

Prisoner Reentry and the Institutions of Civil Society: Bridges and Barriers to Successful Reintegration

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Can Employers Play a More Positive Role in Prisoner Reentry?

Harry J. Holzer

Georgetown Public Policy Institute
Urban Institute

Steven Raphael

Goldman School of Public Policy
University of California, Berkeley

Michael A. Stoll

School of Public Policy and Social Research

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I. Introduction

Over 600,000 prisoners are now being released annually, and the total number of ex-prisoners currently in the population is estimated to be 3 million or higher (Uggen, Thompson, and Manza 2001). Of the many challenges that these (mostly) men face, those posed by reentry into the labor market may be among the most severe.

One of the major causes of these difficulties in the labor market is the aversion that most employers have toward hiring ex-offenders. How severe is this aversion? What are its causes? Are employer attitudes and hiring behavior amenable to change under various circumstances, such as tight labor markets, or in response to activities by community agencies or other institutions?

We explore these questions below. We begin by reviewing what is known about employer hiring behavior in the low-wage labor market, and especially the factors that might be relevant to the hiring of ex-offenders. Next we consider some specific findings about employers and ex-offenders from research on survey data. We then review some policy options, and the extent to which evaluation research gives us some guidance on what might potentially be successful interventions. Finally, we conclude with some general observations.

II. Employer Hiring Behavior in Low-Wage Labor Markets

Before considering some evidence on employer attitudes toward hiring ex-offenders or their behavior in that regard, it is useful to provide some context by reviewing some general facts about their hiring behavior more broadly.

The following generalizations can be made about employer hiring behavior in low-wage and low-skill labor markets (Holzer 1996; Moss and Tilly 2001):

- Virtually all employers seek basic “work-readiness” in prospective employees, while many seek additional “hard” and “soft” skills, even in low-wage markets.
- Since most skills are not directly observable at the time of hiring, employers generally seek applicants with certain credentials that signal employability and skill and tend to avoid those with certain stigmas.
- Employers vary in the amounts of resources they can apply to hiring and compensation decisions, as well as in their information and expertise on these matters.
- Recruiting and screening choices (as well as compensation, promotion, and retention decisions) are often made informally and can reflect employer prejudices, perceptions, and experiences.
- Employer access to a reliable and steady pool of applicants is also affected by their physical proximity to various neighborhoods and groups, their employee networks, as well as the tightness of the labor market locally and/or nationally.

The basic work-readiness that virtually all employers seek involves personal qualities such as honesty and reliability, an inclination to arrive at work on time every day, a positive attitude toward work, etc. Avoidance of problems that might be associated with high absenteeism

and poor work performance, such as drug abuse or physical/mental health difficulties, is often viewed as critical.

Beyond these, even low-wage jobs require basic cognitive skills such as reading and writing, arithmetic skills (such as “making change”), rudimentary use of a computer, etc. The relevant “soft” skills very frequently include the ability to interact with customers or coworkers. Of course, the exact requirements vary greatly with the occupation and industry under consideration, and many unskilled blue-collar or service jobs in construction or manufacturing require fewer such skills than those in the retail trade and some parts of the service sectors (Holzer 1996). Even in the service sector, some kinds of jobs (such as cleaning/maintenance of buildings and grounds, or food preparation and service) require many fewer of these skills than others.

Since many such qualities and skills are not directly observable in an applicant, employers use “credentials” such as attainment of a high school diploma, previous work experience, and references to gain such information. Drug tests and a variety of background checks are each used in a minority of cases. Skill tests are even more rare. Many employers make inferences regarding basic skills on the basis of the quality of writing on the application as well as the interview, though these judgments are notoriously unreliable. As we note in more detail below, avoidance of those with criminal records is a method frequently used by employers to screen out those with stigmatizing characteristics that could signal poor skills or reliability.

