

# Employment challenges for the formerly incarcerated

by Emily Engel, Steve Kuehl, and Mark O'Dell

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The U.S. economy is on a historic run of job creation, with 76 straight months of job growth as of June 2016. Many firms are looking for new pools of talent as traditional pools are increasingly absorbed by rising employment. Wages are beginning to rise more rapidly than they have for several years, with ADP's Workforce Vitality Report for Q1 2016 estimating annual wage growth for full-time job holders of 4.7 percent.<sup>1</sup> The strengthening labor market provides an opportunity for both employers and policymakers to reconsider the status of subgroups that face distinct barriers to the job market. One important underemployed subgroup is the formerly incarcerated. This article summarizes some of the challenges preventing many former prisoners from entering the labor force, and provides an overview of two recent symposiums organized by the Fed's Community Development and Policy Studies (CDPS) unit to explore policy and programmatic interventions to address the issue.

The United States has roughly 14 million ex-prisoners of working age. In "The Price We Pay," a 2016 Center for Economic and Policy Research paper, Cherrie Bucknor and Alan Barber estimate that formerly incarcerated men contribute 1.6 to 1.8 percentage points to the national male unemployment rate.<sup>2</sup> Their work updates and confirms previous findings, including those of a 2010 paper by John Schmitt and Kris Warner.<sup>3</sup>

Persistent unemployment among the formerly incarcerated is just one aspect of related social and financial challenges ex-prisoners face. As Shawn Bushway wrote in a 2006 literature review in *Contemporary Sociology*, in many cases "Prison did not cause these individuals to lose their integration with the community – they were not integrated before they entered prison."<sup>4</sup> Low levels of education and poor economic prospects were barriers to

employment for many ex-prisoners before they entered the prison system.

In the past several months, CDPS held two forums to explore measures to increase ex-offender employment in Wisconsin (Milwaukee and Madison). The Milwaukee forum occurred on April 6, 2016; the Madison forum was held on May 12, 2016. One approach focused on increasing the business community's willingness to hire employees with nonviolent criminal backgrounds. However, the broader public policy argument in isolation is not necessarily sufficient motivation for individual businesses to hire ex-offenders. As one forum participant, Mary Isbister, co-owner of GenMet Corporation, remarked, "You have to make a business case" as to how ex-offenders can be of value to organizations (as well as the broader economy/community). Isbister also mentioned that one key to retaining former prisoners as employees is to encourage them to become invested in their workplace.

Isbister's comments reflect views of workforce and community development practitioners regularly surveyed by CDPS; survey questions seek to illuminate conditions and issues of importance to low- and moderate-income communities. Respondents are active in various fields, including agriculture, banking, small business lending, housing, and human services. In our most recent survey, CDPS asked what "key factors, influences, and characteristics do formerly incarcerated individuals who have successfully reentered the workforce share?" Commitment, accountability, and responsibility were common responses. Also key to successful and sustained workforce reentry were access to transportation, resilience, and counseling and support services to help with housing, job placement, mentoring, and building a social network not associated with the offense that

initially led to incarceration. With respect to skills needed by ex-offenders, the survey results also echoed Isbister’s remarks. Job-specific skills were the most common response – every new hire must be good for the business, after all – followed by soft skills like communication, teamwork, and confidence in interpersonal interactions. Communication skills were also the most widely noted barrier to employment for formerly incarcerated persons, according to our survey responses, as a result of poor or incomplete education before entering prison, limited work experience, and few opportunities to improve communication skills while incarcerated.

Since a criminal record represents a fundamental hurdle for ex-offenders, many states, recognizing the broader economic and social impacts, have tested policies permitting expungement of records from public databases for nonviolent offenders. The Wisconsin forums brought together economic development practitioners to promote a better understanding of the ramifications of clearing the records of nonviolent offenders.

