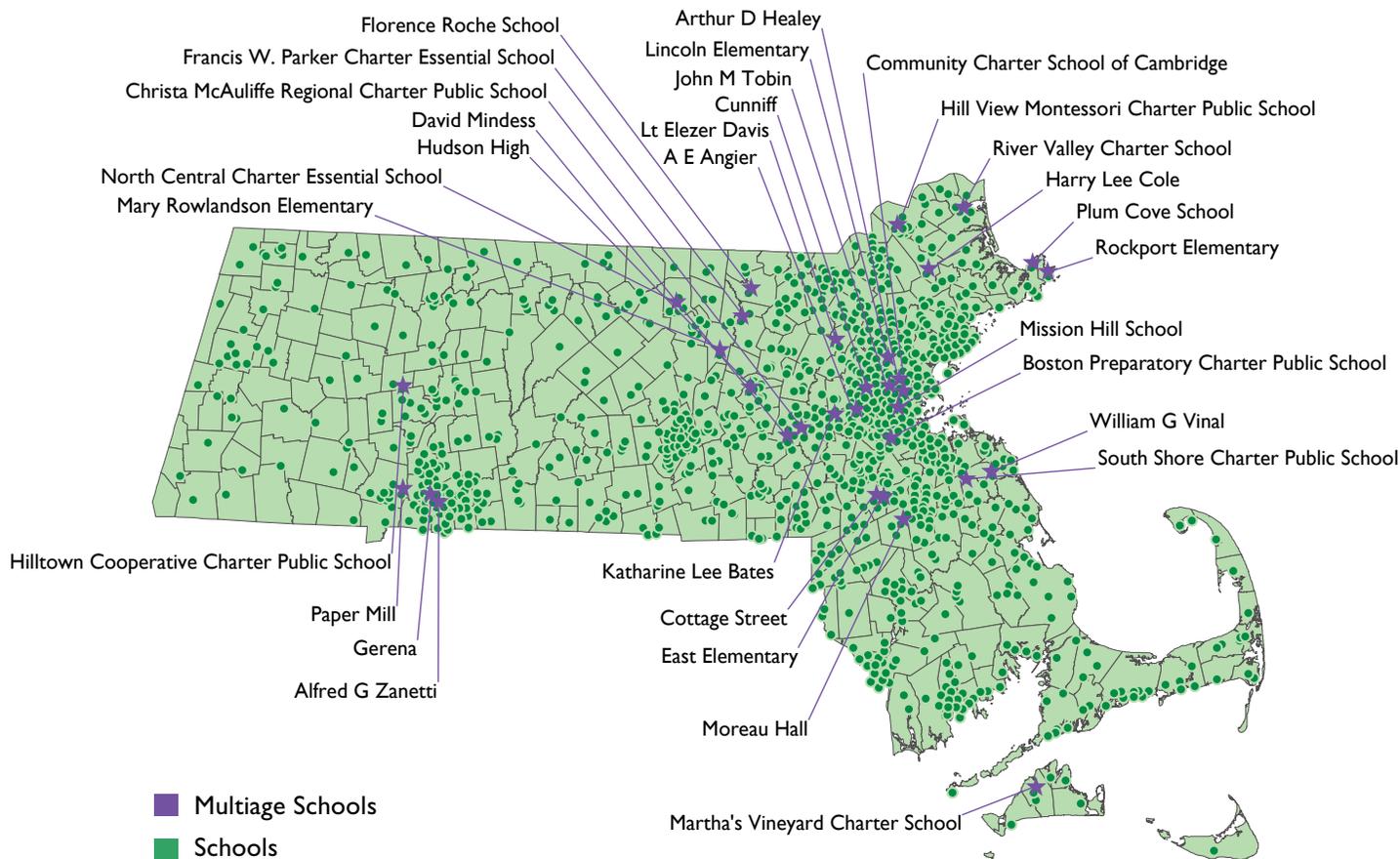
Interviewees also noted that misunderstandings about multiage objectives can create tension in schools that have both multiage and age-based classes, because some people believe, incorrectly, that multiage classrooms skim off the brightest students. On the contrary, principals and teachers emphasize the importance of having heterogeneous classrooms to allow for greater individual achievements. A lot of effort is spent making sure multiage classes are balanced. Still, teachers noted that it can be challenging to teach in multiage environments when outsiders do not clearly understand the goals.

Identifying another challenge, some teachers commented that testing for the Massachusetts Comprehensive Assessment System (MCAS) made the multiage environment more difficult. Other interviewees, however, had not found that to be the case. One teacher commented that students did not fare very well on fifth grade MCAS tests if they had been taught fifth grade material in the prior year.<sup>3</sup> He articulated a dilemma that teachers faced: “Do you spend additional time cramming for the test or let them do poorly? Neither answer seems like a good way to go.”

