

Returning Citizen Business Ownership Fact Sheet

Returning citizens are individuals who have reentered society after incarceration, and many use entrepreneurship as a pathway to rebuild their lives and contribute to their communities.



1 in 3

**American Adults
Have a Criminal Record**

Returning Citizens

Each year, over 600,000 individuals return from state and federal prisons and millions more cycle through local jails.

Source: [The Sentencing Project; ASPE](#)



3.5M

Entrepreneurs

Business Owners

An estimated 3.5M entrepreneurs (10.6% of all business owners) were formerly incarcerated.

Source: [AEO's calculations using EPOP: 2024 RUF.](#)



2M

Employees

Job Creation

Business owners with criminal records provide jobs for over 2 million people.

Source: [AEO's calculations using EPOP: 2024 RUF.](#)



Higher Entrepreneurship Rates

Formerly incarcerated individuals are more than twice as likely to be entrepreneurs than their never-incarcerated peers.

Source: [AEO's calculations using EPOP: 2024 RUF.](#)



Higher Incomes & Lower Recidivism

Returning citizen entrepreneurs earn 11% higher incomes and experience 33% lower recidivism rates than formerly incarcerated employees.

Source: [Hwang & Phillips, 2024.](#)



Barriers to Traditional Employment Drive Entrepreneurship

Formerly incarcerated individuals experience higher unemployment, around five times the national average.

Source: [Prison Policy Initiative.](#)



Broader Impact

Returning citizen entrepreneurs are more likely to hire employees with criminal records, increasing the creation of wealth and opportunities in their communities.

Note: While this fact sheet focuses on returning citizens, or formerly incarcerated individuals, many barriers and solutions apply to other justice-impacted individuals, including those with felony convictions or arrest records. These broader impacts should be considered in inclusive policy and program design.



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Supporting successful reentry is a moral and economic imperative. Entrepreneurship offers a path to generational wealth and stability—and small businesses are essential to thriving communities, especially those disproportionately impacted by the inequities of the criminal legal system.



Structural Barriers

Incarceration often leads to gaps in work experience, education, resources, mentorship, and networks. Returning citizens also face legal, financial, and administrative hurdles. **Targeted support is essential to unlock their full potential.**



The Credit Gap

Returning citizen entrepreneurs need capital to start and grow businesses, but face barriers due to incarceration's impact on credit, income, and savings. Some lenders impose outright restrictions. **Fair chance lending and tailored programs are critical.**



Occupational Licensing Barriers

Past convictions can lead to license denials in fields from cosmetology to construction. **Many states are adopting "Fair Chance" licensing laws** to reduce arbitrary rejections and open more pathways to business ownership.



Resources and Support

A growing ecosystem of organizations is helping returning citizen entrepreneurs succeed—through reentry-focused training, personalized business support, tailored lending, broader reentry services, and advocacy for policy change.

Let's start new conversations about how we can work together to support underserved small businesses across the U.S.

Share your ideas with the research team at research@aeoworks.org.

Sources: [AEO Endeavor Ready Toolkit](#); [AEO 2020](#); [AEO 2023](#).



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