

## **Workforce Centers: Supporting Successful Labor Market Reentry for Justice Involved (Ex-Offenders)**

Prepared by

### **Arapahoe/Douglas Works!**

April 2, 2014

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## Background

This report was prepared on behalf of the Arapahoe/Douglas Workforce Investment Board (WIB) to provide background information and Data on the Justice-Involved population and their state of employment. The report provides national and local perspectives on ex-offender reentry into the labor force, and provides statistics on current program outcomes for ex-offenders.

## Executive Summary

### Scope of Challenge

- The United States has the highest incarceration rate in the world, imprisoning around 730 out of every 100,000 people (Lennard, 2012)
- Minorities are disproportionately affected; the national incarceration rate for whites in 2005 was 412 per 100,000, compared with 2,290 per 100,000 for blacks or African-Americans and 742 per 100,000 for Hispanics or Latinos (Brazzell, 2009)
- As of 2008, there were nearly 2.3 million Americans incarcerated, and an additional 5 million were under correctional supervision (Schmitt, 2010)
- That same year, CEPR estimates that there were between 12 and 14 million ex-felons or persons with prison records that were of working age (Schmitt, 2010)
- According to the Bureau of Labor Statistics (BLS), the civilian labor force in 2009 averaged 154,188,000 people, meaning that ex-offenders made up 8.4% of the civilian labor force that year
- In the ten-year period between 2003 and 2012, an average of 696,250 convicts were released each year from federal and state prisons (Carson, 2012)
- This suggests that in the Denver-Aurora-Broomfield Metropolitan Statistical Area (metro Denver), over 5,000 newly released prisoners come in every year, and in the two-county Arapahoe/Douglas region 1,720
- In 2008 about 1 in 33 persons of working age were ex-prisoners, and 1 in 15 was an ex-felon. This figure is much higher for men; 1 in 17 adult men were ex-prisoners and 1 in 8 were ex-felons (Schmitt, 2010)
- Ex-felons and those with prison records have significantly limited employment prospects (Schmitt, 2010)

### Lower Educational Attainment, Higher Unemployment and Lower Lifetime Earnings

- 41.3% of the incarcerated population in 2003 had less than a high school diploma, and only 12.7% had any postsecondary education at all (Harlow, 2003)
- Based on BLS data on average earnings and unemployment rates by educational attainment level, this means that lifetime earnings potential is over 27% lower for the average ex-prisoner (BLS 'Education Pays')
- Though numerous studies show that post-secondary and vocational training programs can reduce recidivism up to 12.6% (Travis, 2009), and can significantly reduce future criminal justice costs (Brazzell, 2009), the 1994 Violent Crime Control and Law Enforcement Act prohibited currently incarcerated felons or drug offenders, as well as those who have been released, from receiving Pell Grant assistance for postsecondary education (Nixon, 2013)
- Ex-felons and those with prison records may have difficulty being accepted to a college after release, and may find themselves on continued academic probation no matter how well they perform (Weissman, 2013)

### Economic Cost

- CEPR estimates that in 2008, between 1.5 and 1.7 million ex-prisoners couldn't find work and had no earnings, which amounted to a reduction in overall employment rate of 1/8 to 1/9 of one percent (Schmitt, 2010)
- Cost in reduced worker earnings, and thus reduced demand for goods and services and lowered tax base to national economy - \$57.3 billion (Schmitt, 2010)
- Using the same methodology, Arapahoe/Douglas Works! estimates the following in reduced worker earnings:

- Colorado - \$1.1 billion
- Metro Denver - \$590.3 million
- Arapahoe/Douglas Region - \$188.8 million

**Arapahoe/Douglas Works!**

Arapahoe/Douglas Works! Workforce Center (A/D Works!) is a member of the Colorado Department of Labor and Employment’s statewide network of workforce centers, which provide a variety of no-cost services to job seekers and businesses. Arapahoe/Douglas Works! serves as a critical resource to connect people and businesses in Arapahoe and Douglas Counties, and throughout the Denver/Aurora metropolitan region.

The workforce center offers an array of tools to support local job-seekers, including resources and workshops for a self-directed job search, one-on-one employment counseling, and training assistance. In the program year ending June 30, 2013 (PY12), A/D Works! served 64,664 people. Of these 2,284 (3.5%) were ex-offenders. We placed an estimated 570 ex-offenders. Our Workforce Investment Act (WIA) Adult (AD) program, which provides intensive career planning and vocational training assistance, served 790 participants and placed 221 in jobs. Of these, 20 (9.2%) were ex-offenders.

Outcomes in the tables below clearly show the benefits of workforce center services offered by Arapahoe/Douglas Works! to ex-offenders.

