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Investing in Futures: Economic and Fiscal Benefits of Postsecondary Education in Prison

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Patrick Oakford, Cara Brumfield, Casey Goldvale, and Laura Tatum, Georgetown Center on Poverty and Inequality
Margaret diZerega and Fred Patrick, Vera Institute of Justice

CENTER ON POVERTY and INEQUALITY
GEORGETOWN LAW

ECONOMIC SECURITY and OPPORTUNITY INITIATIVE

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Directors' Note

In the United States' four-decade long experiment with mass incarceration, people of color and people in poverty have borne the highest burden. Indeed, mass incarceration, race, and poverty have always been intimately linked: people behind bars typically live in poverty even before they enter a jail or prison. Research shows that people's earnings at the time of incarceration are on average 41 percent less than the income of people of similar ages who are not incarcerated.

Moreover, serving time only compounds a person's struggle against poverty. The hardships of cash bail and fines and fees—coupled with countless barriers to reentry, such as employment and housing restrictions—perpetuate an endless cycle that robs people of their dignity and upends entire families and communities.

Some barriers to reentry are imposed on individuals even before they are released. The federal ban on Pell Grants for people in prison is one of those barriers. For two decades, Pell Grants, which help students from low-income families gain access to postsecondary education, served as the primary funding source for college programs in prisons. Following the passage of the Pell Grant ban for otherwise eligible incarcerated people, as part of the 1994 Crime Bill, states, colleges, and prisons dramatically scaled back postsecondary programs in prison—thus blocking hundreds of thousands each year from the education they needed to succeed in the modern economy.

This relic of the "tough-on-crime" era has resulted in long-term negative consequences for all of us, including high recidivism rates and intergenerational incarceration, as well as lost economic potential for individuals, families, and communities. In recent years, some states have recognized the need to reverse many overly punitive criminal justice policies and have worked to implement evidence-based legislative reforms. But with 1.5 million people currently in prison—90 percent of whom will eventually be released—there is still much progress to be made.

Expanding access to postsecondary education in prison, through state and federal action, is a step we can take that can truly disrupt mass incarceration and break the cycle of poverty that comes with it. As leaders of organizations committed to ensuring

equal justice for all, we believe that lifting the Pell ban for people in prison is the most effective route to achieving these goals.

This new report from the Vera Institute of Justice and the Georgetown Center on Poverty and Inequality presents compelling new evidence to show that restoring Pell Grants for incarcerated people would benefit not only those individuals and their families but also local businesses and communities. The report builds on available evidence that expanding access to postsecondary education in prison reduces recidivism rates, helps to improve public safety, and cuts prison costs.

What no report or data can truly capture, however, is the power of postsecondary education in prison to empower people and provide them with a newfound sense of hope and confidence, which can positively affect the communities in which they live, including those within prison and those outside of prison, to which many will return.

It's time we repeal the ban and create a more restorative justice system that increases safety and produces better and more cost-effective outcomes for everyone.

Nicholas Turner
President, Vera Institute of Justice

Peter Edelman
Carmack Waterhouse Professor of Law and Public Policy at Georgetown University Law Center and Faculty Director of the Georgetown Center on Poverty and Inequality

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Executive summary

Efforts to build robust postsecondary education programs in prison have accelerated in recent years, with support from a broad range of groups from correctional officers to college administrators. This report describes how lifting the current ban on awarding Pell Grants to incarcerated people would benefit workers, employers, and states. Specifically, it analyzes the potential employment and earnings impact of postsecondary education programs in prison; identifies the millions of job openings annually that require the skills a person in prison could acquire through postsecondary education; and estimates the money states would save through lower recidivism rates these postsecondary education programs would yield.

The research described in this report generated the following findings and projections:

1. **Most people in prison are eligible for, but are not provided with the resources for, a postsecondary education.**
   - **The majority of people in prison are academically eligible for postsecondary education.** Among incarcerated people in federal and state prisons, 64 percent are academically eligible to enroll in a postsecondary education program, meaning that at the time of incarceration their highest level of educational attainment was a GED or high school diploma.
   - **Most people in prison are not receiving postsecondary education.** The majority of people (58 percent) who are incarcerated do not complete an education program while in prison.[1] Among those who do earn a new educational credential, the majority completed a high school or GED program. According to the latest data, from 2014, only 9 percent of incarcerated people completed a postsecondary program while in prison. Access to postsecondary education in prison is limited; most existing programs are funded through the federal Second Chance Pell program, described in detail below, which serves a maximum of 12,000 incarcerated students

annually.[2] Comparatively, this report estimates that if the ban were lifted, about 463,000 incarcerated people would be eligible for Pell Grants.

For a quarter-century, people in prison have lacked a reliable or consistent funding source for postsecondary education. This absence of funding has translated into fewer educational opportunities for incarcerated people, contributing to the challenges they face on reentry.

2. **Postsecondary education in prison increases employment and earnings for formerly incarcerated people.**
   - Restoring access to Pell Grants for postsecondary education in prison would increase employment rates among formerly incarcerated people across the United States.[3] The authors estimate that state employment rates among people who return home after participating in a postsecondary education program in prison will, on average, increase by nearly 10 percent. (See Figure 10 on page 29 for state-by-state estimates.) Based on the authors' midpoint estimate (if 50 percent of the eligible prison population participated in a postsecondary education program), employment rates among all formerly incarcerated workers would rise by roughly 2.1 percent during their first year after release.
   - An increase in employment rates translates into an increase in earnings for formerly incarcerated people and their families. The authors expect that combined wages earned by all formerly

incarcerated people would increase by about $45.3 million during the first year back in their communities (unless otherwise noted, all figures are in 2015 dollars).[4]

3. **Postsecondary education in prison provides workers with skills that employers seek.**
   - Jobs that require applicants to have a minimum education level ranging from above a high school degree to a bachelor's degree make up a sizeable share of the overall economy. Projections by the Bureau of Labor Statistics indicate that over the next decade there will be, on average, nearly five million job openings annually for which the typical entry-level education requirement will range from some college to a bachelor's degree.[5] The availability of Pell Grants for incarcerated people would allow them to receive the necessary education and training to be eligible to fill these jobs.
4. **Greater access to postsecondary education in prison is expected to reduce state prison spending.**
   - Expanding access to postsecondary education in prison is likely to reduce recidivism rates, lowering state reincarceration spending. The authors' midpoint estimate indicates that incarceration costs across states would decrease by a combined $365.8 million per year. (See Figure 12 on page 36 for state-by-state estimates.)

