

Rising criminalization & employment: *early evidence*

Ryan Larson, Sarah Shannon, Aaron Sojourner & Chris Uggen

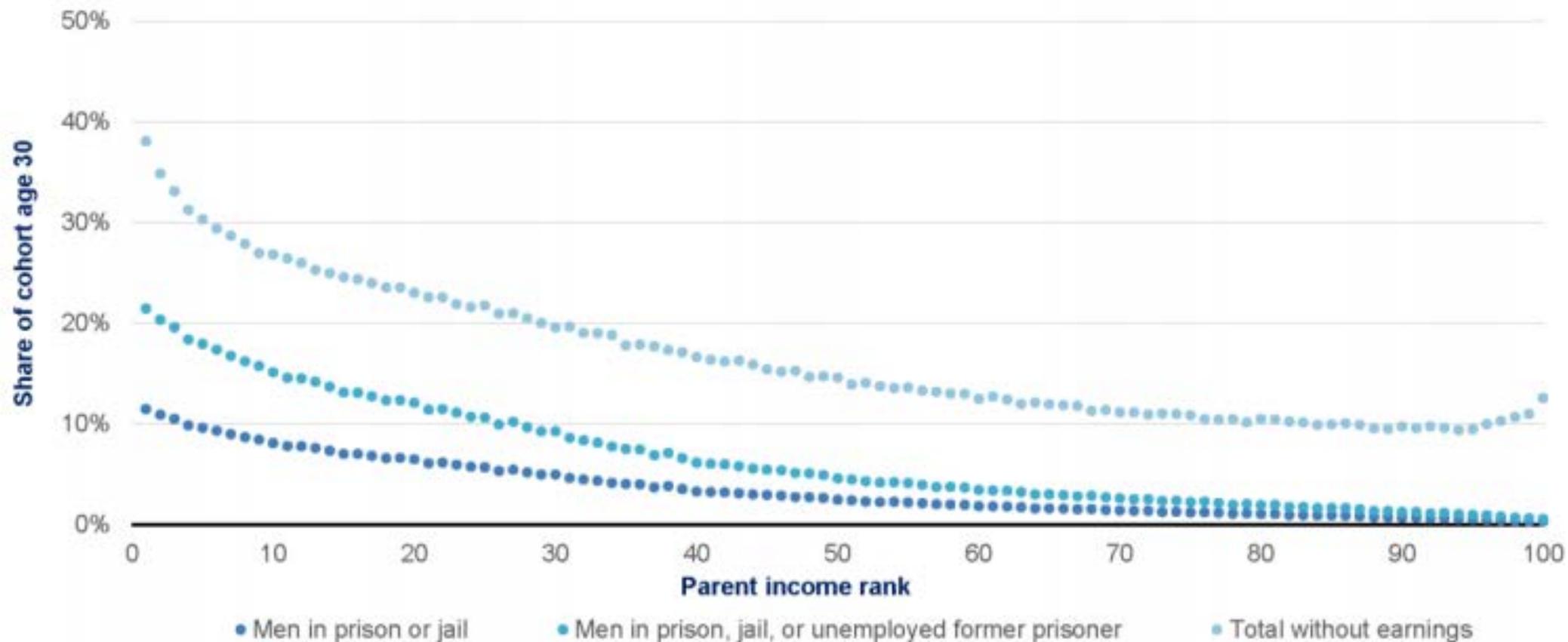
Minneapolis Fed Opportunity & Inclusive Growth Institute

5/11/18

Overview

- How has rise in Americans living in community with a felony record been associated with changes in non-employment rates?
 - Leverages new estimates of **share of adults (18+) with a felony record living in the community** for state-years in 1980 to 2010 [Shannon et al (2017) *Demography*]
 - Connects prime-age labor-market outcomes using state difference-in-difference models

