CrowdFundEd
Introduction

CrowdFundEd is a non-profit crowdfunding platform that makes education financially accessible for those with the greatest barriers. Leveraging crowdfunding and existing philanthropic support, CrowdFundEd enables incarcerated individuals to receive higher education, while helping them to navigate the complex higher education landscape, ultimately leading to a more successful reintegration into society.

Despite the high number of individuals incarcerated (2.3 million), very few education programs are available to them. The results of this are striking. 55 percent of ex-offenders will be unemployed eight months after release. Within five years of release, 77 percent will recidivate. Each inmate’s recidivism will cost society at least $31,286 annually, and that is only the cost of reincarceration.

At the same time family and friends currently send financial support to inmates through existing financial platforms, often for commissary items, amounting to approximately $1 billion. A survey the CrowdFundEd team conducted with inmates, their personal networks, and church organizations illustrates that there is substantial willingness to fund inmate education. Specifically, 90% of survey participants expressed interest in giving to parents and siblings who are incarcerated. Participants also communicated a willingness to donate $75 on average to strangers. Additional capital is available through donor institutions such as foundations, employers, and non-profits.

Through CrowdFundEd, inmates gain financial access to a selection of employment-oriented credit-bearing coursework. CrowdFundEd works in tandem with inmates to identify needs, request financial support from their communities, and signal academic success.

CrowdFundEd publishes the inmate’s story, interests, and educational needs online. Once an inmate fulfills a funding cycle, CrowdFundEd will release the funds directly to education providers and the inmate will begin his or her studies. In the immediate future, CrowdFundEd will steer inmates towards distance learning programs that are vetted for quality. At a large enough scale, courses can be taken at a discount. In the medium term, as tablets become more widely available, inmates will take courses online.

Long term partnerships with correctional facilities are pursued to ensure the success of the CrowdFundEd platform in order to gain access to inmates, promote the platform, and to serve as eyes and ears when the CrowdFundEd team is not on the ground.

Given the current vision of required resources, we foresee needing $100k for the setup of the platform and an additional $250k in operating needs, plus a $150k buffer for unexpected expenses. We break even in year three and generate surplus thereafter, mostly through voluntary donations to CrowdFundEd and a small transaction fee modeled after that of Donors Choose. This surplus will be reinvested in CrowdFundEd’s platform, operations, and personnel.

In addition to the impact on the donors and inmates themselves, society overall will benefit significantly from CrowdFundEd’s efforts. Upon release, the now better educated inmates have a much lower chance of recidivism, a much higher chance of employability, and higher income during future employment. Depending on their field of study, they can even help to close the skills gap in some industries that struggle to hire enough qualified workers. Overall, we will achieve an ROI of 5.7 in the first seven years of operations.

CrowdFundEd’s team of six Chicago Booth MBAs is not only determined to have a positive impact on the incarcerated population, but also have a diverse background which they will leverage to drive CrowdFundEd’s success. The team is committed to see through the launch of the platform and is dedicated to work on this project in coming months while considering the election of a professional CEO to oversee future development. At the same time, the team members are also interested to support the venture as advisors in the longer term.
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1 Executive Summary

CrowdFundEd is a non-profit crowdfunding platform that makes education financially accessible for those with the greatest barriers. Leveraging crowd-funding and existing philanthropic support, CrowdFundEd enables incarcerated individuals to receive higher education, while helping them to navigate the complex higher education landscape, ultimately leading to a more successful reintegration in society.

By selecting the optimal career trajectories for inmates and partnering with education providers offering the optimal programs to accommodate the needs for these careers, CrowdFundEd ensures the positive impact of the inmates education on their employment. The partnerships allow CrowdFundEd not only to receive large discounts on the education but also grants access to student performance data. This way, while granting the inmates access to funds necessary to obtain the education, CrowdFundEd can also use the progress the inmates make as a signaling tool towards future employers.

In order to support their educational ambitions, the crowdfunding foundation of the platform allows inmates to leverage their family and friends, as well as their respective networks. Further support comes from already existing general individuals looking to donate with an impact. Last but not least, established donation institutions such as foundations and other non-profit stakeholders that CrowdFundEd is partnering with, are expected to match and add donations for the inmates.

