

# Employment Challenges Faced by People with Criminal Histories

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# Main questions

- How do the employment outcomes of people with criminal histories compare to those without?
- Are employers more willing to hire people with criminal histories when workers are hard to find?
- Which public policies can best promote the reintegration of people with criminal histories into the workforce?

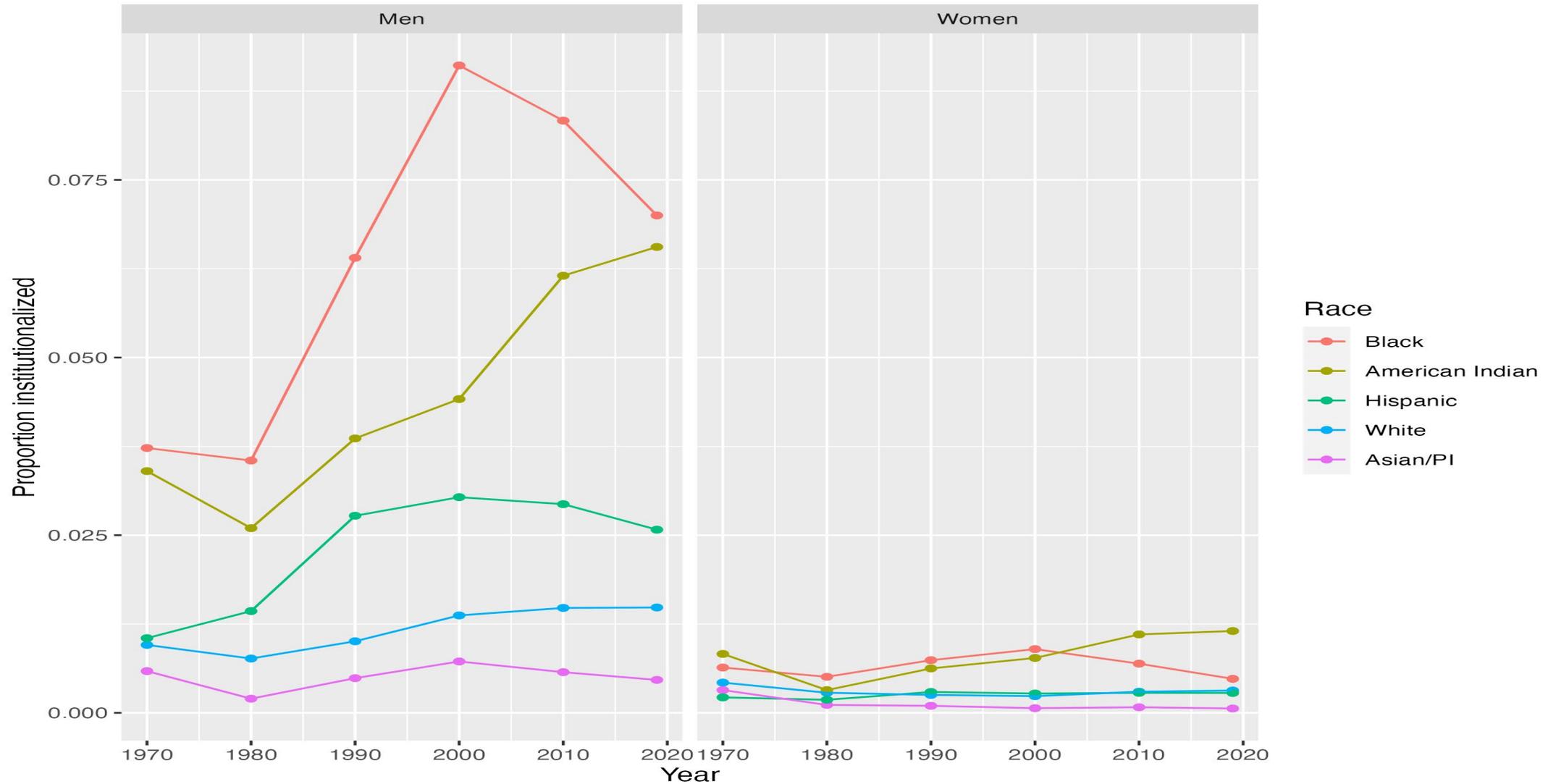
# Paper summary

- Establish some empirical facts using a combination of ACS and CPS data pertaining to people from high-risk demographic groups.
- Policy options to improve employment prospects studies in the extant empirical and theoretical research
  - Limit access to, use of, information pertaining to criminal histories – i.e., “Ban-the-box laws”
  - Provide better information to private and public sector employers.
  - Limit employer liability through formal certification of rehabilitation.