Introduction

In 2016, more than 626,000 people were released from federal and state prisons and returned to communities across the United States.[6] Their odds of securing employment, housing, and other necessities after release depended, in part, on opportunities available to them while in prison. Few such opportunities benefit incarcerated people as much as a postsecondary education—a certificate or degree beyond a high school diploma.[7]

Most incarcerated people lack the financial resources to pay for postsecondary schooling.[8] Thus, the opportunity for them to earn a postsecondary credential while in prison depends in large part on public funding, which has been scarce since the mid-1990s. They face a significant failure of public policy: education is a road toward improving their lives when they leave prison that the current system makes it all but impossible to reach.

It was not always this way.

The Federal Pell Grant Program, authorized in 1972, provided financial support for education for low-income undergraduate students, including people in prison.[9] By the early 1990s, there were more than 770 postsecondary programs in nearly 1,300 prisons.[10] But in 1994, as policymakers adopted more punitive approaches to the rising crime rate, Congress revoked incarcerated students' access to Pell Grants with the passage of the Violent Crime Control and Law Enforcement Act.

For a quarter-century, people in prison have lacked a reliable or consistent funding source for postsecondary education.[11] This absence of funding has translated into fewer educational opportunities for incarcerated people, contributing to the challenges they face on reentry. Because they often have limited educational attainment before entering prison, formerly incarcerated people face profound challenges in the job market without additional education and skills.[12] Many remain locked in a cycle of poverty and potential recidivism. Furthermore, the negative ripple effect through the economy is significant, including fewer skilled workers available to employers and increased incarceration costs for states as a result of high recidivism rates.

This vicious cycle has affected larger numbers of people as U.S. incarceration rates have ballooned: consider that from 1972 to 2010, the prison population increased by 700 percent.[13] As of this writing, there are more than 1.5 million people in state and federal prisons.[14]

In recent years, state legislatures and the federal government have taken steps to end mass incarceration and adopt a "smart-on-crime" approach to criminal justice policy that includes decriminalization, sentencing reform, and greater investments in reentry. Despite this progress, policymakers have not yet moved to restore Pell Grant eligibility to incarcerated people. Doing so must be part of the next phase of criminal justice reform.

> The federal government does not need to significantly increase spending on Pell Grants in order for states and families to realize these fiscal benefits, given that the incarcerated student population would be a tiny fraction of the universe of Pell Grant recipients.

The benefits of restoring Pell Grants to students in prison are already evident in various communities across the nation, thanks to a three-year-old pilot program begun by the Obama administration. In 2015, the U.S. Department of Education announced the Second Chance Pell Experimental Sites Initiative.[15] "Second Chance Pell" allows 67 colleges and universities to partner with prisons to offer incarcerated students postsecondary education funded through Pell Grants.[16]

Anecdotal reports show the impact of these initiatives. Formerly incarcerated people are filling jobs in a variety of industries, such as advanced manufacturing, thanks to their Second Chance Pell

participation.[17] As a result, formerly incarcerated people have increased access to the quality, good-paying jobs they need to take care of themselves and their families. The pilot is an important step in the right direction, but there is ample evidence to support permanently and fully restoring Pell Grants access to people in prison.

The analysis conducted by the Georgetown Center on Poverty and Inequality (GCPI) presented in this report shows that reinstating federal Pell Grant access for people in prison would likely yield a cascade of economic and fiscal benefits. Formerly incarcerated people would reenter the labor market with competitive skills and qualifications, leading to higher rates of employment and increased earnings. Businesses in expanding industries subsequently would have a larger pool of potential job applicants, making it easier to grow and hire a trained workforce. States also would benefit as a greater number of formerly incarcerated people likely would successfully reenter their communities rather than wind up involved with the criminal justice system again, reducing expenditures on incarceration, probation, and other related costs.

Indeed, GCPI's analysis yields a midpoint estimate that increasing postsecondary education in prison by expanding access to Pell Grants to incarcerated people would result in a $45.3 million increase in the combined earnings of formerly incarcerated workers during the first year they return home (based on a 50 percent take-up rate of postsecondary education by the eligible population). As more people leaving prison find stable, good-paying jobs, research indicates that recidivism rates are likely to decline, saving states a combined $365.8 million each year.[18] (Unless otherwise noted, all figures are in 2015 dollars.)

It is important to understand that the federal government does not need to significantly increase spending on Pell Grants in order for states and families to realize these fiscal benefits, given that the incarcerated student population would be a tiny fraction of the universe of Pell Grant recipients. Nearly 463,000 people in state prisons could be eligible for Pell Grants.[19] In 2016–2017, nearly 7.2 million students in the community received a Pell Grant, totaling $26.9 billion in awards; the average grant was $3,738 (all in 2017 dollars).[20] Even in the virtually impossible scenario that all eligible people in state prisons receive an award in a single year, total Pell Grant

costs would rise less than 10 percent. In reality, the expected impact on total Pell Grant costs likely would be much smaller.

In the remainder of this report the authors will:

- discuss current participation in education programs in prison;
- present estimates on the size of the Pell-eligible population in prison;
- review current research on the impacts postsecondary education in prison programs have on employment and recidivism rates;
- present estimates on the employment and wage impact of restoring incarcerated students' access to Pell Grants; and
- present estimates on the monetary savings to states.

Listening to experience: Aaron Kinzel

In 1997, at the age of 18, I made the biggest mistake of my life and initiated a violent confrontation with law enforcement during a traffic stop in Maine. After an exchange of gunfire and a high-speed chase, I was captured the following day and charged with attempted murder of a police officer, among seven other felony charges, and was facing life in prison. Ultimately, I would receive a sentence of 19 years.

Inside Maine's Department of Corrections, I was able to receive vocational training and take several different college-level course modules through computers and textbooks. However, I could not get academic credit because I could not afford the cost of college tuition. When people talk about barriers to prison education, this is what they mean.

Toward the end of my confinement, I applied to the University of Maine at Augusta and was accepted for admission with the help of teachers at the prison. I saved enough money to pay for one three-credit correspondence college-level course in psychology and earned an A at the end of the semester. This success empowered me to find other higher-ed opportunities and helped structure my parole release around attending college the following year, where I'd begin my path toward earning my Associate of Applied Science and Bachelor of Arts degrees with honors.

Despite my degrees, I still struggled to find employment because of the serious nature of my criminal convictions. I was unwilling to give up and return to my previous life because of the transformation I had undergone; I was lucky that people were also not willing to give up on me.

Today, I am not only employed but am a teacher myself. For the past three years, I've taught undergraduate and masters courses in criminology and criminal justice at the University of Michigan–Dearborn while I pursue my doctorate. Teaching provides me the opportunity to give back to my community and give students a real-world perspective on how our criminal justice system does and should function.

None of this would have been possible had I not received an education that gave me the knowledge, confidence, work ethic, and leadership skills required to overcome many of the barriers to reentry that still, unfortunately, meet many people when they are released from prison.

