

Labor Market Opportunities (?) for Ex-Offenders

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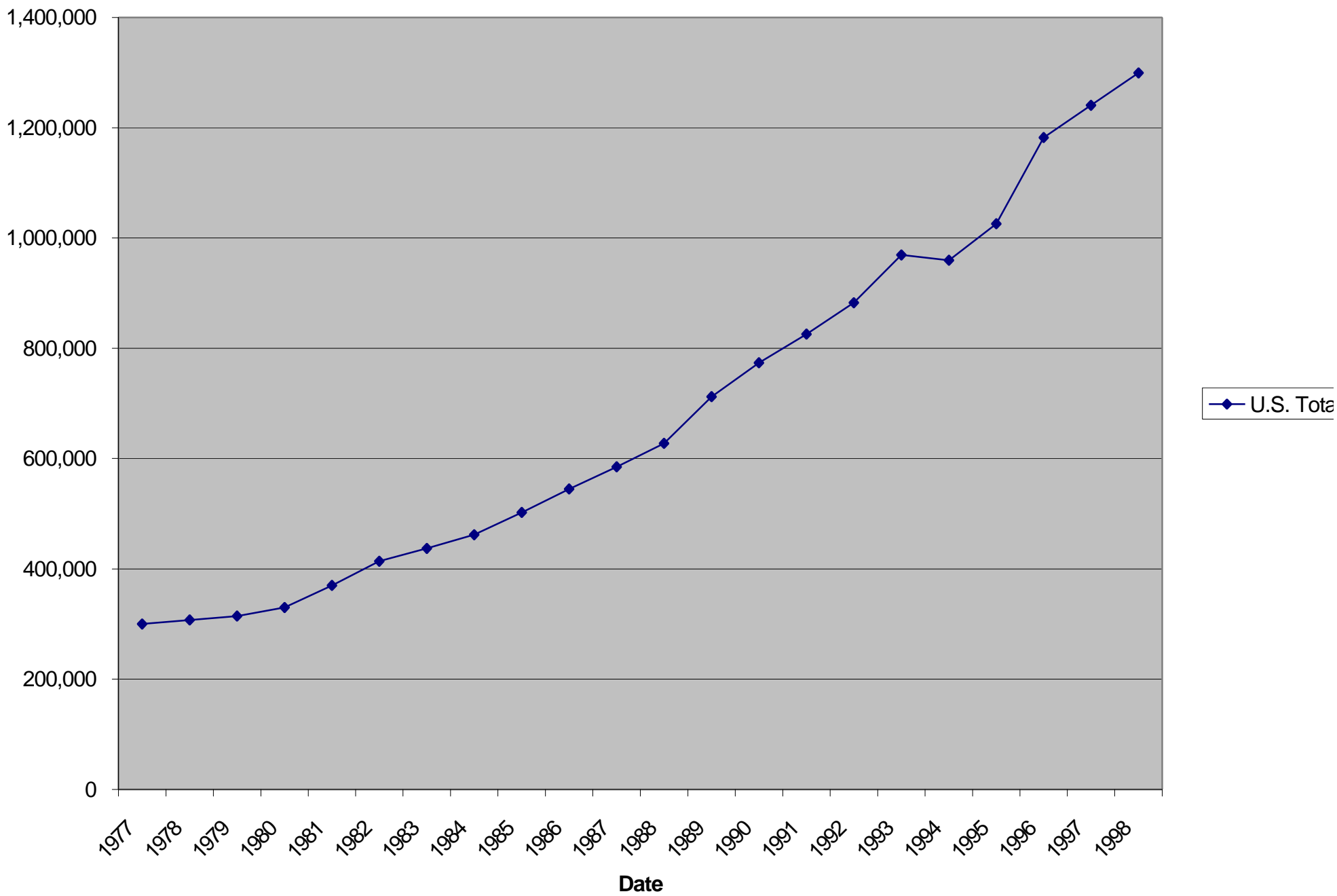
November 21, 2002

Assessing the Midwest Workforce: Strategies for
Developing the Region's Human Capital Conference

Outline:

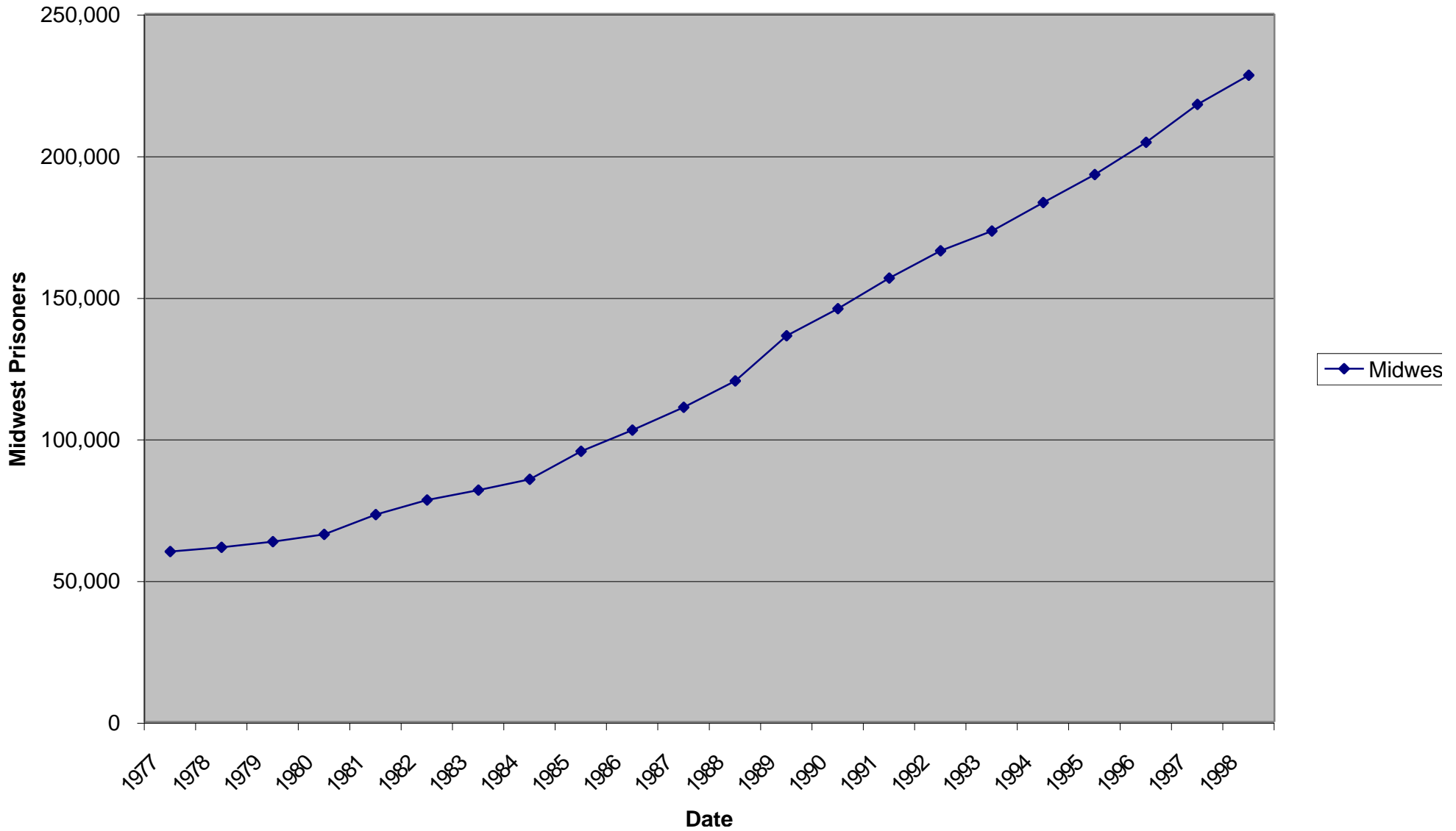
- I. Why care about Ex-Offenders?
- II. Why might there be an impact of a criminal record on labor market outcomes?
--Policy implications
- III. Chicago Labor Market
- IV. Illinois Department of Corrections Programming
- V. Policy/Research Directions