## Identifying individuals with high-likelihood of current or past criminal justice involvement using the 2019, five-year American Community Survey File

- Measure proportion in institutional group-quarters by demographic group
- Restrict to ages 22 through 55
- Dimensions: states + DC (51 groups), immigration state (2 categories), gender (2 categories), age (7 categories), education (4 categories), and race/ethnicity (5 categories).
- Compare employment outcomes among the non-institutionalized in deciles 6 through 10 of the “institutionalization risk” variable against individuals in the bottom half of the distribution.

**Figure 1: Proportion in Institutionalized Group Quarters by Gender, and Race/Ethnicity Among People 22 to 55 Years of Age, 1970 through 2019**





**Table 1**  
**Descriptive Statistics for Non-Institutionalized Adults 22 to 55 by Deciles of Group-Specific Institutionalization Rates**

	Bottom five deciles	Decile 10
<b>Prop. of the institutionalized</b>	0.038	0.576
<b>Labor Market Status</b>		
<b>Employed</b>	0.818	0.622
<b>Unemployed</b>	0.027	0.061
<b>NILF</b>	0.154	0.317
<b>Unemp. Rate</b>	0.032	0.089
<b>Race/Ethnicity</b>		
<b>White</b>	0.695	0.320
<b>Black</b>	0.053	0.396
<b>AI/AN</b>	0.004	0.017
<b>Asian</b>	0.107	0.006
<b>Hispanic</b>	0.142	0.261
<b>Poor</b>	0.085	0.314
<b>Male</b>	0.313	0.966
<b>Age (mean)</b>	39.294	36.061
<b>U.S. Citizen</b>	0.900	0.940

**Table 1 Continued**  
**Descriptive Statistics for Non-Institutionalized Adults 22 to 55**  
**by Deciles of Group-Specific Institutionalization Rates**

	Bottom five deciles	Decile 10
<b>Education</b>		
<HS	0.0267	0.3304
HS grad/GED	0.1073	0.5541
Some college	0.1887	0.1139
Bachelors +	0.6773	0.0016
<b>Disability</b>		
Cognitive	0.024	0.100
Ambulatory	0.023	0.060
Ind. Living	0.019	0.069
Self-Care	0.009	0.031
Vision/hearing	0.020	0.048

## Proportion institutionalized on a given day misses much current and prior involvement with the criminal justice system

- 14 percent of decile 10 individuals are currently institutionalized.
- Population on probation/parole more than double the size of the population state or federal prison or a local jail.
- Shannon (2017) estimates that the population formerly incarcerated, or formally on probation/parole is double the currently involved.
- **Back-of-the-envelope calculation:** among decile 10 individuals, these figures imply that  $(14 + 28) \times 2 = 84$  percent had current or prior criminal justice involvement.

# Identifying Risk Groups in the Current Population Survey and Measuring Employment Outcomes and Dynamics

- Use all basic CPS monthly files for the period January 2000 through December 2019 (plus January 2020)
- Limit to 22 to 55 and merge risk groupings from the ACS to CPS observations using common covariates
- Merge observations in consecutive months of the CPS (can do this for about two-thirds of survey respondents in each month) to be able to measure change in employment status between months.
- Outcomes: Employment state, and change in employment status from one month to the next (employment to unemployment, employment to NILF etc.)

**Table 2**  
**Labor Force Status Transition Probabilities for the Bottom Five Deciles and the Top Decile of the Institutionalization Risk Distribution**