Participation in education programs in prison and the Pell-eligible population

In 2016, there were more than 1.5 million people in prison, including 1.3 million in state facilities.[21] This section highlights some of the key demographic characteristics of incarcerated people in state and federal prisons and current rates of participation in prison educational programs. A review of Program for the International Assessment of Adult Competencies (PIAAC) data shows that, despite the fact that a majority of incarcerated people are academically eligible to take postsecondary-level courses, few are receiving that training.[22] This section starts with a description of the number and demographics of incarcerated people who are currently engaged in education programs, then estimates how many people could benefit from postsecondary education if access to Pell Grants were reinstated.

Demographic profile of people participating in education programs in prison

Race, ethnicity, and age

The effects of mass incarceration have been felt most profoundly among communities of color. Previous research has found significant racial disparities in interaction with law enforcement and in incarceration rates. For example, according to one analysis, African Americans are incarcerated five times more than white people; Latinos are almost twice as likely as whites to be incarcerated.[23]

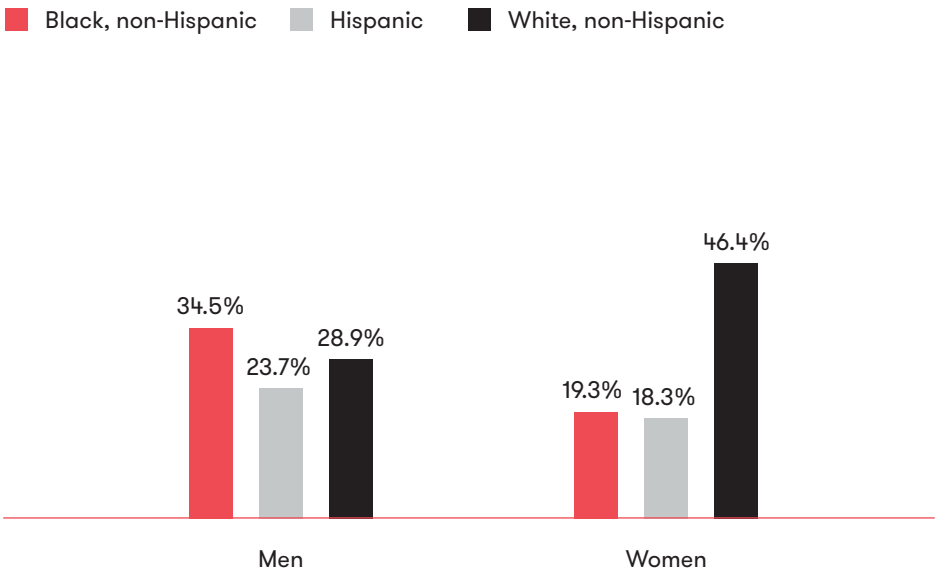
Researchers have proposed explanations for these disparities, including policies and practices that disparately affect people of color, structural

disparities faced by communities of color that are associated with higher rates of crime and arrest, and implicit bias and stereotypes in decision-making.[24] The history of discriminatory criminal justice policies and practices can be traced back to postslavery-era attempts to exert continued control over newly freed people with such policies as the Black Codes.[25] Today, police are more likely to stop and detain African Americans than whites; the charges brought against them are more serious and the sentences they face are harsher.[26]

People of color, therefore, make up the majority of those in federal and state prisons, with 71 percent of incarcerated men and 54 percent of incarcerated women identifying as persons of color.[27] The black, non-Hispanic population makes up the largest share of incarcerated men, at nearly 35 percent.[28] Among incarcerated women, the white non-Hispanic population is the largest racial or ethnic group, accounting for about 46 percent of all women in state and federal prisons. (See Figure 1 below.)

Figure 1

Distribution of state and federal prison population by race and gender, 2016



Source: Bureau of Justice Statistics, *National Prisoner Statistics*, 2016.
Note: BJS does not report races other than the three included in this chart.

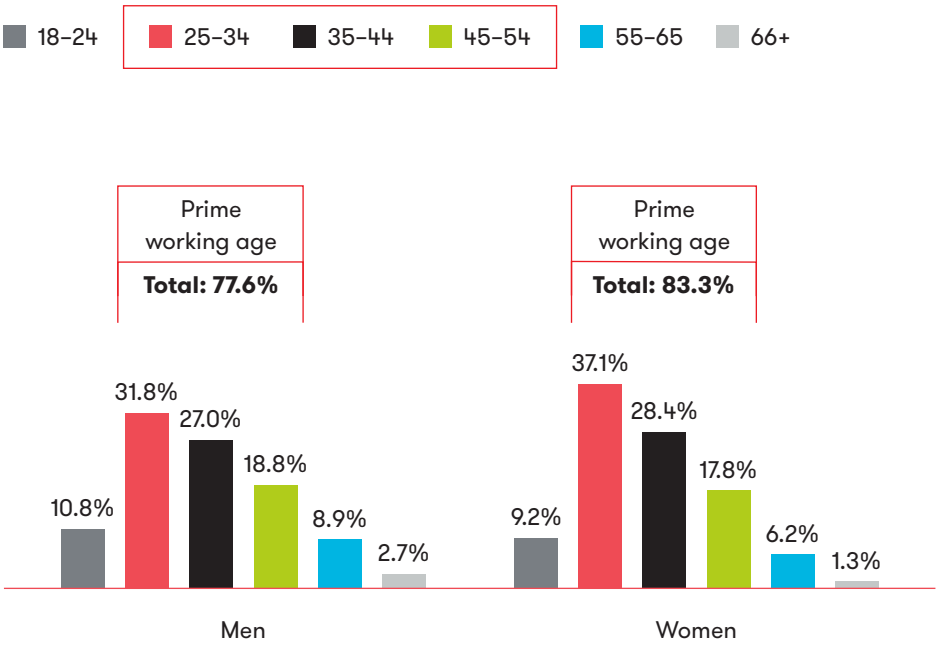
The vast majority of people in and released from federal and state prisons are of working age. In 2016, the prime working-age population (ages 25–54) accounted for about 78 percent and 83 percent of incarcerated men and women, respectively.[29] (See Figure 2 below.)

Educational attainment

The majority of the incarcerated population is academically eligible to advance to postsecondary level classes. Research also shows that people who are in prison generally have lower levels of education than the nonincarcerated population; 64 percent of people (ages 18–74) who were incarcerated in federal and state prisons had at most a high school degree or its equivalent, compared to 50 percent of the nonincarcerated population, according to data collected in 2012 and 2014.[30] (See Figure 3 on page 11.)