That teacher’s suggestion is to institute “cluster” exams, with students responsible



## Location of Schools with Multiage Education Programs



for materials taught in several primary years, or intermediate years, or upper years. It would be one way, he thought, to fit testing with the multiage concept. Another teacher said that although she and her co-workers were worried when the MCAS requirements were first established, after seeing the questions, they decided it was reasonable to expect well-educated children to be able to answer them. As a result, they did not make any changes to their school's curriculum, and their students did do well on the exams.

Overall, the majority view was that teaching in multiage classrooms can be hard work but worth the effort. Teachers and principals perceived that students in multiage classrooms tend to do at least as well as, if not better than, students in traditional aged-based classrooms. That seems to be especially true when student outcomes are evaluated by more than test scores and include such measures as fewer behavioral issues at school, lower rates of in-school suspensions or truancy, and higher attendance rates.<sup>4</sup> Several principals also said that it was important to be able to offer students and parents more choice in learning models, given that one size does not fit all.

**Delia Sawhney** is a director of the Economic Research Information Center at the Federal Reserve Bank of Boston. The views expressed do not necessarily reflect those of the Bank or the Federal Reserve System.

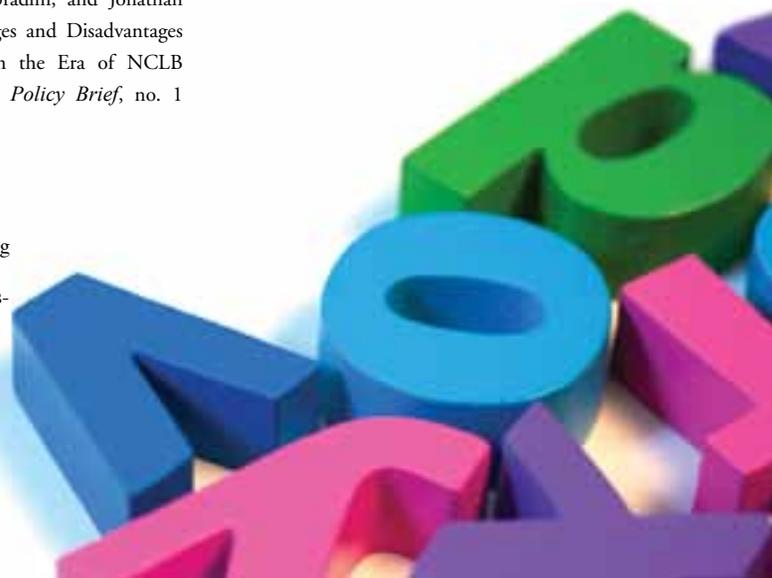
### Endnotes

- 1 Thomas Downes, Jeffrey Zabel, and Dana Ansei, "Incomplete Grade: Massachusetts Education Reform at 15" (white paper, MassINC, Boston, May 2009).
- 2 Ruiting Song, Terry E. Spradlin, and Jonathan A. Plucker, "The Advantages and Disadvantages of Multiage Classrooms in the Era of NCLB Accountability," *Education Policy Brief*, no. 1 (winter 2009): 5.

<sup>3</sup> Teachers in a blended fourth and fifth grade class alternate material each year, so some students may learn traditional fifth grade material before they learn traditional fourth grade material.

<sup>4</sup> An exploratory probe of the MCAS results showed students at the multiage schools generally holding their own. Other indicators suggest students are more engaged in school and have fewer behavior issues. See Delia Sawhney, "Multiage Education in Massachusetts: Program Details and Student Outcomes" (white paper, Harvard Library, Cambridge, Massachusetts, March 2012).

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# FROM PRISON TO PROSPERITY:

## A model for job creation and economic self-sufficiency

by Laura Winig, *Venturing Out*

Photograph: iStockphoto



The United States has the highest incarceration rate in the developed world, imprisoning 2.3 million people in 2010 (more than China), or 730 people per 100,000.<sup>1</sup> When prisoners are released, it benefits society to help them find jobs.<sup>2</sup> Concerned experts from academic researchers to social-service organizations are currently trying to address that challenge. One approach is to help ex-offenders repurpose street skills in ways that enable self-employment in legitimate markets.<sup>3</sup>

### Limited Job Options

In 2010, nearly 4,000 people were released from Massachusetts prisons and jails—70 percent directly to the street, without access to the services that those on parole or in a halfway house receive.<sup>4</sup> It is not an approach that cuts crime.