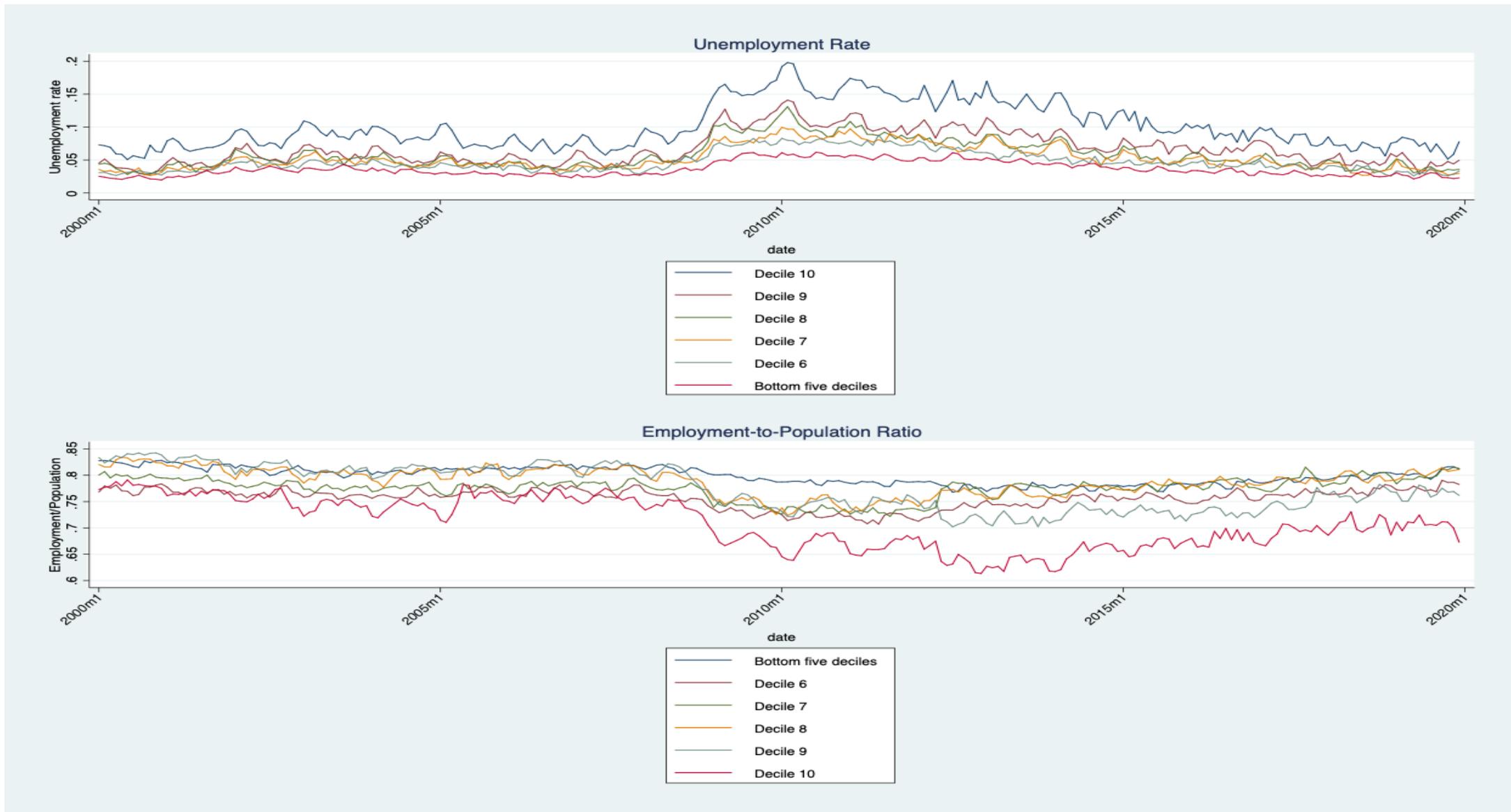
**Panel A: Bottom Five Deciles**

	Status <sub>t+1</sub>			Implied steady-state or average employment state over sample period	
Status <sub>t</sub>	Employed	Unemployed	NILF	Steady State	Actual
<b>Employed</b>	0.974	0.008	0.018	0.793	0.803
<b>Unemployed</b>	0.245	0.559	0.196	0.029	0.031
<b>NILF</b>	0.077	0.035	0.888	0.178	0.167
<b>Unemployment rate</b>	-	-	-	0.035	0.037

