

The employment prospects of ex-offenders

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In 2005, over 2 million U.S. residents were in prisons or jails. The incarceration rate, 737 of every 100,000 U.S. residents, was over five times the rate among European Community nations. Moreover, the current high incarceration rate and the increases over the past 30 years represent a significant departure from the incarceration levels that characterized much of the 20th century. For example, prior to the 1970s, the number of inmates in state and federal prisons consistently hovered around 110 per 100,000. Since 1970, this rate has increased by more than fourfold.

The incidence of increased incarceration is unevenly distributed. In particular, less educated young men, especially less educated African American men, have experienced the largest increases. For example, in 2000, roughly one-third of black male high school dropouts between ages 26 and 35 were incarcerated in prison or jail at the time of the census—about as high a proportion as were employed.

These sharp increases in incarceration rates have left in their wake a large and growing population of former inmates, also unevenly distributed by race and ethnicity. About 3 percent of white males and 8 percent of Hispanic males, but 20 percent of all black adult males, have served prison time at some point in their lives. One study has estimated that among black men born between 1965 and 1969, 20.5 percent have been to prison. Among black men without a high school diploma, that figure rose to 58.9 percent.¹ Such rates of incarceration do not bode well for the economic and social prospects of minority men and their partners, children, and communities. Employment and financial difficulties, poor marriage outcomes, disruption and instability in children's lives, and increased rates of communicable diseases such as HIV-AIDS have all been documented among the communities so disproportionately affected by incarceration policies.² To take only one example: From 1980 to 2000 the proportion of economically active black men fell 23 percentage points among high school dropouts, and 7 percent even among those with some college education. Indeed, employment rates for black males fell below those for black women in every educational group save for college graduates.³ No such pattern previously ex-

isted among African Americans or among any other racial or ethnic group.

How does serving time affect employment prospects?

Incarceration impacts employment and earnings through a number of channels. First, with few exceptions, institutionalized men do not participate in the non-institutionalized economy. In the sense that prison may incapacitate inmates from committing further crimes, it also incapacitates inmates in all other domains of life, including employment. To be sure, the extent of this employment incapacitation effect depends on the likelihood that the incarcerated would be employed. Analysis of state administrative employment records indicates that roughly one-third of prison inmates were employed immediately prior to their admission, though direct surveys of the recently incarcerated suggest pre-incarceration employment rates as high as two-thirds.⁴ Regardless, the enormous increase in incarceration rates (80–85 percent of which appears to be driven by changes in sentencing policy rather than changes in criminal behavior)⁵ is certainly preventing many from participating in the formal economy.

Beyond this incapacitation effect, incarceration is also likely to have a dynamic, lagged effect on the employment prospects of former inmates. Incarcerated men fail to accumulate employment experience while incarcerated due to the interruption caused by the incarceration spell. The severity of this interruption depends on the expected amount of time served as well as the likelihood of serving subsequent prison terms. During the late 1990s the average newly committed prisoner faced a maximum sentence of three years and a minimum sentence of one year, with most serving approximately two years on their first commitment to prison.⁶ However, nearly two-thirds of former-inmates are rearrested within a few years of release from prison and a substantial majority will serve another prison term. For many offenders the years between ages 18 and 30 are characterized by multiple short spells in and out of prison punctuated by short periods of time on the outside.⁷ These dynamics of prison entry and reentry certainly inhibit the accumulation of meaningful sustained employment experience during a time in a young person's life when the returns to experience are greatest.