Figure 2

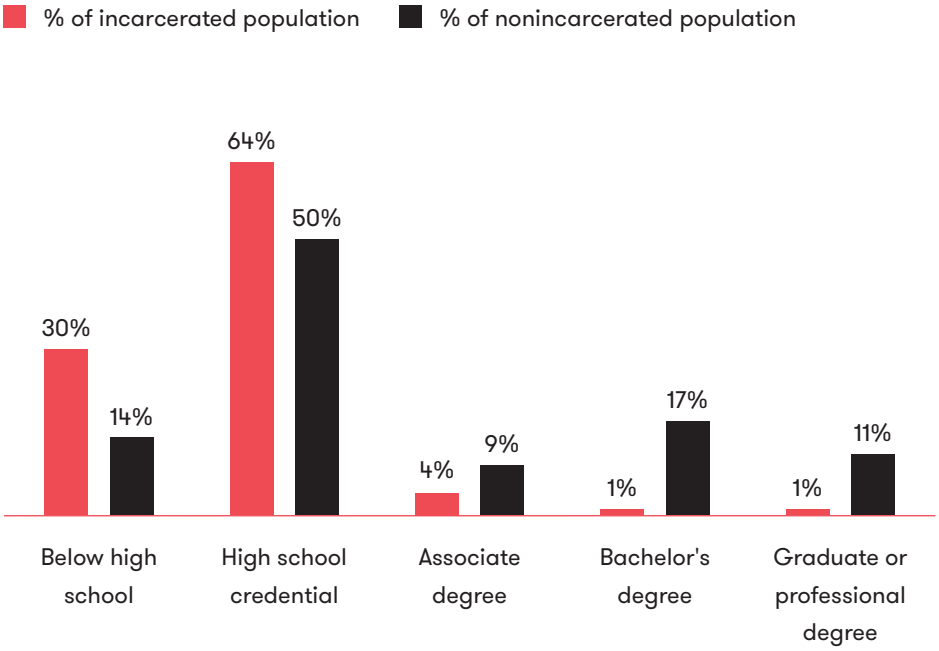
Distribution of state and federal prison population by age and gender, 2016



Source: Bureau of Justice Statistics, *National Prisoner Statistics*, 2016.
Note: "Prime working age" is defined as 25–54 years.

Figure 3

Educational attainment of incarcerated people (18–74) and the nonincarcerated population (16–74), 2012 and 2014



Source: U.S. Program for the International Assessment of Adult Competencies, 2012 and 2014.
Note: U.S. household data collection occurred in 2012 and 2014 and U.S. prison data collection occurred in 2014.

Job training, vocational, and education programs

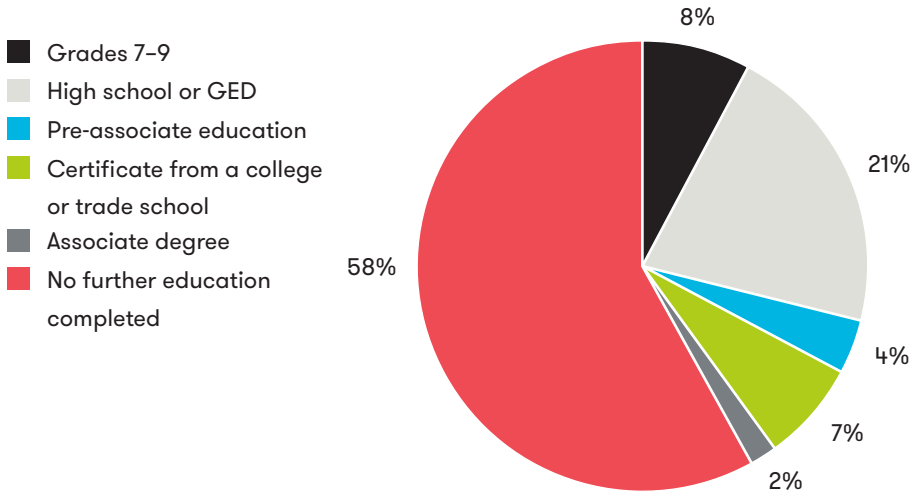
Despite the fact that the majority of incarcerated people are academically eligible for postsecondary-level courses and have an interest in enrolling, few do so while in prison.

Overall, nearly six in 10 people in prison do not earn a higher level of education while they are incarcerated. Among those who do advance their education, the most common program that incarcerated students complete is a high school degree or GED. (See Figure 4 on page 12.) A mere 9 percent of people in prison complete a postsecondary education while incarcerated, 7 percent receive a certificate from a college or trade school, and 2 percent complete an associate degree.

The low postsecondary education attainment rate among incarcerated people does not appear to arise from disinterest. In fact, data suggests that there are many more incarcerated people who would like to enroll in these programs than do so. In 2014, 70 percent of people in prison expressed a desire to enroll in an academic program.[31] Twenty-nine percent of this group wanted to enroll in a certificate-granting program, and about 18

Figure 4

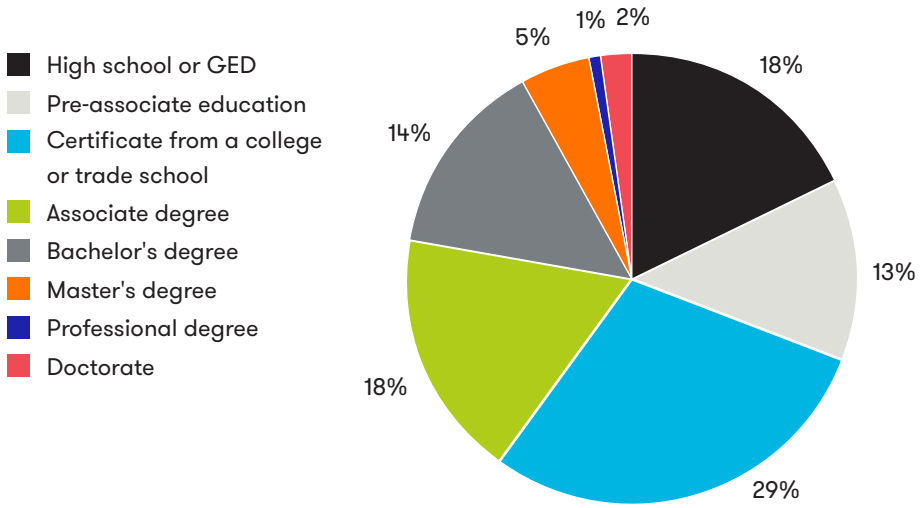
Distribution of incarcerated adults by the highest level of education completed during their current incarceration, 2014



Source: This chart is based on Table 3.1 from US Department of Education, *Highlights from the U.S. PIAAC Survey of Incarcerated Adults*, 2016.
Note: The percent of incarcerated adults completing a BA during incarceration rounds to zero.