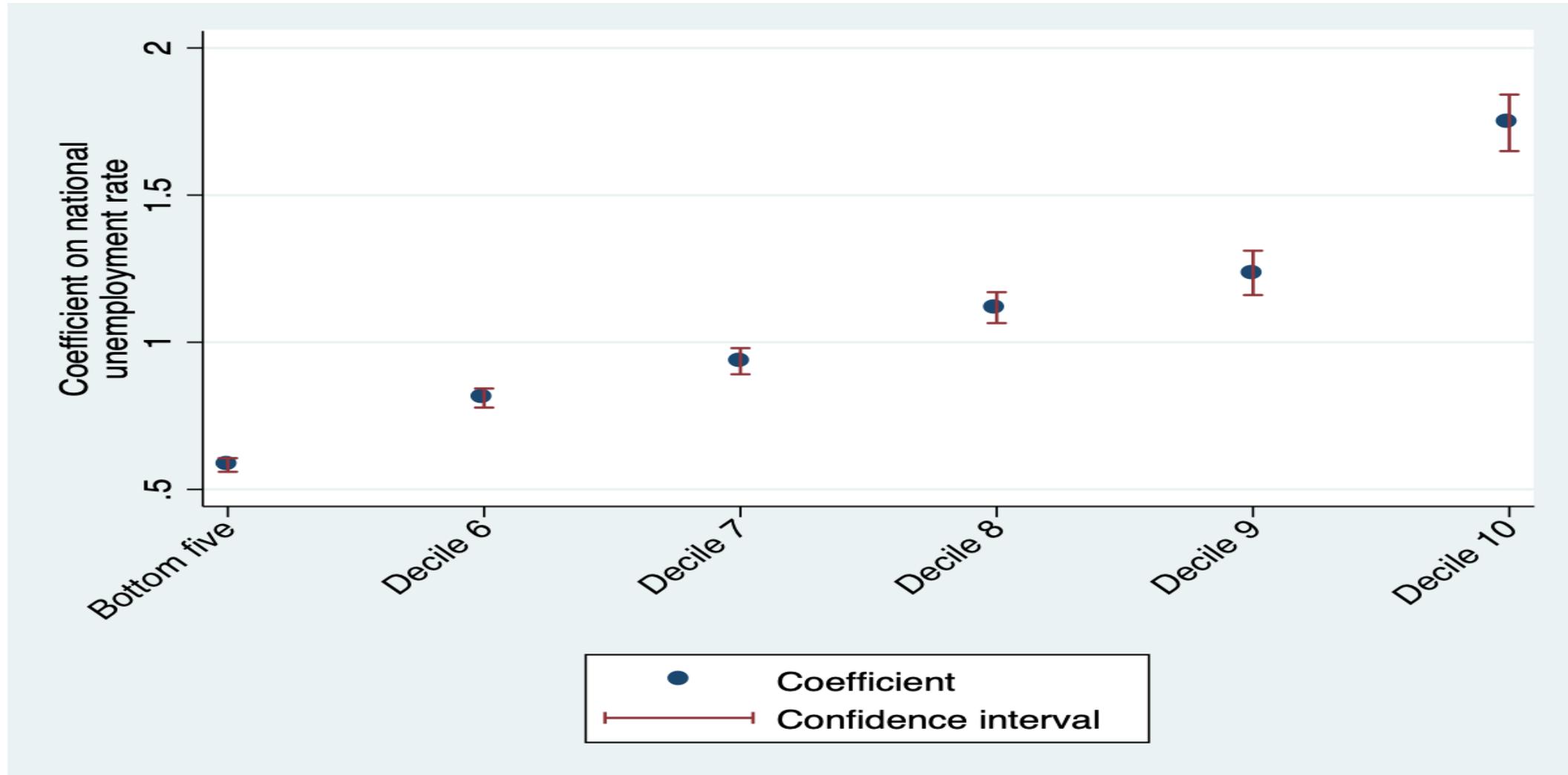
**Panel B: Top Decile**

	Status <sub>t+1</sub>			Implied steady-state or average employment state over sample period	
Status <sub>t</sub>	Employed	Unemployed	NILF		
<b>Employed</b>	0.953	0.024	0.023	0.699	0.727
<b>Unemployed</b>	0.225	0.581	0.194	0.076	0.081
<b>NILF</b>	0.070	0.066	0.864	0.226	0.193
<b>Unemployment rate</b>	-	-	-	0.098	0.100

# Figure 3: Monthly Unemployment Rates and Employment-to-Populations Ratios for Adults Ages 22 to 55 by Decile of Institutionalization Risk



