



# News You Can Use

## Research Roundup for Re-Entry Advocates

By Rachel West, Rebecca Vallas, Phil Hernandez, and Sharon Dietrich April 5, 2018

Between 70 million and 100 million Americans—1 in 3—now have some type of criminal record. Having even a minor record—including an arrest that never led to conviction—can stand in the way of nearly every building block of economic security, including employment, housing, education, family reunification, and even already-meager public assistance. As a result, even a minor record can be a life sentence to poverty. This research roundup summarizes key findings of recent research highlighting the far-reaching consequences for individuals, families, communities, and the broader economy, as well as studies exploring the effects of policies to unlock opportunity for people with records and their families.

### Barriers to opportunity by the numbers

- Nearly 9 in 10<sup>1</sup> employers use background checks in hiring; an estimated 4 in 5<sup>2</sup> landlords use background checks on prospective tenants; and more than 3 in 5<sup>3</sup> colleges and universities use background checks in admissions.
- Between 60 percent<sup>4</sup> and 75 percent<sup>5</sup> of formerly incarcerated individuals remain unemployed one year after their release.
- Formerly incarcerated men are employed for nine fewer weeks per year on average and earn 40 percent less than otherwise similar never-incarcerated men, resulting in nearly \$179,000 in lost earnings by age 48.<sup>6</sup>
- An applicant with a criminal record is 50 percent to 63 percent<sup>7</sup> less likely to get a callback or job offer than an identical applicant without a record—and this effective hiring penalty increases twofold<sup>8</sup> for black applicants compared with white applicants.
- Employees with criminal records in the private sector, however, have longer average tenures than employees without records, are less likely to leave voluntarily, and are no more likely to be terminated involuntarily.<sup>9</sup>
- A study of the U.S. military found that individuals with felony records were promoted more rapidly and to higher ranks than others and were no more likely to be discharged for negative reasons than individuals without records.<sup>10</sup>

- Individuals' net worth decreases by an average of more than \$47,500<sup>11</sup> in the years after incarceration—after adjusting for inflation—and the incarceration of a family member is associated with a 64.3 percent<sup>12</sup> decrease in a family's assets.
- After incarceration, a person's probability of homeownership drops more than 45 percent relative to their never-incarcerated peers—even though the two groups' homeownership probabilities were similar prior to incarceration.<sup>13</sup>

### Effects on the workforce and economy

- The total estimated cost burden of incarceration in the United States is more than \$1 trillion per year—nearly 6 percent of the gross domestic product (GDP) and 11 times the amount spent on corrections. This estimate takes into account 23 social and economic costs, such as foregone wages, adverse health effects, and increased infant mortality.<sup>14</sup>
- The U.S. workforce was short between 1.7 million and 1.9 million workers in 2014 due to the adverse employment effects of felony conviction and incarceration—roughly equivalent to a 0.9 to 1.0 percentage-point reduction in the overall employment rate.<sup>15</sup>
- The U.S. economy loses \$78 billion to \$87 billion<sup>16</sup> in GDP each year due to these adverse effects on employment alone.
- If not for decades of mass incarceration, the poverty rate would be 20 percent lower. That would translate into 8.1 million fewer people in poverty in 2016.<sup>17</sup>
- Raising the minimum wage to \$12 by 2020, which would increase pay and economic opportunity—particularly for disadvantaged groups such as individuals with records—would result in societal benefits of \$8 billion to \$17 billion.<sup>18</sup>
- If wage and employment levels of the 1980s had continued through the late 1990s, prison admission rates for men would have been 15 percent to 20 percent<sup>19</sup> lower.

