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Introduction

The United States currently leads the world in the number of people incarcerated in federal and state correctional facilities. There are currently more than 2 million people in American prisons or jails.¹ Overall, individuals incarcerated in U.S. prisons and jails are more likely to report extended periods of unemployment and earning lower wages than people in the general population.

- In the most recent statistics provided by the U.S. Department of Justice (DOJ), one-third of people in jail reported they were unemployed prior to arrest in 2002.² In comparison, 4.6 percent of the general population reported unemployment in July 2007.³
- Eighty-three percent of people in jail reported income in the month prior to arrest of less than \$2,000 in 2002,⁴ one-third lower than the average monthly wage of the general public. In 2003, the average monthly wage of the general U.S. population was slightly more than \$3,000 per month.⁵

Research has shown a relationship between employment, wages and crime rates and a relationship between the economic health of a community and incarceration rates. The impact of policies related to employment and wages is concentrated among people of color, who are more likely to experience unemployment, hold lower-paying jobs and be incarcerated.

The importance of this issue is apparent as the stability of the U.S. economy has recently come into question. Between July and August 2007 the country lost 4,000 jobs, ending a four-year growth. Despite a steady unemployment rate, empirical research has identified a net decrease in the percentage of employed adults, which suggests that the number of people who are neither working nor looking for work—considered neither employed nor unemployed by the

¹Sabol, William J., Todd D. Minton and Paige M. Harrison. 2007. *Prison and jail inmates at midyear 2006*. Washington, D.C.: Bureau of Justice Statistics.

²James, Doris J. 2004. *Profile of jail inmates, 2002*. Washington, D.C.: Bureau of Justice Statistics.

³Bureau of Labor Statistics. 2007. *Employment situation summary: July 2007*. www.bls.gov/news.release/empsit.nr0.htm, accessed August 27, 2007.

⁴James, Doris J. 2004.

⁵Calculated using the mean annual wage of \$36,210. Obtained at: Bureau of Labor Statistics. September 18, 2007. Online at http://www.bls.gov/oes/2003/may/oes_00A1.htm.

government—in August 2007.⁶ This job loss comes at a time when national statistics show a small uptick in the number of violent crimes.⁷

This research brief will summarize recent findings on what is known about unemployment and wages as both relate to crime trends and public safety. The Justice Policy Institute (JPI) compared state-level employment rates with crime rates and found that, on average, those states with the highest levels of unemployment⁸ had higher violent crime rates than states with lower unemployment levels. While there is no single solution that will guarantee that a person will not be involved in criminal activity, and the literature is not conclusive on what single factor will solve every community's various challenges, the research suggests that increased investments in employment opportunities can have a positive public safety benefit. Significant findings from this brief include:

- **Increased employment is associated with positive public safety outcomes.** Researchers have found that from 1992 to 1997, a time when the unemployment rate dropped 33 percent, “slightly more than 40 percent of the decline [in overall property crime rate] can be attributed to the decline in unemployment.”
- **Increased wages are also associated with public safety benefits.** Researchers have found that a 10 percent increase in wages would reduce the amount of hours young men spent participating in criminal activity by 1.4 percent.
- **States that had higher levels of employment also had crime rates lower than the national average.** Eight of the 10 states that had the lowest unemployment rates in the United States also had violent crime rates that were lower than the national average. In comparison, half of the 10 states with the highest unemployment rates had higher violent crime rates than the national average in 2005.
- **The risks of incarceration, higher violent crime rates, high unemployment rates and low wages are concentrated among communities of color.** Communities of color and African Americans, specifically, experience more unemployment and lower average wages than their white counterparts. At the same time, communities of color are more likely to experience higher rates of violence than are white communities, and African Americans are more likely to be incarcerated than are whites.

⁶Leonhardt, David and Jeremy W. Peters. 2007. Recession fear heightened as 4-year growth in jobs ends. *The New York Times*, September 7. Online at www.nytimes.com/2007/09/07/business/07cnd-econ.html?_r=1&oref=slogin.