Moreover, former inmates are often stigmatized in the legitimate labor market post-release by their criminal

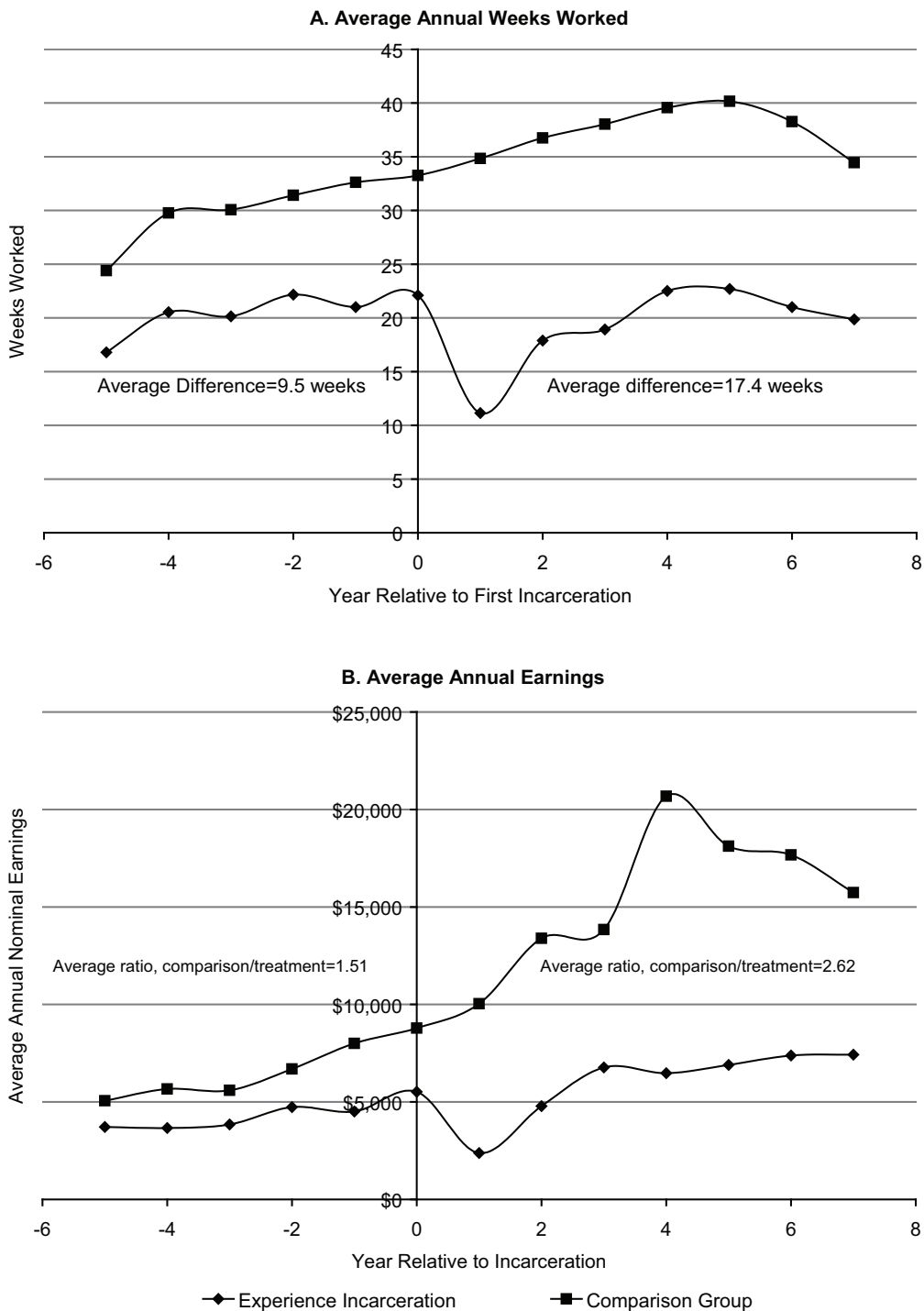


Figure 1. Men who experience incarceration and a matched comparison group, showing (A) average annual weeks worked and (B) average annual earnings, for those incarcerated for the first time at age 23 and for other youth never incarcerated.