Prisoners Under State or Federal Jurisdiction
Source: BJS

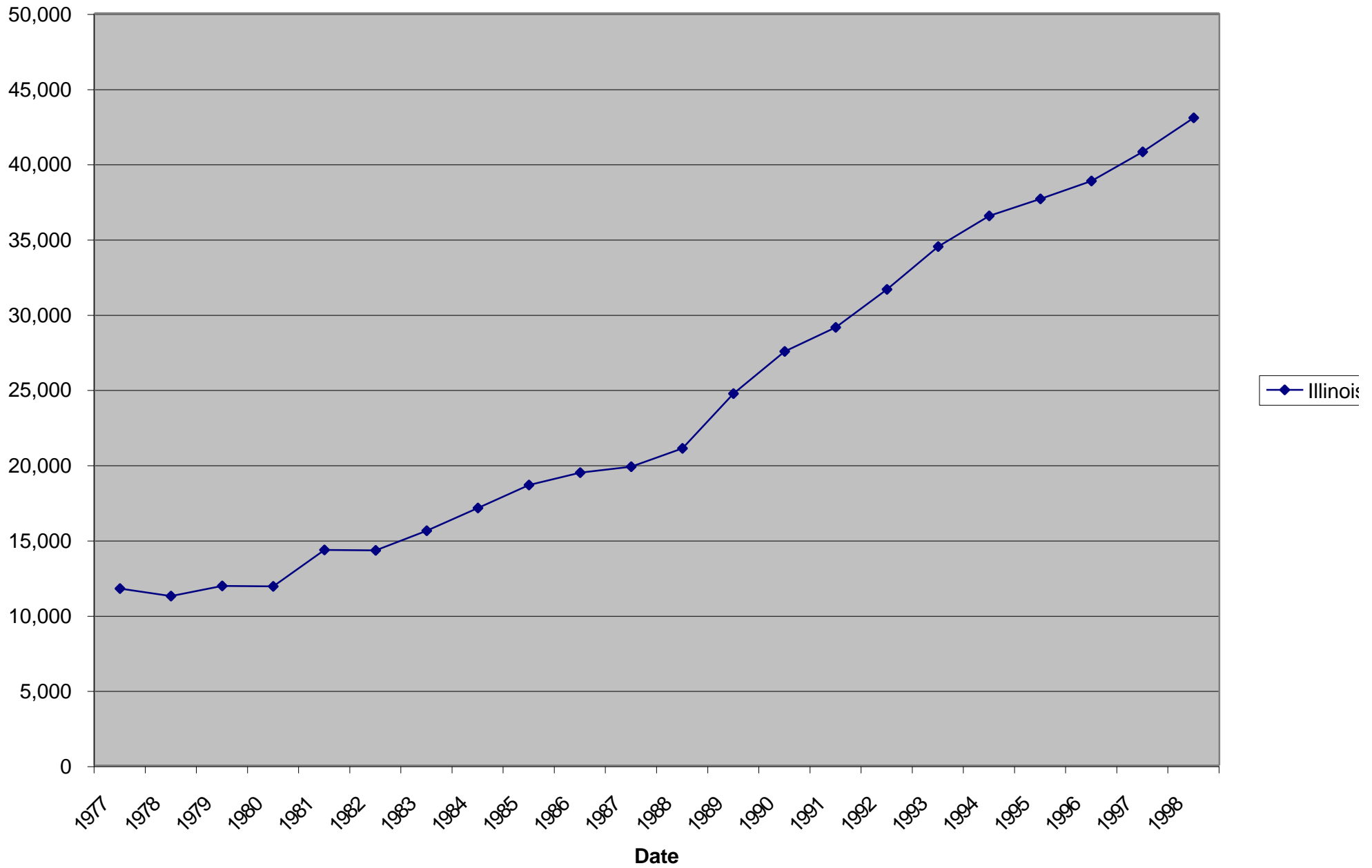


Midwest Prison Population

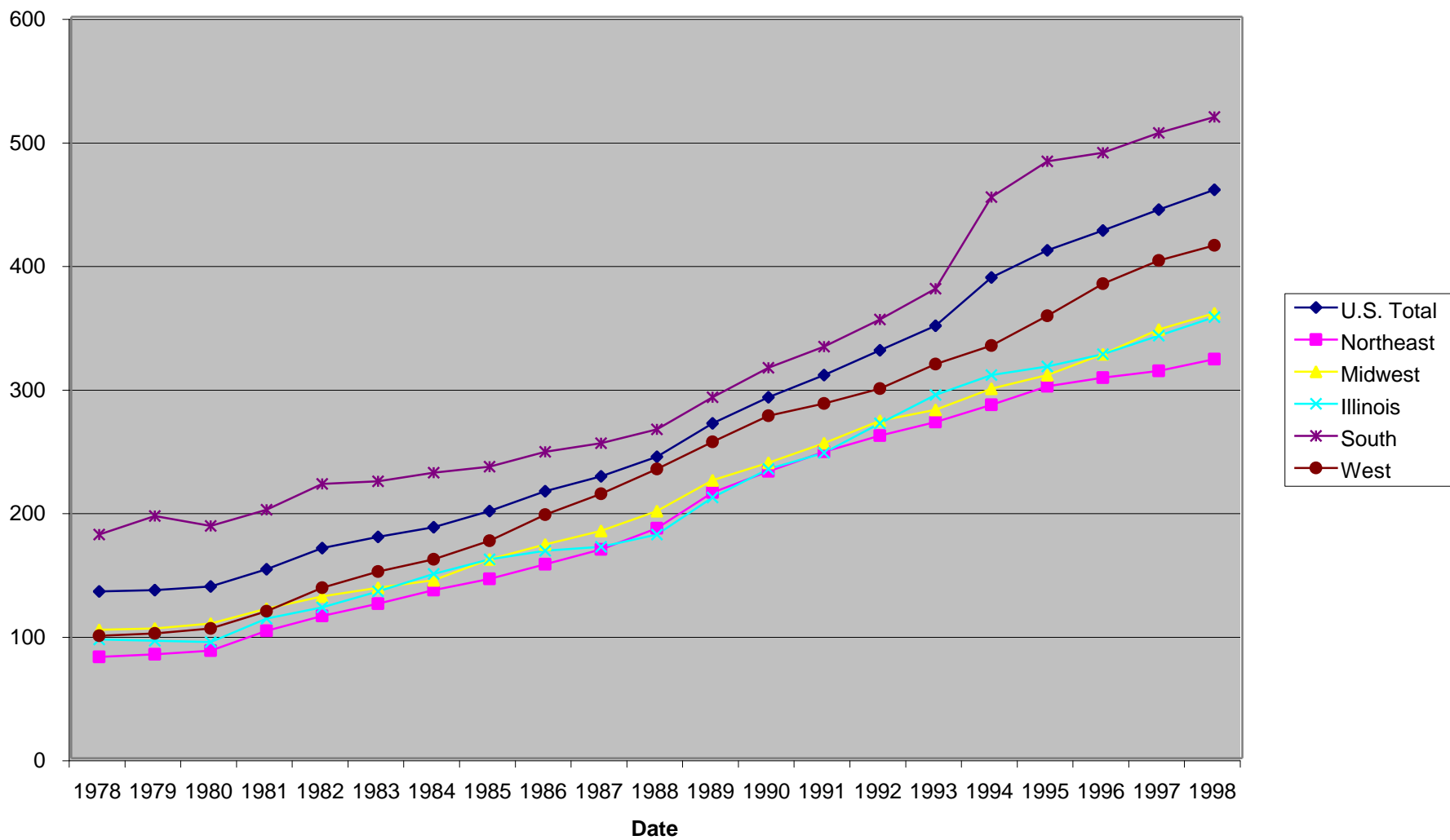
Note: Midwest includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin



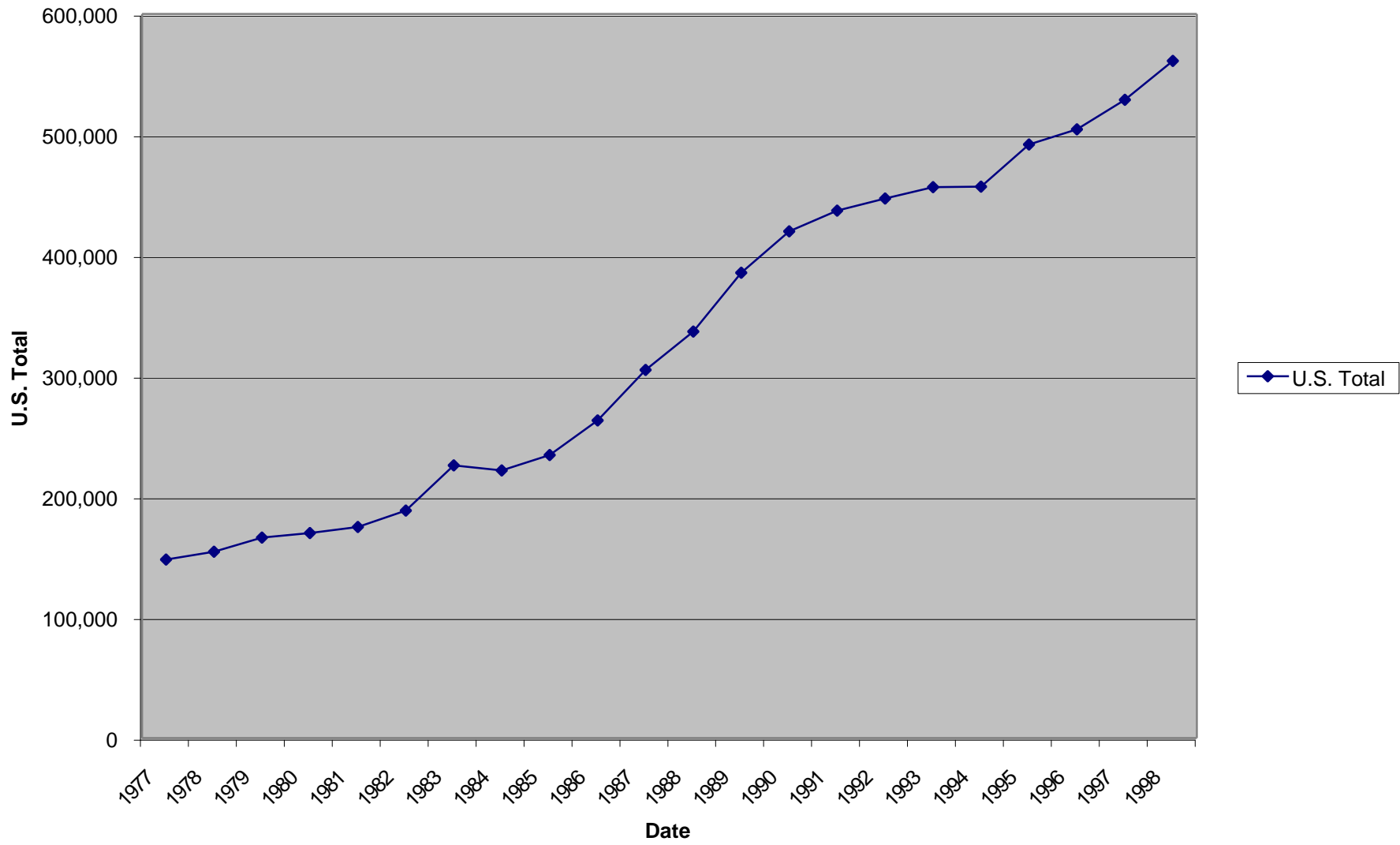
Illinois Prison Population



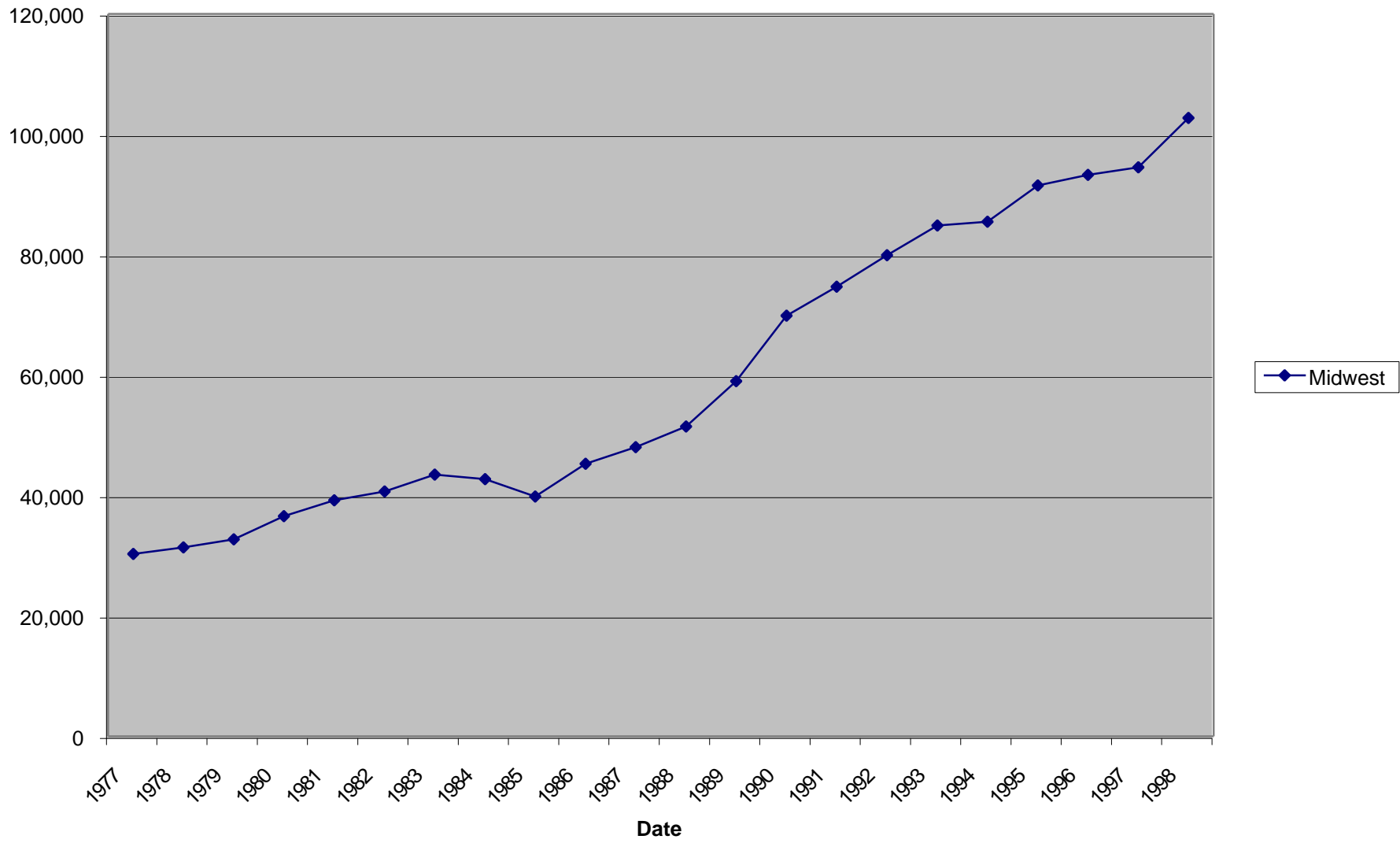
**Incarceration Rates per 100,000 Residents
(State and Federal Prisoners)**