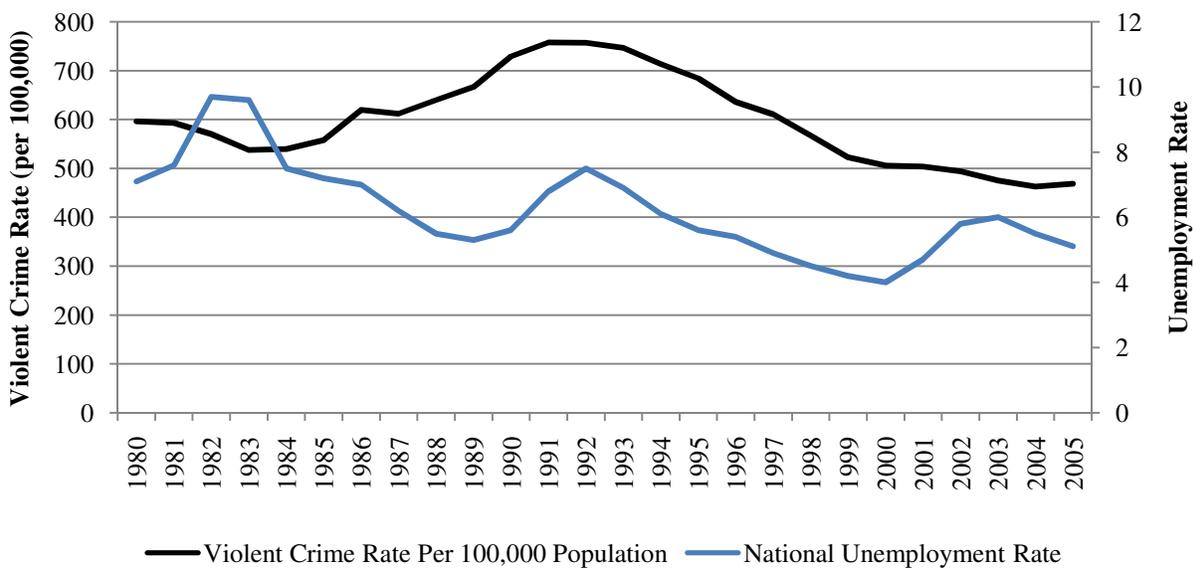
⁷FBI Uniform Crime Report, 2007. *Crime in the United States*. Online at www.fbi.gov/ucr/ucr.htm.

⁸The unemployment rate includes those people who are collecting unemployment insurance per 100,000 in the population. To collect unemployment insurance, a person must meet three criteria: the person must be able and available to work, must not have worked in previous week and must have made an effort to find work. Wages are hourly earnings compiled by the Bureau of Labor Statistics.

1) Increases in employment and increases in wages are associated with lower crime rates.

Researchers have conducted a variety of studies examining the relationship of unemployment and wages to crime. Some of the findings indicate that increased employment and wages can contribute to lower crime rates. Nationally, unemployment rates have shown a positive relationship with crime rates. Particularly since 1989, violent crime rates followed a similar pattern to unemployment rates.

Violent crime rates and unemployment rates.



Sources: FBI Uniform Crime Report, *Crime in the United States*, 1980-2005; Bureau of Labor Statistics, 1980-2005

Although other factors may be acting to decrease crime rates, several researchers have found that increases in employment and wages contribute to specific decreases in certain types of crime, with property crimes and burglary decreasing the most.

A one percent decrease in the unemployment rate relates to the following decreases in crime rate.

Type of Crime	Percentage Decrease in Crime Rate
Property Crime	-1.6-2.4%
Violent Crime	-0.5%
Burglary	-2%
Larceny	-1.5%
Auto Theft	-1%

Source: Raphael, Steven and Rudolph Winter-Ebmer. 2001. Identifying the effects of unemployment and crime. *Journal of Law and Economics* Vol. XLIV.