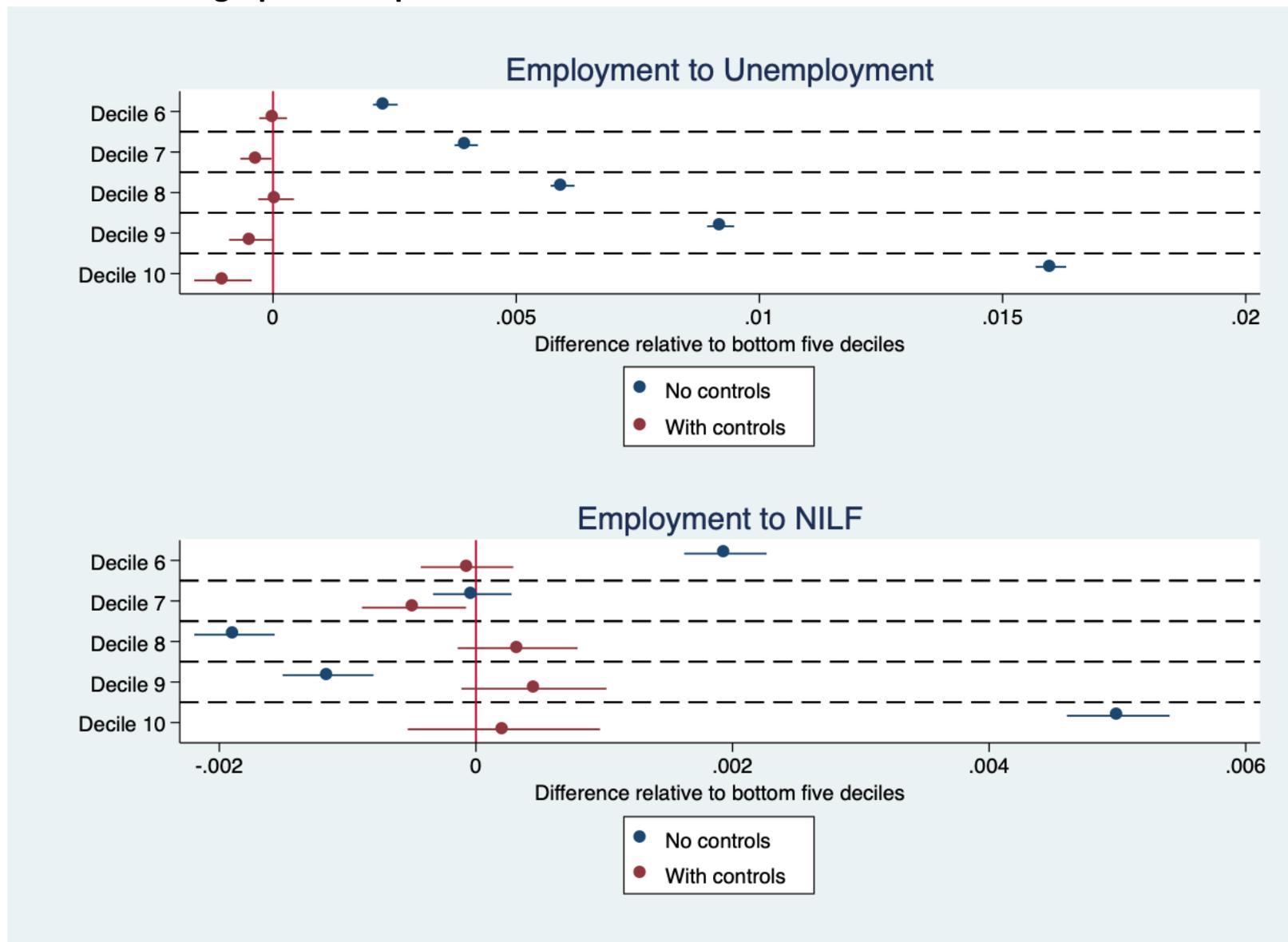
**Figure 4: Coefficient from Bivariate Regression of Institutionalization Risk Group Unemployment Rate on the National Unemployment Rate based on Monthly Data from January 2000 through January 2020**