Furthermore, small and medium-sized employers without human resources departments often lack the time, staff, or financial resources to invest in more formal recruitment and screening techniques, so they are more likely to make their selections informally. They may post “help wanted” signs or seek referrals from their current employees when recruiting; and they often rely on simple written applications and/or verbal interviews for screening. While larger and more experienced employers may increasingly use Internet-based searches and temp agencies or other private firms to perform their human resource functions, this remains relatively rare among small retail trade or service employers in the low-wage market.¹

Accordingly, the personal experiences and perceptions of employers will play a comparatively larger role in smaller establishments in hiring, and the potential for discriminatory judgments rises there as well (Holzer 1998). Discrimination might arise out of the employers’ own biases, the perceived biases of their customers and/or employees (Holzer and Ihlanfeldt 1998), or simply their lack of information about individual qualities and attributes among their applicants and therefore a reliance on group characteristics.

Employers seem most reluctant to hire young and less-educated black men, whom they often perceive to be threatening (Kirschenman and Neckerman 1991). In contrast, immigrants are frequently perceived as being reliable and having good work attitudes and are therefore preferred, in particular in jobs where cognitive skill or language demands are minimal. Indeed, some low-wage employers make use of ethnic “niches” to obtain workers who are recommended by current employees and therefore deemed trustworthy.

Many employers, including smaller ones, can also access a steady stream of desirable applicants by virtue of their geographic location and can similarly avoid applicants whom they do not want to consider (Holzer and Ihlanfeldt 1996). Proximity to public transit and poor

¹ Internet-based searches can now include America’s Job Bank and America’s Talent Bank, which are listings of unemployed workers and vacant jobs compiled by the U.S. Department of Labor. A discussion of the use of temp agencies over time appears in U.S. Department of Labor (1999).

neighborhoods has large effects on the applicant pools employers face. Indeed, the quality of applicants desired appears to influence employer locational decisions (Moss and Tilly 2001), and outer suburban areas have had the highest rates of employer location and job growth over the past few decades.

These factors tend to generate a “spatial mismatch” between the inner-city or rural neighborhoods in which many poor minorities live and the outlying suburbs in which most low-wage jobs are found (Holzer and Ihlanfeldt 1996; Stoll, Holzer, and Ihlanfeldt 2000). These spatial gaps can then limit the employment opportunities faced by these workers because of transportation difficulties as well as the limited information about and contacts to job openings in these establishments.

But the ability of employers to generate sufficient numbers of applicants through these largely informal sources also depends on the tightness of labor markets, both locally and nationally. During the late 1990s, when unemployment rates sank to 30-year lows, job vacancy rates climbed and many employers had difficulty attracting (or retaining) employees through their traditional sources. Accordingly, employers seemed relatively open to hiring welfare recipients (Holzer and Stoll 2001) and other groups whom they might otherwise have largely avoided. It is quite possible, though still somewhat uncertain, that discriminatory hiring patterns by race diminished, as it had in previous boom periods (Cherry and Rodgers 2000). If so, the positive effects of the boom on the employment prospects of minorities and the disadvantaged might well be long term, if the attitudes or behaviors of employers were changed by any positive experiences they might have had during that time.

III. Evidence on Employer Unwillingness to Hire Ex-Offenders

Given this wide range of factors that affect employer hiring behavior in the low-wage labor market, what are the implications for their willingness to hire ex-offenders?

Even aside from their offender status, many young men who are ex-offenders will face very significant barriers to employment. These include

- Their very low levels of education (since many are high school dropouts) and previous work experience;
- Their problems with substance abuse and other mental health issues;
- The fact that a majority are native-born African-American or Latino men;
- The concentration of their areas of residence in poor, inner-city neighborhoods that are relatively removed from centers of job growth and where employment networks are often weak; and
- Their own lack of motivation, and attitudes of distrust and alienation from traditional work.²

Relatively poor wages and benefits offered on such jobs, and lack of access to many work supports that are now available to custodial parents of children (such as the Earned Income Tax Credit and Medicaid), further limit their incentive to seek or accept work in many cases.

