

THE AGENDA FOR AMERICA'S ENTREPRENEURS

Justice-Impacted Entrepreneurs

More than 70 million Americans have a criminal record, which not only limits their ability to find stable employment opportunities but also restricts their ability to pursue entrepreneurship and start their own business. As a result of being excluded from the labor force, individuals impacted by the justice system are 50% more likely to start their own business and create their own job, highlighting the entrepreneurial nature of those seeking to move past their criminal record. However, current loan underwriting criteria and certain occupational licensing requirements have created systematic barriers for justice-impacted individuals looking to start their own business. Small Business Majority advocates for policy solutions that expand the pathway to business ownership for all individuals, including those with criminal records.

- Create pathways to capital for justice-impacted entrepreneurs by reevaluating underwriting standards/loan criteria and opening government-guaranteed lending opportunities for justice-impacted individuals. In 2024, the U.S. Small Business Administration (SBA) issued a rule that lifts the restriction on eligibility for justice-impacted individuals through Small Business Loan Programs (such as 7(a) and 504) and the Surety Bond Guaranty Program, but the rule does not prevent a lender from denying a loan to someone with a record, even if that lender also underwrites SBA loans. Reevaluating loan criteria in private markets will ensure that all entrepreneurs can obtain the capital needed to start a business.
- Enact the Clean Slate Act (S. 1580/H.R. 3114) and the Fresh Start Act (S. 2590/H.R. 3111) to implement reform measures, including automatic record expungement and new pathways for individuals to seal nonviolent offense records, that limit disqualifications for occupational licensing for justice-impacted individuals seeking to start a business or work on Main Street. Justice-impacted individuals are 50% more likely to start their own business due to the various barriers that restrict their access to employment opportunities. Additionally, 79% of small business owners support reforms to increase access to occupational licensing for individuals with criminal records, which would boost the labor force and help small businesses fill their workforce gaps.¹
- Streamline business registration and licensing requirements to ensure they are not overburdensome or impede access to entrepreneurship, while protecting consumers' safety and health. Through these efforts, relevant agencies should coordinate with the SBA to ensure that all individuals have access to readily available information and requirements regarding business registration and workplace licensing.

¹ "Small businesses support expanding occupational licensing for justice-impacted individuals", April 2024, Small Business Majority, <https://smallbusinessmajority.org/our-research/workforce/small-businesses-support-expanding-occupational-licensing-justice-impacted-individuals>