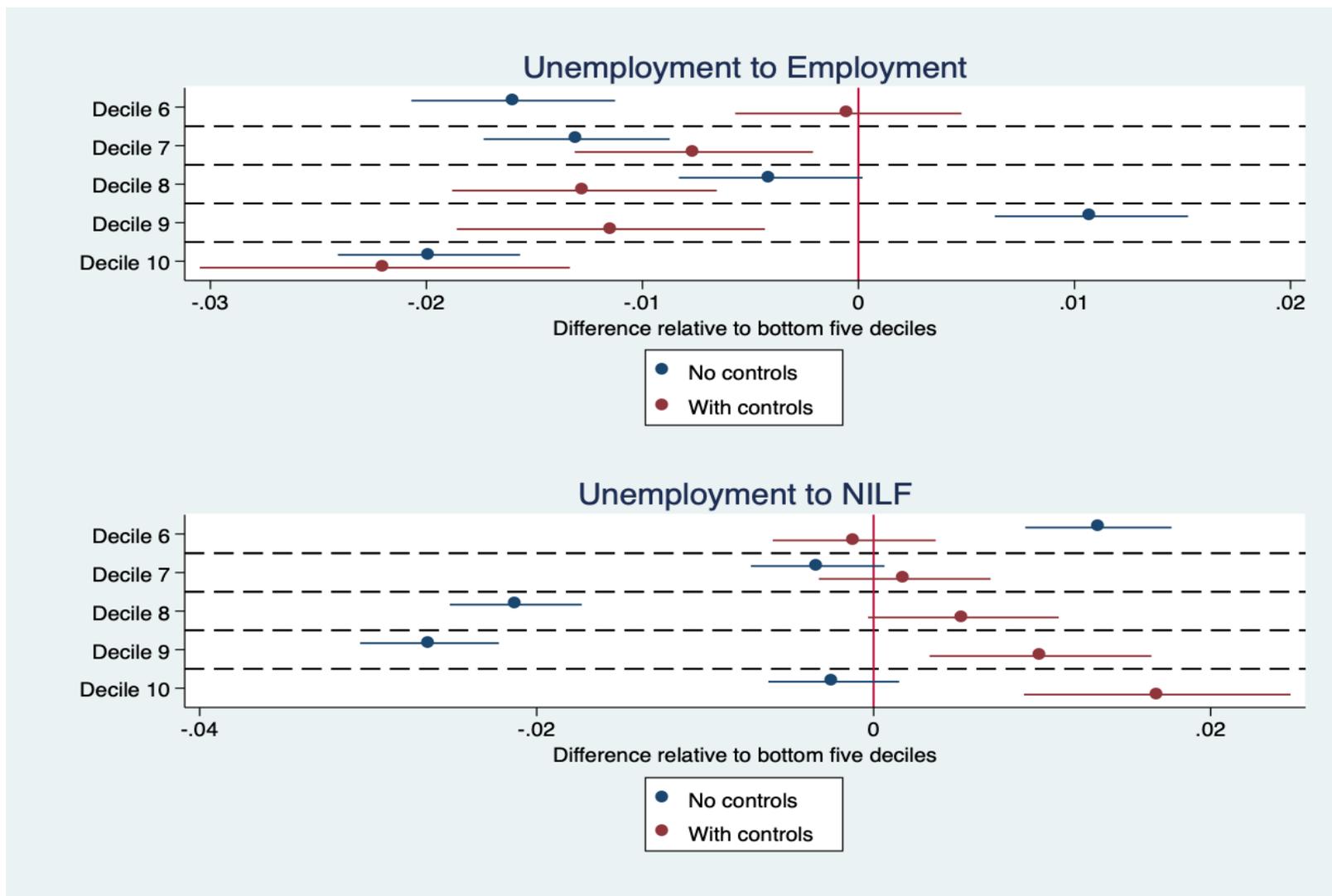
# Multivariate analysis of transition probabilities

- Specification (1): regression of transition probability on dummies for decile 6, decile 7, decile 8, decile 9, and decile 10.
- Specification (2): specification 1 plus year effects, calendar month effects, age, race/ethnicity, education, and gender dummies, and all two-way, three-way, and four-way interactions between age, race/ethnicity, education, and gender.