On top of these various barriers to employment, ex-offenders face an explicit unwillingness of many employers to hire them. We have analyzed data from employer surveys in several large metropolitan areas, administered at various times during the 1990s, on employer

² Many of the personal limitations of ex-offenders are discussed in Bushway and Reuter (2001) and Travis, Solomon, and Waul (2001).

willingness to hire ex-offenders and other groups of disadvantaged (or even stigmatized) employees.³ Our data indicate the following:

- Employers are much more reluctant to hire ex-offenders than any other group of disadvantaged workers.
- Their willingness to do so is affected by a broad range of job and establishment characteristics, as well as the business cycle.
- Employer background checks into criminal behavior remain relatively rare; thus employer decisions are often poorly informed and can lead to discrimination against less-educated young black men more broadly.

In terms of employer willingness to hire ex-offenders, fewer than 40 percent of all employers claim that they would definitely or probably hire ex-offenders into their most recently filled non-college job (see table 1). This figure stands in sharp contrast to their general willingness to hire other groups of workers that are commonly stigmatized, such as welfare recipients, applicants with a GED instead of high school diploma, or applicants with spotty work histories.

What explains this general reluctance of employers to hire ex-offenders? As Deborah Mukamal's paper notes, federal or state law forbids the hiring of convicted felons or ex-offenders into some sectors, such as interstate transport, finance, and child care or patient care. More broadly, employers seem to fear legal liability where ex-offenders have to deal directly with customers or handle property that belongs to others (Holzer, Raphael, and Stoll 2001).

This is apparent in table 2, which presents the data on characteristics of jobs and firms by employer willingness to hire ex-offenders. The data clearly show that employers are relatively more willing to hire ex-offenders in construction and manufacturing than in retail trade or the services and that willingness to hire them is particularly low in jobs that require a variety of skills or tasks and especially direct contact with customers. Willingness to hire offenders is also lower in small establishments, where formal screening is relatively rare and informal judgments about job candidates looms large.

Of course, the willingness of employers to hire ex-offenders seems to vary with other factors, such as the nature of the offense (e.g., violent v. property crime). How much time has elapsed since the person has been released, whether or not they demonstrate any positive work experience in the meantime, and other personal characteristics seem to matter as well (Welfare to Work Partnership 1999).

Another relevant consideration is the extent to which employers actually check into criminal records. Our data indicate that, in the early to mid-1990s, only about a third of employers always did so when hiring for less-skilled jobs, while about half did so "always" or "sometimes."⁴ This raises the prospect that many employers do not know with certainty exactly who is an offender and must rely on their judgments. Some offenders may be able to conceal their histories from employers and might become employed as a result. On the other hand, any significant gaps in work history may strongly suggest to employers that they have had some difficulty with the law. And for those who do conceal their histories, they are subject to almost certain termination if they have misrepresented their past and the employer discovers this.

³ The data presented in tables 1 and 2 are from a survey of 3,000 employers in four metropolitan areas—Atlanta, Boston, Detroit, and Los Angeles—that was administered by phone between 1992 and 1994. See Holzer (1996) for an extensive discussion of the survey methods and data.

⁴ Up to half of employers for non-college jobs claim they check criminal backgrounds "always" or "sometimes."

Employer uncertainty about the exact identity of ex-offenders also generates the prospect that they might avoid an entire class of workers—less-educated young black men—whom they suspect of being ex-offenders. In fact, our data suggest that employers who are unwilling to hire ex-offenders but who also do not check criminal records—such as small establishments without human resource departments and with relatively informal screening activities—tend to hire fewer young black men than do establishments that check records (Holzer et al. 2001).

Some evidence suggests that employer ability to check criminal backgrounds may be increasing over time, as such data become more readily available over the Internet from both public and especially private sources. Our recent employer data for Los Angeles indicate that use of criminal background checks has increased over the 1990s.⁵ In 2001, our data indicate that about 63 percent of employers always or sometimes check criminal backgrounds of employees while the comparable figure is 48 percent in the Los Angeles portion of our 1992 to 1994 employer survey.⁶ However, some concerns have been expressed over the quality and nature of these data—for instance, whether they consist of conviction/incarceration information or simply arrest data, which are much less informative (Welfare-to-Work Partnership 2000). Also, if it is true that the use is growing over time, our results imply that this will improve the job prospects of young men who might be wrongfully suspected of having had problems with the law, but could further impede the prospects of those who really are ex-offenders.

