PRISON TO PROPRIETOR
Entrepreneurship as a Re-Entry Strategy

· NARROWING THE RACIAL WEALTH GAP ·
FIELD at the Aspen Institute

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FIELD’s mission is to build the effectiveness, scale, and impact of microenterprise as an economic opportunity strategy. FIELD engages deeply with practitioners and funders and provides them with tools — research and evaluation, peer learning, and leadership development programs — that build knowledge and practice.

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Every year, hundreds of thousands of formerly-incarcerated individuals re-enter their communities hoping to make a fresh start. Research has established that finding employment—which brings needed income and structure—is the most important factor in successful re-entry.¹

Returning individuals face substantial hurdles in securing work including limited résumés, employer perceptions regarding those who have served time in prison, and legal restrictions that limit the hiring of individuals with certain classes of convictions.² As a result, recidivism rates are high as formerly-incarcerated individuals are left with few options for employment.³ Given the disproportionate rate of incarceration among Blacks and Latinos, the inability to successfully re-enter the community also disproportionately affects communities already suffering from low levels of wealth and income.⁴

During the past decade, a small but growing number of funders have supported organizations developing programs that use business ownership and entrepreneurship to support successful re-entry into the community. Some programs work with individuals while they are still in prison, helping them to prepare for their release. Others work with returning individuals who have found some sort of stability and are seeking to create a business that can offer the potential to generate greater wealth, flexibility, and potential for economic mobility than a low-wage job. Mostly funded by philanthropy, these initiatives show great promise in reducing recidivism and enabling returning community members to generate income.

This brief examines how connecting formerly-incarcerated individuals who are returning to the community to entrepreneurship can provide a second chance at opportunity. By analyzing research findings and several programs that currently serve individuals returning to communities, this paper discusses why grantmakers, particularly asset funders concerned with issues of racial equity, should take a closer look at this strategy while also providing recommendations for action.
In 2014, the year for which the most recent data is available, approximately 636,300 formerly-incarcerated individuals re-entered communities from state and federal prisons. Racial disparities within prison populations are significant; in 2011, 59% of individuals in state or federal prisons were Black or Hispanic. These disparities have deep implications for families of color. In 2007, the year for which the most recent data is available, 53% of individuals serving prison sentences were parents to minor children. In fact, among minor children with a parent in prison, 45% of were Black, and an additional 21% were Hispanic.

Having a parent in prison creates a destabilizing effect for children. When fathers are incarcerated, family income drops by an average of 22%. A parent’s incarceration can cause income volatility, housing instability, and trauma, resulting in lasting negative impacts on a child’s health and well-being.

For most returning individuals, navigating the post-release environment is highly challenging. From gathering documentation to securing housing, setting up a bank account, understanding technology and societal changes, and obtaining employment, individuals re-entering society face daunting obstacles. While obtaining income and structure from employment soon after release is cited as the most crucial factor in post-release success, economic opportunity, too often, is elusive. Many employers will not hire formerly-incarcerated people because of the stigma attached to their conviction and, in some cases, legal restrictions in certain industries. Given the barriers they face to securing employment, the types of wage employment available to the formerly-incarcerated are mainly low-wage, lower-quality jobs with little to no potential for growth. The few available jobs often do not provide the job holder with the ability or flexibility to support him or herself, let alone other family members. Without prospects for achieving a sustainable livelihood, or connections and networks that can provide opportunities, too many who have left prison will recidivate.

Data on recidivism illustrates the challenges facing re-entering individuals: If one looks across all measures of recidivism (which include rearrest, readjudication, revocation, reincarceration, or reimprisonment), 67.8% of formerly-incarcerated state prisoners will be rearrested within three years and 76.6% within five years. In terms of readjudication alone, approximately 49.8% of formerly-incarcerated individuals will recidivate within three years and approximately 60% will do so within five years. Reincarceration rates among returning individuals are 36.2% within three years, and 44.9% within five years. Recidivism negatively impacts families and communities—particularly those of color. In local communities with high levels of incarceration, the reduction in workers and family providers depletes community resources and human capital, thus hindering the community’s ability to cultivate economic opportunity and wealth creation.