Figure 5

Distribution of incarcerated adults wishing to enroll in an educational program, by degree or certificate they hope to attain, 2014



Source: This chart is based on Table 3.5 from U.S. Department of Education, *Highlights from the U.S. PIAAC Survey of Incarcerated Adults*, 2016.

percent wanted to study for an associate degree.[32] The full distribution of people who wanted to enroll in an academic program is depicted by type of program in Figure 5 on page 12.

The potentially Pell-eligible state prison population

A large number of people in prison stand to benefit from restoring their access to Pell Grants. As Figures 2 and 3 on pages 10 and 11 show, a significant portion of the prison population are of prime working age (25–54) and have at least a high school degree or GED. This section examines the number of incarcerated people who would likely qualify for a Pell Grant if the ban were lifted. This report defines "Pell-eligible" as incarcerated people who are 18–54, do not have a life sentence, and have a high school degree or GED. The researchers used the National Corrections Reporting Program (NCRP) to identify what share of the state prison population met these parameters. The parameters for life sentence do not perfectly match the requirements for Pell Grants prior to the 1994 ban. (See Appendix B: Methodology for a discussion of this issue.)

Income is a primary determining factor of Pell eligibility for nonincarcerated students; in 2016–2017, roughly 90 percent of Pell Grant recipients had a family income of $50,000 or less (in 2017 dollars).[33] Given the nature of incarceration and specifically the inability of people in prison to earn even the minimum wage, the analysis assumes that all incarcerated students meet the income requirements for a Pell Grant. It is important to note, too, that the vast majority of incarcerated students likely have met the income requirements for a Pell Grant prior to incarceration. Researchers have found that preincarceration earnings are extremely low; the median earnings prior to incarceration, according to one analysis, were 41 percent less than the median earnings of workers who have not been incarcerated.[34] Another study estimated that in the three years prior to incarceration, median annual earnings among prime working-age men who were employed were $6,250.[35]

In addition to eligibility requirements stipulated by the Pell Grants program, correctional facilities may implement their own standards, which may limit postsecondary enrollment. For example, some facilities may not

allow incarcerated students to enroll in courses if they have significant disciplinary records. Correctional facilities also may require prospective students to have at least one year left until their release date or no more than 10 years until their release date. Given that there is no accessible and reliable documentation of which facilities currently use or would use standards such as these, this estimation of the Pell-eligible population does not reflect the impact of such practices. Notably, these additional factors would not make incarcerated people ineligible for Pell Grants but rather would create additional barriers to their access to postsecondary education programs.

GCPI estimates that there are nearly 463,000 people in state prisons who are of working age, academically eligible to begin postsecondary level courses, and not serving a life sentence.[36] (See Figure 6 on page 15.) The estimates in this study do not include people in prison who have taken some college courses without completing a degree, because NCRP does not distinguish between these individuals and those who complete a college degree. Therefore, the number of people in state prisons who would be eligible for a Pell Grant is likely higher than these estimates reflect.

Other aspects of available data affected the scope of the analysis in this study. First, the estimated size of the Pell-eligible population is limited to people in state prisons because the sections that follow estimate benefits by state, and the researchers were not able to identify specific states to which people who are incarcerated in federal prisons will return upon release. Therefore, because the authors could not assign the benefits resulting from students in federal prisons having access to Pell Grants to particular states, they used only state prison data. If the analysis had included students in federal facilities, the estimated benefits would be greater. Second, the estimated size of the Pell-eligible population may seem high to some practitioners in the field, given the very real barriers to accessing programs that incarcerated students face. In an attempt to identify the population that is both Pell-eligible and likely allowed to enroll in programs, the authors have generated additional estimates that exclude people who are expected to be released in less than one year. Using this more conservative approach, the total Pell-eligible population would be roughly 352,000. (See Figure 13 on page 39 and Appendix B: Methodology for more on state-level data.)

Figure 6

Lifting the ban on Pell Grants could help nearly 500,000 incarcerated people

Estimated Pell-eligible population by state

State	Potentially Pell-eligible in 2016	Pell-eligible population as a share of total state prison population
Alabama	8,819	30.5%
Alaska	2,230	50.3%
Arizona	17,787	42.0%
Arkansas	6,239	35.6%
California	38,855	29.8%
Colorado	7,326	36.7%
Connecticut	6,619	44.3%
Delaware	2,453	37.3%
Florida	32,793	32.8%
Georgia	10,867	20.3%
Hawaii	2,068	36.9%
Idaho	3,141	38.1%
Illinois	16,278	37.3%
Indiana	3,660	14.3%
Iowa	5,488	60.8%
Kansas	3,408	34.4%
Kentucky	8,796	38.2%
Louisiana	11,916	33.4%
Maine	1,107	46.1%
Maryland	6,941	34.7%
Massachusetts	1,522	16.2%
Michigan	13,704	33.3%
Minnesota	4,868	46.0%
Mississippi	6,167	32.1%
Missouri	11,495	35.4%
Montana	1,310	34.4%
Nebraska	1,912	36.1%
Nevada	4,225	30.7%
New Hampshire	1,018	36.1%
New Jersey	7,239	36.6%
New Mexico	2,473	35.1%
New York	20,143	39.7%
North Carolina	9,566	26.8%
North Dakota	628	35.1%
Ohio	17,515	33.6%
Oklahoma	9,560	35.6%
Oregon	5,317	35.1%
Pennsylvania	16,757	34.0%
Rhode Island	1,113	35.9%
South Carolina	3,702	17.7%
South Dakota	2,233	58.3%
Tennessee	10,288	36.5%
Texas	76,672	46.8%
Utah	1,691	27.4%
Vermont	665	38.4%
Virginia	13,397	35.4%
Washington	7,771	40.7%
West Virginia	1,939	27.1%
Wisconsin	10,194	43.6%
Wyoming	815	34.3%
Total	**462,690**	**35.2%**

Source: Authors' analysis. See Methodology section in Appendix B.

The history of Pell Grants

Educational programs, and postsecondary education in particular, have a long history in U.S. prisons. Correspondence college courses for people in prison started to spread across states in the 1930s; face-to-face college courses expanded in the mid- to late 1960s.[a] Project NewGate at Oregon State Prison—a comprehensive postsecondary program including tutoring and a range of other student supports—became a model that several other states had adopted by 1971.