2 Market Opportunity

2.1 Society needs

The United States currently incarcerates 2.3 million individuals. This is equivalent to 25 percent of the world’s incarcerated population; this is the case despite the fact that the United States makes up only 5 percent of the world’s population. While incarcerated, inmates have limited opportunities to develop skills through education. In 1994, Congress passed the Violent Crime Control and Law Enforcement Act, which was then signed by President Clinton. This Act prevents inmates from receiving Pell grants, which resulted in the closing of 97 percent of the higher education programs directly serving inmates. As a result, inmates generally leave the correctional system with little education and few skills. 37 percent lack a GED or a high school diploma; 86 percent lack any higher education.

The results of this are striking. 55 percent of ex-offenders will be unemployed eight months after release. Within five years of release, 77 percent will recidivate. Each inmate’s recidivism will cost society at least $31,286 annually, and that’s only the cost of reincarceration. in 2008, reductions in employment from the ex-offender population cost the U.S. between $57 and $65 billion in lost output.

At the same time, the United States suffers from a skills gap in several fields. Educating inmates to fill this gap would make a more productive use of their time in correctional facilities. Irrespective of the specific field of study, obtaining an associate’s degree increases earnings by 13 percent for men and 39 percent for women.

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1 The U.S. Bureau of Justice Statistics
2 The Rand Corporation
3 The Urban Institute
4 The Sentencing Project
5 Center for Economic Policy Research
6 Harvard Business Review
2.2 Inmate education landscape

GED classes\(^7\) and various vocational training options are often provided to some extent in facilities\(^8\). However, the inmate population has extremely low access to higher education. With the obvious physical barriers, prisoners are left with two possibilities: in-person programs at facilities or distance learning.

In-person learning:

Some facilities have sporadic college courses taught in person, and there are a handful of high quality credit-bearing in-person learning programs, mostly concentrated on the East coast. Some prominent ones are part of the Consortium of Liberal Arts in Prison, a group of colleges and universities that maintain free, in-prison college-in-prison projects. Backed by private grants, these programs have had high rates of post-release employment and stunningly low recidivism rates. Their footprint is however severely limited:

Geography: only inmates that have the fortune of attending one of the few facilities in geographic proximity to one of those colleges and where the programs take place have access to the programs. Furthermore, inmates are often moved from one facility to another towards the end of their sentence, forcing them to suspend their education.

Curriculum: while the standards are high, the options are often limited to liberal arts. Courses offered earn inmates credits, but are not degree granting. At most, inmates will gain one or two years worth of credits.

Funding: while these initiatives are free to prisoners, the number of spots is determined by grants. Even in the few facilities where in-person projects exist, waitlists are long. A program coordinator of one of these facilities speaks of 500 inmates waitlisted for a program that has grown from 50 to 70 spots.

Long-distance learning

Computers and the internet tend not to be available in facilities. Building skills independently is, therefore, difficult. However, a number of high quality paper-based correspondence programs exist, and, furthermore, we believe that access to online learning will continue to grow in the coming years. In fact, computer-assisted instruction, when used by inmates, has led to higher levels of achievement than face-to-face instruction\(^9\).

The distance learning programs are theoretically feasible from almost any facility, and they provide full degrees in a variety of fields that include liberal arts, but also areas that are more applied, such as business administration, accounting, psychology, public administration, healthcare services, and more. While there are some high quality offerings, there are also numerous scams and programs that are not only of low quality, but also not properly accredited. Inmates are particularly vulnerable to these scams and may choose low quality programs that will not improve their employment prospects.

Also, while distance learning programs are significantly less expensive than traditional brick-and-mortar programs, they are still very onerous to the prisoner population. Admissions and programs advisors from the largest and most highly recommended programs speak of funding as the most significant barrier. Indeed, inmates come from low income backgrounds, and are ineligible for Pell grants, as explained above. Costs of around $100-400 per credit\(^10\) are generally paid by a

\(^7\) GED Testing Service Research Studies
\(^8\) Bureau of Justice Statistics
\(^9\) The Rand Corporation
\(^10\) Ohio State, Adams State and Upper Iowa Universities
combination family, friends, and church organizations\textsuperscript{11}. For-profit firms such as JPay take a cut that can be as high as 35\% on money wires to prisoners\textsuperscript{12}, and facilities often take an extra cut\textsuperscript{13}, making it difficult for inmates to assemble the necessary financing. Adams State University is one of the largest distance learning programs, and sends hundreds of course catalogs to inmates every week, yet has only 300-400 yearly applicants from all over the US, in large part due to the high costs. In fact, the number of applicants to the program, from all over the United States, is roughly equal to the waitlist of one in-person prison program in one medium security facility in Maryland.