- The Heritage Foundation found additional public safety benefits in increasing the civilian labor force. According to the report, a one percent increase in civilian labor force participation could be expected to decrease violent crime by 8.8 incidents per 100,000 people.⁹
- A study published in the *Journal of Law and Economics* found that, the crime drop of the 1990s was associated with falling unemployment rates.¹⁰ From 1992 to 1997, during a time when the unemployment rate dropped 33 percent, the country also witnessed a 30 percent drop in the robbery rate, a 15 percent drop in auto theft and burglary rates and a 4 percent drop in larceny rates. The researchers found that “slightly more than 40 percent of the decline [in overall property crime rate] can be attributed to the decline in unemployment.” The authors found the impact on violent crime was weaker, but that it varied for different crimes (such as homicide, and robberies).
- A study published in the *Journal of Labor Economics* indicates that for young men, a 10 percent increase in wages would reduce the amount of hours spent participating in criminal activity by 1.4 percent.¹¹ Furthermore, this same study directly links the decline of property crime rates in the 1990s with the decline in the unemployment rate.
- A study published in the *Journal of Quantitative Criminology* found that youth involvement in crime seems to be especially affected by employment. This study has indicated that employed youth are less likely to be engaged in property crimes.¹²
- A second study published in the *Journal of Quantitative Criminology* using Bureau of Labor Statistics data indicated that an increase in the number of people unemployed for 15 weeks or more, which is considered long-term unemployment, correlates with increased property crime.¹³
- One 2002 study published in *The Review of Economics and Statistics* found that wage trends account for more than 50 percent of the change in both property and violent crime indices over the time period examined in the study.¹⁴

⁹ Muhlhausen, David B. May 2001. *Do Community Oriented Policing Services grants affect violent crime rates?* Washington, DC: The Heritage Foundation. Online at www.heritage.org.

¹⁰ Raphael, Steven and Rudolph Winter-Ebmer. 2001. Identifying the effects of unemployment and crime. *Journal of Law and Economics* Vol. XLIV.

¹¹ Grogger, Jeff. 1998. Market wages and youth crime. *Journal of Labor and Economics* 16(4): 756-791.

¹² Britt, Chester L. 1997. Reconsidering the unemployment and crime relationship: Variation by age group and historical period. *Journal of Quantitative Criminology* 13(4): 405-428.

¹³ Chamlin, Mitchell B. and John K. Cochran. 2000. Unemployment, economic theory, and property crime: A note on measurement. *Journal of Quantitative Criminology* 16(4): 443-455.

¹⁴ Gould, Eric D., Bruce A. Weinberg and David B. Mustard. 2002. Crime rates and local labor market opportunities in the United States: 1979-1997. *The Review of Economics and Statistics* 84(1):45-61.

2) States that had higher levels of employment also had crime rates lower than the national average.

JPI examined the 10 states with the highest and lowest unemployment rates alongside the corresponding violent crime rates of those 10 states. Overall, states with unemployment rates that are higher than the national average also have higher violent crime rates than states with lower unemployment rates.

Of the 10 states with the lowest unemployment rates, eight had violent crime rates below the national average in 2005. Of the 10 states with the highest unemployment rates, half had violent crime rates above the national average.

On average, the states with the highest levels of unemployment also had the highest levels of violent crime.

Ten states with the lowest unemployment rates and the corresponding violent crime rates.

State	Unemployment Rate	Violent Crime Rate (per 100,000)
United States	5.1	469
Montana	3.9	287
Nebraska	3.9	→607
Florida	3.8	449
South Dakota	3.7	→753
Wyoming	3.7	230
New Hampshire	3.6	355
Virginia	3.5	346
North Dakota	3.4	351
Vermont	3.4	283
Hawaii	2.7	257
Average	3.56	391

Ten states with the highest unemployment rates and the corresponding violent crime rates.