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<tr>
<th>RACE</th>
<th>PERCENT OF ALL CHILDREN WITH INCARCERATED PARENTS</th>
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<td>BLACK/NON-HISPANIC</td>
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<tr>
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Against this backdrop, entrepreneurship programs seek to provide re-entering individuals with skills, attitudes, and connections that can help them to secure employment and successfully navigate the immediate post-release period, and to build businesses in the longer term. Two programmatic approaches have emerged.

One approach works with individuals who are still in prison but nearing their release, and includes some post-release services. These programs use business ownership as a frame to work with participants on employment skills such as résumé writing and interview skills, business etiquette, problem-solving skills, keeping a positive attitude, and developing connections that can support them after their release. In some cases, these programs include a savings and financial capability component. Some also link to comprehensive post-release services.

The second approach focuses on individuals who have re-entered the community. In many instances, these individuals have achieved some level of basic stability, such as finding housing and/or earning some income, and their interest in business ownership lies in the desire to generate more income for themselves and their families. Some post-release programs are specifically crafted for and targeted to individuals returning to communities; in other cases, microenterprise programs that serve a broad range of clients include individuals who were formerly-incarcerated in their programming. Mostly, these programs work to help their clients formalize their businesses; they are not seeking to serve returning individuals whose business activities are not fully compliant with applicable laws. Examples of the types of formal businesses started by formerly-incarcerated individuals include cleaning services, contractor services, auto repair, event management, food services, and waste management.¹⁹
Pre-release entrepreneurship programs prepare individuals for re-entry by providing participants the support to build self-confidence and economic self-sufficiency. The focus of these entrepreneurship programs is to provide incarcerated individuals with skills and beliefs that will enable them to make good decisions and lead positive and productive lives as they re-enter communities. These programs seek to strike a balance between providing services and training that equip participants to meet the immediate and short-term needs of post-release life, while also providing structured business development and entrepreneurship training that addresses their long-term goals of self-efficacy.

PRISON ENTREPRENEURSHIP PROGRAM (PEP)
Texas
Founded in 2004

Program description. The Prison Entrepreneurship Program’s business development curriculum, considered a “mini-MBA,” includes content on creating business plans, developing financial knowledge and skills, improving soft skills through public speaking, mastering business etiquette, and setting goals. Operating with the philosophy of providing participants “a hand up, not a hand out,” PEP recruits male inmates within three years of release. The program is selective; a thorough application and review process seeks to find candidates who demonstrate readiness to make a personal transformation and are looking for a means to do so. The first three months of the course focus on intensive leadership and character development, including peer feedback and parenting education for fathers. The intent of this portion of the
The course is “to break people down and build them back up.” The following six months focus on business development. The objective is to help participants envision a post-release future for themselves in which they are equipped with the tools and skills to create and sustain a profitable business. Although the end goal is for participants to start businesses, the primary focus is to prepare incarcerated individuals to face the decisions and challenges of everyday life when re-entering communities.

Where the program operates. PEP operates within the Texas prison system, specifically the Sanders Estes Unit in Venus, Texas, and the Cleveland Correctional Center (CCC) in Cleveland, Texas.

Philanthropic support. Funding has been provided by foundations including Houston Endowment, Rockwell Fund, The Brown Foundation, and The Harry and Jeanette Weinberg Foundation; corporations and community funds such as Citi Community Development and the United Way of Metro Dallas; and through individual support.

Who the program serves. PEP serves male prisoners who are set to re-enter communities within three years. Its highly selective entry process includes a written application, a quiz following the distribution of study materials, and personal interviews. From inception of the program through the end of 2015, 34% of participants were Black and 29% were Latino.

Program highlights. Once PEP participants return to communities, they are provided a broad range of services to help them navigate post-release re-entry. About 65 to 70% of PEP participants live in PEP-owned transitional housing immediately after their release from prison. Furthermore, PEP has a high touch case management system; each case manager works with 10 to 15 PEP participants as they adjust to re-entering their community. PEP has also implemented a post-release Entrepreneur School. This weekly, unstructured program incorporates speakers, goal setting, information, and education on credit access, and a financial management curriculum while helping PEP graduates build social capital and leverage networks.