In summary, there is a very significant demand for education from inmates in facilities everywhere in the United States. Credit-bearing, in-person education is available in a handful of sites, with high capacity constraints set by the available private grants. There are high quality distance learning programs out there that could be made available to inmates with no geographic restriction, as well as, in the future, high quality online programs enabled by tablet technology.

2.3 Inmates needs

95\% of the inmate population currently imprisoned will be released\textsuperscript{14}, and yet they will often leave unprepared to successfully reenter their communities. With limited education, skills and money, former inmates struggle to find work and appropriate housing upon release. Inmates often struggle to prove their worth to potential employers, facing rampant discrimination in a job market that stigmatizes prison records and prioritizes higher education. To successfully reintegrate, many inmates seek opportunities in prison to improve themselves and their future outcomes. Education is a critical path forward, and current prison higher education programs often have long wait lists.

2.4 Donor landscape

Family and friends currently send financial support to inmates, often for commissary items. Families sent approximately $1 billion\textsuperscript{15} to inmates last year through JPay, a financial platform that transfers funds to prisons. While they might be able to give $50 to help their relative buy food from the commissary, however, many family members often don’t have the resources to fully support a degree. By combining both philanthropic and family dollars and providing matching funds, CrowdFundEd helps family members’ money go farther. It also makes it simple to contribute money directly to an educational institution, even if you’re not paying for the full tuition bill yourself.

For individual donors, there’s increasing interest in the trend of citizen philanthropy - small scale donors being able to pick specific project recipients for their money and receive updates on the outcomes. Although there are opportunities to engage in this type of giving to support microfinance or special projects (e.g. Kiva and Donors Choose), there are no similar platforms that allow individuals to support specific inmates or groups of inmates. Church groups and other organizations currently provide a lot of support for prison programs, demonstrating an existing desire to support this space. Creating the crowdfunding platform with inmate profiles would expand the donor base further, by appealing to people who are most compelled by individual stories.

\textsuperscript{11} Adams State University incarcerated student post-admission advisor
\textsuperscript{12} Depending on how much is sent
\textsuperscript{13} http://www.publicintegrity.org/2014/09/30/15761/prison-bankers-cash-captive-customers
\textsuperscript{14} http://www.bjs.gov/content/pub/pdf/reentry.pdf
\textsuperscript{15} http://www.publicintegrity.org/2014/11/12/16255/prison-banker-cuts-fees-after-center-report
3 Operations

3.1 Crowdfunding platform

Through CrowdFundEd, inmates gain access to a comprehensive selection of credit-bearing courses known to lead to desirable employment. This is achieved by working in tandem with inmates to promote themselves, request financial support from their communities, and signal academic success.

The process starts with a CrowdFundEd task force that visits prisons and works with inmates to:

- Assess the inmate’s current education level and skill set
- Evaluate potential career paths
- Identify credit-bearing coursework needed to pursue those careers

The CrowdFundEd team publishes the inmate’s story, interests, and educational needs online. Take, for example, an inmate who wants to pursue Accounting and needs $280.00 to take a credit-bearing course. CrowdFundEd will help him share this goal and the funding request with (1) family and friends who donate and further promote the effort and (2) individual donors who donate as crowdfunding to specific inmates or a cohort. A survey the CrowdFundEd team conducted with inmates, their personal networks, and church organizations illustrates that there is substantial willingness to fund inmate education. Specifically, 90% of survey participants expressed interest in giving to parents and siblings who are incarcerated. Participants also communicated a willingness to donate $75 on average to strangers. To ensure donor dollars go farther, CrowdFundEd will also have foundations, such as the MacArthur Foundation, that are already invested in inmate services, match donations.