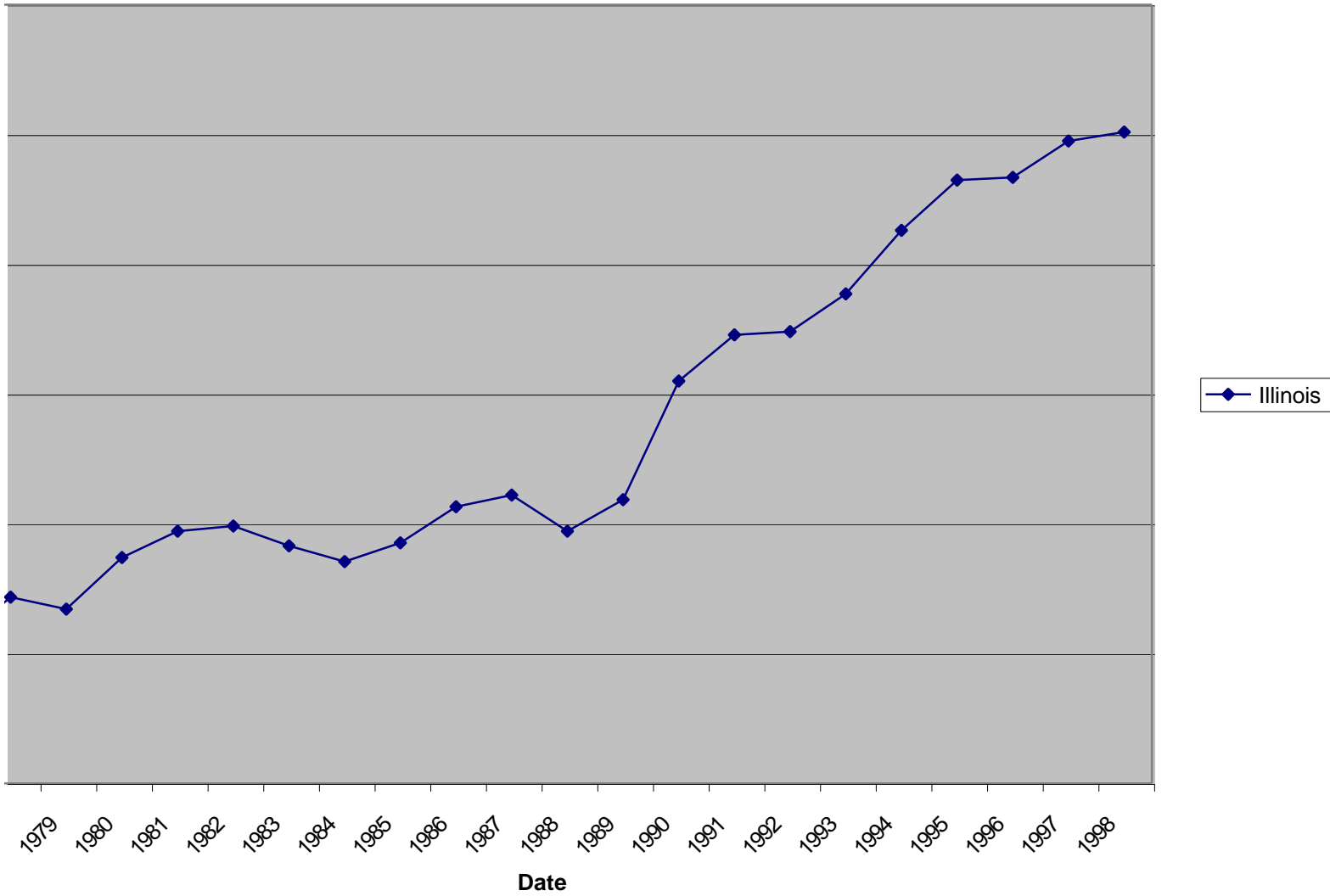
Sentenced Prisoners Released From State or Federal Jurisdiction



Sentenced Prisoners Released: Midwest



Prisoners Released: Illinois



Lifetime Likelihood of Going to Prison (at birth,
based on 1991 incarceration rates):

Overall	5.1%
White Men	4.4%
Black Men	28.5%

(Bonczar and Beck, BJS Special Report, March
1997)

They all come back....

95% of all state prisoners in the U.S. will be released
at some point. (Bureau of Justice Statistics, re-entry
trends).

In Illinois in 2000, 34,172 people were sentenced. Of those:

Sentence:

1-3 years 57.7% Median Sentence: 3.0 years

4-6 years 28.7%

7-10 years 8.1%

11-20 years 3.6%

21+ years 1.9%

Among the 24,171 prisoners released in 2000 from Illinois Prisons:

Median Prison Stay: 0.9 years

(Source: IDOC Statistical Presentation 2000)

Inmate Characteristics in Illinois:

Adult Population	45,629
Percent Male	94%
Race:	
White	25%
Black	64%
Hispanic	10%
Average Age	33 years old
Education*:	
Percent High School Dropouts (Total)	56.4%
Percent High School Dropouts (Female)	62.3%
Committing County:	
Cook	60%
Collar	10%

Source: Illinois Department of Corrections

http://www.idoc.state.il.us/subsections/reports/news/2001_DepartmentData.pdf

*Two sources for education information. Total: Illinois Criminal Justice Information Authority for FY2000. Female: LaLonde & George (2002) for 1990-2001.

**Back of the envelope calculations for Illinois
(Note: there are LOTS of caveats when comparing
prison release flows to census populations (stock)):**

About 25,000 inmates will be released this year.
(Over 20,000 have been released each year since
1995).