Program outcomes. PEP has worked with individuals who have gone on to start businesses. But the program has also been very successful in preparing individuals who become reliable employees as a result of strengthened “soft” employment and communication skills, and their understanding of what it takes to run a business. Since 2004, PEP has served more than 1,300 graduates; over the past six consecutive years, 100% have been employed within 90 days of release from prison. Furthermore, within a year of release, approximately 88% of graduates have checking and savings accounts.

A 2013 Baylor University study found that “PEP delivers a 380% greater reduction in recidivism than the average of other similar programs.” Furthermore, the study found that for every dollar in program expenses, PEP generates a 340% five-year return on that investment. As of December 2015, PEP graduates had started a total of 211 businesses, of which 44% have two or more employees. In 2015, six of the businesses that have been created have generated more than $1 million in annual revenue.
MERCY CORPS NORTHWEST’S LIFELONG INFORMATION FOR ENTREPRENEURSHIP (LIFE) Oregon

Founded in 2007

- **Program description.** Lifelong Information for Entrepreneurship (LIFE) is a 32-week course that covers business development, reentry planning, and character building for female prisoners. Topics such as business plan development, marketing strategy, financial management, legal knowledge, public speaking, and time management are taught alongside personal development topics such as problem solving, goal setting, personal finances, and healthy living. The classes are based on a learning framework that builds on emotional regulation and peer learning. Through the duration of the LIFE program, female participants “gain skills in conflict management, responsibility, savings, personal goal planning, interpersonal skills, and health promotion.”

The course also includes conversations on credit repair that incorporate meetings with a credit counselor as well as access to Individual Development Accounts (IDAs). Upon release, participants who have completed the requirements of the LIFE program can receive a stipend of $500 to use on immediate transitional needs. In addition, the women are provided information on and access to credit building and small business loans, grants, and credit coaching through Mercy Corps Northwest.

- **Where the program operates.** LIFE operates in the Coffee Creek Correctional Facility in Wilsonville, Oregon, and formerly for five years at the Washington Correctional Center for Women in Gig Harbor, Washington.

- **Philanthropic support.** LIFE was initially funded through individual donations and other unrestricted funding sources within Mercy Corps Northwest. Mercy Corps Northwest then sought and received funding from the Kaiser Permanente Community Fund and the Robert Wood Johnson Foundation, funders that were approached because of their interest in social determinants of health through issues affecting the health and well-being of women, children, and families. Today LIFE is fully funded by the Oregon Department of Corrections, with the exception of the post-release stipends, which are funded by individual donor support.

AN EVALUATION OF LIFE found that LIFE participants were 41% less likely to recidivate than the control group.
Who the program serves. The LIFE program initially focused on female prisoners because Mercy Corps recognized the deeper family and community outcomes that result when mothers are able to establish self-sufficiency and economic stability for themselves and their families after release. Women prisoners who enroll in LIFE are usually within 18 to 24 months of reentry. From the program’s inception through the end of 2015, the demographic profile of LIFE participants — at 12.5% Black, 7% Latino, 3% Native American, and 78% White, is reflective of the women’s prison population in Oregon.

Program highlights. Women participating in LIFE are eligible for a $500 grant post-release if they demonstrate consistent attendance, complete required homework (such as developing a business plan and transition plan), and create and execute a savings plan. The grant can be used for re-entry needs such as clothing, cell phones, and transportation. LIFE participants set monthly savings goals over a 12-month period. Women can accrue savings through employment with the Coffee Creek Correctional Facility or through external supports from family or friends. Savings accrued by LIFE women range from $3 to $40 per month. In addition to building savings habits, curriculum on improving health outcomes is a strong component of the LIFE program. The initiative teaches women and mothers how to address health challenges post-release.