Source: 1979 National Longitudinal Survey of Youth.

history records. In particular, the interruptions occasioned by prison time are compounded by the greater difficulty ex-prisoners may experience in finding a job. Some occupations are closed to felons under local, state, and federal law. In many states, employers can be held liable for the criminal actions of their employees. As a consequence, firms may use formal and informal screening tools to weed those with a criminal record out of the

applicant pool. And in general, employers are averse to hiring those with criminal records. Over 60 percent of employers surveyed in one study, the Multi-City Study of Urban Inequality, would “probably not” or “definitely not” hire applicants with records, whereas only 8 percent would “probably not” or “definitely not” hire current or former welfare recipients. A study of hiring practices in a Midwestern city found that applicants who admitted to a

criminal record were half as likely to be called back for an interview as matched applicants without any criminal history.⁸

Finally, high incarceration rates among select demographic groups may have adverse spillover effects on members of those groups who have not been to prison. Specifically, if employers tag all members of the group as criminal and act upon this belief in their hiring behavior, the effects of incarceration may extend beyond the incarcerated.

Empirical evidence on the effect of incarceration on employment prospects

Quantifying the effects of incarceration on employment and earnings of former inmates is a difficult task. First, those men who go to prison are quite different along observable (and most likely unobservable) dimensions from those who do not, making constructing comparison samples difficult. Second, men often go to prison at a time in their lives when labor force attachment and earnings are changing rapidly, rendering pre-post incarceration comparisons uninformative. These points are illustrated in Figure 1. Using data from the 1979 National Longitudinal Survey of Youth (NLSY), I compare employment outcomes for individuals incarcerated for the first time at age 23 or later with those of youth who have never been incarcerated. The comparison sample of youth are matched to the incarcerated based on age, educational attainment at age 22, race, region of residence, and AFQT scores.

The figures reveal large baseline disparities between the average employment outcomes of those who eventually experience incarceration and those who do not (despite the matching on demographics, education, and AFQT). Moreover, the figure also displays the steep increases in average weeks worked and annual earnings among the never incarcerated, trends that are indicative of the inherent difficulty in identifying the correct counterfactual for those who spend a good part of their twenties cycling in and out of prison.

The figure also suggests that the disparities between the two groups in earnings and employment widen pre-post incarceration. Employment among those incarcerated at age 23 did not reach preincarceration levels until 5 years following incarceration. Earnings show a similar pattern. Before age 23, those never incarcerated earned about 1.5 times those who had been incarcerated. After this period, those who had not served time earned 2.6 times as much as those who had.

Several researchers have employed a host of strategies to address these methodological challenges using data from the NLS79 as well as the more recent NLSY97.⁹ Analyses of NLSY data tend to find substantial effects of prior incarceration on future employment and earnings.

Studies using administrative data find that state prison inmates have low levels of formal employment and earnings before imprisonment. A high percentage, it appears, may have worked in informal jobs where employers were not paying social security or paying into the Unemployment Insurance system. Immediately after being released, these men worked more than they did before being imprisoned, possibly because of parole obligations, but within a couple of years they were once again working at or below their preincarceration levels.¹⁰ Analysis of U.S. census data generally finds negative effects of incarceration on employment among particular groups. They show that those demographic groups experiencing the largest increases in incarceration have also seen the largest decreases in employment among group members who have never been incarcerated. Changes in incarceration rates, indeed, appear to explain a sizable portion of the widening racial disparity in employment rates.¹¹

Sentencing policy changes and the characteristics of the prison population

Any suggestion of “more lenient” treatment of prisoners and ex-prisoners is likely immediately to evoke objections that public safety will be compromised, crime will not be “appropriately” punished, and the deterrent effect of prison will be diminished, for the criminally minded will see no reason not to follow their impulses. Policies directed toward ex-offenders must be prepared to answer such charges, which have great persistence as well as electoral resonance.

Criminologists and economists have studied and measured the extent to which imprisonment of the criminally active reduces crime through the incapacitation of active criminals and the deterrence of potential offenders.¹² Locking someone away for a year quite clearly puts a stop to criminal activity; thus the social costs of reducing incarceration are potentially quite large. But the marginal effect of incarceration on the crime rate appears to decline rapidly as the incarceration rate increases. To explain why, I look at changes in the characteristics of the marginal prison inmate over the last two decades, and then examine how the effect of prison time on crime has changed as the incarceration rate has increased.

How have the characteristics of the marginal offender changed?