State	Unemployment Rate	Violent Crime Rate (per 100,000)
United States	5.1	469
Mississippi	7.8	→525
Alaska	6.9	→632
Michigan	6.8	297
Louisiana	6.7	112
South Carolina	6.7	176
Oregon	6.2	425
Kentucky	6	→594
Ohio	5.9	→509
Illinois	5.7	324
Tennessee	5.6	→530
Average	6.43	412

Sources: Bureau of Labor Statistics 2005; FBI Uniform Crime Report, *Crime in the United States*, 2005

3) Why might investments in employment opportunities have a public safety benefit?

According to the available research and the analyses in this brief, jurisdictions with increased employment had positive public safety outcomes when compared with jurisdictions with more unemployment. Why may employment opportunities have a relationship with public safety?

Transforming communities

Researchers have found a relationship between unemployment, crime and incarceration. Improving employment opportunities encourage reinvestments in oneself, as well as in the community, ostensibly creating an environment for improved public safety. A study by the National Bureau of Economic Research found that places that rely most heavily on incarceration reduce the employment opportunities in their communities compared with places that rely on alternatives to incarceration.¹⁵ Areas with the most rapidly rising rates of incarceration were the areas in which youth, particularly African American youth, have had the worst earnings and employment experience. Other research indicates that neighborhoods with the highest levels of incarceration in one year had higher-than-expected crime rates the following year (compared with other neighborhoods, and controlling factors such as poverty, racial composition, and voluntary mobility).¹⁶

Creating positive life outcomes for individuals and communities

Unemployment, low wages, and incarceration have a cumulative effect that creates a cycle that prevents communities and individuals from improving their life outcomes and acquiring social capital. Individuals may have difficulty procuring work after incarceration, something that contributes to growing unemployment rates, thus increasing the unemployment rate in a community, which may further increase the crime rate and the incarceration rate.

- Incarceration impedes job growth, further precluding employment, and continues the cycle. Researchers at Princeton University have found that a formerly incarcerated youth experienced three weeks less work in a year (five weeks less for a formerly incarcerated African American youth) than a youth who had no history of incarceration.¹⁷
- Many people who have been incarcerated face specific obstacles when attempting to find a job, regardless of job type. One researcher found that jail time reduced the probability of employment by between 15 and 30 percentage points.¹⁸ The impact of incarceration on

¹⁵Freeman, Richard B. and Joel Rogers. 1999. *What workers want*. Cornell University Press.

¹⁶Clear, Todd R. 2007. *Imprisoning communities: How mass incarceration makes disadvantaged neighborhoods worse*. New York: Oxford University Press.

¹⁷Western, Bruce and Katherine Beckett. 1999. How unregulated is the U.S. labor market?: The penal system as a labor market institution. *The American Journal of Sociology* 104: 1030-1060.

¹⁸Freeman, Richard B. 1991. Employment and earnings of disadvantaged young men in a labor shortage economy. In *The urban underclass*, ed. Christopher Jencks and Paul E. Peterson. Washington, DC: Brookings Institution Press.

employment was greater than for conviction or probation alone, which reduced employment probabilities by six to 10 percentage points.

- A 1996 study found that 65 percent of all employers in five major U.S. cities would not knowingly hire a person with a criminal record, regardless of the offense.¹⁹
- Youth, in particular, may miss out on opportunities to learn important social and human skills that are necessary for the legal job market, thus making finding and keeping a job more difficult.²⁰
- Even if serving time in prison does not necessarily hinder employment prospects, it will diminish an individual's earnings.²¹
- The negative impacts of incarceration appear to be greater for older individuals, including those with white-collar occupations. In a review of existing literature, researchers have found that even if employment prospects are not harmed by incarceration, a person with a history of incarceration could expect a 10 to 30 percent earnings penalty.²²

¹⁹Holzer, Harry J. 1996. *What employers want: Job prospects for less-educated workers*. New York: Russell Sage Foundation.