Once an inmate fulfills a funding cycle, CrowdFundEd will release the funds directly to education providers. In the immediate future, CrowdFundEd will steer inmates towards distance learning programs that are vetted for quality. These programs send and receive coursework through mail correspondence. While this format has its limitations, namely delivery speed, it is a proven approach that is accessible and widely used today throughout the country. At a large enough scale, courses can be taken at a discount.

In the long run, CrowdFundEd will piggyback off the growing network of technology providers. For instance, Jail Education Solutions, JPay, and American Prison Data Systems all currently provide tablets to inmates in correctional facilities. Our vision is to launch a mobile version of the CrowdFundEd platform on that pre-existing approved hardware infrastructure. Our starting point would be to leverage our relationship with Jail Education Solutions.

An inmate’s progress and course completion rate will be communicated to stakeholders through CrowdFundEd. This allows inmates to signal progress, persistence, and a willingness to learn. These indicators can then be used to support new funding requests and/or employment opportunities.
3.2 Investment

The source of funds will come from three different individuals and organizations who will donate to the inmate's cause:

- Family and friends: this will be our main source for donation towards each inmate's initiative.
- Institutional donors: this includes foundations and corporations who would be willing to match donations done by individuals on the site, or fund the education of various inmates on its own.
- Individual donors: those who are interested in the cause and willing to donate via crowdfunding.

Each profile will show which courses the inmate wishes to take, and the cost of these including the transaction fee (1.5%), the additional cost for CrowdFundEd to complete this operation, and an optional donation for us as well. These donations to CrowdFundEd will be used for non-core operations, such as advocacy.

These costs will be clearly shown in the inmate’s profile, while also including how much has already been raised and how much is needed to complete the inmate’s request.

3.3 Backoffice

Administrative

CrowdFundEd will at first manually gather data from inmates in pilot facilities and enter their profiles in the platform. As access to computers and tablets becomes more widespread, we will roll out our tablet platform that will enable inmates to create their own profiles from inside facility walls. Administrative tasks will include keeping track of and supporting enrolled students.

Academics

CrowdFundEd is currently considering a selection of career trajectories at Adams State University and Upper Iowa University, both of which can offer the exact same degree to an inmate distance learner and a full-time on-campus student. CrowdFundEd has created contacts at both institutions.

Programs that both grant a degree and offer employment possibilities include Associate’s and Bachelor’s in Business Administration, Accounting, Nursing, Applied Science and Public Administration. CrowdFundEd is also considering some certificates from accredited institutions.

The Academic Coordinator at CrowdFundEd will continually assess new distance learning and online offerings, and update the selection of high quality credit-bearing courses accordingly. Since CrowdFundEd is in effect paying for inmates’ education, the Academic Coordinator will be in a position to establish partnerships with selected programs, leveraging CrowdFundEd’s bargaining power to earn discounts for the sizeable inmate population seeking education through the platform.

Career Services

The academic programs offered by CrowdFundEd will be selected to align with promising career tracks. These career tracks, such as accounting, medical billing and paralegal work, will be chosen based on local demand, accessibility to individuals with a criminal record, and ease of entry with vocational training.

To ensure strong wrap around support services upon reentry, CrowdFundEd will partner with strong local nonprofit organizations that provide employment support. For the Illinois pilot, we will explore
partnerships with the Safer Foundation, the Cara program, the Alumni Association, and the North Lawndale Employment Network. As we expand, we will continue to add new nonprofit partners with a track record of successful counseling and support. These nonprofits will provide job placement services (through their existing employer networks) and coaching. They will also be responsible for tracking client outcomes and sharing those outcomes to CrowdFundEd.

In addition to provide job placement support through nonprofit partners, CrowdFundEd will also build central partnerships with potential employers. Following models used by institutions like the Johns Hopkins Hospital to promote hiring individuals with criminal records, we will target entry level healthcare, accounting, and administrative roles to build our corporate relationships.

4 Platform

CrowdFundEd provides a platform through which inmates can (1) publish their stories and academic plans, (2) solicit funds to pay for those academic plans, and (3) update donors on academic progress.