Given the relative paucity of employers who are willing to hire ex-offenders, are there sufficient numbers in the appropriate sectors to hire all those who might need employment? As we noted earlier, Uggen et al. (2001) have calculated that there are as many as 3 million felony ex-prisoners in the United States today, and up to 9 million convicted ex-felons. Many of them are already employed, while others do not and will not seek employment. Thus, there may well be a stock of jobs potentially open to these individuals that is sufficiently large to absorb all those who want to work. On the other hand, there is somewhat more uncertainty about whether enough of these jobs will open up to absorb the 600,000 released annually from prison over each of the next several years. Because these young men are primarily concentrated in poor neighborhoods where few jobs are currently located, and their access to jobs over a wider part of their metropolitan areas is limited, the prospect grows of an imbalance between the numbers of ex-offenders and the job availability that they face.⁷

Of course, new job availability for any group should also depend to a large extent on the strength of the economy. In the recent boom, was there a greater willingness to hire ex-offenders? Some survey evidence from the late 1990s suggests a modest increase over time in employer willingness to hire ex-offenders, though mostly this increase was limited to specific areas with very tight labor markets and perhaps relatively progressive employer attitudes as well.⁸ Of course, the sheer increase in the quantity of job vacancies and hiring undertaken by

⁵ These data are from a recent survey of 619 employers in Los Angeles that was administered by phone in 2001 and followed a similar sampling frame and contained similar questions as that in the 1992 to 1994 survey.

⁶ Our Los Angeles employer data cover the period after September 11, 2001. Analysis of our data suggests that the events of September 11 did not appreciably alter employers' use of criminal background checks, at least up until the survey end date, which was November 1, 2001.

⁷ See Holzer et al. (2001) for a lengthier discussion of this issue.

⁸ A set of phone surveys administered to employers in 1998–99 in a different set of metropolitan areas (see Holzer and Stoll 2001) contained a similar set of questions to those presented in table 1 on employer attitudes toward ex-offenders. These data showed quite comparable attitudes between the earlier and later periods, except that willingness to hire ex-offenders was substantially higher in Milwaukee than elsewhere. The extent to which the

employers would imply a relatively greater availability of jobs to those seeking work at that time, even if attitudes had remained unchanged.

Unfortunately, we have entered a cyclical downturn in which new job availability has declined once again. It is possible that the boom might have had long-term effects on employer attitudes and hiring behavior towards ex-offenders, since those who hired them for the first time might have been surprised by their experiences and more willing to hire ex-offenders in the future. Indeed, this is why previous booms (such as those experienced during World War II or the late 1960s) had long-term effects on the employment opportunities of African Americans and other minorities. Even among those employers that did not actually hire ex-offenders, changes in attitudes might have occurred as a result of their hiring and retention difficulties, which might well persist over time (especially if they expect the tight market conditions to soon return).

But even if all of the above is true, the kinds of jobs into which employers are willing to hire those with criminal records are those that are diminishing over time as a fraction of the workforce (i.e., blue-collar jobs and those in manufacturing), while those where employers are most reluctant (i.e., those involving customer contact, child care or elder care) are rising in magnitude. Therefore, any positive trends in job availability for ex-offenders over the past few years appear to be modest at best, and the employment opportunities they face are likely to remain limited for some time,

IV. What *Might* Work: Some Hopeful Signs on Engaging Employers

While the data described above certainly suggest very limited employment opportunities for ex-offenders, they do *not* suggest that the limits are immutable. Indeed, since many employers appear to use ex-offender status as a signal of employability and/or risks, they may be open to other evidence on worker quality or experience—especially during a period of tight labor markets, when they are having difficulty finding sufficient numbers of qualified applicants through their normal channels. Other barriers that limit the employability of ex-offenders in the employers’ eyes—such as a lack of work experience or “soft skills” or lack of access to the establishment—can also be remedied through the right type of intervention.