About 56% of them have less than a high school
degree. (14,000 people)

About 70% of them committed their offense in
Chicago or the collar counties (and probably lived
there and will probably return there). (17,500 people)

➔ Approximately 9,800 people with less than a high
school degree and a criminal record (re) settling in
Chicago each year.

2000 Census (SF 3) shows the Chicago PMSA has:
483,548 males aged 25+ with less than a High
School Degree
480,808 females aged 25+ with less than a High
School Degree

In some neighborhoods in Chicago, having a criminal
record is common: North Lawndale, 70% of adult
black men (18-45) have a criminal record. (**North
Lawndale Employment Network**)

1) Labor Market Outcomes for those with a Criminal Record

→ Is it causal?

and

2) Criminal Record Outcomes for those with a Labor Market

→ Is it causal?

If the answer to both is “Yes,” then there may be a vicious circle.

Recidivism rates are HIGH

U.S.(within 3 years of release, 1994): 63%
(source: BJS, Re-entry trends)

IL (within 3 years of release, 2000): 43.7%
(source: IDOC statistical presentation 2000)

For 1) See Western, Kling, and Weiman “The Labor Market Consequences of Incarceration,” IR section working paper #450, Princeton University, January 2001

For 2) See Anne Piehl, “Economic Conditions, Work, and Crime,” in The Handbook of Crime and Punishment, Michael Tonry, ed., 1998.

Focus on the first question:

Criminal activity (underlying behavior)

→ arrest (enforcement)

→ charged

→ convicted

→ sentenced (sentencing rules)

→ period of incarceration

Policies that affect each link in this chain can affect the probability that an individual has a criminal record, the probability that one has a period of incarceration, and the length of that period of incarceration.

Why is there a *relationship* between criminal records and labor market outcomes?:

- 1) these are just the people who would have had bad job prospects anyway? (not causal)
- 2) employers think those with a criminal record will make poor employees? (policies that suggest alternatives to incarceration will not necessarily placate employers)
- 3) incarceration has a detrimental effect on human capital and social capital? (causal)

Current state of the literature:

Difficult to distinguish between the different potentially causal mechanisms for an impact on labor market outcomes.

More evidence for a causal impact on earnings than on being employed per se.

Policy prescriptions are affected by which of these mechanisms are at work:

Consider Employers' Decisions:

Employer Survey (Holzer, Raphael, and Stoll (2001)):

Employers asked about their willingness to hire certain groups of workers:

Group:	%responding Probably Not or Definitely Not
Ex-Offenders	60%
Welfare Recip.	8%
GED, no diploma	4%
Spotty Work History	40%
Unemp>1year	17%

(types of jobs least willing to hire ex-offenders into correlates well with priors: e.g., lots of customer contact, services, retail, handling cash etc).

Audit Study (Pager (2002)): For entry level jobs in Milwaukee, a criminal record was associated with a 50% and 64% reduction in employment opportunities for white and blacks, respectively.

EEOC prohibits “blanket exclusion” of ex-offenders – employers are to consider type of offense, its relationship to the job at hand, and time elapsed since the offense.

But, there are also many statutory barriers to employment – most jobs requiring state licensing have some kind of restriction on hiring those with a criminal record. In particular, ex-offenders are barred if the crime is somehow related to the job, or if “dishonesty is an essential element of the crime.” (For IL see work commissioned by the Safer Foundation by Danielle Hilgers and Chad Johannsen).

Policy Implications:

It is important to know why employers are reluctant to hire ex-offenders.

Ex: “Second Chances” policies propose expunge criminal records or make it more difficult for employers to find out about criminal records after an appropriate time period. (IL State Rep Constance Howard, district 32)

But, this may have an adverse impact on individuals without criminal records who are perceived to belong to groups likely to have criminal records:

Bushway (1997) –statistical discrimination model

Holzer, Raphael, Stoll (2001) – empirical support for statistical discrimination

Policies may address employer concerns:

Federal Bonding Program:

Issues bonds for people deemed “unbondable” under private insurance.

\$5,000 bonds for min(6months, end of job). \$98 per 5k bond.

Can get up to \$25,000 in bond coverage.

In existence since 1966 – 42,000 people bonded.

Default rate of 1%.

There were about 32 bonds in force in IL and 670 nationwide in FY2000. (Not many!).

That type of program makes sense if employers are concerned about being victims of relatively small-time theft on the job.

But what if concern about **Negligent Hiring Lawsuits?**

Employers have lost 72% of negligent hiring suits, with an average settlement of \$1.6 million.