To begin, CrowdFundEd staff will work with inmates in partner facilities to develop academic plans. These plans will depend on inmate interests, academic program availability, and career path potential. Then, CrowdFundEd will publish this information as an inmate profile on our website. Profiles will display (1) personal information, (2) academic plans and ambitions, and (3) the immediate funding priority. The immediate funding priority will be a course offering at a specific education provider, generally a university, that fits within the inmate’s broader academic plan. This course shall cost a specific amount. Once the inmate has raised this amount, the inmate will be notified, CrowdFundEd will transfer the funds to the education provider, and the course of study will commence. Should an inmate fail to raise sufficient funds for a given course offering within a predetermined period, the funds shall be returned to the donors (unless otherwise specified). However, should an inmate fail to complete the course, no funds will be returned to donors.

CrowdFundEd will support not only giving to individual inmates, but also giving to classes of inmates who share a specific academic or career interest, geography, place of origin, or other criteria. CrowdFundEd will determine whether funds donated to classes of inmates will be used as primary funds (immediately deposited in inmate accounts) or as matching funds (to match donations to specific individual inmates). This determination will depend on the donor’s preferences.

CrowdFundEd will partner with education providers to provide information about inmate progress to each inmate’s donors. Inmates will consent to providing this information as a condition of participation. This information will include completion and performance data. Should inmates already having completed a course choose to continue using CrowdFundEd to fund additional courses, they will have the option of sharing completion and performance data with potential new donors.
5 Go to Market Strategy

Partnering with correctional facilities is crucial to the success of the CrowdFundEd platform. This is relevant on multiple levels: (1) to gain access to inmates, (2) to promote the platform, and (3) to serve as eyes and ears when the CrowdFundEd team is not on the ground.

CrowdFundEd will be rolled in a multiple phases, starting with Illinois (2016), followed by the Midwest (2017). In 2016, the focus will be on minimum security prisons, such as the Vandalia, Vienna, and East Moline Correctional Centers. By 2017, CrowdFundEd will expand across the Midwest, paying particular attention to Minnesota and Indiana, both of which have lost significant funding for inmate higher education over the past few years. The ultimate goal is to develop a national presence by 2020 by building on the partner network of service providers that provide wrap around support.

Building a relationship with each correctional facility starts with the Program Director, who is responsible for the day-to-day operations of educational programs. The key decision maker thereafter is the Assistant Warden of Programs. The CrowdFundEd team will therefore focus on these two individuals when expanding across the country.

**Family and friends:** A major source of donations on the CrowdFundEd website will be community groups, including church groups and family support groups. Church affiliated organizations, such as Under the Door, actively work with inmates and represent strong partners for accessing potential students and for wrap around support. Family support groups will also be a significant source of donations. PrisonTalk.com is a major online forum catering to family members of those incarcerated. Mothers of Incarcerated Sons Society, Centerforce, and Strong Prison Wives and Families are all groups that provide online and offline support to families of incarcerated individuals. These communities would all be potential sources of donations; CrowdFundEd will advertise with them online and reach out to group leadership to include information in newsletters, website content, etc.

**Individual crowdfunding donors:** for this group of donors we will leverage social media and word of mouth, in order to get to this targeted market of donors. By using Facebook, Twitter and Instagram accounts we can raise awareness about the causes we are serving, the acute need for financial aid for education in jails and prisons, and about CrowdFundEd’s platform. We will also seek to get endorsement from partnering organizations, like the institutional investors, educational programs for inmates such as Jail Education Solutions, and especially other crowdfunding sites with similar missions to ours like DonorsChoose.org and Kiva.org. By marketing in sites with similar missions, we will reach individuals interested in donating but might be open to a new cause with a similar donating process.

**Philanthropic Institutions:** To access a broader base of funding through grants, we will target foundations that are active in the criminal justice space. In particular, the Ford Foundation, the Sunshine Lady Foundation, the Open Society Foundations, the W.K. Kellogg Foundation, and the Bill & Melinda Gates Foundation would be initial targets for grant applications, based on their demonstrated interest in inmate education and reentry support. We are currently in the process of finalizing a list of foundations to apply for pilot funding versus Phase 1 expansion funding, based on grant request guidelines. To identify additional sponsors, we will determine which large institutional donors support similar organizations like the Safer Foundation, the Vera Institute, and the Cara Program. We will then leverage our personal networks and cold calls to approach these corporations and institutions for grants.