Since ex-offenders face multiple employment barriers, interventions should seek to remedy a range of problems, rather than focusing only on very specific deficits. In fact, several private intermediary agencies that specialize in working with ex-offenders—such as the Center for Employment Opportunity and South Forty Corporation in New York or the Safer Foundation in Chicago—and state and county agencies—such as Georgia’s Operation TOPSTEP, Montgomery County’s (Md.) Prerelease Center, and Ohio’s Offender Job Linkage—provide a more comprehensive set of treatments to deal with the problems of ex-offenders and to attract employers. These treatments or activities often include

- Case management services, including referrals to substance abuse treatments and other supports;
- Some education or training activities, particularly in “soft skills” and in skills directly related to specific employer needs;
- Prerelease supports and training, including assistance with collection of necessary documentation, such as social security cards;
- Transitional work experience;

Milwaukee data reflect very tight market conditions there, as opposed to more progressive attitudes and openness to hiring the disadvantaged (perhaps as a result of the Wisconsin Works welfare reform effort), is hard to discern.

- Job placement assistance; and
- Post-employment supports, including transportation services and job coaching activities.⁹

These services should be particularly helpful in overcoming some of the barriers listed above that currently limit ex-offender access to jobs and employer interest in them. For instance, education and training services, even though limited, can help prepare ex-offenders for the general world of work and also meet the particular skill needs that specific employers seek. Prerelease support and assistance can quicken entry into the labor market. Transitional work experience (for 3 to 6 months) should not only provide some general work-readiness skills to these workers and might also signal to employers their ability to hold a job and meet basic standards of responsibility, albeit temporarily. Job placement assistance and transportation support can help bridge the geographic and informational divide that separates residences in poor and primarily minority neighborhoods from centers of job growth in downtown or outlying suburban areas. A variety of other supports can help end the isolation and alienation that many ex-offenders feel from the world of work.

Of course, questions remain about the cost-effectiveness of these approaches, particularly with a population as difficult to serve as this one. As is widely known, employment and training programs have not been greatly successful at improving subsequent employment outcomes for disadvantaged adult men and especially young men (e.g., Lalonde 1995). Programs that focus on the ex-offender population have had their own mixed record of success (Bushway and Reuter 2001). This has been particularly true for programs that have undergone rigorous evaluation, using random assignment methodologies that eliminate the tendency of people to enter training programs who might succeed even in the absence of that program.¹⁰ The fact that none of the programs mentioned here has undergone such rigorous evaluation to date certainly limits the extent to which we can claim effectiveness for them.

Still, we have some reason to be hopeful about these particular approaches. For one thing, survey evidence suggests that employers who are generally unwilling to hire ex-offenders express more interest when they are told of potential services from intermediary agencies (Welfare-to-Work Partnership 1999). Educating employers about the limits to their legal liabilities when hiring ex-offenders, and of the availability of “bonding” or tax credits from federal and state governments, might help to change their minds as well.¹¹

Also, the track record of training programs for the disadvantaged that actively engage employers and seek to meet their skill needs have generally been more successful than programs that are unrelated to the needs of local employers. This is particularly true for programs that specialize in dealing with employers in particular sectors (Elliott et al. 2001), whose skill needs they come to better understand; and programs in which administrators have earned the trust of

⁹ Other agencies that have recently begun to emphasize the placement of ex-offenders, without specializing exclusively on this group, include the Welfare-to-Work Partnership and America Works. Several local public agencies (or groups of agencies), such as Virginia Cares, provide similar services. But not all of the agencies mentioned here provide each of these treatments—for instance, only some (such as the Center for Employment Opportunities) stress transitional work experience.

¹⁰ On the other hand, there is some evidence that programs such as Supported Work (which provided transitional employment for a year in very structured settings) had positive effects on post-program outcomes for ex-offenders above the age of 26 (Uggen 2000), who may have been particularly motivated to succeed.

¹¹ See Welfare-to-Work Partnership (2000). While employers may be legally liable for damages generated by ex-offenders, certain states also forbid the use of ex-offender status as a general screening tool unless it is tied to the particular needs and characteristics of the job in question.

employers for having done serious screening and sending forth only qualified and work-ready applicants.¹²

This last point is particularly critical, since *employers are generally only interested in hiring clients of agencies when they are convinced that it will serve their business needs to do so*. Indeed, placement agencies or other programs that come to be viewed as providers of weak applicants are generally ineffective, especially when they are viewed as social service agencies rather than business service providers that are responsive to employer needs.¹³ In contrast, the intermediary agencies that currently specialize in placing ex-offenders and other disadvantaged workers frequently stress the importance of building relationships with employers and maintaining their trust and confidence (Buck 2001).