Since 1980, the amount of time that a convicted person would serve, conditional on being sentenced to prison and on the nature of the offense, has substantially increased; indeed, the increased length of sentences explained between 25 and 30 percent of the increase in incarceration rates over the last quarter-century.¹³ Those who committed a crime were also more likely to receive a prison sentence; this explained about 55 percent of the

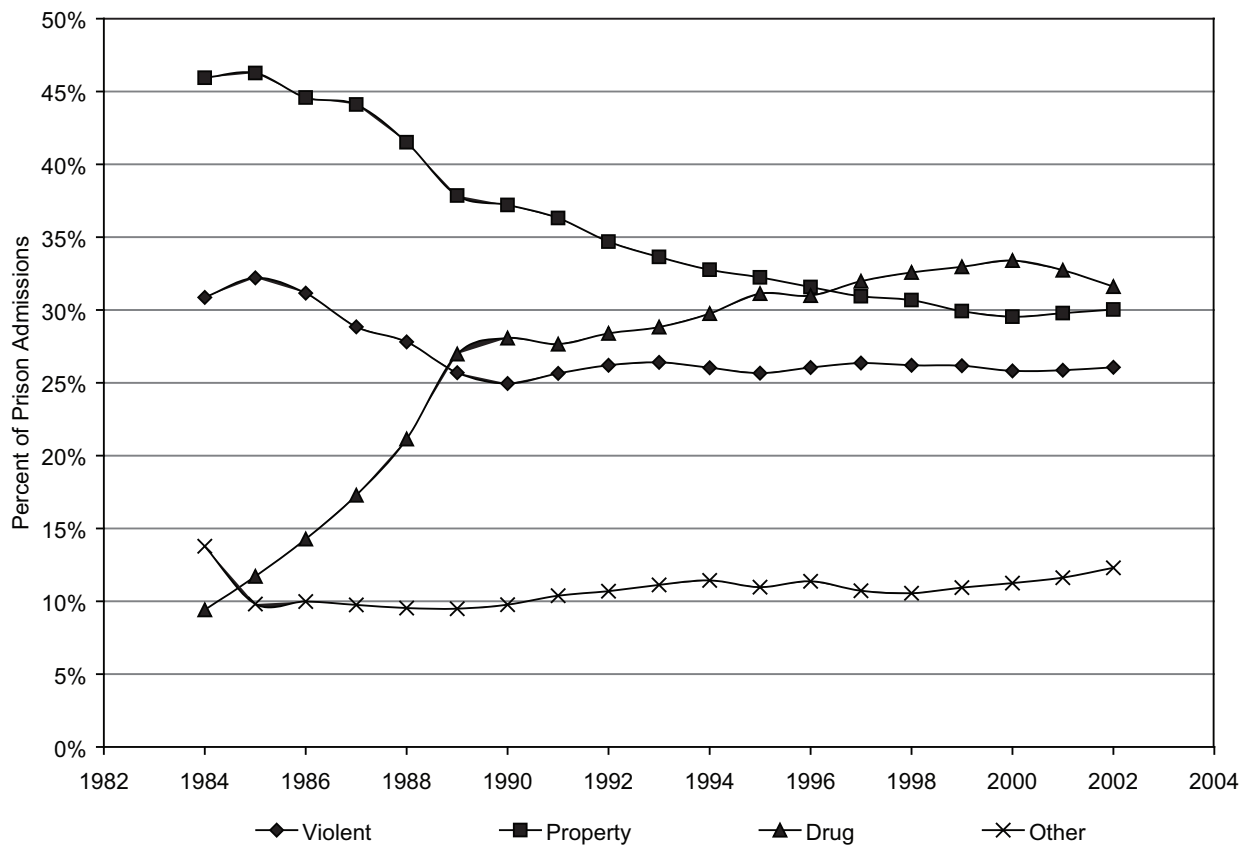


Figure 2. Percent of prison admissions by main offense for all prison admissions, 1984–2002.