Program outcomes. Since its inception, 197 women have started the LIFE program, with 190 completing the course. A preliminary evaluation of LIFE, conducted by the Oregon Department of Corrections in October 2013, found that LIFE participants were 41% less likely to recidivate than the control group. Because Mercy Corps and the program supporters view the impact of the program in terms of its effect on the health and well-being of women and their families, Mercy Corps Northwest is also working with the Oregon Department of Corrections to develop data collection protocols and processes to capture data on family and health-related metrics.

TODAY, LIFE IS FULLY FUNDED by the Oregon Department of Corrections, with the exception of post-release stipends, which are funded by individual donor support.

“THE ENTREPRENEURIAL, re-entry planning and life skills that women learn in the LIFE program help to build resiliency and empower them to create productive lives for themselves, their families and communities.”

JOHN HAINES
EXECUTIVE DIRECTOR
MERCY CORPS NORTHWEST
POST-RELEASE PROGRAMS

Other initiatives serve those who have already re-entered their communities. In some cases, these programs have been designed specifically to serve formerly-incarcerated individuals, and focus solely on that population. In other cases, formerly-incarcerated individuals work with microenterprise or small business development organizations that serve a much broader low-income or minority client base.

DEFY VENTURES

New York and California

Founded in 2010

- **Program description/intervention.** In its initial inception, Defy Ventures created a traditional brick and mortar classroom model providing structured leadership and business development training. In 2014, the organization enhanced its learning model, developing an online learning platform with more than 160 online learning modules and tutorials as a technique to scale and sustain the program. The online learning model is built around cohorts of participants who enter at the same time and come together monthly for various events. Participants first attend a five-month program that combines job readiness training, character development, business planning, and financial management while connecting participants with mentors and investors. The character development component includes a family and parenting curriculum. Defy participants who are determined to start a business then continue business incubation through an additional nine-month cohort program for which they are charged a moderate membership fee. Throughout the course, monthly engagement events and quarterly business competitions provide candidates with opportunities to engage with each other, win seed funding, and connect with mentors.

- **Where the program operates.** Defy Ventures is based in New York City (serving all five boroughs) and San Francisco, and provides distance learning.

- **Philanthropic support.** Funding to support Defy Ventures’ operating costs comes primarily from numerous family foundations, individual donors, and corporate funders.
Who the program serves. Defy Ventures works solely with returning individuals, who it recruits through community-based organizations, word-of-mouth, and, more recently, prison systems. Seventy percent of its participants identify as male and 28% as female. Additionally, 40% of participants identify as Black and 10% as Latino. Defy Ventures participants are of diverse ages, with the majority between 20 and 50 years old. Individuals include those who have recently been released from prison and those who are several years into their re-entry.

Program highlights. Defy Ventures continues to test new initiatives that it hopes will enable the organization to scale and sustain its programming and also reach an in-prison audience. These initiatives include moving to an online method of delivering its curriculum so that it can reach more individuals and use staff resources more efficiently.

Program outcomes. Thus far, the program has served more than 475 formerly-incarcerated individuals who have started over 100 businesses that range from cleaning services, event management, and personal grooming to construction and contracting. Because job readiness is an essential component of the program, Defy actively connects each participant to employment opportunities. In fact, 95% of participants secure wage employment within seven months of participating in Defy Venture’s program. The recidivism rate for Defy Venture participants is less than 3%.

THE ABILITY TO MAINTAIN CORE PIECES OF ENTREPRENEURSHIP, employment, and character training, while also testing new ideas from the ground up that scale its model to serve formerly-incarcerated individuals, is why Capital One supports Defy Ventures.”

THERESA BEDEAU
CAPITAL ONE BANK
RISING TIDE CAPITAL
New Jersey
Founded in 2004

- **Program description.** Provides business acceleration services, access to loans, and business-planning workshops to low- and moderate-income entrepreneurs through its 12-week Community Business Academy.

- **Where the program operates.** Rising Tide Capital currently has operations in five cities across New Jersey and is in the beginning stages of a national licensed replication initiative, with its first partner organization located in Chicago, Illinois, and additional cities.