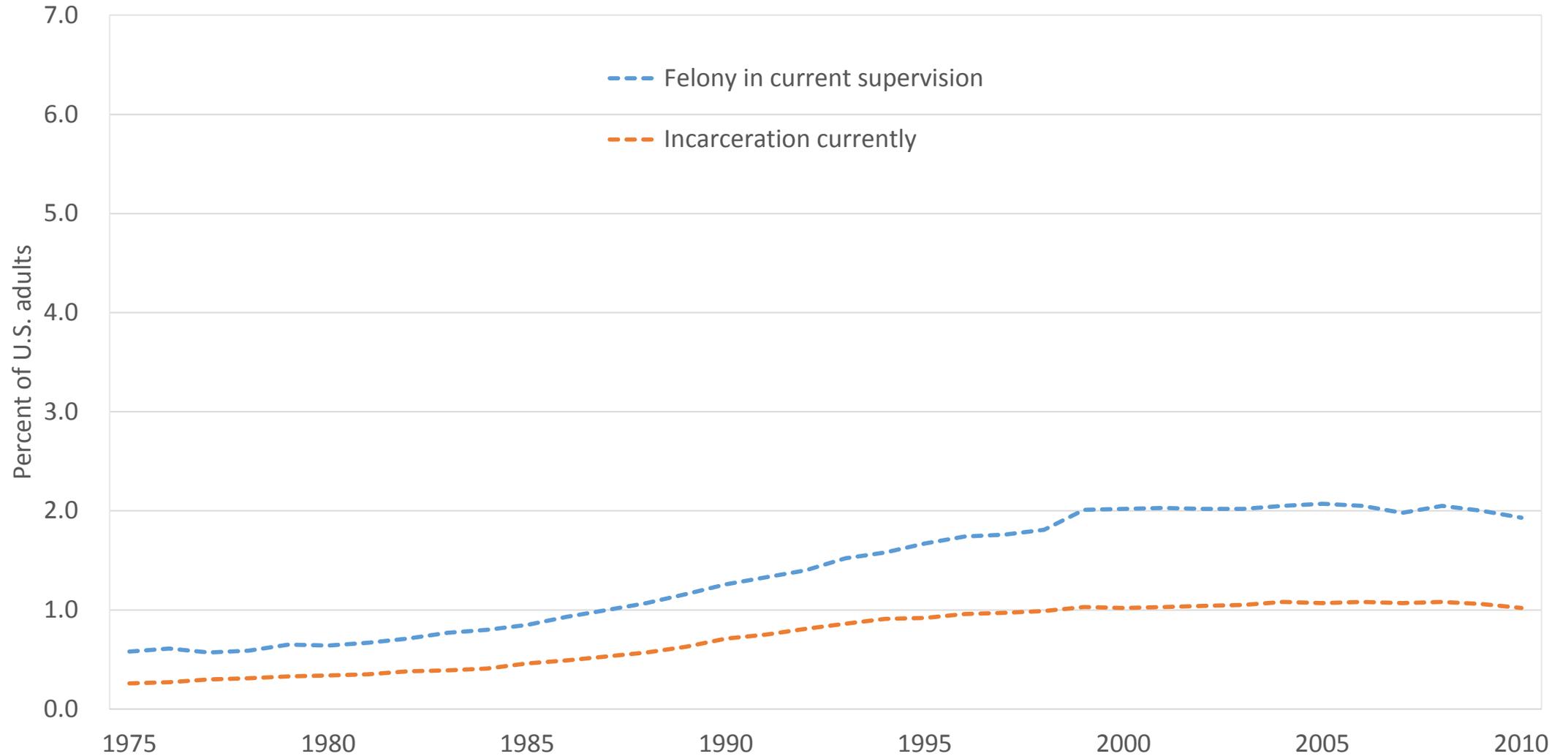
FIGURE 4. EMPLOYMENT AND INCARCERATION OF MEN AGE 30



Note: Figure shows the share of men age 30 without any reported earnings (on either a W-2 or Schedule C) (from Chetty and Hendren 2017), the share of men age 28-34 who are estimated to be in prison or jail, and the share of men in prison or jail or who are former prisoners without earnings (based on average employment rates of about 50 percent and the estimated number of ex-prisoners age 30-34 from Bucknor and Barber 2016).