Source: National Corrections Reporting Program, 1984–2002.

increase in incarceration. Thus the very large increase in incarceration rates since 1980 has been driven primarily by changes in sentencing policy rather than by changes in criminal behavior, which accounted for at most 15 percent of the increase.

Taken together, the relatively small contribution of changes in behavior and the huge policy expansion in incarceration along the extensive margin have resulted in the imprisonment of less dangerous offenders. Data from the National Corrections Reporting Program for 1984 to 2002 enable us to characterize these changes. First, the proportion of those returned to prison for parole violations, not for a new crime, rose from about 29 percent of admissions in 1984 to over 40 percent in 2002. The second major change was in the nature of offenses drawing a prison sentence. In 1984, roughly 70 percent of prison admissions were for offenders convicted of violent or property felony offenses; by 2002 this figure had fallen below 60 percent, and the numbers imprisoned for drug offenses had risen from slightly lower than 10 percent to over 30 percent (see Figure 2). Similarly, among those returned to custody without having committed a new crime, the proportion of drug offenders rose from barely 5 percent to about one-third, and the proportion of violent and property felony offenders diminished accordingly.

Moreover, the age distribution of those admitted to prison has changed; prisoners are older (Figure 3). There is ample evidence that criminal offending declines with age, and that certain life events—getting married, having children, being steadily employed—make it more likely that those who offended in youth will cut themselves off from such behavior as they age into their thirties.¹⁴

How has the effect of incarceration on crime changed at the margin?

The United States, then, is currently incarcerating older offenders for relatively less serious offenses than in years past. But to what extent has this shift affected the relationship between imprisonment and crime?

As already noted, incarceration impacts crime through two avenues: incapacitation and deterrence. Incapacitation of the criminally active is overwhelmingly the most significant effect, and to the extent that policy has shifted toward incarcerating older, less serious, and perhaps less active offenders, the effects of imprisonment at the margin are likely to be smaller. In a recent analysis of state crime data, Rucker Johnson and I estimate how the joint incapacitation and deterrence effect of incarceration has changed between the period 1978 to 1990 (when the population-weighted, average, state-level incarceration