- **Philanthropic support.** Rising Tide Capital does not currently receive funding specifically dedicated to serving formerly-incarcerated clients, but supports this population through general operating support provided by its base of donors and corporate supporters. These include the Prudential Foundation, Surdna Foundation, NoVo Foundation, and Grace and Mercy Foundation, and financial institutions including JP Morgan Chase & Co., PIMCO, Wells Fargo, Bank of America, and Goldman Sachs.

- **Who the program serves.** Rising Tide Capital is based in a community that is deeply affected by incarceration, and thus has always placed an emphasis on reaching out to, and serving, returning individuals. Its broader mission includes serving women and people of color. In 2014, 54% of Rising Tide Capital clients were Black and 29% were Latino; 72% were female. The organization notes that 12 to 15% of its clients self-identify as formerly-incarcerated. These clients tend to be individuals who have achieved some stability since returning to the community, such as securing housing and wage employment, and are working toward fulfilling long-term goals of business ownership.

- **Program highlight.** Rising Tide Capital is actively seeking partnerships with halfway houses and parole systems, while also tailoring and administering its business planning and management course to better fit the needs of the formerly-incarcerated. The organization is also developing models to deliver its services within the prison system.

- **Program outcomes.** Rising Tide Capital collects longitudinal data on its clients’ outcomes. However, because formerly-incarcerated individuals who work with Rising Tide do not always reveal their experiences with incarceration, it is not possible to identify outcomes specifically for returning individuals who participate in their business acceleration services. Among its overall client base, to date RTC has graduated 1,385 graduates from its Community Business Academy (CBA) program, of whom 682 (49%) are in business today and 645 (47%) in the planning stage. Annual outcome surveys of its clients served indicate that within two years after graduating, RTC entrepreneurs experience an average 64% increase in business revenue and 47% increase in household income. According to its survey results, in 2015 Rising Tide Capital’s services resulted in 73 entrepreneurs starting new businesses, 185 strengthening existing businesses, and 130 businesses expanding their sales or staffing, creating 106 full-time equivalent jobs.

All of the programs profiled in this Strategy Spotlight partner with Kiva Zip, a peer-to-peer micro-lending platform, to help their participants access credit for their business ventures. While Kiva Zip does not focus solely on the formerly-incarcerated, its partnerships with organizations that work with re-entering individuals have enabled program participants to access business loans.
The experiences of the profiled programs, as well as other programs interviewed for this research, indicate that funders interested in supporting business ownership programs for the formerly-incarcerated should look for the following elements as they consider where and how to invest:

**A BROAD SET OF PROGRAM ACTIVITIES AND SUPPORTS**
Successful programs serving those who are still incarcerated, or have recently been released, focus as much on helping individuals change their own beliefs and perceptions about themselves and build employment-related skills, as on building a business. As such, their curricula cover a wide range of topics, including job and employment readiness, etiquette, financial management, and parenting skills, in addition to business ownership. Post-release programs also often include case management and referral services to help participants navigate the wide set of issues they must address as they return to the community.

**MENTORING AND PEER ENGAGEMENT**
Mentoring and peer engagement are important elements of entrepreneurship programs for this population. Mentoring components help participants to meet role models and make connections that can be valuable as they navigate the post-release environment, and as they start their businesses. Peer engagement helps participants to build new support systems and social capital that include individuals who are also seeking positive change.

**SELECTIVE PARTICIPATION**
Entrepreneurship programs are not suitable for all re-entering individuals; strong programs recognize this reality and are selective about participants. In some cases, programs use an application process and in others, participants self-select and must demonstrate continued commitment at multiple points during the program. As the above cases indicate, existing programs are serving substantial numbers of Blacks and Latinos, and thus are addressing the communities most deeply affected by incarceration.

**TAILORED CREDIT BUILDING AND CREDIT ACCESS**
Most formerly-incarcerated individuals who pursue business development will face particular challenges in accessing credit. Some may have damaged their credit prior to or because of their incarceration. Others may have had their identities stolen during their time in prison. As demonstrated in the curriculum of some of the above cases, organizations working with the formerly-incarcerated will need to address credit issues, and help entrepreneurs match their business aspirations and funding requests to the level of resources they are likely to secure.