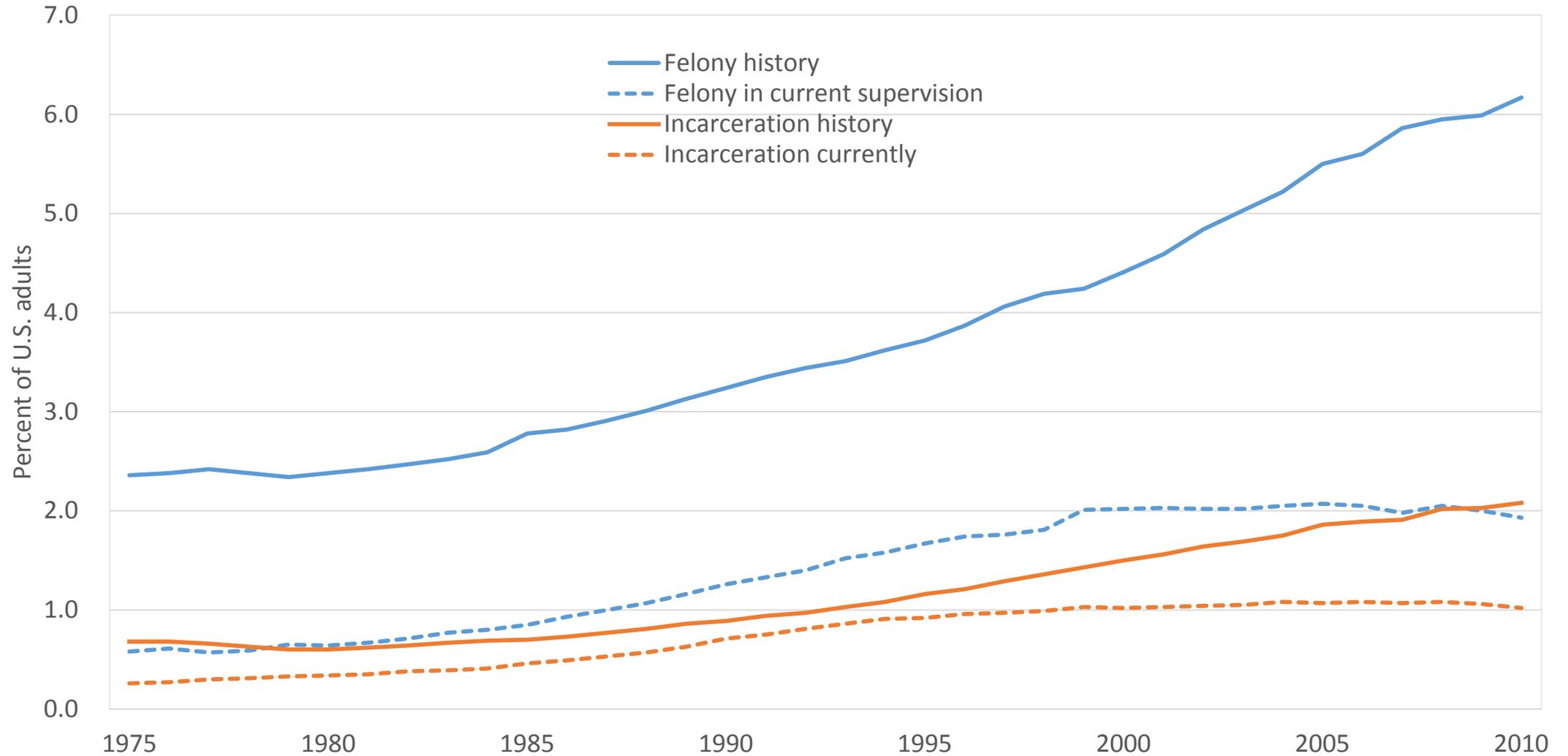
BROOKINGS

Trends in percentage of U.S. adults with incarcerations and felony convictions by active status



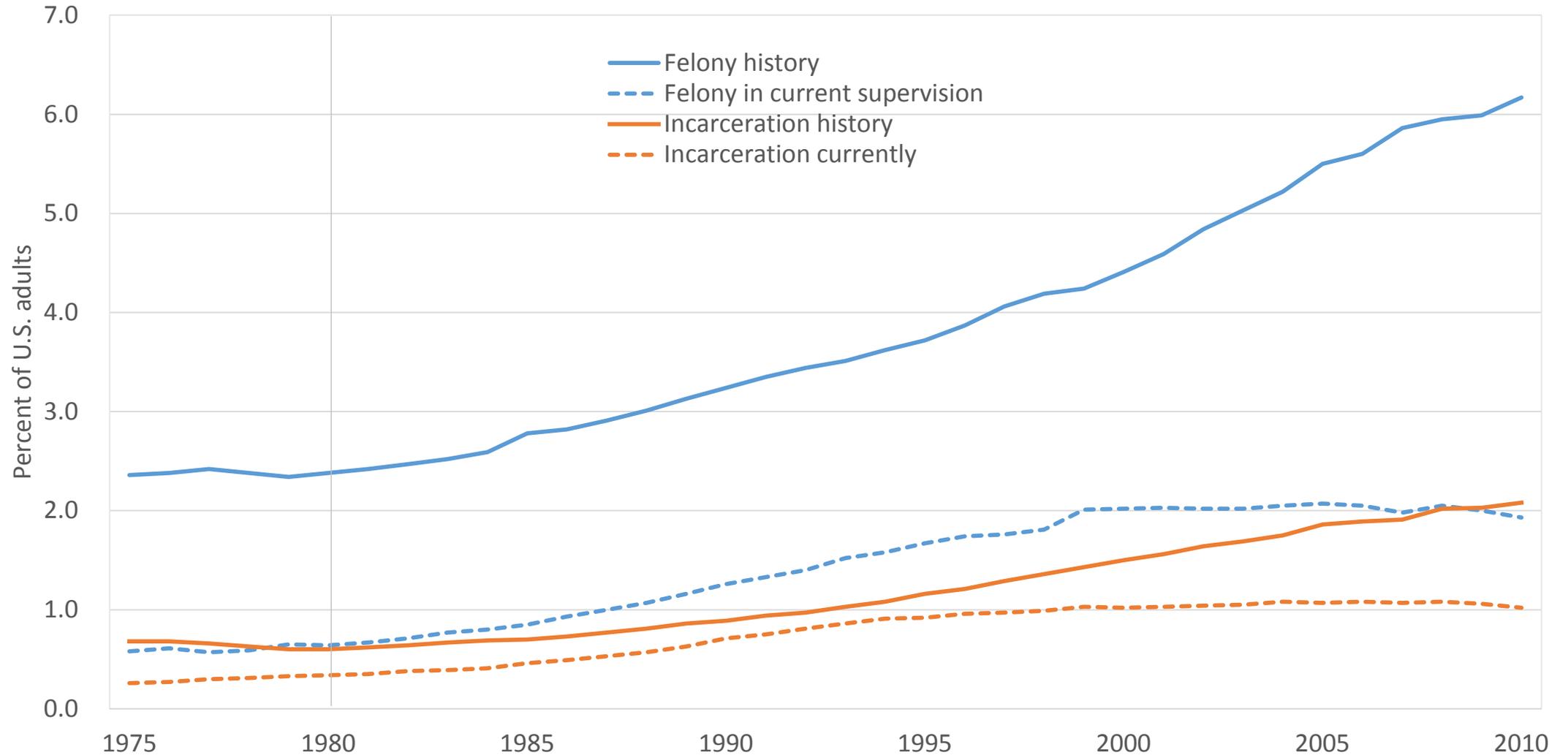
Note: Shannon, Uggen, Schnittker, Thompson, Wakefield & Massoglia (2017) *Demography*