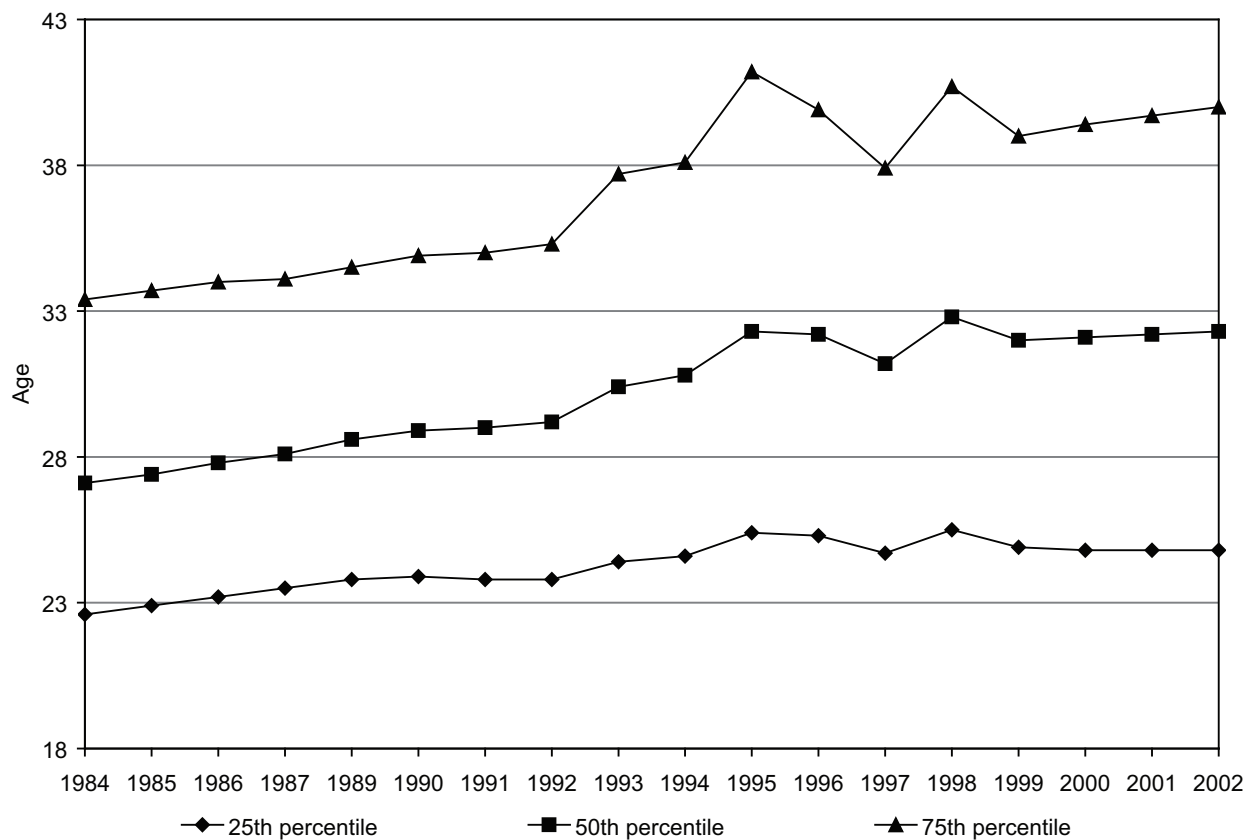


Figure 3. Key percentiles of the age distribution for prisoner admissions, 1984–2002.

Source: National Corrections Reporting Program, 1984–2002.

rate was about 186 per 100,000) and the period from 1991 to 2004 (when the average incarceration rate was 396).¹⁵ We find a large decrease in the number of crimes prevented for the average year spent in prison. Specifically, during the earlier period, a prison year served prevented about 30 serious felony offenses; during the latter period, our estimates suggest that this joint deterrence and incapacitation effect dropped to 8.3 offenses. Moreover, the composition of the averted crimes shifted decisively away from more serious offenses—murder, rape, robbery, and assault—toward less serious crimes, in particular, larceny, defined as non-burglary theft without contact.

Improving the employment and prospects of former inmates

Roughly 600,000 inmates are released from prisons each year, and nearly 5 percent of the adult male population has served time. The size of this population alone suggests the difficulties and the costs of successfully reintegrating ex-prisoners and improving their own and their families' circumstances. Policies designed simply to boost take-home earnings have had only limited effects.¹⁶ Employment and training programs, social services, and

post-release monitoring and other supports will require substantial investments. But there are relatively straightforward policies available to state and federal governments that are unlikely to compromise public safety yet would eliminate some of the challenges confronting former inmates who are trying to move into productive and stable lives and avoid poverty. They include removing prohibitions on program participation, modifying and in some cases eliminating employment and licensing bans, providing regulatory guidance for employers' assessment and screening of ex-inmates, and offering ex-prisoners incentives to avoid criminal activity.

Conclusion

This essay has focused primarily on the adverse consequences of incarceration for the employment prospects and economic stability of ex-prisoners and, inevitably, of their families. Corrections and incarceration policies put in place over the last quarter century, I argue, have weighed disproportionately upon low-skilled minorities, especially blacks, and have seen diminishing returns to their increasingly heavy costs. Given the likely small effects of the current levels of incarceration on crime, there are other public investments that may fulfill the

same purpose while providing many other social benefits.¹⁷ ■

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¹See, e.g., T. Bonczar, *Prevalence of Imprisonment in the U.S. Population, 1974–2001*, Special Report NCJ 197976, Bureau of Justice Statistics, Washington, D.C., 2003; B. Pettit and B. Western, "Mass Imprisonment and the Life Course: Race and Class Inequality in U.S. Incarceration," *American Sociological Review* 69 (2004): 151–69.