In 1972, Congress established the Federal Pell Grant program, for which incarcerated people were eligible.[b] Pell Grants aimed to help people with low incomes access college or vocational training programs.[c] By 1982 there were 350 postsecondary programs in prisons, with 27,000 enrolled incarcerated students.[d] By the early 1990s, the number of prison programs exceeded 770 in nearly 1,300 facilities.[e]

Since their inception, Pell Grants have been the primary mechanism by which low-income students (including those in prison) pay for postsecondary education.[f] In 1992, Congress took its first step to limit incarcerated students' ability to access Pell Grants by passing legislation that excluded people serving a life sentence and those sentenced to death.[g] It also included an amendment that required states to show that Pell Grant funding would "supplement, rather than supplant, state funding."[h] To meet this requirement, states had to maintain their Fiscal Year 1988 funding levels for tuition assistance to incarcerated students.[i] According to an analysis by the General Accounting Office, seven states did not meet this requirement, effectively barring incarcerated students in those states from securing Pell Grants. Despite these obstacles, 23,000 incarcerated students received Pell Grants in the 1993–1994 award cycle.[j]

In 1994, Congress passed the Violent Crime Control and Law Enforcement Act, which included an amendment that excluded all incarcerated students from the Pell Grant program.[k] As a result, the number of and enrollment in postsecondary education programs in prison rapidly declined. For example, in 1991, 14 percent of people in prison took college-level courses; by 2004, participation had fallen to 7 percent.[l]

Under President Barack Obama, the U.S. Department of Education in July 2015 established the Second Chance Pell Experimental Sites Initiative. Partnering with 67 colleges in 27 states, the Education Department began awarding Pell Grants for postsecondary education and training to people in state and federal prisons.[m] These 67 colleges were chosen from an applicant pool of more than 200 colleges in nearly every state.[n] By fall 2017, the partner institutions were serving 5,053 incarcerated students.[o] Under this pilot program, incarcerated students must use Pell Grants to access credit-bearing courses that result in a certificate or degree. For example, students enrolled in courses in Massachusetts can earn a certificate in small business management through Mount Wachusett Community College.[p] Combined, participating colleges are offering 822 certificates, 69 associate degrees, and 24 bachelor's degrees.[q]

There is bipartisan support for proposals to restore full access to Pell Grants. Senator Lamar Alexander—a Republican from Tennessee who is chair of the Senate Health, Education, Labor and Pensions Committee—said the committee would consider offering incarcerated people access to Pell Grants through the reauthorized version of the Higher Education Act currently making its way through Congress.[r] In February 2018, Senator Brian Schatz (a Hawaii Democrat) introduced a bill to restore Pell Grant eligibility for people in prison called the Restoring Education and Learning (REAL) Act.[s]

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[a] Thom Gehring, "Post-Secondary Education for Inmates: An Historical Inquiry," *Journal of Correctional Education* 48, no. 2 (1997), 46–55, https://perma.cc/92Q2-64AQ.

[b] Charmaine Mercer, "Federal Pell Grants for Prisoners," December 2004.

[c] Spearlt, "Restoring Pell Grants for Prisoners – Growing Momentum for Reform," *The State of Criminal Justice 2016*, https://perma.cc/5XHU-A7LG.

[d] Gerard Robinson and Elizabeth English, *The Second Chance Pell Pilot Program: A Historical Overview* (Washington, DC: American Enterprise Institute, 2017), http://www.aei.org/publication/the-second-chance-pell-pilot-program-a-historical-overview/.

[e] Ibid.

[f] Sung-Woo Cho, James Jacobs, and Christine Zhang, *Demographic and Academic Characteristics of Pell Grant Recipients at Community Colleges* (New York: Community College Research Center, 2013), https://perma.cc/N9LY-B8S9.

[g] Mercer, 2004.

[h] Linda G. Morra, "Pell Grants for Prison Inmates," letter to Senator Harris Wofford, August 5, 1994, Government Accountability Office. (GAO) August 1994, https://perma.cc/N9AP-EX3C.

[i] Ibid.

[j] Ibid.

[k] United States Congress, House of Representatives, "H.R.3355 -

Violent Crime Control and Law Enforcement Act of 1994," https://www.congress.gov/bill/103rd-congress/house-bill/3355/text.

[l] Michelle S. Phelps, "Rehabilitation in the Punitive Era: The Gap between Rhetoric and Reality in U.S. Prison Programs," *Law & Society Review* 45, no. 1 (2011), 33-68, 2011, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3762476/. Note: this decline is not easily or readily explained by other factors.

[m] Alex Boldin, "Second Chance Pell Experimental Sites Initiative Update" (New York: Vera Institute of Justice, June 2018), https://perma.cc/H3DY-L3ZP.

[n] Fred Patrick, "The Case for College in Prison," *The Hill*, July 18, 2016, https://thehill.com/blogs/pundits-blog/crime/288226-the-case-for-college-in-prison.

[o] Boldin, 2018.

[p] Sam Bonacci, "First Class in Second Chance Pell Program," *Community College Daily*, July 18, 2018, https://perma.cc/2F8P-KLHL.

[q] Boldin, 2018.

[r] Erica L. Green, "Senate Leaders Reconsider Ban on Pell Grants for Prisoners," *New York Times*, February 15, 2018, https://perma.cc/V6V5-2ULJ.

[s] Office of Senator Brian Schatz, "Schatz Introduces Legislation to Restore Educational Opportunities for Those Incarcerated and Improve Public Safety," press release, February 14, 2018, https://perma.cc/8ANB-J3H7.

Established effects of postsecondary education in prison

In analyzing the likely impact of reinstating Pell Grants for incarcerated people, GCPI drew on important bodies of literature demonstrating that postsecondary education in prison improves formerly incarcerated people's likelihood of achieving formal employment and reduces their likelihood of returning to prison. These findings translate into financial gains for people, and cost savings for the state through lower incarceration numbers.

Postsecondary education in prison programs and the labor market

Formerly incarcerated workers tend to have lower levels of education and less formal work experience than those who have not been in prison and, therefore, fare worse in the labor market.[37] Upon reentry, they work fewer weeks and their wages are typically lower than those of the average worker.[38] One study that used data from the Internal Revenue Service found that about half of formerly incarcerated people found formal work

within the first year of returning home.[39] Among those who had a job, average annual earnings during the first full year after release were about $13,900, less than full-time, year-round minimum-wage earnings.[40]

Even after controlling for education, work history, and a host of other factors, workers who were at one point incarcerated have lower employment levels and earn less than comparable workers who have never faced incarceration.[41] According to estimates by researchers Bruce Western and Becky Pettit, for men, incarceration reduces hourly wages by 11 percent, decreases annual employment by nine weeks, and lowers annual earnings by 40 percent.[42] These impacts have cumulative effects over the course of a formerly incarcerated worker's career.

> Formerly incarcerated workers tend to have lower levels of education and less formal work experience. Upon reentry, they work fewer weeks and their wages are typically lower than those of the average worker.