Trends in percentage of U.S. adults with incarcerations and felony convictions by active status



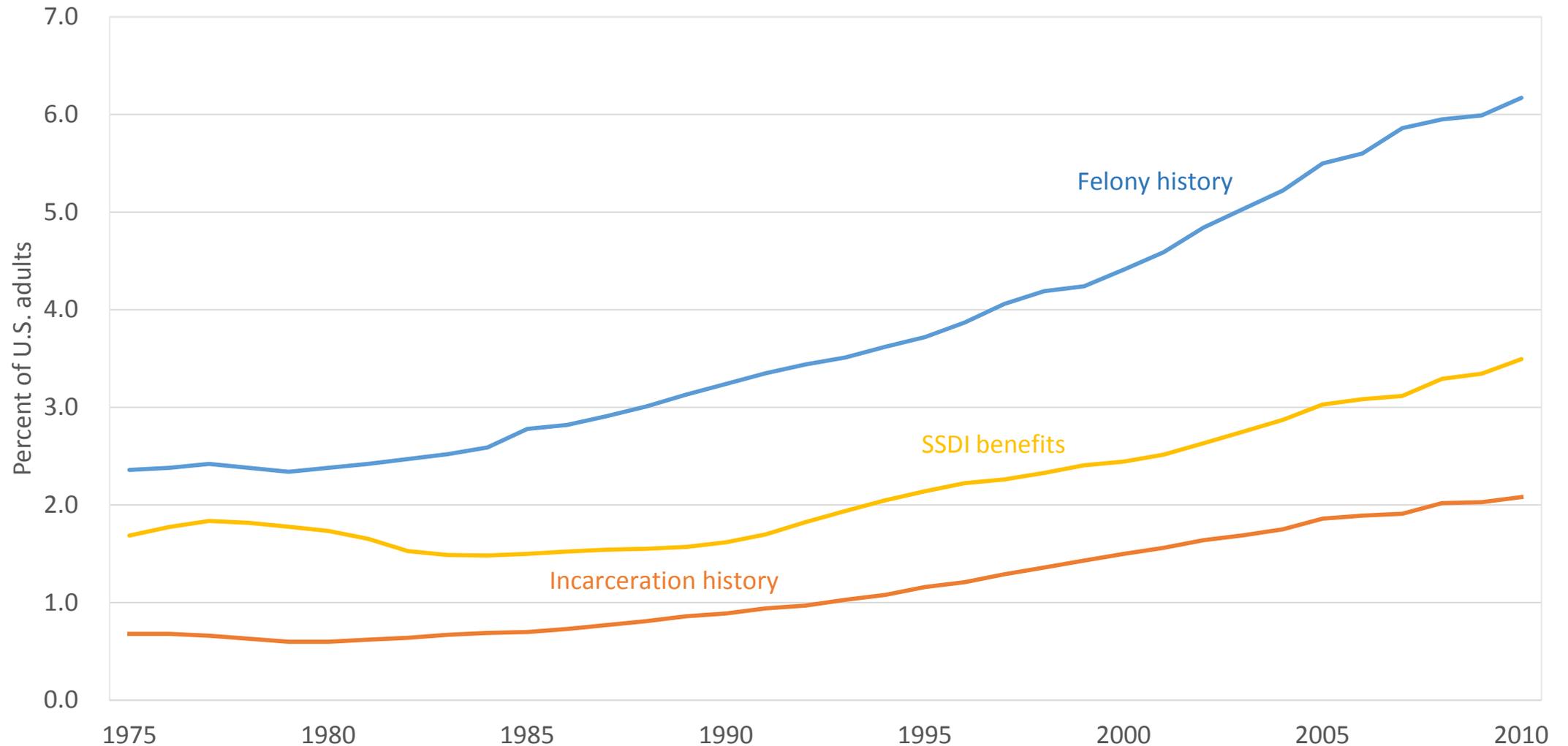
Note: Shannon, Uggen, Schnittker, Thompson, Wakefield & Massoglia (2017) *Demography*

Trends in percentage of U.S. adults with incarcerations and felony convictions by active status