The agenda for both forums were similar, but featured different representatives of state government. Lieutenant Governor Rebecca Kleefisch spoke at the Milwaukee event; Georgia Maxwell, deputy secretary at the Wisconsin Department of Workforce Development, spoke at the Madison event. Additionally, Mary Isbister attended the Madison event so she could share first-hand experience with respect to hiring and working with formerly incarcerated individuals. At the Milwaukee event, Public Policy Forum’s Rob Henken and Joe Peterangelo presented jointly. At the Madison event, Peterangelo spoke about the Public Policy Forum alone. The rest of this article highlights key points raised by forum presenters.

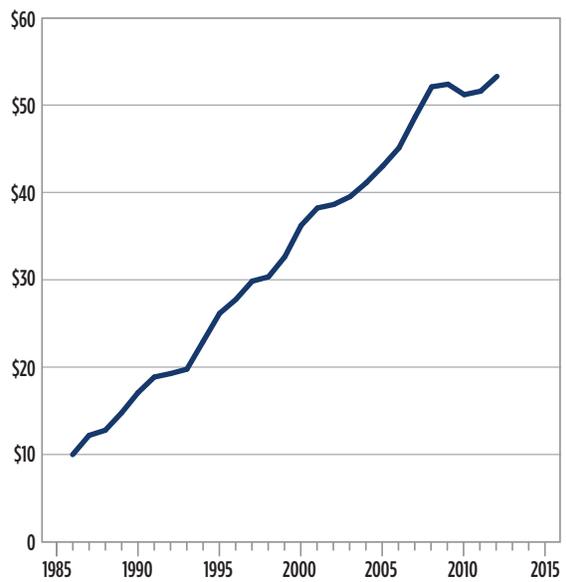
Clean Slate Milwaukee, whose executive director, Shanyeill McCloud, was both a speaker and co-host of the forums, focuses on making expungement easier for one-time, nonviolent offenders. In Wisconsin, expungement is possible for several types of crimes committed before age 25, a limit that was recently raised from age 21 in part due to the lobbying efforts of the organization. Illinois has similar rules for many crimes committed before age 25, and expungement is even possible for some offenses committed after age 25. The process is complex, however. Clean Slate Milwaukee only has the staffing and resources to guide a few dozen clients each year (in stark contrast to the thousands of prisoners released each

year in Wisconsin). In Chicago, a similar organization, Cabrini Green Legal Aid, works toward sealing criminal records, expungement, or other legal means of reducing barriers to employment and social services.

At the Milwaukee forum, Rebecca Kleefisch presented the state of Wisconsin’s position on improving employment prospects for former prisoners. She pointed out that it costs the state between \$30,000 and \$40,000 per year to incarcerate a person. Nationally, state funding for corrections increased by more than 400 percent from 1986 to 2012.<sup>5</sup> Once formerly incarcerated people are reemployed, they become taxpayers and net contributors to communities and the state. Because 97 percent of ex-offenders return to their former communities, the places with the most need are relatively predictable, and efforts to reemploy them are especially critical in those places.

Kleefisch spoke about one successful program that prepares prisoners for future jobs, the “Fast Forward Blueprint for Prosperity” worker training program.<sup>6</sup> This program results from collaboration between the Wisconsin Department of Corrections, Department of Workforce Development, and Milwaukee Area Technical College. The Wisconsin Fast Forward

**Chart 1. Total state expenditures on corrections (in billions of dollars)**



Source: NASBO State Expenditure Report 1988-2011. National Association of State Budget Officers, Washington.

Initiative’s 2015 report<sup>7</sup> found improved wages for its trainees across all five of its industry areas, including construction, information technology, manufacturing, small business, and small manufacturing. However, former and current prisoners are only one segment of this workforce development program, so assessing its impact for this specific population is more difficult. Kleefisch concluded that success upon reentry is predicated upon obtaining a good job, as it provides a sense of purpose each day, a social and economic network, and a stable income that pays for long-term housing.

At the event in Madison, Georgia Maxwell explained that in partnership with Wisconsin’s Department of Corrections, Wisconsin’s Department of Workforce Development trained over a thousand inmates last year, and also supports apprenticeship programs in machinery, woodworking, and related fields. The Department of Workforce Development also explores partnerships with community colleges to allow prisoners to complete degrees and certificates while imprisoned, or to begin a degree which may be completed after they are released. As with expungement programs, the scale of these efforts pales in comparison with the population in need. Wisconsin had over 22,000 prisoners in its state prison system as of the beginning of June.