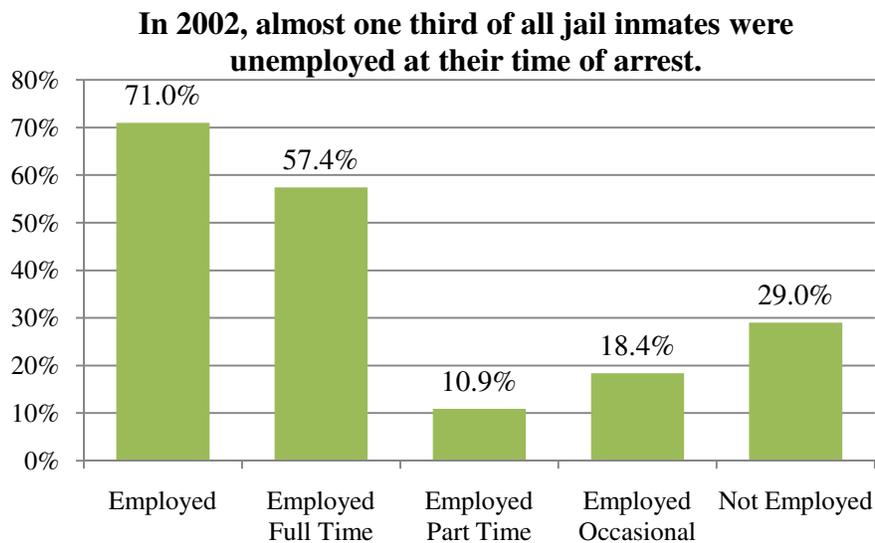
²⁰Bushway, Shawn D. 1998. The impact of an arrest on the job stability of young white American men. *Journal of Research in Crime and Delinquency* 35:4:454-479.

²¹Western, Bruce, Jeffrey R. Kling and David F. Weiman. 2001. The labor market consequences of incarceration. *Crime and Delinquency* 47:410-427.

²²Western, Bruce, Jeffrey R. Kling, and David F. Weiman. 2001.

4) The risks of incarceration, higher violent crime rates, high unemployment rates and low wages are concentrated among communities of color.

Since the 1990s, employment rates have generally improved in the United States; however, people involved in the criminal justice system are far more likely to report unemployment than someone in the general public. Though 71 percent of people in jail in 2002 were employed in the month prior to arrest, more than one-quarter of the people held in jails were not employed.²³ An additional quarter of those held in jail were employed part-time or occasionally. People unemployed or under-employed make up a significant portion of the jailed population. In comparison, the percentage of the U.S. population experiencing unemployment in 2005 was approximately 5 percent.²⁴



Source: James, Doris J. 2004. *Profile of jail inmates, 2002*. Washington, D.C: Bureau of Justice Statistics.

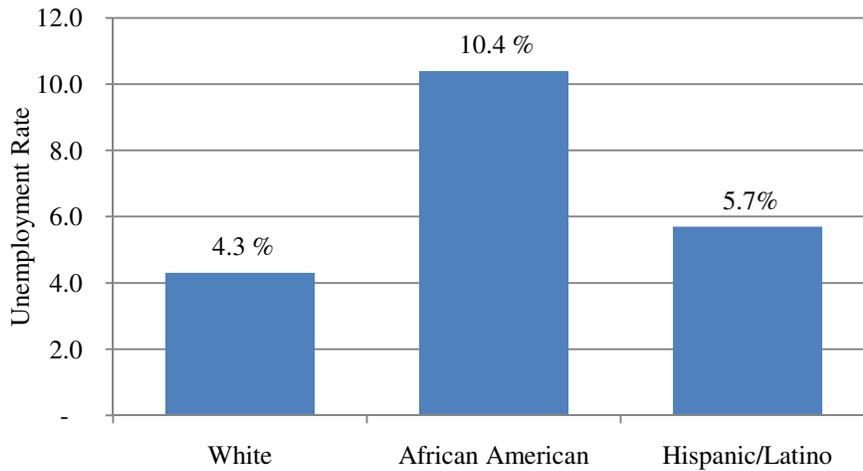
Over the past 30 years, employment rates, wages and income have increased for people of color, particularly African Americans.²⁵ However, people of color are far more likely to experience unemployment than their white counterparts. At the same time, people of color are over-represented in U.S. prisons. Though unemployment is not a definite predictor of criminality or incarceration, research has shown that communities that experience more unemployment also experience higher crime rates and, as a result, are likely to also experience higher incarceration rates.