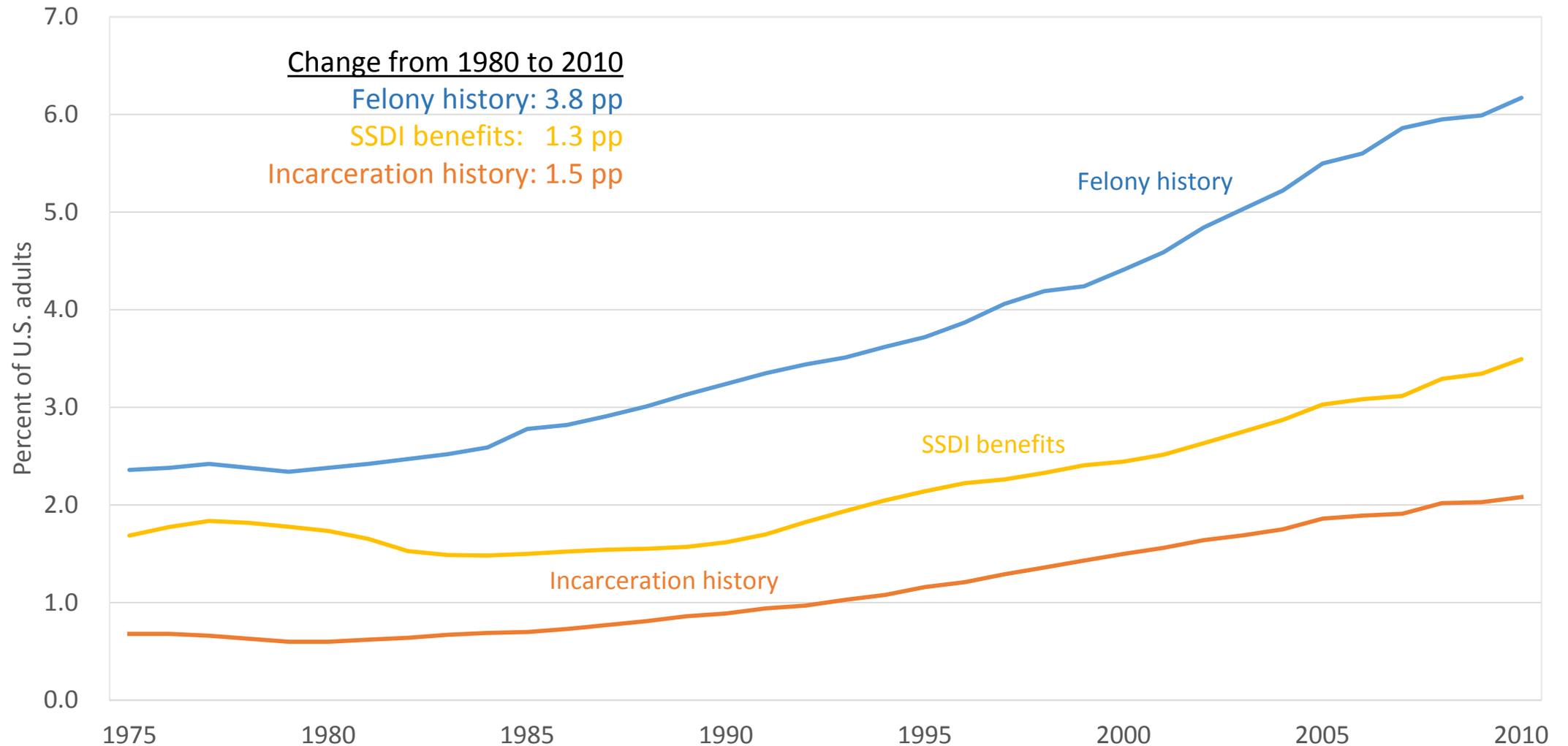
Note: Shannon, Uggen, Schnittker, Thompson, Wakefield & Massoglia (2017) *Demography*

Trends in percentage of U.S. adults with felony history, SSDI benefits and incarceration history



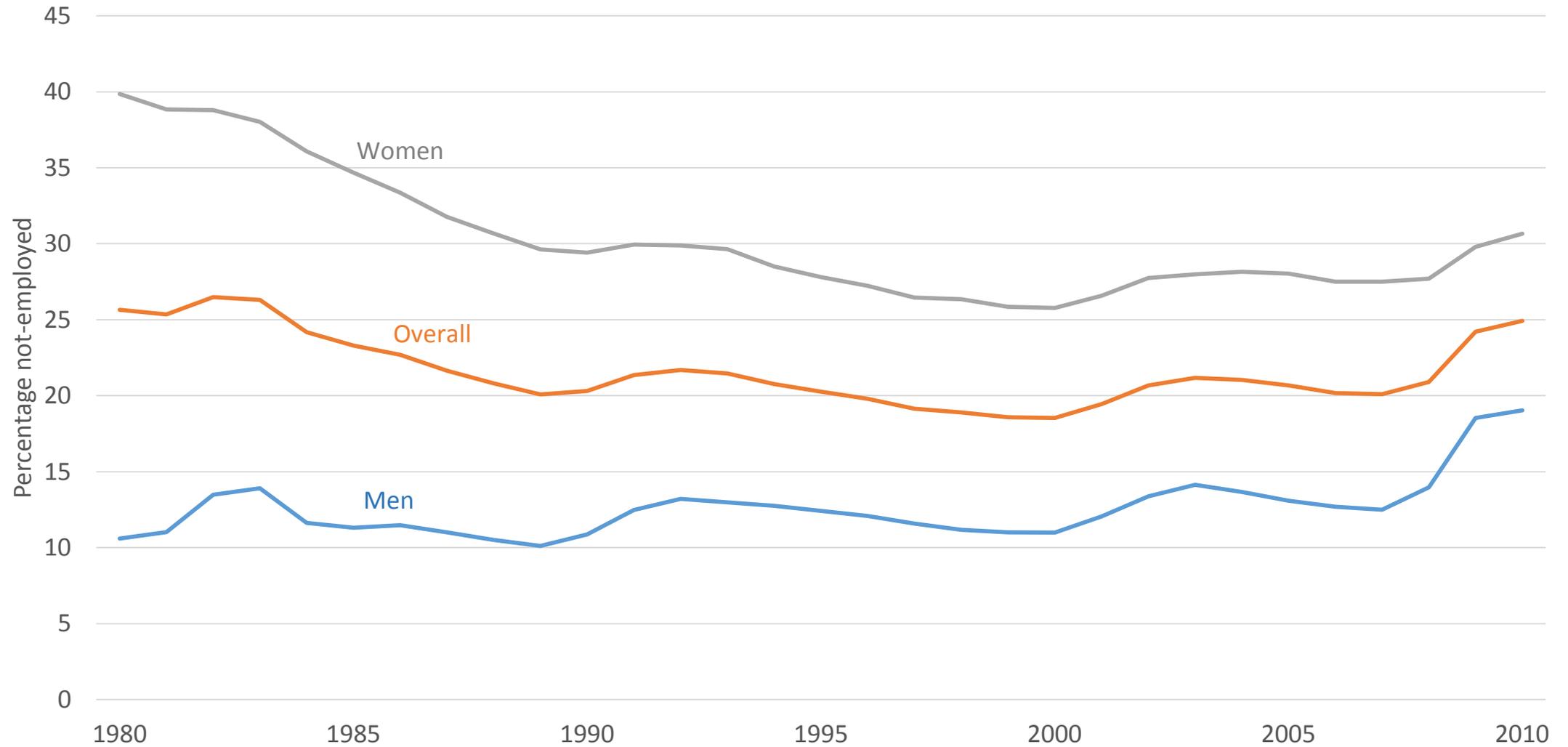
Note: Shannon, Uggen, Schnittker, Thompson, Wakefield & Massoglia (2017). U.S. Social Security Administration. Census. Author calculations.

