


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: June 23, 2016

SUBJECT: Fiscal Impact Statement – “Incarceration to Incorporation
Entrepreneurship Program Act of 2016”

REFERENCE: B21-463 Draft Committee Print provided to the Office of Revenue
Analysis on June 20, 2016

Conclusion

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The bill will cost \$1,120,722 in fiscal year 2017 and \$4,519,635 in the budget and financial plan period.

Background

The bill creates the Incarceration to Incorporation Entrepreneurship Program within the Department of Employment Services and operated in collaboration with the Department of Small and Local Business Development. The program will provide investment, training, and education scholarships to previously incarcerated individuals (“returning citizens”). The program is authorized to:

- 1) Provide direct investment in businesses or non-profits operated by returning citizens;
- 2) Offer classes and training to enhance skills of returning citizens and assist them with obtaining a general education development diploma;
- 3) Provide mentorship and support to returning citizens, including placement in established businesses, and monthly networking meetings with business leaders;
- 4) Provide scholarships or grants to returning citizens to enroll in business classes at the University of the District of Columbia or the University of the District of Columbia Community College.

The bill directs DOES to work with other agencies and organizations to meet the objectives of the bill.

The Honorable Phil Mendelson

FIS: B21-463 "Incarceration to Incorporation Entrepreneurship Program Act of 2016," Draft Committee Print provided to the Office of Revenue Analysis on June 20, 2016.

The bill creates a non-lapsing Incarceration to Incorporation Entrepreneurship Fund, which will hold any District appropriations, donations to the program, and sponsorships funds, up to \$10 million. The money in the Fund will be used to implement, operate and administer the Incarceration to Incorporation Entrepreneurship Program.

The bill requires DOES to submit a report on the operations of the program annually to the Mayor and the Council.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The bill will cost \$1,120,722 in fiscal year 2017 and \$4,519,635 in the budget and financial plan.

The cost estimate of the program is based on the experience of the Aspire to Entrepreneurship Pilot Project¹, which is the basis for the Incarceration to Incorporation Program this bill creates. The estimate assumes 100 participants per year. DOES needs two FTEs to manage the program, and must also procure contractual services for training programs, workshops, and mentor support programs. Individual Development Accounts will match savings by returning citizens eight to one; returning citizens can spend the money in these account for education, home ownership, or business development only. The current pilot project also provides wages to the participants for six months as they engage in the program. Additional costs include supplies, space and marketing materials.

Fiscal Impact of Bill 21-463, "Incarceration to Incorporation Entrepreneurship Program Act of 2016"					
FY 2017 – FY 2020					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2017-FY 2020
DOES Personnel^(a)	\$200,122	\$206,125	\$212,309	\$218,678	\$837,235
Contractual Services	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000
Individual Development Accounts	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000
Subsidized Wages to participants	\$403,200	\$403,200	\$403,200	\$403,200	\$1,612,800
Fixed costs, supplies, marketing materials	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
TOTAL	\$1,178,322	\$1,184,325	\$1,190,509	\$1,196,878	\$4,750,035

(a) Assumes 1 Program Manager at Grade 13 MSS, and one Career Service Program Analyst at Grade 13, Step 1.

¹ The Aspire to Entrepreneurship Pilot Project is a project for returning citizens run by the Department of Small and Local Business Development, the Department of Employment Services, Court Services and Offender Supervision Agency of the District of Columbia, Capital Area Asset Builders, and the District of Columbia Office of Returning Citizens Affairs. It is intended to operate for one year and work with up to 25 returning citizens.