Lena Taylor, Wisconsin state senator for the Fourth Senate District in northern Milwaukee County, discussed certain legislative efforts to address unemployment among the formerly incarcerated. Along with Rebecca Kleefisch, Taylor co-chairs the Governor’s Taskforce on Minority Unemployment. The major focus of her efforts has been in working with Shanyell McCloud and Clean Slate Milwaukee to increase eligibility for expungement and to address the link between race, poverty, incarceration, and barriers to employment. Taylor suggested that whites with a criminal background are as likely to be hired as blacks without a criminal background, while blacks with criminal backgrounds are rarely hired.

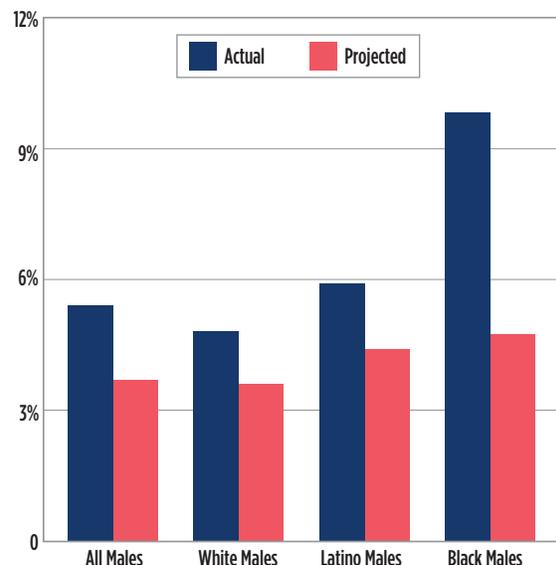
Also at the Milwaukee event, Joe Peterangelo and Rob Henken presented the results of a study on Milwaukee’s unemployed jobseekers and the barriers they face to employment, including criminal background checks. Their research illustrated the intersection between criminal backgrounds and other barriers to employment, such as a lack of a valid driver’s license or high school diploma.

Speakers at both conferences presented data showing stark, race-based disparities. Taylor approached the challenge of improving economic prospects for the formerly incarcerated by recognizing that especially in Milwaukee, the formerly incarcerated are mostly black men returning to black communities. This observation is largely confirmed by the results of Public Policy Forum’s “Barriers to Unemployment” study presented by Peterangelo and Henken. In the Transform Milwaukee Jobs Program that the Public Policy Forum studied, 95 percent of the participants had some criminal background, and 95 percent were black. A majority of participants faced multiple barriers to employment, such as lacking a high school diploma or GED or a driver’s license.

In their paper “The Price We Pay,” Cherrie Bucknor and Alan Barber estimate that while barriers to employment for ex-prisoners cause unemployment to be 1.1 to 1.3 percentage points higher for white men and 1.4 to 1.6 percentage points higher for Latino men, black men experience unemployment rates of up to 5.4 percentage points higher as a result of previous incarceration.<sup>8</sup>

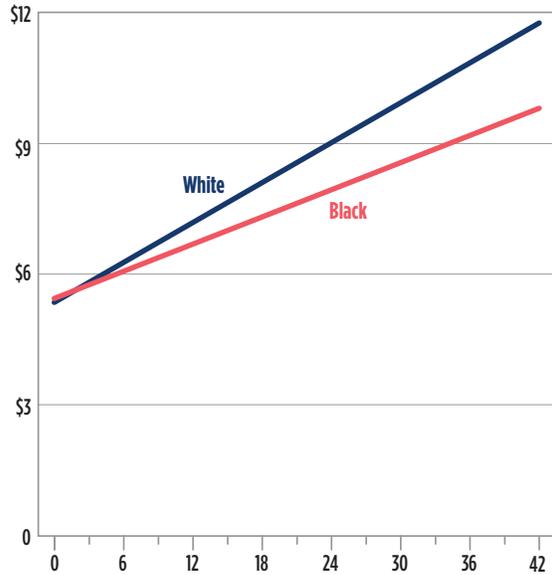
Another post-incarceration disparity appears in wage growth for former inmates. The negative effect of incarceration on wage growth for black men in low-

**Chart 2. Post-incarceration effect on overall unemployment**



Source: Cherrie Bucknor and Alan Barber (2016).