**DISTINCT MEASURES OF SUCCESS**
For both program participants and program operators, success is defined in terms of successful reintegration into the community. As a result, the primary success metrics relate to employment and income, and reductions in recidivism. Rates of business start-up and ownership are less of a focus, particularly among programs that work with individuals pre-release and immediately post-release.
BUILDING PROGRAM CAPACITY AND PRACTICE
To expand new programs and support innovation to improve effectiveness and increase scale, funder roles can include the following:

Funding dedicated pre- and post-release programs to expand opportunity. Although there is growing public-sector interest in funding programs that prevent recidivism, there are no dedicated public funding streams that support entrepreneurship among the currently or formerly-incarcerated. As such, most existing programs that do exist are funded largely (if not exclusively) by philanthropic dollars and individual donations. Funders can play a critical role in expanding existing programmatic capacity and building new programs, and in helping to make the case for public investment.

Supporting pre- and post-release financial capability and savings programs. Many individuals who are incarcerated or just released face challenges with poor credit, lack of savings, and limited financial knowledge and skills. Those who want to start their own businesses or engage in self-employment will likely face particular challenges in meeting the credit criteria of lenders, even those of mission-focused
microlenders. Supporting financial capability, coaching, and savings programs for those who are close to or have been released can be a way for asset funders to support success for the formerly-incarcerated.

Investing in field-building activities. Funders play a key role in investing in the knowledge base and developing the relationships that are essential in building the practice. Potential investments in this area include support for:

- Practitioner convenings or exchanges in which organizations serving the currently and formerly-incarcerated come together to exchange lessons, experiences and strategies. Convenings of this type are particularly helpful in developing knowledge regarding new areas of practice.
- Research and documentation of emerging practices and program models.
- Program innovations, such as the efforts of Rising Tide Capital to build relationships with the parole system.
- Field-building activities could apply both to dedicated programs (those focused solely on incarcerated and formerly-incarcerated populations), or to microenterprise and small-business organizations that serve the population.

Funding social enterprise components that can enhance program services and create a path to scale and greater sustainability. Two of the programs profiled in this brief—PEP and Defy Ventures—are using a social enterprise as part of their program. PEP’s venture seeks to create employment opportunities for graduates and create profits and revenues that can help to support its core program. Defy Ventures is using a fee-for-service model for its core program.

Creating the base for public investment. Private funders have historically played a key role in building the evidence base and awareness that can lead to investment of public funding. Roles for funders include:

Investing in evaluation. Making the case for public investment will require information that demonstrates the return on investment of public dollars into these programs. Both the PEP and the Mercy Corps Northwest LIFE programs have been evaluated, but there have not been similar evaluations of the outcomes and impact that result from the engagement of formerly-incarcerated individuals in microenterprise and self-employment programs serving broader populations.

Supporting public education and advocacy efforts that can stimulate public investment. As the evidence base is developed, funding for efforts aimed at raising awareness at the state and local levels of entrepreneurship programs for the formerly-incarcerated could help in securing funding for more programmatic capacity and support.

Connecting post-release entrepreneurship to the pay-for-success movement. Recidivism prevention initiatives are one of the main areas of focus of the pay-for-success/social impact bond movement, and opening this funding stream to entrepreneurship programs may be a significant route to expanding the scale of this strategy. But tapping this funding stream requires rigorous evaluation data (often using an experimental design), an appropriate state policy structure to allow for pay-for-success projects, and the expertise needed to create the “deal.” Funders can consider investing in any or all of these elements.

Identifying and addressing policy barriers facing formerly-incarcerated entrepreneurs

As the level of engagement with formerly-incarcerated entrepreneurs grows, the policy barriers they face in seeking to start their businesses become more evident. Funders can help to uncover both the barriers and potential solutions by supporting efforts to build knowledge and affect policies in the following areas:

“Banning the box” in publicly funded micro- and small-business lending programs (as the U.S. Small Business Administration has recently done), so that having a criminal record does not become an automatic or early disqualifier for a business loan.

