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
Figure 2: Proportion in Institutionalized Group Quarters by Gender, Race/Ethnicity, and Educational Attainment Among People 22 to 55 Years of Age, 1970 through 2019
<table>
<thead>
<tr>
<th>Table 1</th>
<th>Descriptive Statistics for Non-Institutionalized Adults 22 to 55 by Deciles of Group-Specific Institutionalization Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bottom five deciles</td>
</tr>
<tr>
<td>Prop. of the institutionalized</td>
<td>0.038</td>
</tr>
<tr>
<td>Labor Market Status</td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>0.818</td>
</tr>
<tr>
<td>Unemployed</td>
<td>0.027</td>
</tr>
<tr>
<td>NILF</td>
<td>0.154</td>
</tr>
<tr>
<td>Unemp. Rate</td>
<td>0.032</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>0.695</td>
</tr>
<tr>
<td>Black</td>
<td>0.053</td>
</tr>
<tr>
<td>AI/AN</td>
<td>0.004</td>
</tr>
<tr>
<td>Asian</td>
<td>0.107</td>
</tr>
<tr>
<td>Hispanic</td>
<td>0.142</td>
</tr>
<tr>
<td>Poor</td>
<td>0.085</td>
</tr>
<tr>
<td>Male</td>
<td>0.313</td>
</tr>
<tr>
<td>Age (mean)</td>
<td>39.294</td>
</tr>
<tr>
<td>U.S. Citizen</td>
<td>0.900</td>
</tr>
<tr>
<td></td>
<td>Bottom five deciles</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>&lt;HS</td>
<td>0.0267</td>
</tr>
<tr>
<td>HS grad/GED</td>
<td>0.1073</td>
</tr>
<tr>
<td>Some college</td>
<td>0.1887</td>
</tr>
<tr>
<td>Bachelors +</td>
<td>0.6773</td>
</tr>
<tr>
<td><strong>Disability</strong></td>
<td></td>
</tr>
<tr>
<td>Cognitive</td>
<td>0.024</td>
</tr>
<tr>
<td>Ambulatory</td>
<td>0.023</td>
</tr>
<tr>
<td>Ind. Living</td>
<td>0.019</td>
</tr>
<tr>
<td>Self-Care</td>
<td>0.009</td>
</tr>
<tr>
<td>Vision/hearing</td>
<td>0.020</td>
</tr>
</tbody>
</table>
Proportion institutionalized on a given day misses much current and prior involvement with the criminal just 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**

<table>
<thead>
<tr>
<th>Status&lt;sub&gt;t&lt;/sub&gt;</th>
<th>Employed</th>
<th>Unemployed</th>
<th>NILF</th>
<th>Status&lt;sub&gt;t+1&lt;/sub&gt;</th>
<th>Implied steady-state or average employment state over sample period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>0.974</td>
<td>0.008</td>
<td>0.018</td>
<td>Steady State</td>
<td>0.793</td>
</tr>
<tr>
<td>Unemployed</td>
<td>0.245</td>
<td>0.559</td>
<td>0.196</td>
<td>Actual</td>
<td>0.803</td>
</tr>
<tr>
<td>NILF</td>
<td>0.077</td>
<td>0.035</td>
<td>0.888</td>
<td></td>
<td>0.178</td>
</tr>
</tbody>
</table>

Unemployment rate: 0.035 0.037

**Panel B: Top Decile**

<table>
<thead>
<tr>
<th>Status&lt;sub&gt;t&lt;/sub&gt;</th>
<th>Employed</th>
<th>Unemployed</th>
<th>NILF</th>
<th>Status&lt;sub&gt;t+1&lt;/sub&gt;</th>
<th>Implied steady-state or average employment state over sample period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>0.953</td>
<td>0.024</td>
<td>0.023</td>
<td>Steady State</td>
<td>0.699</td>
</tr>
<tr>
<td>Unemployed</td>
<td>0.225</td>
<td>0.581</td>
<td>0.194</td>
<td>Actual</td>
<td>0.727</td>
</tr>
<tr>
<td>NILF</td>
<td>0.070</td>
<td>0.066</td>
<td>0.864</td>
<td></td>
<td>0.226</td>
</tr>
</tbody>
</table>

Unemployment rate: 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>
<thead>
<tr>
<th></th>
<th>Steady state based on empirical transition probability</th>
<th>Eliminating regression-adjusted gap relative to bottom half of risk distribution in $P_{U,E}$</th>
<th>Eliminating regression-adjusted gap relative to bottom half of risk distribution in $P_{U,E}$, $P_{U,NILF}$, $P_{NILF,U}$ and $P_{NILF,E}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td></td>
<td>0.699</td>
<td>0.710</td>
</tr>
<tr>
<td>Unemployed</td>
<td></td>
<td>0.076</td>
<td>0.074</td>
</tr>
<tr>
<td>NILF</td>
<td></td>
<td>0.226</td>
<td>0.216</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td></td>
<td>0.098</td>
<td>0.094</td>
</tr>
</tbody>
</table>
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
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
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!
Papers discussed in this talk


Bailey, Martha; Hoynes, Hilary; Rossin-Slater, Maya and Reed Walker forthcoming, “Is the Social Safety Net a Long-Term Investment? Large-Scale Evidence from the Food Stamps Program,” *Review of Economic Studies*.


