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“Renewing Communities and Providing Opportunities Through Innovative Solutions to Poverty.”

Good morning and thank you for the opportunity to share my thoughts on innovative solutions to poverty. I am the founder and President of Capital III, a social impact investment company. At the age of 40 I came to the realization that I had become successful but not significant. I had created economic wealth for myself but as a Christian I had definitely not “loved my neighbor as myself”. I believe poverty extends beyond the lack of adequate food, clothing, shelter and some walking around cash, things I would describe as economic capital. But poverty also includes a lack of the skills, education, self-governance, ambition and quality relationships. Attributes I would call social capital. And the third form of poverty occurs when a person does not live by a moral code that differentiates between right and wrong. I call this spiritual poverty. So with this newfound ambition to be a triple bottom line company, we changed the mission and focus of our business to include the creation of social and spiritual capital.

In 2005 our business was growing rapidly and we simply could not hire enough manufacturing labor. Our solution was to move a portion of our manufacturing operation inside of a state prison in Hutchinson, Kansas.

If I am honest with you, I did it mainly for economic reasons. But within just a few months I realized that these men were actually not much different than me. With this revelation, came the vision to help these men understand how they could create economic, social, and spiritual capital for themselves.

So let me start with Economic Capital.

- If you are an inmate and work for the State of Kansas, you will make \$.50 per day. On the other hand, if you work for us, you will make \$8-15 per hour.
- In addition to the inmate winning, the State of Kansas wins by taking 25% of the inmate’s gross wage for room and board. This year alone, inmates will pay over \$1 million to the State of Kansas.
- The third entity to benefit is our company, because we get a hard working, competent and steady work force.
- And the last party to benefit is society in general because restitution, child support and other types of payments are deducted from the inmate’s salary.
- From an economic perspective, this arrangement is a win, win, win.

Let's talk about the creation of Social Capital.

- Inmates learn a trade or skill. This includes welding, metal fabrication, sewing, electronics and training in computer aided design software.
- Family relationships are greatly improved because they can now afford the 17 cents per minute it costs to make a telephone call. Many of our employees spend 30-45 minutes per night on the phone to family, most of the time helping their children to homework. And the highlight of the year is the family picnic where an inmate can show off the products that he has so proudly made.
- Disciplinary actions in the prison are down because you cannot work for us if you have had a Disciplinary Action.
- We also sponsor and teach classes on personal improvement skills such as fathering, finances, and interpersonal relationships.
- Recidivism is down. While not a scientific study, of the 14 inmates who have been released and then come to work for our company outside of the prison, 2 have been re-incarcerated. This is a 14% recidivism rate compared to over 60% for most states. And because an inmate is released having a skill, \$5-10,000 in the bank, and has been coached in living by a moral code, the chance for re-incarceration has been greatly reduced.
- I cannot overstate the importance that self-esteem and confidence play in the rehabilitation of an inmate. And this happens because they have a job and are valued and respected by their employer. I am usually in the prison 2-3 times per month and it is an amazing thing to see a new inmate who comes to work with low self-esteem, begin to smile and come to life after several friendly encounters with the "boss man".

Let me finish with Spiritual Capital.

- The most requested thing from inmates is for us to encourage them on a regular basis with a message of hope and inspiration.
- Additionally our company is leading the efforts to raise \$800,000 from the private sector to build a spiritual life center in the prison. This has generated significant excitement on the part of all faith groups because it will be the one place in the prison that will afford them some respite from the harsh reality of their incarceration.
- We also sponsor a seminary program inside the prison and 8 inmates will be graduating next month from this rigorous 3-year program. Not only have they provided unbelievable leadership and encouragement to their fellow inmates, they have become an integral part of the mental health counseling staff that had been basically eliminated due to budgetary constraints. 43% of inmates in this prison suffer from some type of mental illness. While we are in no way prescriptive about a person's faith journey, we have found spiritual capital to be the one element of hope that many inmates cling to when their economic and social freedom have been taken away.

In closing I would encourage you to consider 3 initiatives as it relates to poverty in a prison setting.

1. First, I would encourage you to initiate reforms in the criminal justice system. Based on personally knowing many of the nonviolent offenders working for us, I believe there are better ways to rehabilitate than to lock up a person in a basically negative environment.
2. Second, a viable, affordable, successful solution to the problem of incarceration is a partnership between government, business, and the faith-based community.
3. And lastly, economic poverty cannot be truly eliminated without us helping the poor understand they have great potential and ability to create social and spiritual capital for themselves.