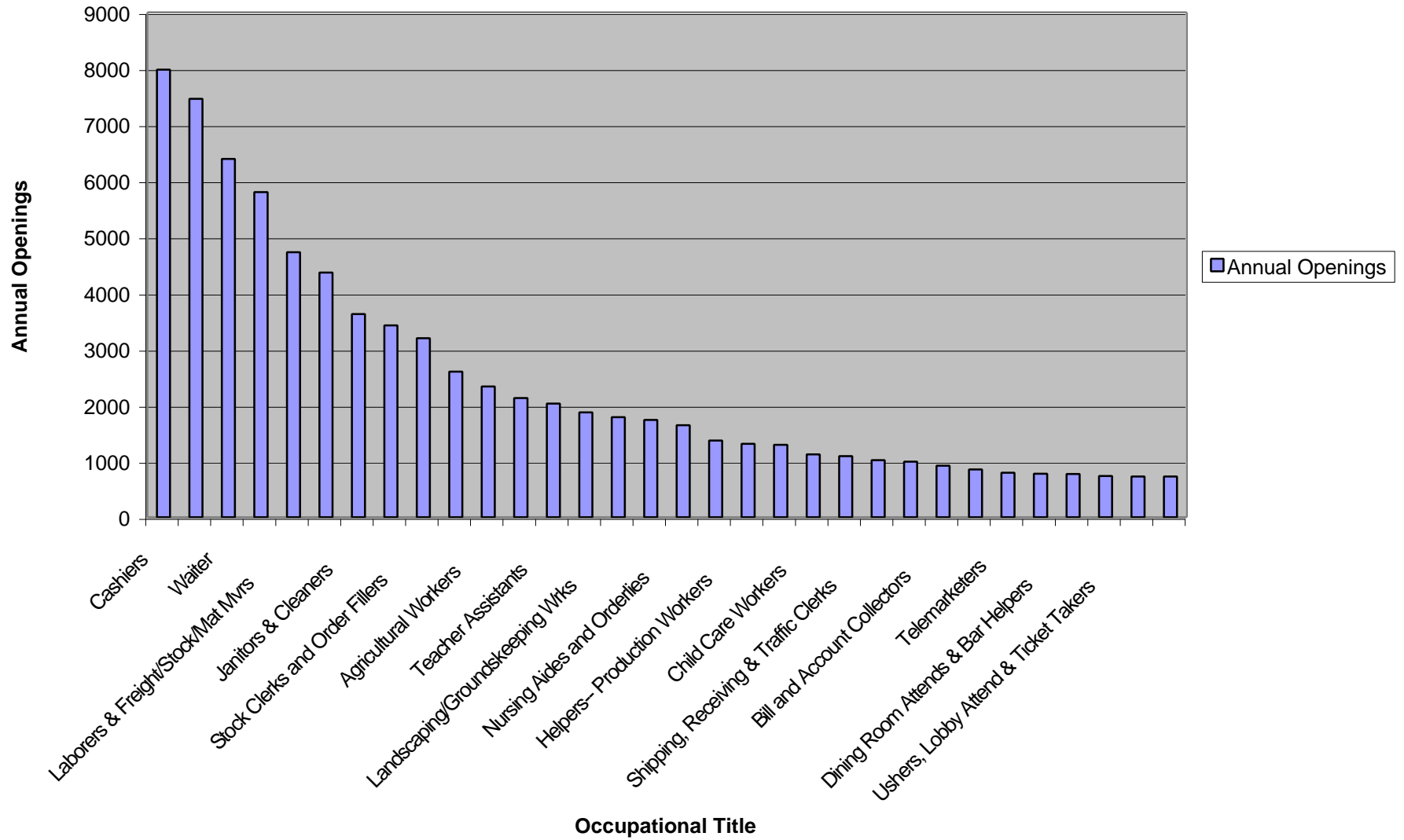
Need much bigger bonds...

What about differently designed bonds if employers are worried about punctuality, motivation, attitude etc?

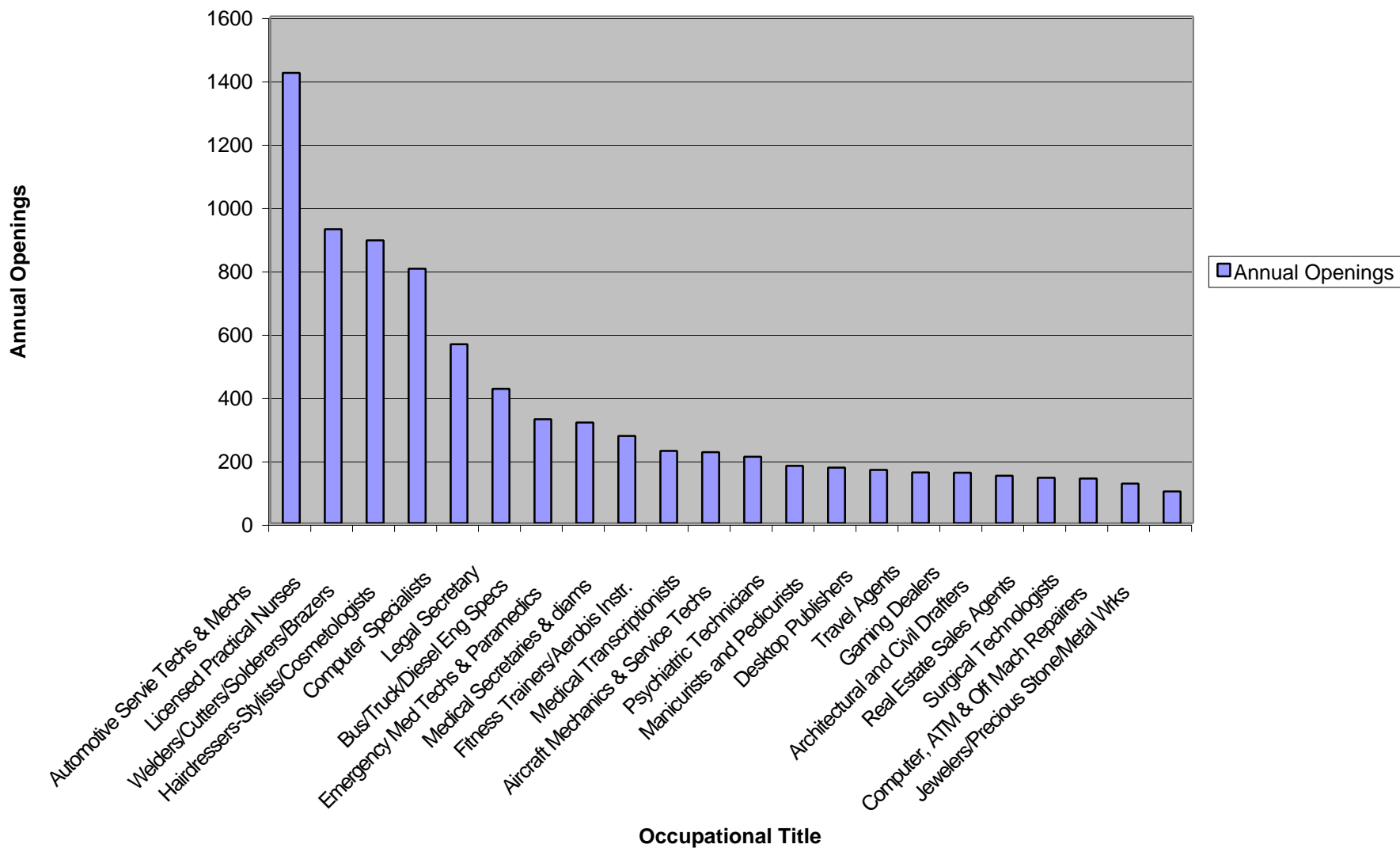
Alternatively,
if ex-offenders are just people with poor human
capital, or if prison erodes human capital, one might
think about in-prison training programs as a means of
addressing this problem.