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6 Revenue Model

6.1 Revenue streams

The revenue streams will come from two sources: donors and working capital.

We expect that most of the funding for the inmates will be coming from family and friends, who will be more likely willing to donate to a specific cause. We then expect to get institutions to match donations (can be clustered by geography, educational interests), and then through individual donors interested in the cause we serve.

Through this pass through of the funding, CrowdFundEd will be able to find funding as an organization through a fulfillment fee and donations. During the payment process, donors will be paying for a fulfillment fee which will be used to cover our operational costs. This fee will be clearly laid out and explained in each of the inmate’s crowdfunding site. There will also be an option to make an additional donation to CrowdFundEd of 10%, which the donor can opt out of, increase or decrease. These funds will be used for advocacy and outreach programs, not directly related to the core operations of the organization.

The third form of revenue would be through working capital. As there will be a time lag between the first donation to an inmate and the last one which will completely fund the payment of the educational program, we will meanwhile seek to earn working capital on this cash through liquid and conservative investments.

Based on our projections for our needs during our development stage (web developers, marketing) and the funds needed during the first two years of operations, we are requesting an investment of $500,000. This also includes room for other expenses that may arise during said time. The funding required includes the pre-launch investment required to develop the platform and marketing costs amounting to $100k. During the pilot year 2016 and the following year 2017, the operations deficit of $250k will need to be covered by the funds from early supporters. Allowing for unexpected requirements such as web platform adjustments etc. we budget for additional $150k. As only $100k are required upfront CrowdFundEd is looking to have several rounds to raise the required capital.

6.2 Financial model

Given the current vision of required resources we foresee a demand of $100k for the setup of the platform and additional $250k in order to operate despite the deficit in the first 2 years. After that we break even in year three and generate surplus, which in return can be passed on to the inmates in support of education as we are a non profit. Alternatively we could reduce the agreed upon share of donations from institutionalized donors which goes towards the operational costs in the first place.
The number of inmates reached is dependant on the number of facilities we have access to. Under the assumption half the relevant inmate population with GED would be interested to continue their education - which is conservative compared to the results achieved in our survey amongst former inmates - we estimate that we will reach only 15% of the interested. The expectation that this penetration rate will grow to 20% by 2020 is considered by interviewed wardens as very low as well - as one of the assistant wardens but it “The moment they hear what you guys [CrowdFundEd] are doing, they will overrun you”. The costs of a course is expected to be $280 based on the average prices of currently available programs. Over a course of a year the completion of six courses is realistic and would lead on an average of 2.5 years to degrees or certifications depending on the program.

To operate this setup there are several key expenses to be considered: (1) processing fees of financial transactions between schools and other stakeholders is budgeted as 0.5% of the tuition fees, (2) the employment of a contracted freelance web developer at a salary of $68k varies across the years between 25% and 75% FTE engagement depending on the needs of the year, (3) the management team which is responsible for the negotiations of terms and conditions with donor organizations and other stakeholders will grow over time starting at one manager and ramping up to 7 in 2023, (4) the operational regional managers who will take over the role of close intermediates with correctional facilities including relationship building and visits for interaction with inmates will grow faster ramping up to 15 in 2023, (5) at first the marketing expenses will be 15% of our overall revenue, but will only grow proportionately to the number of facilities opened in the future thus reducing its overall share, (6) given the travel costs of the regional managers and other numerous expenditures such as rent etc., the G&A costs are estimated at another 12% of revenues, while the growth is also adjusted to the number of facilities serviced.
7 Impact

7.1 Society

The ideal envisioned scenario for incarceration facilities - which are also sometimes called correctional facilities - is not one of purely punitive incarceration system but a transformational vehicle helping individuals who made poor life choices to reintegrate them as valuable members of the society upon completion of their term.

CrowdFundEd helps to enable this transformation through increasing the level of education of the inmates thus increasing their skill set and productivity. This leads to several significant improvements for the society. The better educated inmates have (1) a much lower chance of recidivism upon release, (2) a much higher chance of employability, (3) higher income during future employment and (4) can even help to close the skills gap in some fields of industry where currently workers are missing.