According to Department of Corrections 2005 data, for example, three years after their release, 44 percent were reincarcerated. Such recidivism is costly to taxpayers, who shoulder not only incarceration costs (\$46,000 per Massachusetts inmate in 2010), but the subsequent costs to society and to re-offenders' families.<sup>5</sup>

Employment reduces recidivism among formerly incarcerated men and women.<sup>6</sup> Ex-offenders who are unable to find work are three to five times more likely to commit another crime than are those who find employment.<sup>7</sup> Beyond providing a paycheck, employment builds work experience, expands skills, and gives the former prisoner a chance to successfully reintegrate into society.

According to a 2011 study by the National Employment Law Project, the increased availability of commercial background checks means that people with any criminal record are shut out of the job market.<sup>8</sup> Although in Massachusetts Criminal Offender Record Information (CORI) laws were reformed in 2010 to ban employers from asking applicants about their criminal histories on job applications, such questions are allowable in subsequent face-to-face interviews.<sup>9</sup>

The Society for Human Resource Management states that 80 percent of employers now run a criminal check. Especially during an economic downturn, it is understandable that, with a choice of applicants, employers shut out those with criminal convictions.

So self-employment is one of the few viable career alternatives for people released from prison. And self-employment may even tap certain personality traits that made the ex-offender temporarily successful in illegal activity. There is a known correlation between certain personality characteristics—a penchant for risk taking, fierce independence, and entrepreneurial instincts—with success in microenterprise. Thus it is not surprising to learn that an activity as antisocial as drug dealing has a “large and positive association with the probability of post-release self-employment” in a legitimate business.<sup>10</sup> That’s important to know, given that about one-third of prisoners have been convicted of drug-trafficking crimes. No one wants one-third of prisoners returning to drug dealing.

A study conducted by Hofstra University researcher Matthew Sonfield found that

incarcerated individuals “possess similar or higher entrepreneurial aptitude than various types of entrepreneurs.”<sup>11</sup> He remarks, “If entrepreneurial ‘propensity’ or ‘aptitude’ is an attribute that some people possess to a greater degree than do others, and if a portion of our nation’s prison inmates possess this attribute, then entrepreneurial or self-employment training for soon-to-be-released inmates and recently released ex-convicts would be a potentially valuable component of our nation’s social policy efforts, and might result in a lowering of recidivism rates.” Indeed, other researchers have found that entrepreneurship experience in illegal businesses is a predictor of the level of business performance and motivation that ex-offenders are likely to achieve when they launch legal businesses.<sup>12</sup>

### Incarceration to Incorporation

Prison-based entrepreneurship education began emerging in the 2000s to teach inmates self-employment skills before their return to society. By 2010, more than 30 states offered programs, mostly through nonprofit organizations. Some programs claim hundreds of graduates and scores of successful businesses—bakeries, commercial cleaning ventures, beauty salons, and more. In most programs, students learn the principles of start-up and operations, including business planning, budgeting, financing, marketing, and the like.

A handful of Massachusetts prisons are experimenting with entrepreneurship education to help prepare inmates for reintegrating into society.

gration into the mainstream. The Middlesex County House of Correction in Billerica recently graduated a class of 12 would-be entrepreneurs who took Entrepreneurship 101. It was offered by Venturing Out, a local nonprofit that teaches self-employment skills to men and women nearing release.<sup>13</sup>

“We believe that our students are most likely to achieve economic self-sufficiency if the businesses they launch have low regulatory, taxation, and capital requirements—typically, small service businesses,” says founder Baillie Aaron. Over 12 weeks, students write detailed business plans that are analyzed and critiqued by the organization’s instructors. “Our instructors are not traditional teachers,” explains Aaron. “They are entrepreneurs who bring their wealth of experience launching and running traditional small businesses—lawn care, commercial cleaning, auto detailing, and cosmetology services, for example, into our prison classrooms.”

**In Texas, where prison entrepreneurship programs have graduated more than 600 students since 2004, the recidivism rate among graduates has dropped to 10 percent, saving taxpayers millions.**

Aaron notes that the curriculum was custom-designed to address the challenges that students will face as they start businesses. “They are unlikely to be able to secure loans or leases and will have limited access to start-up capital.” So they study the practices of successful entrepreneurs who faced the same challenges. The curriculum features many case studies of people who left prison and achieved success on the outside.

Lawrence Carpenter is an example. Incarcerated for six years, Carpenter emerged from prison determined to stay out. He launched a commercial cleaning business in 2004, and by 2011 had built it into a multistate franchise.

“Carpenter had no cleaning experience, no money, and a limited education, but he was street smart and had the drive and determination necessary to succeed as

an entrepreneur,” said Aaron. “Students learn that they can repurpose their experience, regardless of whether it was for a legitimate, informal, or illegal company ... to create enterprises that will enable them to support their families legally.”