First consider where job opportunities are for low-
skilled individuals in Chicago

Jobs Requiring Short-Term On-The-Job Training: Source IDES



Jobs Requiring Post Secondary Vocational Training: Source IDES



Prison Programming

(See Lawrence, Mears, Dubin, and Travis, “The Practice and Promise of Prison Programming,” Urban Institute, May 2002 and LoBuglio, “Time to Reframe Politics and Practices in Correctional Education,” *Review of Adult Learning and Literacy*, vol. 2, 2001, for general overview).

Types of Programming:

Educational – ABE, H.S./GED, post-secondary
Vocational Training

Prison Industries

Employment Services (attitude, punctuality etc.)

Also: Anger Management, Drug Rehab etc.

Nationally, participation in prison programming fell from 1991 to 1997:

	Prisoners to be Released in Next 12 Months: Percent Participating in Programs	
Type:	1991	1997
Educational	42%	35%
Vocational	31%	27%

(Source: Lynch & Sabol 2001, as cited in Lawrence et al.)

In Illinois in 2000:

**Number of Program
Completions and (% of Total
Prison Population):**

Program Type:

Education	3,025 (6.4%)
Vocation	2,256 (4.8%)
Prison Industries	1,427 (3.0%)
Employment	11,512 (24.4%)

(Source: Lawrence et al, Table 4)

Programming in IL:

Since 1987, inmates who score below a 6th grade achievement are required to participate in Adult Basic Education for 90 days or until they score above the 6th grade level, whichever comes first. In FY '01, 24,044 adults were tested in the intake process. 37% of those tested score below 6th grade. After 90 days of instruction, about 60% test at 6th grade or above.

While in school, inmates receive \$15 per month to use at prison commissary or to send home or save. Once they spend 90 days in school, they are eligible to apply for other positions. Highest paying jobs in prison are in prison industries that pay \$90 per month.

Vocational Offerings in IL:

Apprentice Programs
Auto Body
Automotive Technology
Barbering
Business Management
Commercial Custodian
Computer Technology
Construction Occupations
Coop. Work Training
Cosmetology
Diesel Technology
Dog Grooming
Drafting
Electricity
Emergency Medical Tech. ??
Food Service
Graphic Arts
Heating, A.C., Refrigeration
Horticulture
Laundry/Dry Cleaning
Occup. Homemaking
Service Dog Training
Sheet Metal
Small Engines/Repair
Typing
Welding

(Source: School District 428, Fiscal Year 2001, Annual Review of Programs, IDOC)

Illinois Correctional Industries:

Products:	Avg. # inmates
Administration	72
Asbestos Abatement	23
Bakery	197
Belts	0
Boxes	9
Broom and Wax	12
Call Center	3
Central Distribution	6
Dry Cleaning	14
Food Processing	120
Furniture	50
Furniture Refinishing	55
Garment	359
Knit	48
Laundry	54
Mattress	44
Meat Processing	87
Metal Furniture	36
Milk Processing	57
Optical	94
Modular Furniture Installation	4
Recycling	26
Sign	28
Soap	13
Vehicle	14
Waste Removal	5

(Source: IL Correctional Industries, Annual Report, FY2001)

Prison Industries promotional materials cites job training and experience leading to better jobs and lower recidivism as primary rationale for the programs.

Note:

Bulk of jobs are in garment work – not a lot of that in Chicago

It is small & the focus is on making a profit and supplying things IDOC and other state agencies need, not necessarily what the Chicago labor market demands.

*The greater the training required for the job → the greater the incentive to choose inmates with longest sentences...

Prison Industries claims an impact on recidivism → 38% for prison industries workers versus 44.1% for general population. BUT: There may be big differences in the inmates who get these assignments and the general population → need better evaluation.

Challenges for Creating Effective Prison Programs:

Safety of Staff and Inmates

Movement of Inmates from Facility to Facility

Staffing Problems (no substitute teachers in prison)

Waiting Lists

Coordinating with actual labor market demand

Length of Stay:

Median Prison Stay, 2000: 10.8 Months

Potentially fruitful avenue to both increase labor market success and decrease recidivism: programs outside of institutional setting

Note that there are CBOs that provide services to ex-offenders. Chicago Examples: North Lawndale Employment Network, Safer Foundation

But not all offenders get connected to these organizations. Those that do are likely a non-random sample of released inmates.

Safer Foundation:

Clients are 16% female

Avg. number of prison stays 2.3

Median Time since Release: 30 days

Things to think about:

Better understanding of employer reluctance

--Ex: Do employers distinguish between a criminal record and at term of incarceration?

Better targeting of programs to jobs where ex-offenders stand the best chance of getting a job (consider local labor market demand conditions, individuals' skills, employer reluctance etc).

Re-entry programs that concentrate on connecting inmates to relevant services on the outside.

“Going Home Project” in IL – watch for request for evaluation proposals from the IL Criminal Justice Information Authority.

Evaluation!

See “From Cell to Street: A Plan to Supervise Inmates After Release,” by Anne Morrison Piehl, published by The Massachusetts Institute For a New Commonwealth – for an excellent overview.