Trends in percentage of U.S. adults with felony history, SSDI benefits and incarceration history



Note: Shannon, Uggen, Schnittker, Thompson, Wakefield & Massoglia (2017). U.S. Social Security Administration. Census. Author calculations.

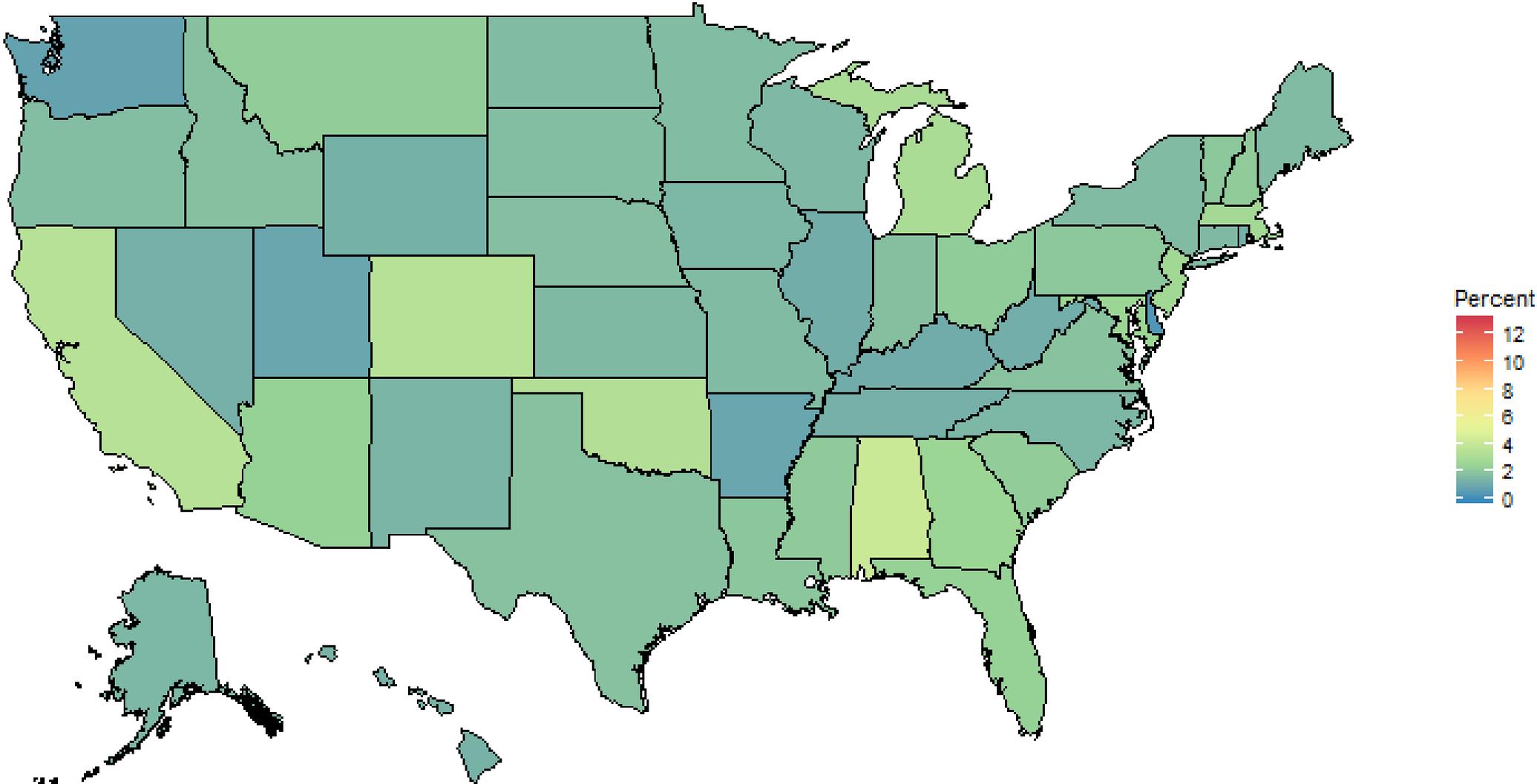
Trends in percentage not-employed among prime-age (25-54 year old) overall and by gender