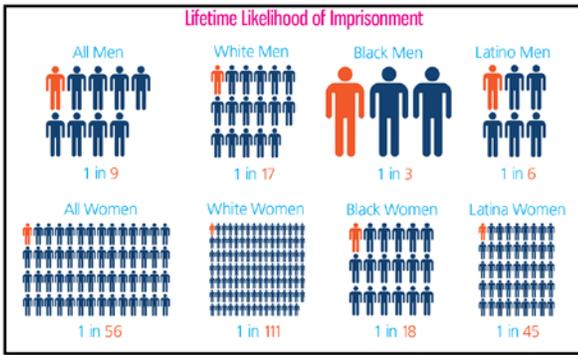


**Takeaways:**

- For the general population, the average annualized wage for ex-offenders was 98.4% of the average new hire wage for the region, taken from U.S. Census Quarterly Workforce Indicators data. Since the average earnings of an ex-offender is 73% of non-offenders, this means that services at Arapahoe/Douglas Works! added \$8,995 in worker earnings for the 570 ex-offenders placed, an aggregate value-add of \$5.1 million in increased worker earnings to the region
- Ex-offenders fared even better in the WIA AD program, which offers vocational training assistance. The program placed 20 ex-offenders at \$9,275 more than the regional average wage for ex-offender new hires. This represents an aggregate value-add of \$185,500 in increased worker earnings

**National Perspective**

Scope of Challenge



The United States has the highest incarceration rate in the world, imprisoning around 730 in every 100,000 people (Lennard, 2012). Minorities are disproportionately affected; the national incarceration rate for whites in 2005 was 412 per 100,000, compared with 2,290 per 100,000 for blacks or African-Americans and 742 per 100,000 for Hispanics or Latinos (Brazzell, 2009, Bonczar, 2013). As of 2008, there were nearly 2.3 million Americans incarcerated, and an additional 5 million were under correctional supervision (Schmitt, 2010).

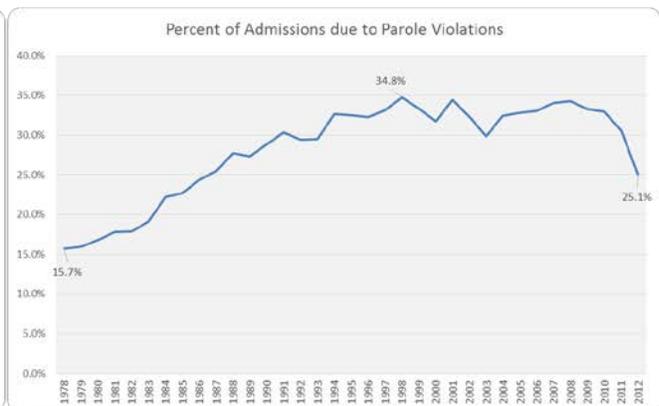
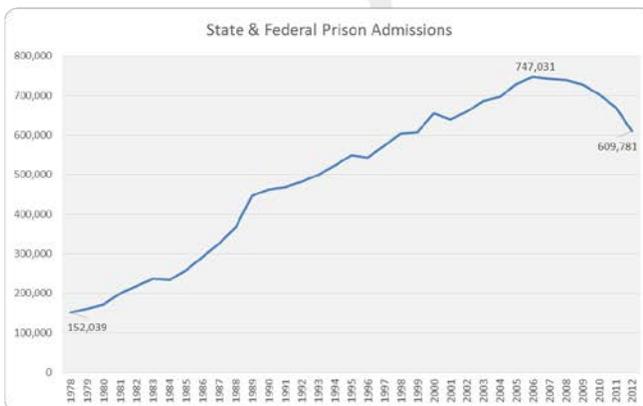
That same year, CEPR estimates that between 12 and 14 million ex-felons or persons with prison records that were of working age (Schmitt, 2010). According to the Bureau of Labor Statistics (BLS), the civilian labor force in 2009 averaged 154,188,000 people, meaning that ex-offenders made up 8.4% of the civilian labor force that year. In the ten-year period between 2003 and 2012, an average of 696,250 convicts were released each year from federal and state prisons (Carson, 2012).

“The rise in the ex-offender population – and the resulting employment and output losses – overwhelmingly reflects changes in the U.S. criminal justice system, not changes in underlying criminal activity. Instead, dramatic increases in sentencing, especially for drug-related offenses, account for the mushrooming of the ex-offender population.” (Schmitt, 2010)