Of course, employer needs for the services of intermediary agencies are also strongest when they themselves feel less able to recruit, screen, and retain qualified job applicants on their own. Small and medium-sized employers, who often lack their own human resource departments and who have limited resources and expertise with regards to newer recruitment and screening strategies (such as the use of temp agencies or Internet-based recruiting), might particularly benefit from these services. On the other hand, engaging them at all might require more extensive outreach efforts by the agencies. The tight labor markets of the late 1990s might have contributed to employer openness to newer hiring approaches, including the use of intermediary agencies for hiring, and may do so again as we recover from the current economic downturn over the next few years.

V. Public Resources and Policy

Of course, the fairly small private and public agencies described above cannot fully address this issue without additional public resources, and a number of governmental efforts could support and complement their activities. These efforts might include

- Making it easier for employers to hire prisoners while they are still incarcerated;
- Greater funding for the efforts of public and private agencies to link ex-offenders with the labor market, and especially for transitional employment for those who cannot find work on their own upon release;
- Expanding funding and outreach for federal and state “bonding” programs to insure employers against the costs and legal liabilities that they might incur; and
- Greater funding and outreach for financial incentives to encourage employers to hire ex-offenders and to encourage ex-offenders to seek and accept work.
- Employer activity within prisons ranges from job fairs and other placement efforts prior to release (e.g., Buck 2001) to actual private sector work experience for prisoners. The latter is, of course, far more controversial than the former.¹⁴ One well-known and respected study (Saylor and Gaes 1996) has indicated that work experience while in

¹² Examples of such programs include the Center for Employment Training (CET) in San Jose (Melendez 1996) and Project Quest in San Antonio (Rademacher, Bear, and Conway 2001). But whether or not these efforts can be replicated more broadly remains questionable. The Department of Labor is currently trying to replicate the success of CET at a variety of other sites.

¹³ For example, Bishop (1993) has argued that the U.S. Employment Service became less effective in the 1970s and 1980s because employers viewed it as an agency that was committed to placing disadvantaged workers regardless of their qualifications.

¹⁴ Private sector work experience would contrast with the small amounts of employment currently generated by the Federal Prison Industries, which produce a variety of items (e.g., furniture, apparel) for other federal agencies only.

prison seems to reduce recidivism after release. That finding, along with the very tight labor markets of the 1990s, seemed to generate new interest in and proposals for simplifying the restrictions on private employers who seek to contract prison labor.¹⁵ But opposition to any such changes from unions and other advocacy groups has been fairly intense. If it is to occur, expansion of prison labor must somehow involve a lowering of costs to employers, along with a greater set of protections and earnings passthroughs for inmate workers.¹⁶

To improve the funding of local efforts to support ex-offenders while they build bridges to employers and the workforce, a new program (jointly sponsored by the U.S. Departments of Labor, Justice, Health and Human Services, Housing and Urban Development, and Education) will soon distribute about \$100 million in grants to more than 50 communities (at least one in every state). But the need for funds is vastly greater than this program will provide. This is particularly true if transitional public employment is to be made available on a much greater scale. Since we do not know for sure whether such employment has positive long-term effects on the earnings of ex-offenders, a large-scale demonstration project of such programs needs to be funded and rigorously evaluated as soon as possible.

While state and federal “bonding” programs currently exist, they need to be funded at higher levels and made much more accessible to the employer community. Greater outreach efforts to employers would be needed to improve this access, perhaps in combination with the other supports and services provided by intermediary agencies to employers. Employer interest in and “take-up” of bonding is no doubt hampered by the same factors that limit their interest in tax credits or subsidies for hiring the disadvantaged: a lack of knowledge of the actual programs, a concern with the paperwork that they entail, and a general desire to avoid the headaches and expenses associated with hiring risky employees in the first place (Westat 2001). But if intermediaries educate employers about the availability of these benefits and are willing to handle the bureaucratic costs, employer interest in these programs might well rise—particularly if we soon experience a return to tight labor markets.