²³James, Doris J. 2004.

²⁴Bureau of Labor Statistics. 2007. *Employment situation summary: July 2007*. www.bls.gov/news.release/empsit.nr0.htm, accessed August 27, 2007.

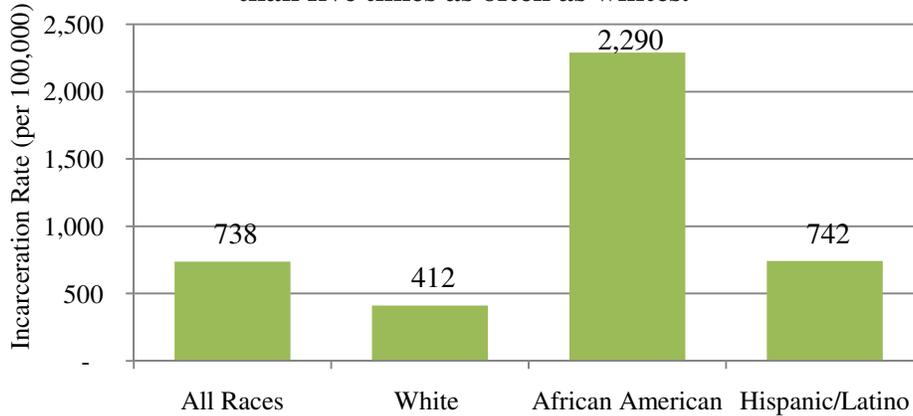
²⁵Joint Center for Political and Economic Studies Data Bank, August 27, 2007. www.jointcenter.org/DB/detail/employmt.htm

In 2005, the unemployment rate of African Americans was more than twice that of whites.



Source: Bureau of Labor Statistics, 2005.

In 2005, African Americans were incarcerated more than five times as often as whites.

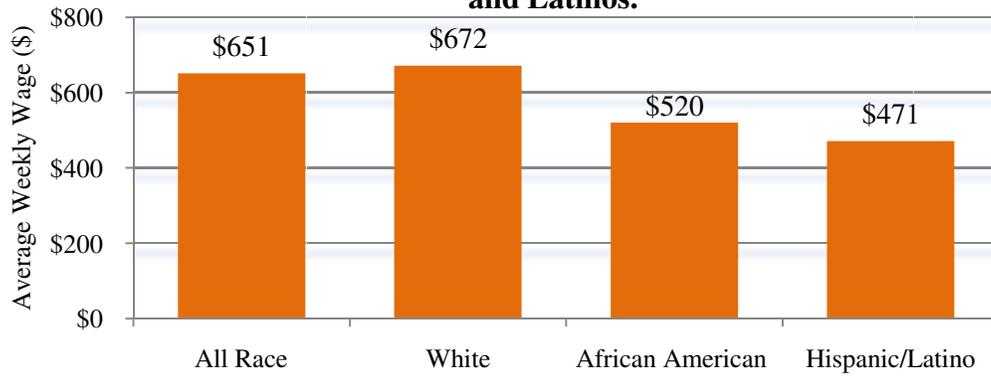


Source: Harrison, Paige M. and Allen J. Beck. 2006. *Prison and jail inmates at midyear, 2005*. Washington, DC: Bureau of Justice Statistics.