Overall these impacts lead to an overall ROI of over 5.7 in the first 7 years of operations. As the annual reincarceration (1) of an inmate costs the state over $31k, the reduction by the forecasted 43% will lead to ca. $60M in savings. This estimate is highly conservative as the state faces further costs in case of incarceration outside of the facilities, such as welfare support for the families of the inmates etc. The employment chances being improved (2) have a financial impact of $10M as less welfare needs to be covered for the former inmates. At the same time, the individuals that are now being hired have better positions with on average $200 per week higher salaries which leads to almost $20M in year 7. In addition to these quantified levers, the reduced skills gap through specific targeted selection of programs and the financial relief to facilities that until now had to pay for education out of their pockets are further positive outcomes worth mentioning.

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<th>Short Term Metrics</th>
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<td>Inmates Enrolled (6K)</td>
<td>Recidivism Reduction (2.5K)</td>
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<td>Courses Completed</td>
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<td>Skills Mastered</td>
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Based on this, the metrics that are to be measured for monitoring purposes will be divided in the operational short term KPIs which can be tracked starting in the beginning as well as the long term effects which will be more difficult to track but subsequently are the most important ones: recidivism and employment scenario.

In the short term the metrics can be used to reflect CrowdFundEd’s impact as the donors receive full transparency on the outcome their contribution had: they will know how many inmates are receiving scholarships, how many courses have been completed and ultimately how many degrees have been received based. Based on these KPIs and available statistics regarding recidivism and employment we will be able to make predictions of the social impact CrowdFundEd has on the society.

In the longer term, the recorded metrics will help to show CrowdFundEd’s success through concrete recording of the inmate paths. Donors will be able to see the aggregated statistic showing not only reduced recidivism compared to the peers who didn’t receive education, but also their improved employment statistics. The latter will be broken down into employment itself and wages achieved.
### 7.2 Inmates

By investing in education for inmates, the impact we can have on them is substantial.

Firstly, by personally investing in education while serving time, an inmate is increasing his or her chances of getting employed after completion of the sentence. By taking courses and finishing an educational program, the person is signaling to employers and the justice system that they (the inmates) want to advance personally and professionally, and thus are working for their second chance. By seeing this willingness to do better and work hard, employers may be more willing to hire someone who served time in jail.

Secondly, not only will this help inmates with future employment opportunities, but also ones with better salaries that require education. Through the platform and our partnerships with educational institutions we can provide inmates with educational opportunities that can increase their chances of getting a higher paying job at a higher position.

Moreover, receiving an education can open new horizons for the inmates that can help them find new interests and thus change their career path. By providing them with education for positions that are in high need in the job market, the inmates will have an even higher potential of getting a better paying job once they finish their sentence.

By making education available for them and showing them the potential benefits an education can have for them, the inmates will have more tools in hand to successfully re-enter into society and their families. By showing the impact education inside jails and prisons can have, we can prove not only financially how worthwhile it is to provide education to this population. Moreover, the inmates themselves can be testimony to that, showing within their communities the importance of education and how it can help them advance in their careers.

### 7.3 Donors

The social return on invest, as described above, is a compelling argument in itself for donors to participate. They are able to achieve a significant bang for their buck. However, there are also additional benefits, including the personal impact on another human being’s life, whether that person is a friend, relative, or complete stranger. The level of impact is facilitated directly through CrowdFundEd, which offers transparency into the inmate’s educational achievement through periodic updates.

### 7.4 Education providers

We expect the use of our platform to triple the number of inmates in distance learning programs and help increase the capacity of the current in-person programs.

This will provide increased revenues to the universities that have distance learning programs, and as online programs become more accessible, we expect inmates to switch to such offerings. The increased enrollment will encourage colleges to create programs that are tailored to inmates. This will drive down marginal costs, and ultimately reduce the price of credits.