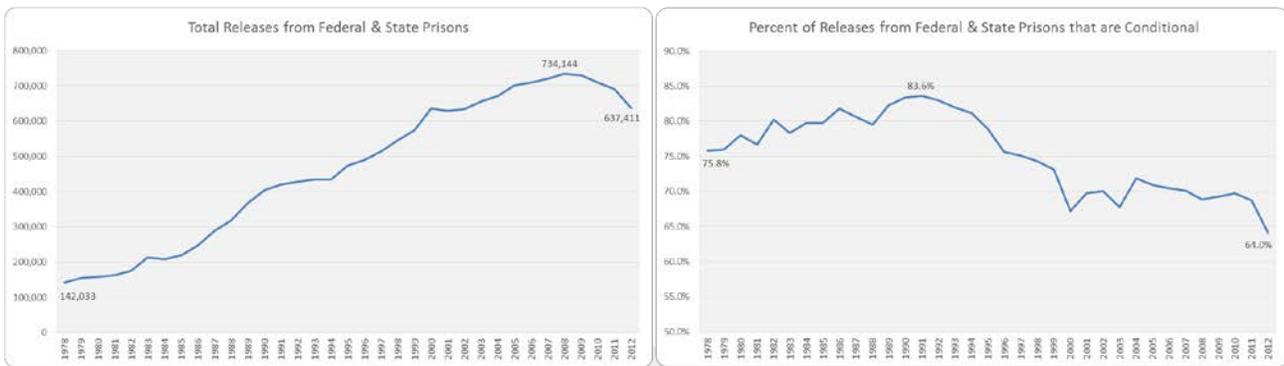
This suggests that in the Denver-Aurora-Broomfield Metropolitan Statistical Area (metro Denver), over 5,000 newly released prisoners come in every year, and in the two-county Arapahoe/Douglas region 1,720. In 2008 about 1 in 33 persons of working age were ex-prisoners, and 1 in 15 was an ex-felon. This figure is much higher for men; 1 in 17 adult men were ex-prisoners and 1 in 8 were ex-felons (Schmitt, 2010). Ex-felons and those with prison records have significantly limited employment prospects (Schmitt, 2010)

Entries & Releases

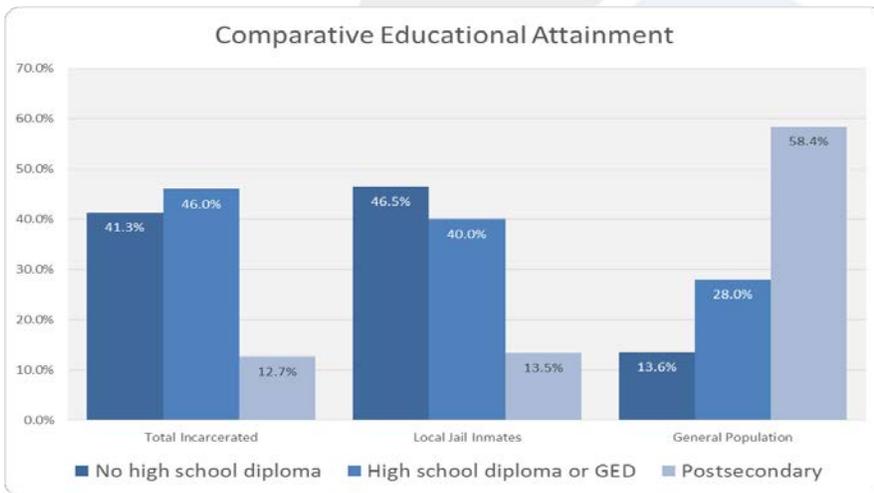
The tables below, from the U.S. Bureau of Justice Statistics (Carson, 2012), show trends over time in admissions to state and federal prisons, and the percentage of those admissions due to parole violations. Notice that in 2012, 153,055 (25.1%) of the 609,781 total admissions were due to parole violations. Since recidivism is estimated at 2/3 for all released prisoners within three years (James, 2011), this suggests that parole violations make up nearly 38% of recidivism.



The tables below show total releases between 1978 and 2012 and the proportion of those releases that are conditional, meaning probation and/or some other type of correctional system supervision.

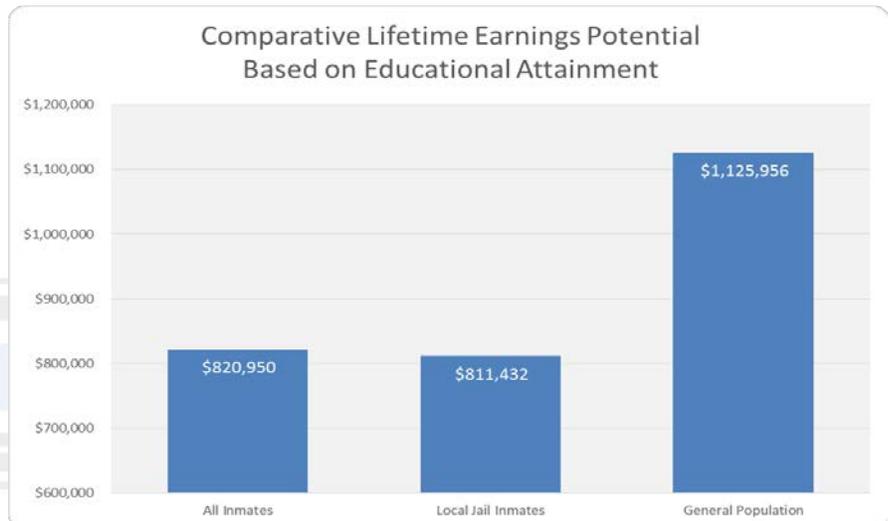


**Educational Attainment and Postsecondary Opportunities**



This chart, based on a national Bureau of Justice Statistics study (Harlow, 2003), shows comparative educational attainment of incarcerated persons and local jail inmates as opposed to that of the general population. Though the study was completed in 2003, there is little reason to suggest educational attainment among ex-prisoners has appreciably changed (Schmitt, 2010).