Postsecondary education will not eliminate the disparities in employment or wages between formerly incarcerated workers and those who have not been incarcerated. Nonetheless, postsecondary education and training in prison has the potential to improve economic outcomes for formerly incarcerated people in a very meaningful way. A seminal meta-analysis conducted by RAND in 2013 and updated in 2018 found that employment rates were higher among workers who had participated in an educational program while in prison compared to those who had not.[43] This meta-analysis, which included studies published between 1980 and 2017, found that, overall, the odds of being employed after incarceration were 12 percent higher for people who had participated in any educational

or vocational programs while in prison.[44] The authors ranked studies by how well they controlled for differences between those who participated in education and comparison groups, in an effort to identify the impact of program participation itself. The meta-analysis included only experimental or quasi-experimental studies. Based on RAND's full analysis—which includes estimates of effects grouped by how convincing the underlying study was at identifying a causal impact—appears the effects identified provide reasonable estimates of potential employment (and recidivism) impacts among incarcerated people who would participate in postsecondary education if Pell Grants were extended to students in prison.

There is limited research on how participating in a postsecondary education program in prison may affect hourly wages, earnings, or hours worked, but some studies show a positive association. One study of formerly incarcerated people in Minnesota found that earning a postsecondary degree in prison was associated with higher earnings and greater number of hours worked.[45] Other studies have considered the impact of secondary and adult basic education (ABE) programs on employment outcomes. In one analysis of educational programs in Florida's prisons, researchers found, after controlling for observable characteristics, that men who took part in ABE programs had higher earnings and employment rates upon returning home.[46]

The research discussed above indicates that greater educational attainment in prison will enable formerly incarcerated people to enter the labor market better positioned for good-paying jobs.

Postsecondary education in prison programs and recidivism

Nearly half of people released from prison are incarcerated again within three years.[47] Recidivism rates are higher among men, people of color, and younger people.[48] A host of dynamic factors affect recidivism, including reconnection to family, drug and alcohol use, restrictions on access to services, housing and neighborhood conditions, and employment.[49]

A variety of interventions—from education, and substance-use counseling to cognitive-behavioral therapy—have been found to have varying degrees of effectiveness in lowering a person's likelihood of

recidivating.[50] A review of literature that considers the relationship between postsecondary education programs and reincarceration rates indicates that participation in postsecondary education programs in prison is associated with lower recidivism rates. The RAND report discussed on the previous two pages, found that on average the odds of recidivating are 48 percent less for those who take part in postsecondary education programs in prison than for those in prison who do not.[51]

It is difficult for researchers to fully control for self-selection biases: In this case, people who wish to participate in a prison educational program, whether or not they take part in one, may inherently be less likely to recidivate.[52] When RAND limited its meta-analysis to the studies that most rigorously mitigated these biases, the odds of recidivating were still significantly lower for people who engaged in a prison educational program.[53] Thus, while a self-selection bias may exist and might affect the magnitude of results, RAND's and others' work seems to suggest that this bias alone does not fully explain away findings of lower rates of recidivism among postsecondary education program participants.

The research described above supports a rather intuitive notion: someone leaving prison with a higher level of education—and therefore potentially greater job prospects and higher earnings—would be less likely to recidivate compared to someone with a lower level of education and perhaps fewer economic opportunities. In the two sections that follow, the authors present GCPI's analysis of the potential economic benefits of lifting the Pell Grant ban. Specifically, the sections discuss GCPI's estimates of the employment and earnings impact of restoring incarcerated students' access to Pell Grants and the financial savings that states may accrue if recidivism rates are lower among Pell Grant recipients.

Restoring Pell Grant access would improve odds of employment among formerly incarcerated people

Expanding opportunities for incarcerated people to participate in postsecondary education programs will go a long way toward improving their employment outcomes when they return home. Equipped with higher levels of education, formerly incarcerated workers will qualify for more, and often better-paying, jobs. This section estimates the potential impact of restoring Pell Grant access to people in prison on their employment rates and earnings when released.

Previous research has calculated the effect that prison-based postsecondary education has on students' post-release employment and earnings (discussed in "Postsecondary education in prison programs and the labor market" on page 17). GCPI applied the findings of that research to the baseline employment rates of formerly incarcerated workers in individual states, taking into account the number of people who would be eligible for a Pell Grant. In doing so, GCPI estimated the post-release employment rate for each state if the federal government reinstated Pell Grant access for people in prison. The researchers were then able to calculate the likely increase in combined total earnings for formerly incarcerated people in each state.

The analysis presented below shows that, on average, lifting the ban on Pell Grants for people in prison would increase state employment rates of formerly incarcerated workers who participated in a postsecondary program by 4.7 percentage points, or nearly 10 percent. This would increase the employment rates among all formerly incarcerated workers by 1.0 percentage points, which translates into a nearly $45.3 million increase in combined earnings of workers during the calendar year of their release.[54] (See Figures 8 and 9 on pages 27 and 28.) As a point of comparison,

Barriers to employment for formerly incarcerated people

A growing body of research has found that workers who were once incarcerated face numerous obstacles in the labor market—beginning when they are selecting a potential occupation, and continuing throughout the hiring process and even once they are employed.[a]

Occupational licenses

Today, more than 25 percent of workers must obtain a license or certificate to work legally in their occupation.[b] In many states, workers with a criminal record are barred from certain occupational licenses.[c] According to one analysis, states have, on average, 56 occupational licensing laws that automatically prevent formerly incarcerated people from being approved for specific licenses.[d] For example, in California, formerly incarcerated people are unable to become firefighters, despite the fact that many of them have helped fight wildfires while incarcerated, earning far below a minimum wage. Additionally, many state laws contain ambiguous "good moral character" requirements that can result in formerly incarcerated workers being denied a license.[e] For example, in one instance highlighted by the National Employment Law Project (NELP), a prospective worker was initially denied a cosmetology license because, seven years earlier, she had been pulled into an altercation outside of her home and ended up with a felony conviction.[f] Including blanket bans and other hurdles, there are more than 27,000 occupational licensing restrictions across the United States relating to criminal records.[g]

The impact of these exclusions does not simply mean that formerly incarcerated people have fewer jobs available to them. Research has found that average hourly wages in occupations that require a license are typically higher than those in unlicensed occupations. Unlicensed workers' wages are 10 percent to 15 percent less than those of licensed workers with similar education, training, and experience.[h] Thus, licensing exclusions for formerly incarcerated people can create a significant barrier to breaking out of a cycle of poverty. Across the country, there is growing support for reforming occupational licensing laws. Nearly a dozen states have recently revised occupational licensing requirements to make it easier for people with a criminal record to secure certain occupational licenses.[i]

Hiring process

Formerly incarcerated applicants routinely face discrimination during the hiring process.[j] In a seminal experimental study by Devah Pager, employers received identical employment applications, except for conviction history, from paired job seekers; Pager found that male applicants with a criminal record were far less likely to be called back for an interview.[k] An experimental study commissioned by the U.S. Department of Justice similarly found that women with a history of incarceration were less likely than comparably qualified applicants to be called back by a prospective employer.[l]

The negative impact of incarceration on employment varies substantially by race.[m]

According to the Pager study, the callback rate for white male applicants with a criminal record was 50 percent less than the callback rate for comparable applicants without a criminal record (17 percent compared to 34 percent).[n] Among black men, the callback rate was nearly three times lower for those with a criminal record (5 percent compared to 14 percent).[o] These findings suggest that employers are more likely to discriminate on the basis of incarceration history when an applicant is a person of color.