### 7.4 Policy

We hope CrowdFundEd will have a positive impact on the public discourse on prisoner education. The systematic tracking of inmates’ achievements, as well as partnerships with employers and employment non-profits will allow CrowdFundEd to gather data of unprecedented precision and relevance on prisoner education outcomes.
8 Competition and Analogs

8.1 Competitors

There are few direct competitors to CrowdFundEd. Previously, the federal government provided significant funding for correctional education; today, it provides effectively zero. Existing education programs in the correctional system are *ad hoc* in nature and geographically limited. Should an individual wish to give money to an inmate for an educational purpose, alternatives to giving through CrowdFundEd are likely limited to (1) direct giving into the inmate’s account, and (2) giving through a service like JPay. Direct giving does take place, but it tends to be only friends and family that give directly, and these funds arrive with no strings attached; they can be used to pay for a course at Adams State University just the same as they can be used to buy things in the commissary. Thus, direct giving is unlikely to attract any donors outside of immediate friends and family. JPay, which processed $7 million in transactions in 2013, is in an identical competitive situation with the added advantage of being much more convenient (the source of JPay’s incredible growth). JPay transactions tend to be processed faster than direct giving, but again, the funds arrive with no strings attached. CrowdFundEd adds significant value over competitors in several ways: (1) funds can only be used for specified and predetermined educational programs, (2) donors are updated on how the funds are being used, (3) CrowdFundEd provides important guidance and insight into the best use of these funds, and (4) CrowdFundEd can negotiate volume discounts at specific academic institution it recommends. As a result, CrowdFundEd can attract donors who are not immediate friends and family.

Competition may be more relevant to CrowdFundEd if we conceive of it as competition for philanthropic dollars. In this case, CrowdFundEd offers donors significant bang for their buck, with the ROI solely from reduced reincarceration reaching 5:1. Please reference the societal impact section (7.1) for a detailed discussion of CrowdFundEd’s ROI.

8.2 Analogs

A number of analogs exist in the space and demonstrate the viability of the venture.

Access to prisoners

Founded in 2013, Jail Education Solutions rents tablets with educational and vocational apps designed for inmates. JES raised seed funding in 2014, has tablets available in multiple correctional facilities, and plans to reach 50,000 inmates by the end of 2015.

Crowdfunding: financial models and individual donations

The number of crowdfunding and micro-donation initiatives has continued to grow since the advent of mega-crowdfunding sites Indiegogo (2008) and Kickstarter (2009). In particular, these past years have given rise to projects such as DonorsChoose.org (funding classroom projects), SmallCanBeBig (families on the brink of homelessness), and Givology (funding student tuition in developing countries).

The analogy is two-fold. On the financial side our relationship with DonorsChoose.org (see in Management Team) has provided us with a deep understanding of the financial model and how it applies to CrowdFundEd. On the other hand, these initiatives (in conjunction with our survey) show that it is attractive for small scale donors to be able pick specific project recipients for their money and receive updates. Givology, also founded by students, is a similar concept for the population in the developing world, and has helped thousands of students since its inception.
Foundation Support

A number of high profile foundations have been active in funding prison education programs. Those include the foundations such as Sunshine Lady Foundation, the Open Society Foundations, the W.K. Kellogg Foundation, the Bill & Melinda Gates Foundation, the Ford Foundation, and Google. The existence of organizations such as the Goldman Sachs Social Impact Bond shows that there is an opportunity to raise funds under the commitment of achieving improved social outcomes that will result in public savings.

9 Management Team

The team of six Chicago Booth MBAs is not only determined to have a positive impact on the incarcerated population and are passionate about the education space, but also have a diverse background which they will leverage to drive CrowdFundEd’s support. The team’s skillset is well aligned with the needs a disruptive technology such as CrowdFundEd needs - it includes but is not limited to strategy development, operational setups in tech space, navigation in public policy, investment analysis, software development and workforce development.

In addition to the knowledge and experience, several team members are currently additionally involved in the relevant space on their respective professional paths

- Jesse Feinberg is working with Jail Education Solutions
- Maria Aveledo & Kevin Lam are on board of NLEN - a post incarceration work placement firm
- Nicole Bell has substantial ties into the workforce development space on the East Coast
- Maria Aveledo is working with DonorsChoose.org - one of our main crowdfunding analogs

The team is committed to see the launch of the platform through and is dedicated to work on this project in coming months while considering the election of a professional CEO to oversee the future development. At the same time the team members are interested to support the venture as advisors in the future.

In the meantime efforts are focused on recruiting high caliber advisors to support the preparation and launch work of the venture to join the already existent advisors such as Brian Hill, Co-founder of Jail Education Solutions