Note: Bureau of Labor Statistics. OECD. FRED St. Louis Federal Reserve. Author calculations.

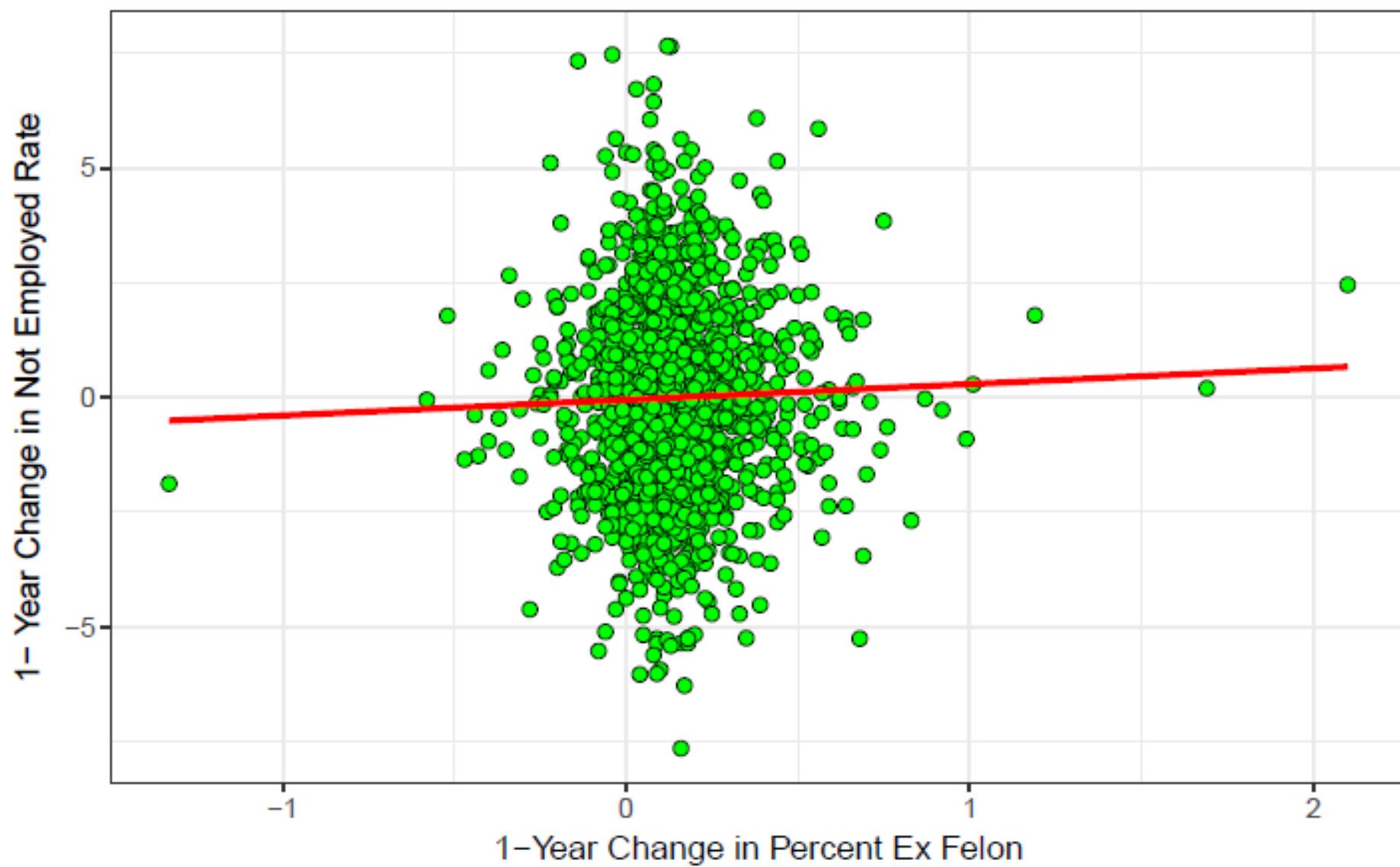
Ex-Felon Density in the United States: 1980

Shannon et al. 2017



Scatterplot of First Differences – Not Employed Rate

OLS Fit



Rise in felony-history share (1 pp) associated with what pp change in prime-age (PA) not-employed?