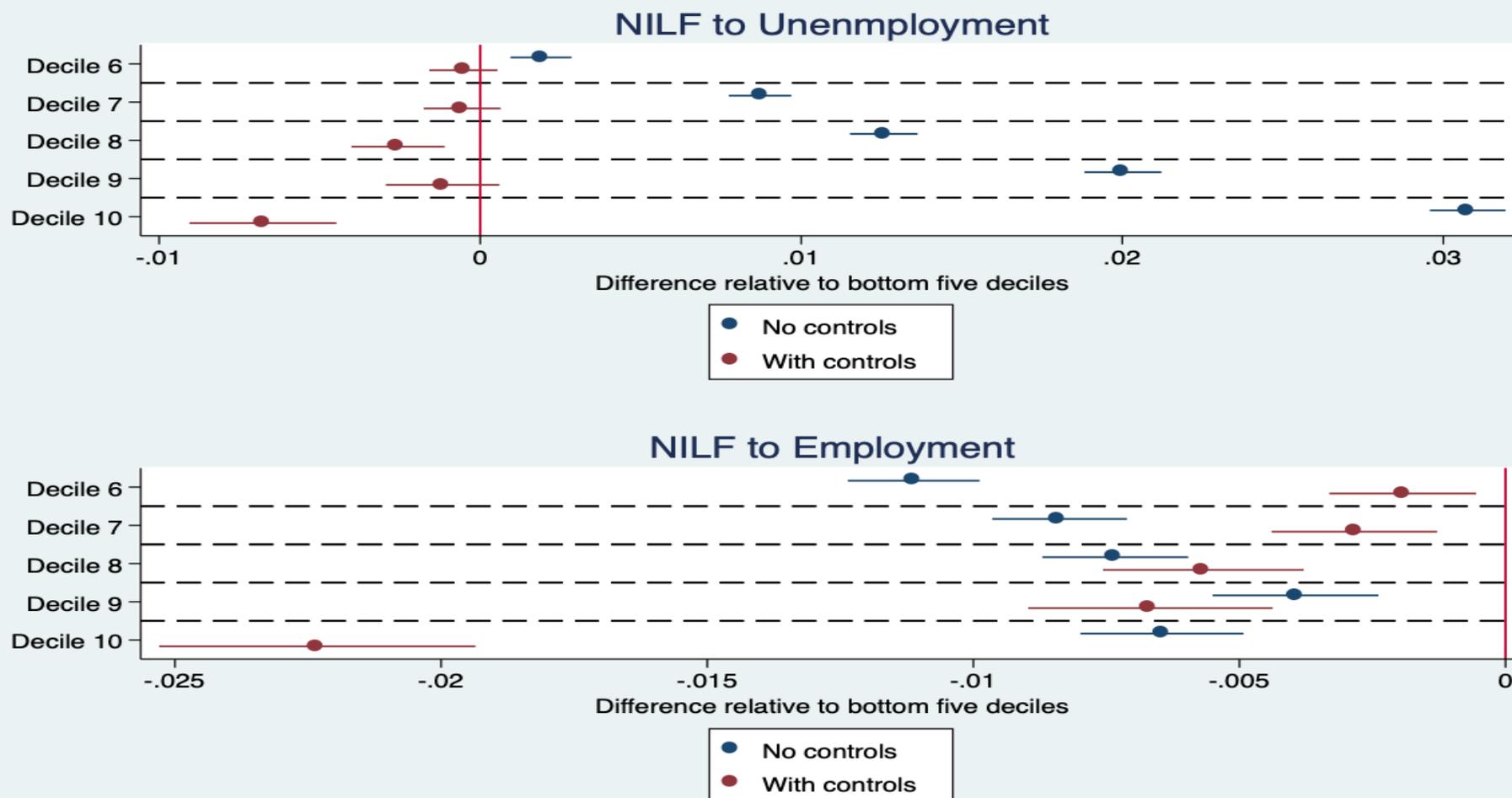
**Figure 8: Difference in Employment-to-Unemployment and Employment-to-NILF Transition Probabilities for High Institutionalization Demographic Groups Relative to the Bottom Five Deciles: With and Without Covariate Adjustments**



**Figure 9: Difference in Unemployment-to-Employment and Unemployment-to-NILF Transition Probabilities for High Institutionalization Demographic Groups Relative to the Bottom Five Deciles: With and Without Covariate Adjustments**