Supporting policy efforts that seek to minimize unnecessary barriers to employment and entrepreneurship among the formerly-incarcerated. Addressing these barriers would not only open up employment opportunities for returning individuals, but would also enable them to start or formalize business activities in sectors that are currently prohibited to them. For context, most states have well over 100 restrictions on employment.
GLOSSARY

BANNING THE BOX
A policy adopted by local and state government and federal agencies to stop the practice of employers, landlords, and others from having written applications with questions about the applicant’s felony, conviction, and/or arrest records as a method to screen out these applicants. These policies typically allow employers and others to ask at later stages of the process (e.g., reference check immediately before offer) to the extent it is relevant to the employment. This policy also delays the background check inquiry in the hiring process.35

FORMERLY-INCARCERATED
An individual who served time in a federal or state prison as part of their sentence. This term as used here excludes those who serve time in city or county jails or in the juvenile justice system.

INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAs)
A matched savings account that is an asset-building strategy for low- and moderate-income families.36 IDAs provide individuals with incentives deposited into the account to match deposits or to recognize prescribed behaviors to earn incentives as an opportunity to support and reward saving behavior to purchase a home, start or expand a small business, or pay for post-secondary education.

PAY-FOR-SUCCESS
A public-private financing structure, of which social impact bonds are an example, that invests private funds in prevention-focused, evidence-based, outcome-focused programs at scale that are expected to save future government costs. For example, a program that effectively reduces initial incarceration or recidivism that reduces the prison population will save substantial state resources.37 If the outcomes are achieved, the investor will receive a return on the investment.

READJUDICATION
A recidivism event in which an arrest (of a formerly-incarcerated individual) results in new charges or reincarceration.38

RECIDIVISM
Recidivism refers to an individual’s relapse into criminal behavior after receiving sanctions or undergoing intervention for a previous crime. Recidivism is measured in terms of the results related to the relapse: rearrest, readjudication, re-conviction, or reincarceration.39

RECONVICTIO
A form of recidivism wherein the court system finds that a formerly-incarcerated individual has committed a new crime.40

RE-ENTRY
The term used to reflect a post-prison release period for a formerly-incarcerated individual who has returned to prison. This is both used as a short period of return to get acclimated and settled (e.g., 90 days) and is also used to refer to the period where recidivism is measured (e.g., three years).

REIMPRISONMENT
A form of recidivism wherein a formerly-incarcerated individual’s arrest leads to a prison sentence.41

REINCARCERATION
A form of recidivism wherein a formerly-incarcerated individual’s arrest leads to a prison or jail (typically in lieu of prison) sentence.42 It can reflect a new sentencing for a new crime or a judgment to serve the balance of a sentence as a result of a readjudication or technical violation of parole.

RETURNING INDIVIDUAL
A person who has completed his or her prison sentence and re-enters a community.

WAGE EMPLOYMENT
A job for which an individual is paid a salary or an hourly wage and works as an employee of a business.
CONCLUSION

The formerly-incarcerated face multiple obstacles and a lack of economic opportunity as they navigate re-entry. **Entrepreneurship and self-employment can play a crucial role in supporting formerly-incarcerated individuals, particularly people and communities of color who are disproportionately affected by incarceration.** Business ownership can provide the means for these individuals to build self-confidence, connect with the labor market, and achieve self-sufficiency as they reintegrate into communities. Programs featured in this brief show promising strategies that provide the formerly-incarcerated with the tools to support themselves and their families. Evidence from these programs show lower recidivism rates, which translate to reduced costs to government and society. Funders have an important role to play in reducing the racial wealth gap and strengthening families by investing in business development and ownership opportunities that build hope and opportunity for the formerly-incarcerated.
The Asset Funders Network (AFN) is a membership organization of national, regional, and community-based foundations and grantmakers strategic about using philanthropy to promote economic opportunity and financial security for low- and moderate-income Americans.

AFN works to increase the capacity of its members to effectively promote economic security by supporting efforts that help low- to moderate-income individuals and families build and protect assets.

Through knowledge sharing, AFN empowers foundations and grantmakers to leverage their resources to make more effective and strategic funding decisions, allowing each dollar invested to have greater impact.

To learn more and to become involved in advancing the field, please visit AFN at www.assetfunders.org.
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