²See, e.g., R. Johnson, "Intergenerational Risks of Criminal Involvement and Incarceration," working paper, University of California, Berkeley, 2007; R. Johnson and S. Raphael, "The Effect of Male Incarceration Dynamics on AIDS Infection Rates among African-American Women and Men," Working Paper 06-22, National Poverty Center, University of Michigan, 2006; K. Charles and M.-C. Louh, "Male Incarceration, the Marriage Market, and Female Outcomes," working paper, University of Chicago, 2007.

³S. Raphael, "Boosting the Earnings and Employment of Low Skilled Workers in the United States: Making Work Pay and Reducing Barriers to Social Mobility" working paper, University of California, Berkeley, 2007.

⁴See, e.g., J. Kling, "Incarceration Length, Employment, and Earnings," *American Economic Review* 96, no. 3 (2006): 863–876. Employment rate measured from state ES-202 records do not account for those working under the table, the likely source of disparity between survey evidence and results from administrative data.

⁵On this issue, see S. Raphael and M. Stoll, "Why Are So Many Americans in Prison?" Working Paper 07-10, National Poverty Center, University of Michigan, 2007.

⁶S. Raphael and M. Stoll, "The Effect of Prison Releases on Regional Crime Rates," in *Brookings-Wharton Papers on Urban Economic Affairs*, Vol. 5, eds. W. Gale and J. Pack (Washington, D.C.: Brookings Institution, 2005): 207–55.

⁷In a study of young inmates in California state prisons in the 1990s, I found that 5 years elapsed between the first date of admission and the last date of release for the median inmate. For about a quarter of inmates, 9 years passed between these two events—in effect these inmates spent the entire decade cycling in and out of prison. See S. Raphael, "The Socioeconomic Status of Black Males: The Increasing Importance of Incarceration," in *Poverty, the Distribution of Income, and Public Policy*, eds. A. Auerbach, D. Card, and J. Quigley (New York: Russell Sage Foundation, 2005).

⁸D. Pager, "The Mark of a Criminal Record," *American Journal of Sociology* 108, no. 5 (2003): 937–75.

⁹See S. Raphael, "Early Incarceration Spells and the Transition to Adulthood," in *The Price of Independence*, eds. S. Danziger and C. Rouse (New York: Russell Sage Foundation, 2007); G. Sweeten and R. Apel, "Incarceration and the Transition to Adulthood," working paper, Arizona State University, 2007; and B. Western, "The Impact of Incarceration on Wage Mobility and Inequality," *American Sociological Review*, 67, no. 4(2002): 526–546.

¹⁰Kling, "Incarceration Length"; H. Jung, "The Effects of First Incarceration on Male Ex-Offenders' Employment and Earnings," working paper, University of Chicago, 2007; R. Cho and R. Lalonde, "The Impact of Incarceration in State Prison on the Employment Prospects

of Women," Working Paper 5-10, Harris School, University of Chicago, 2005.

¹¹Raphael, "Socioeconomic Status of Black Males"; S. Raphael and L. Ronconi, "Reconciling National and Regional Estimates of the Effects of Immigration on the U.S. Labor Market: The Confounding Effects of Native Male Incarceration Trends," working paper, University of California, Berkeley, 2006.

¹²See R. Johnson and S. Raphael, "How Much Crime Reduction Does the Marginal Prisoner Buy?" working paper, University of California, Berkeley, 2007; Raphael and Stoll, "Effect of Prison Releases."

¹³Raphael and Stoll, "Why Are So Many Americans in Prison?"

¹⁴See, e.g., J. Grogger, "An Economic Model of Recent Trends in Violence," in *The Crime Drop in America*, eds. A. Blumstein and J. Wallman (New York: Cambridge University Press, 2000): 266–87.

¹⁵See Johnson and Raphael, "How Much Crime Reduction Does the Marginal Prisoner Buy?"

¹⁶Raphael, "Boosting the Earnings and Employment of Low Skilled Workers."

¹⁷Greater investment in early childhood education, for instance, may yield higher reductions in crime per dollar spent; see J. Donohue and P. Siegelman, "Allocating Resources among Prisons and Social Programs in the Battle against Crime," *Journal of Legal Studies* 27, no. 1 (1998): 1–43.