**Chart 3. Mean wages over 42 months post-release (constant 1995\$)**



**Source:** Lyons, Christopher J., and Becky Pettit, 2011, “Compounded Disadvantage: Race, Incarceration, and Wage Growth,” *Social Problems*, Vol. 58, No. 2, May, pp. 257-280.

income communities has been found to be significantly larger than for white former inmates.<sup>9</sup>

This trend may also be exacerbated by other racially-related barriers to employment, and may not improve with legislation like “Ban-the-Box” (BTB) initiatives. For example, Amanda Agan and Sonja Starr find in their 2016 paper, “Ban The Box, Criminal Records, and Statistical Discrimination: A Field Experiment,” that after New York and New Jersey passed BTB laws, the callback discrepancy between black male job applicants and other job applicants rose from 7 percent to 45 percent, suggesting that some employers may use race as a proxy for criminal records when making interview decisions if an applicant’s background is unknown.<sup>10</sup>

Given the ramifications for not just the formerly incarcerated but the broader economy, CDPS is committed to documenting and understanding new ways to integrate formerly incarcerated people into the workforce. As noted in the literature and by participants in these recent forums, reintegrating former prisoners to the workforce, to the extent possible, is likely in the best interest of communities and the overall economy.

## Notes

1. ADP Research Institute, 2016, “First Quarter 2016 Results,” *ADP Workforce Vitality Report*, available at <http://workforcereport.adp.com/docs/2016/1/WVI-Tables-1Q2016.pdf>.
2. Bucknor, Cherie, and Alan Barber, 2016, “The Price We Pay: Economic Costs of Barriers to Employment for Former Prisoners and People Convicted of Felonies,” Center for Economic and Policy Research, June, available at <http://cepr.net/images/stories/reports/employment-prisoners-felonies-2016-06.pdf>.
3. Schmitt, John, and Kris Warner, 2010, “Ex-offenders and the Labor Market,” November, Center for Economic and Policy Research, available at <http://cepr.net/documents/publications/ex-offenders-2010-11.pdf>.
4. Bushway, Shawn, 2006, “The Problem of Prisoner (Re)Entry,” *Contemporary Sociology*, Vol. 35, No. 6, pp. 562-565, November.
5. The National Association of State Budget Officers, 2013, “State Spending for Corrections: Long-Term Trends and Recent Criminal Justice Policy Reforms,” September 11, available at <https://www.nasbo.org/sites/default/files/pdf/State%20Spending%20for%20Corrections.pdf>.
6. More details on “Wisconsin Fast Forward Blueprint for Prosperity” are available at the program’s website, <http://wisconsinfastforward.com/prosperity>.
7. State of Wisconsin Department of Workforce Development, 2015, “Wisconsin Fast Forward Annual Report,” available at <http://wisconsinfastforward.com/pdf/wffAnnualReport2015.pdf>.
8. Bucknor, Cherie, and Alan Barber, 2016, “The Price We Pay: Economic Costs of Barriers to Employment for Former Prisoners and People Convicted of Felonies,” Center for Economic and Policy Research, June, available at <http://cepr.net/images/stories/reports/employment-prisoners-felonies-2016-06.pdf>.
9. Lyons, Christopher J., and Becky Pettit, 2011, “Compounded Disadvantage: Race, Incarceration, and Wage Growth,” *Social Problems*, Vol. 58, No. 2, pp. 257-280, May.
10. Agan, Amanda, and Sonja Starr, 2016, “Ban The Box, Criminal Records, and Statistical Discrimination: A Field Experiment,” *University of Michigan Law and Economics Research Paper Series*, No. 16-012, June 14, available at <http://ssrn.com/abstract=2795795>.

## Biographies

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