### Effects on state budgets

- If states' spending on corrections had stayed the same since the mid-1980s in inflation-adjusted terms, states would have an additional \$28 billion<sup>20</sup> each year to put toward priorities such as education and infrastructure.
- State corrections spending increased by 141 percent<sup>21</sup> between 1986 and 2013, adjusting for inflation, compared with much smaller increases of 69 percent and 5.6 percent, respectively, for K-12 and higher education over the same time span—figures that do not even account for enrollment increases.
- Reducing the incarceration rate of nonviolent offenders would save state governments an estimated \$8.7 billion and local governments an estimated \$8.2 billion each year, after adjusting for inflation.<sup>22</sup>
- Corrections spending declined in 13 of the 20 states that reported reducing their prison populations between 2010 and 2015, saving taxpayers a total of \$1.6 billion.<sup>23</sup>

## Effects on children and families

- About 2.8 million minor children in the United States—1 in 28—have a parent behind bars, up from 1 in 125 just a quarter-century ago. More than 1 in 9 African American children has an incarcerated parent, a rate that has quadrupled in the last 25 years.<sup>24</sup> Children with incarcerated parents are more likely to experience school drop-out; speech problems or learning disabilities; developmental delays or attention deficit hyperactivity disorder; physical health problems; and mental health problems such as anxiety and depression—even after controlling for environmental factors, race, and other characteristics.<sup>25</sup>
- Nearly one-half of U.S. children—between 33 million and 36.5 million minors—have at least one parent with a criminal record. The barriers associated with a parent’s record can severely undermine a child’s life chances, hampering cognitive development, school performance, educational attainment, and even employment outcomes in adulthood.<sup>26</sup>
- Children who have had a parent incarcerated are nearly four to six times<sup>27</sup> more likely to be expelled or suspended from school than children who have not.
- The average child’s family income fell 22 percent when their father was placed behind bars compared with the preceding year—and remained 15 percent lower in the year after release.<sup>28</sup>
- Nearly 2 in 3 families<sup>29</sup> with an incarcerated family member—70 percent of whom were caring for minor children—were unable to meet basic needs such as food and housing due to the financial burden of incarceration.

## Desistance and recidivism

- Individuals who remain crime-free three to four years<sup>30</sup> after a nonviolent conviction are no more likely to recidivate than the general population is to be arrested.
- Individuals who were employed two months after re-entry were about half as likely to recidivate as those who were unemployed. And among employed re-entrants, individuals who earned higher wages—more than \$10 per hour in 2008—were half as likely to recidivate as those who earned low wages, or less than \$7 per hour in 2008.<sup>31</sup>

## Effects of specific remedies

### *Education behind bars*

- Inmates who participated in correctional education were 43 percent less likely to return to prison than those who did not, and every dollar spent on prison education saves an estimated \$4 to \$5 in incarceration costs during the three years after an individual’s release.<sup>32</sup>
- Postrelease employment rates were 13 percent<sup>33</sup> higher for individuals who participated in academic or vocational education programs while behind bars—and 28 percent higher for those who participated in vocational training.

### *Expungement and other record-clearing initiatives*

- Preliminary research from Michigan finds that recipients of record set-asides saw an 11 percent increase in the probability of employment and a 22 percent increase in quarterly wages in the first year after the set-aside.<sup>34</sup>
- Evidence from record-sealing in Canada shows that only a very small<sup>35</sup> percentage of pardons are revoked due to reoffense or false application.
- Research on Alameda County, California, found that within three years of record-clearing, participants' average annual earnings grew from \$4,000 below their cohort's baseline to \$2,000 above it—an increase equivalent to \$6,000, or about one-third of earnings.<sup>36</sup>
- A benefit-cost study of a limited number of record expungement recipients in Santa Clara County, California, estimated the net benefits of expungement at \$5,760<sup>37</sup> per recipient per year.

### *Occupational licensing reform*

- The average state has 56 occupational and 43 business licensing laws with mandatory restrictions against hiring people with felony convictions.<sup>38</sup> More than 20 states have no standards requiring the conviction record to be relevant to the occupational licensing—and a license board may deny an applicant a license based solely on its discretion.<sup>39</sup>
- This leaves workers with convictions without access to an enormous number of well-paying jobs: More than 1 in 4<sup>40</sup> U.S. workers requires a license or certification for their occupation—a fivefold<sup>41</sup> increase from the 1950s. Furthermore, six of the 10<sup>42</sup> fastest-growing professions—including health care support and personal care—are heavily licensed.
- Licensing results in 10 percent to 15 percent<sup>43</sup> higher wages, and working-age adults with less than a high school diploma were nearly twice<sup>44</sup> as likely to be employed if they held a license than those who did not.

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