Since employers who hire ex-offenders are currently eligible for the Work Opportunity Tax Credit and (if the workers have also been long-term welfare recipients) the Welfare-to-Work Tax Credit, the lack of employer take-up of these credits is quite striking.¹⁷ Even when the credit is used by employers, there is always some question about whether they constitute a windfall to employers who would have hired the same workers anyway, or whether they generate any new employment for these groups.¹⁸ But recent evidence (Bartik 2001; Katz 1998) suggests that

¹⁵ Under the Prison Industries Enhancement Act of 1979, private employers may hire prisoners under contract if they meet a variety of conditions, such as payment of “prevailing wages,” deductions for prison expenses and contributions to victims and families, certification that they provide no competition to other local industries, etc. The payment of “prevailing wages,” on top of security arrangements and other expenses associated with hiring prisoners, seems to dissuade most employers from taking advantage of this law. On the other hand, the deductions claim more than half of the payments generated to the prisoners themselves. See Marshall (1999).

¹⁶ For proposals to expand prison labor in the private sector without violating worker rights, see a series of conference papers by Freeman (1999), Marshall (1999), and Kling and Krueger (1999).

¹⁷ The Work Opportunity Tax Credit (WOTC) can be worth up to \$2,400 a year to employers who hire disadvantaged workers who are covered by the credit, such as ex-offenders.

¹⁸ The concerns about low take-up rates by and windfalls to employers have been compounded by additional fears that eligibility for targeted credits might actually lower employment rates of the disadvantaged since they call employer attention to the source of the disadvantage. See Burtless (1985).

targeted tax credits for the disadvantaged can raise their overall employment rates, especially when combined with other supportive services for employers and training for the workers. Once again, intermediaries could play a positive role in helping more employers gain access to these various tax credits.

Of course, limited employer interest in hiring ex-offenders will almost certainly be compounded by a lack of interest in seeking and retaining jobs among the latter. While a variety of support efforts may encourage their labor market activity (Center for Employment Opportunities 2001), better financial incentives are needed to make jobs that pay low wages and few benefits more appealing. Reforms of child support policies that limit the arrearages that have accumulated while they are incarcerated might help in this arena (Primus 2001); giving noncustodial fathers access to earnings enhancements such as Medicaid or even the Earned Income Tax Credit would help as well.

Virtually all of these policies would require significant expenditures of public resources on a group that has less political support (and faces more political enmity) than almost any other. Emphasizing the potential importance of noncustodial fathers to their families and children is one way of building such support; but having the employer community argue on behalf of these approaches might be another. How to mobilize employer interest in and political support for these efforts, which might serve them well during times of tight labor markets, remains a key challenge.

VI. Conclusion

The evidence outlined above indicates that employers are, in general, quite averse to hiring ex-offenders. Indeed, they are more reluctant to hire them than workers from virtually any other disadvantaged or stigmatized group. The severe skill deficiencies and other personal limitations of ex-offenders, such as substance abuse problems, would certainly limit their employability even without having offender status. But this status then makes them even less employable, as employers fear the legal liabilities that could potentially be created by hiring offenders, and as they view their offender status as a signal of lack of reliability and trustworthiness.

Nevertheless, there is also some evidence that the right kinds of interventions on behalf of ex-offenders by intermediary institutions could persuade significantly greater numbers of employers to hire them. Indeed, a variety of programs now offer ex-offenders job placement services and employer contacts that would be almost impossible for the individuals themselves to generate. These employer contacts are then supplemented with a variety of additional support services and skills development, along with transitional employment experience in some cases.

Since none of these programs has been rigorously evaluated (i.e., using a random assignment methodology), we cannot say with any certainty that these approaches will have strongly positive impacts on the employment and earnings of ex-offenders. Furthermore, large questions remain about the role of the tight labor market in generating employment opportunities for this population and about how this group will fare in the next downturn.

But the evidence to date is certainly sufficient to say that addressing the needs and perceptions of employers should be an integral part of any strategy to improve the reentry of ex-offenders into society. The need for demonstration projects that evaluate the efficacy of different approaches to doing so is apparent as well.