**Figure 10: Difference in NILF-to-Unemployment and NILF-to-Employment Transition Probabilities for High Institutionalization Demographic Groups Relative to the Bottom Five Deciles: With and Without Covariate Adjustments**



**Table 3**  
**Simulated Steady-State Distribution of People at Highest Risk of Involvement with the Criminal Justice System After Eliminating Various in Key Employment Transition Probabilities**

	Steady state based on empirical transition probability	Eliminating regression-adjusted gap relative to bottom half of risk distribution in $P_{U,E}$	Eliminating regression-adjusted gap relative to bottom half of risk distribution in $P_{U,E}$ , $P_{U,NILF}$ , $P_{NILF,U}$ and $P_{NILF,E}$
<b>Employed</b>	0.699	0.710	0.744
<b>Unemployed</b>	0.076	0.074	0.073
<b>NILF</b>	0.226	0.216	0.183
<b>Unemployment Rate</b>	0.098	0.094	0.090

# Policies intended to improve the employment prospects of those with criminal histories

- Addressing poverty
  - Long-run effects of early investment
    - Food Stamps/SNAP: Bailey et. al. (2023)
    - Summer Jobs: Heller (2014), Gelber et. al. (2016) Heller and Davis (2020)
    - Head Start: Garces et. al. 2002.
  - Contemporaneous impacts of relieving material poverty
    - SSI: Deshpande and Mueller-Smith (2022)
- A strong macroeconomy
  - Figure 4 above
  - Raphael and Weiman (2007), Schnepel (2017), Yang (2017)

# Ban-the-Box (reviewed in Raphael 2021)

- 35 states, 150 cities (Avery 2019)
- Some evidence that BTB improves employment prospects in the public sector (Craig 2021)
- Strong evidence that it doesn't improve hiring prospect in the private sector (Rose 2020)
- Strong evidence that it encourage statistical discrimination against Black men
  - Bushway (1998, 2004), Holzer, Raphael and Stoll (2006), Agan and Starr (2018), Doleac and Hansen (2020)

# Generating more accurate recidivism information for employers

- Existing, frequently cited, and readily available recidivism studies are based on prisoner-release cohorts (Langan and Levin 2002; Alper, Durose, and Markman 2018). They overstate recidivism risk for the broader population of people with criminal histories.
  - Oversample people with deep rap-sheets
  - Oversample people who serve multiple prison spells.
- Recidivism studies that sample people who ever go to prison yield recidivism rates that are often 20 percentage points lower.
  - Rhodes et. al. (2016), Kalra et. al. (2022)

We need more information on recidivism and the recidivism hazard using alternative sampling frames and studying people with less extensive criminal histories

- Example: Blumstein and Nakamura (2009) study a sample of people arrested for the first time in NY for burglary, aggravated assault, and/or robbery find that the post-conviction arrest hazard drops the arrest hazard for the general public after
  - 3.8 years for burglary
  - 4.3 years for aggravated assault
  - 7.7 years for robbery.

# Addressing employer concerns

- Why do employers screen on criminal history?
  - Concerns about skills, lack of job-readiness, potential dishonesty
  - Negligent-hiring liability
  - Difficulty procuring insurance
- Cullen, Dobbie, and Hoffman (2023)
  - 39 percent of employers would hire someone with a criminal history at baseline
    - 10 to 25 percent wage subsidy increases willingness to 41 to 44 percent. 100 percent wage subsidy increases willingness to 54 percent.
    - \$5,000 in crime and safety insurance increases willingness to 51 percent
    - Prior successful work experience also increases willingness to hire.

# Greater use of Certificates of Rehabilitation (COR)

- Formal process by which the state declares someone rehabilitated and often restore various rights to employment and licensure
- Ohio's Certificate of Qualification for Employment (CQE) (created in 2012), in addition to restoring employment and licensure rights, indemnifies employers against negligent hiring lawsuits.
- Resume Audit Studies
  - Leasure and Stevens-Anderson (2016)
    - Sent resumes to 320 employers with three resume groups:
      - (1) drug felony conviction disclosed (10 percent received a response),
      - (2) drug felony conviction disclosed plus a CQE (25 percent received a response),
      - (3) no conviction disclosed (29 percent received a response)
  - Leasure and Stevens-Anderson (2017) in a similar analysis find the CQE has a larger impact on call back rate than 10 years of desistance.

Thank you!

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