People of color are also more likely to be paid less than their white counterparts. Though earning less money is not necessarily an indicator of criminal activity or incarceration, communities with lower wages are more likely to experience higher crime rates. Similarly, research has shown that wage inequalities do have a relationship with crime, particularly violent crime.²⁶

²⁶ Fowles, Richard and Mary Merva. 1996. Wage inequality and criminal activity: An extreme bounds analysis for the United States, 1975-1990. *Criminology* 34(2): 163-182

In 2005, whites made more money than African Americans and Latinos.

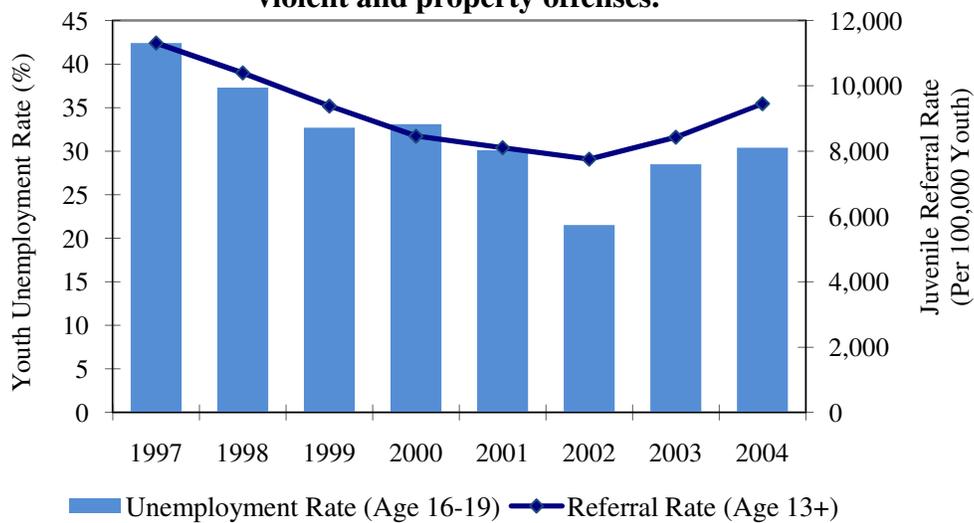


Source: Bureau of Labor Statistics, 2005

Recommendations

Investments in employment opportunities can provide important public safety benefits to communities. From 1997 to 2004, Washington, D.C. experienced evidence of the importance of employment opportunities for youth. As the unemployment rate for D.C. youth increased, the referral rate of youth to juvenile court also increased. Rather than focus on corrections, law enforcement and the judiciary when allocating funding, jurisdictions could turn their attention to employment resources, employability training and the availability of well-paying jobs.

In Washington, D.C. the youth unemployment rate is correlated with the juvenile court referral rate for violent and property offenses.



Sources: Superior Court of the District of Columbia: Family Court. *Annual Report to Congress, Family Court, 2005*. www.dccourts.gov; Bureau of Labor Statistics, March 28, 2006. Table: *Employment status of the civilian noninstitutional population in states by sex, race, Hispanic or Latino ethnicity, marital status, and detailed age*. www.bls.gov/lau/

Compared with people who face barriers to employment, people with enhanced employment opportunities and earning potential would be better able to make other investments in their communities, their families and themselves, including health care, housing, education and other factors that would further benefit public safety.

Research limitations

Comparing unemployment and its relationship to crime presents some particular challenges. Because unemployment rates only capture those people collecting unemployment insurance from the government, many unemployed people may not be counted. Unemployment rates are also affected by the seasons.

Although investments in employment, education and other social factors have been shown to promote public safety and healthy communities, there is no single solution that will reduce the chance that a person will be involved in criminal activity. The research is not conclusive on what one factor will solve every community's public safety challenges, as different communities have differing needs and what works for one may not work for another. All of these social factors should be considered in the context of individual communities in order to establish policies that effectively ensure public safety.

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