In Texas, where prison-based entrepreneurship programs have graduated more than 600 students since 2004, the recidivism rate among graduates has dropped to 10 percent, saving Texas taxpayers millions. As Massachusetts looks to emulate that success, Aaron points out that her newly minted entrepreneurs have an opportunity to give back to society. “When they launch businesses, they become taxpayers themselves and they create jobs—everybody wins. It’s like the old proverb about the difference between giving a man a fish and teaching him how to fish. Rehabilitation should be about teaching the skills they need to stay out of prison, or society will continue to power the revolving door.”

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**Laura Winig** is the executive director of *Venturing Out*. She is based in Wellesley, Massachusetts.

#### Endnotes

<sup>1</sup> See International Center for Prison Studies, [http://www.prisonstudies.org/info/worldbrief/wpb\\_stats.php?area=all&category=wb\\_poptotal](http://www.prisonstudies.org/info/worldbrief/wpb_stats.php?area=all&category=wb_poptotal).

<sup>2</sup> In 2010, Massachusetts spent \$11.3 million on offender programs, which included education, vocational, and work programs. See Massachusetts Department of Corrections 2010 Annual Report, <http://www.mass.gov/eopss/agencies/doc/annual-report-2010-12-15-11.pdf>. In 2010, work-skills training was provided to 519 out of the roughly 11,000 people incarcerated. An additional 500 inmates sat for GED testing. See <http://www.mass.gov/eopss/docs/doc/program-booklet.pdf>. The Department of Corrections makes entrepreneurship education available in a handful of facilities through volunteer organizations. Even so, these programs train nearly 150 inmates annually at a cost of approximately \$2,200 per student. The Prison Entrepreneurship Program, a Texas nonprofit that operates entrepreneurship programs, educated 182 students in 2011 at an average cost of \$5,500 per inmate.

<sup>3</sup> The Venturing Out program requires that students already have a high school diploma or GED and be within nine months of release. It screens people using criteria the prisons use and are willing to share—for example, educational status, anticipated release date, and behavior within prison. Past offenses are not part of the screening, except that certain classes of offenders are prescreened out of educational opportunities altogether by the

Department of Corrections.

<sup>4</sup> “Recidivism,” Bureau of Justice Statistics, United States Department of Justice, <http://bjs.ojp.usdoj.gov/index.cfm?ty=tp&tid=17>.

<sup>5</sup> The recidivism rate is the measure of criminal acts that result in return to prison with or without a new sentence during a three-year period following a prisoner’s release. See <http://www.mass.gov/eopss/agencies/doc/faqs-about-the-doc.html>.

<sup>6</sup> Robert J. Sampson and John H. Laub, *Crime in the Making: Pathways and Turning Points through Life* (Cambridge, Massachusetts: Harvard University Press, 1993).

<sup>7</sup> Matthew C. Sonfield, “Entrepreneurship and prisoner re-entry: the development of a concept,” *Small Business Institute Research Review* 35 (2008).

<sup>8</sup> See <http://www.nelp.org/page/-/SCLP/2011/PromotingEmploymentofPeoplewithCriminalRecords.pdf?nocdn=1>.

<sup>9</sup> See <http://www.massresources.org/cori.html>.

<sup>10</sup> Ruta Aidis and Mirjam van Praag, “Illegal entrepreneurship experience: Does it make a difference for business performance and motivation?” *Journal of Business Venturing* 22 (2007): 283-301.

<sup>11</sup> Matthew C. Sonfield, R. Lussier, and R. Barbato, “The entrepreneurial aptitude of prison inmates and the potential benefit of self-employment training programs,” *Academy of Entrepreneurship Journal* 7, no. 2 (2001): 85-94.

<sup>12</sup> See for example, R.W. Fairlie, “Drug dealing and legitimate self-employment,” *Journal of Labor Economics* 20, no. 3 (2002): 538-563.

<sup>13</sup> There are few comparable programs in Massachusetts. A woman who volunteers at one facility teaches her own home-grown program. In 2011, another nonprofit, Step-Up Venture University, decamped after a single class. The only published list of programs similar to Venturing Out includes none in New England. See <http://www.inc.com/articles/2009/02/prison-entrepreneurship.html.PromotingEmploymentofPeoplewithCriminalRecords.pdf?nocdn=1>.

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#### Correction

The title of the chart on page 13 in the spring issue should be “Share of Latino-owned Businesses Relative to the Share of Latino Population,” not “Share of Latino Population that Own Businesses.”

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# HIDING THE TRUTH:

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