Low levels of education have significant negative impact on lifetime earnings potential. This table was constructed using data from the U.S. Bureau of Labor Statistics 'Education Pays.' Census data was then used to determine the median age of the U.S. population, and to project likely number of years in the labor force after release. The table clearly shows the deleterious effect of lower levels of educational attainment on lifetime earnings potential for ex-offenders.



In spite of 2006 findings that \$1,182 in postsecondary vocational training can cut future correctional system costs by \$6,806 (Weissman, 2013), and findings indicating vocational training cuts recidivism by 12.6% (Travis, 2009), the Violent Crime Control and Law Enforcement Act passed by the U.S. Congress in 1994, which prohibited offenders from obtaining Pell Grant assistance for postsecondary education while incarcerated, and barred ex-felons as well as drug offenders from obtaining Pell Grants after release is still in effect (Nixon, 2013).

## Adverse Effect on State and Local Economy

This table was populated using methodology developed by the Center for Economic and Policy Research (Schmitt, 2010). It shows a loss in aggregate worker earnings of nearly \$57.4 million on a national scale due to the reduced employability of ex-offenders. According to BLS data on consumer expenditures, this means:

- \$44.7 billion less in demand for goods and services
- \$12.6 billion less in tax revenue

Worker Earnings Lost due to Reduced Employability of Ex-Offenders						
Geography	Number	With Ex-Offenders (+0.85%)	Hourly Mean Wage	Aggregate Earnings	Average Worker Earnings with Ex-Offenders	Opportunity Cost in Worker Earnings
National Employment	145,266,000	146,500,761	\$ 22.33	\$ 6,747,082,742,400	\$ 6,804,432,945,710	\$ 57,350,203,310
Colorado	2,603,080	2,625,206	\$ 23.53	\$ 127,400,982,592	\$ 128,483,890,944	\$ 1,082,908,352
Metro Denver	1,332,903	1,344,233	\$ 25.05	\$ 69,449,577,912	\$ 70,039,899,324	\$ 590,321,412
Arapahoe/Douglas Region	461,195	465,115	\$ 23.16	\$ 22,217,054,496	\$ 22,405,899,459	\$ 188,844,963
Arapahoe County	304,807	307,398	\$ 23.36	\$ 14,810,206,362	\$ 14,936,093,116	\$ 125,886,754
Douglas County	156,388	157,717	\$ 22.57	\$ 7,341,728,493	\$ 7,404,133,185	\$ 62,404,692

Source: EMSI QCEW Employment 2014.1 & Bureau Labor Statistics: Current Population Survey, Local Area Unemployment Statistics & Occupational Employment Statistics

State and local data were introduced to estimate the opportunity cost in Colorado, metro Denver and the two-county Arapahoe/Douglas region served by Arapahoe/Douglas Works! Arapahoe and Douglas counties experience an estimated loss of \$188.8 million in worker earnings. This means:

- \$147.3 million reduction in demand for goods and services
- \$41.5 million less in tax revenue at federal, state and local levels

As earnings and employment rise among ex-offenders, the number living in poverty may be commensurately reduced, particularly in the case of minorities and the Hispanic/Latino population (DeFina, 2009)

## Conclusion: Value Added by Workforce Centers

Many of the studies cited in this report suggest that closer ties to workforce centers in the form of increased program funding for employment training, job assistance, and vocational education and training can reduce future correctional system costs by over \$6,800 per ex-offender served (Weissman, 2013), decrease recidivism by up to 7.4% (Travis, 2009), increase employment (Schmitt, 2010) and boost worker earnings, demand for goods and services and tax base in local regions.

Arapahoe/Douglas Works! provides superior workforce development services in its region and metro Denver at large. With the addition of funding from the correctional system, services with the potential to significantly lower barriers to employment for ex-offenders include:

- Resources
  - Computers and office machinery
  - Labor market information
  - Career interest assessment
  - Transferable skills assessment
- Workshops for a self-directed job search
- One-on-one employment counseling
- GED preparation
- Training assistance
  - Classroom
  - On-the-job-training
- Custom hiring events
- Follow-up services
- Tax credits for hiring employers

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