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Table 1. The Willingness of Employers to Hire Workers from Various Stigmatized Groups

	Proportion of employers that ...			
	Definitely would hire	Probably would hire	Probably would not hire	Definitely would not hire
Applicant				
With a criminal record	0.13	0.26	0.42	0.20
On welfare	0.52	0.40	0.07	0.01
With a GED	0.57	0.39	0.02	0.01
With spotty work history	0.19	0.40	0.35	0.06
Unemployed for a year	0.29	0.54	0.16	0.02

Table 2. Establishment Characteristics by Employer Self-Reported Likelihood of Hiring Applicants with Criminal Backgrounds

	Definitely will	Probably will	Probably not	Definitely not
Size, industry, spatial location, and race of hiring agent				
Size				
< 20 employees	0.26	0.31	0.37	0.36
20–99 employees	0.29	0.33	0.32	0.33
100–499 employees	0.31	0.27	0.23	0.20
500–999 employees	0.06	0.04	0.04	0.03
1,000+ employees	0.08	0.05	0.04	0.07
Industry				
Mining	0.00	0.00	0.00	0.00
Construction	0.02	0.03	0.03	0.01
Manufacturing	0.32	0.29	0.18	0.12
TCU	0.05	0.05	0.06	0.06
Wholesale trade	0.05	0.10	0.09	0.04
Retail trade	0.20	0.15	0.19	0.17
FIRE	0.02	0.05	0.11	0.16
Services	0.30	0.31	0.32	0.36
%Union	15.94	13.17	12.48	17.67
Central city	0.33	0.27	0.27	0.28
Black hiring agent	0.05	0.07	0.06	0.06
Distance black	17.35	17.97	17.80	17.19
Distance white	22.57	22.63	22.58	22.26
Recruitment methods used				
Help wanted signs	0.31	0.28	0.24	0.27
Newspaper ads	0.45	0.46	0.48	0.50
Walk-ins	0.78	0.74	0.67	0.66
Referrals from				
Current employees	0.84	0.84	0.83	0.81
State agency	0.46	0.40	0.31	0.30
Private agency	0.23	0.21	0.21	0.17
Community agency	0.33	0.26	0.24	0.25
School	0.40	0.34	0.34	0.38
Union	0.08	0.06	0.06	0.06
Uses affirmative action to recruit	0.61	0.55	0.50	0.56
Screening methods				
Drug test/physical exam	0.20	0.15	0.15	0.19
Aptitude test	0.09	0.09	0.14	0.14
Knowledge test	0.16	0.17	0.16	0.15
Personality test	0.03	0.05	0.07	0.09
Background checks				
Criminal background	0.39	0.45	0.47	0.67

Education	0.66	0.69	0.68	0.70
References	0.92	0.95	0.96	0.97
Daily job tasks				
Customer contact	0.52	0.49	0.60	0.71
Phone conversations	0.48	0.49	0.55	0.55
Reading	0.53	0.56	0.52	0.58
Writing	0.28	0.29	0.30	0.34
Math/computations	0.63	0.66	0.67	0.64
Computer work	0.48	0.47	0.54	0.51
Job qualifications				
High school diploma	0.57	0.68	0.74	0.79
Recent work experience	0.63	0.68	0.70	0.69
Specific experience	0.55	0.60	0.60	0.62
References	0.69	0.67	0.74	0.78
Vocational education	0.34	0.40	0.38	0.39
Very important requirement of new employees				
Physically attractive	0.09	0.10	0.11	0.17
Physical neatness	0.44	0.45	0.56	0.62
Polite	0.71	0.70	0.80	0.83
Verbal skills	0.54	0.54	0.64	0.72
Motivation	0.71	0.70	0.76	0.76
Speaks English	0.44	0.47	0.59	0.65
Type of applicants that would probably not be hired				
On welfare	0.01	0.04	0.10	0.18
With GED	0.01	0.02	0.03	0.11
Spotty work history	0.21	0.36	0.51	0.46
Unemployed for a year	0.06	0.13	0.21	0.26

All figures use sample weights.