- 0.53^{***} : state FE & Year FE
- 0.34 : +population age shares
- 0.31 : +min wage, max TANF/UI benefit, disability share, married
- 0.34^{***} : +3 lags of state overall unemployment rate
- 0.29^{***} : +current overall unemployment rate

Significant at: * 5% **1% *** 0.1%

Alternative specifications: estimated assoc. of 1 pp rise in felony-history share

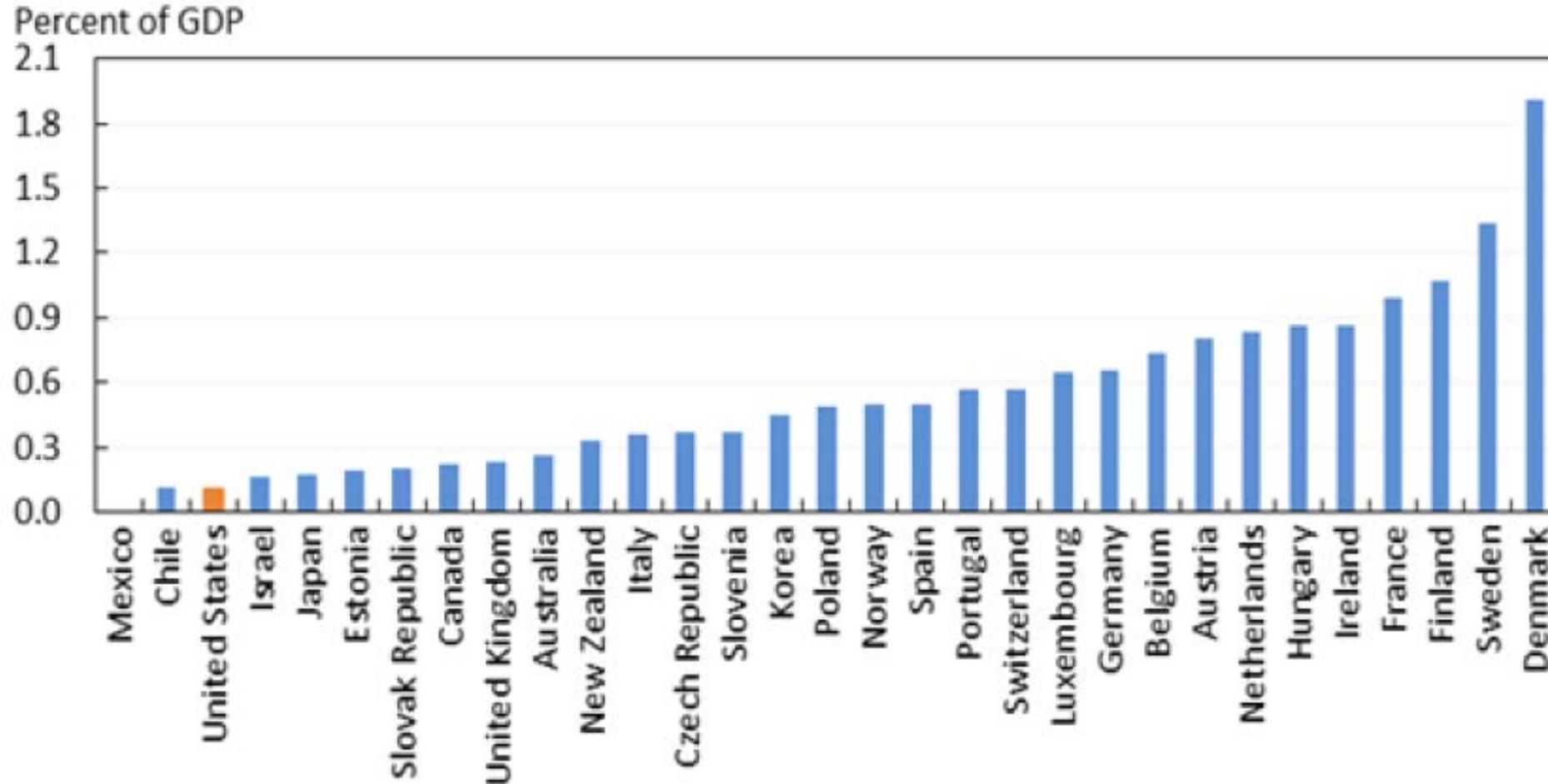
- **0.29^{***}** on PA not-employed rate: *baseline*
- 0.27^{***} on PA idleness rate
- 0.10^{*} on PA unemployment rate (omitting current overall UR)
- 0.08 on PA male not-employed
- 0.40^{***} on PA female not-employed

Significant at: * 5% **1% *** 0.1%

Future directions

- *Preliminary*: more research needed
- Strong labor market offers us a once-in-a-decade (generation?) chance to spread opportunity widely
- New demand met with new supply keeps expansion going. Invest in active labor market policies.

Figure 1. Public Expenditure on Active Labor Market Programs (% of GDP)



Note: Data for Ireland, Poland, and Spain from 2013; Data for UK for 2011.

Source: OECD Statistics

Future directions

- *Preliminary*: more research needed
- Strong labor market offers us a once-in-a-decade (generation?) chance to spread opportunity widely
- New demand met with new supply keeps expansion going. Invest in active labor market policies.
- Create community safety without criminalization
- Do not stigmatize carelessly. Consider what kind of information is valuable & equitable to transmit to whom when.