The fact that prospective employees are often required to divulge any criminal history at the initial application stage without the opportunity to explain it fuels discrimination based on criminal records during hiring. Some states and localities are taking steps to eliminate criminal history questions from applications, as discussed later in this report. (See "Restoring Pell Grant access to incarcerated people would benefit employers" on page 30.)

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[a] Michelle Natividad Rodriguez and Beth Avery, *Unlicensed and Untapped: Removing Barriers to State Occupational Licenses for People with Records* (New York: National Employment Law Project, April 26, 2016), https://perma.cc/T7F2-UWUK. For a review of research on the labor market outcomes of formerly incarcerated people, see Bruce Western, Jeffrey R. Kling, and David F. Weiman, "The Labor Market Consequences of Incarceration," *Crime & Delinquency* 4, no. 3 (2001), 410-427, https://perma.cc/D63S-8MCX.

[b] U.S. Department of Treasury, Council of Economic Advisers, and Department of Labor, *Occupational Licensing: A Framework for Policymakers* (Washington, DC: The White House, 2015), https://perma.cc/B52U-B8JE.

[c] Rodriguez and Avery, 2016.

[d] Ibid.

[e] Ibid.

[f] Ibid.

[g] Ibid.

[h] U.S. Department of Treasury, Council of Economic Advisers, and

Department of Labor, 2015.

[i] Maurice Emsellem, Beth Avery, and Phil Hernandez, *Fair Chance Licensing Reform Takes Hold in the States* (New York: National Employment Law Project, 2018), 15, https://perma.cc/VCF9-NMEX.

[j] For a review of the literature, see Scott H. Decker, Cassia Spohn, Natalie R. Ortiz, and Eric Hedberg, *Criminal Stigma, Race, Gender and Employment: An Expanded Assessment of the Consequences of Imprisonment for Employment* (Washington, DC: National Institute of Justice, 2014), https://perma.cc/P7VF-9E2X.

[k] Devah Pager, "The Mark of a Criminal Record," *American Journal of Sociology* 108, no. 5 (2003), 937–975, www.jstor.org/stable/10.1086/374403. For a review of the literature, see Decker, Spohn, Ortiz, and Hedberg, 2014.

[l] Decker, Spohn, Ortiz, and Hedberg, 2014.

[m] Pager, 2003.

[n] Ibid.

[o] Ibid.

between 2016 and 2017 the employment rate among the prime-working-age population overall increased by 1.0 percentage point.[55] Restoring full access to Pell Grants is vital to ensuring that formerly incarcerated people have a fair chance to build a financially secure future for themselves and their families.

Estimating the employment and earnings impact of lifting the ban on Pell Grants

As identified above, this section seeks to quantify the employment and earnings impact of restoring incarcerated people's access to Pell Grants. Below is a short discussion of the methodologies used to arrive at each of these estimates. (See Appendix B: Methodology for a full description of the methods used in this study.)

Employment rates for formerly incarcerated students

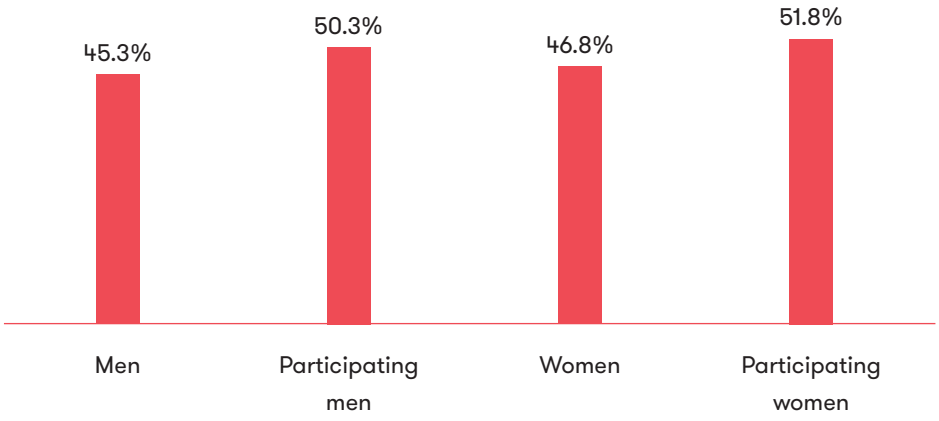
For each state, GCPI estimated an employment rate for people who participated in postsecondary education programs. GCPI constructed these estimates by applying the findings from RAND's meta-analysis to baseline employment rates for formerly incarcerated workers. For example, in Pennsylvania, the employment rate for formerly incarcerated workers is 45.3 percent for men and 46.8 percent for women (ages 18 to 64 during the calendar year of release). RAND's meta-analysis found that the odds of being employed were 22 percent higher for vocational program participants than the odds of employment among nonparticipants.[56] (RAND's meta-analysis did not have an employment odds ratio for postsecondary education programs; for further discussion of the use of the

odds ratio for vocational programs, see Appendix B). Given the baseline employment rates in Pennsylvania and the aforementioned employment odds ratio (1.22), the employment rate for men and women who participate in postsecondary education programs in Pennsylvania would increase to 50.3 percent and 51.8 percent, respectively. In short, in Pennsylvania, employment rates among participants in postsecondary education programs while in prison would increase by 5 percentage points. (See Figure 10 on page 29 for state-by-state estimates.)

While these estimated employment impacts might initially appear small, they are meaningful in the context of typical fluctuations in employment-to-population ratios. For example, since the depths of the

Figure 7

Estimated employment rates for formerly incarcerated workers in Pennsylvania by participation in postsecondary education programs



Source: Adam Looney and Nicholas Turner, *Work and Opportunity Before and After Incarceration* (Washington, DC: Brookings Institution, March 14, 2018), https://www.brookings.edu/research/work-and-opportunity-before-and-after-incarceration/.
Estimates for men and women participating in postsecondary education programs based on authors' analysis.

Great Recession, the national employment-to-population ratio of prime-age men (25–54) increased by 5.7 percentage points; for prime-age women (25–54), the employment-to-population ratio increased by 4.7 percentage points.[57] Similarly, between 2016 and 2017 the employment rate among the prime working age population increased by one percentage point.[58] In other words, the estimated increase in the employment-to-population ratio among the affected population in Pennsylvania is nearly equivalent to the overall increase in this ratio among prime-age workers during the current economic expansion. (For further discussion of calculations and methodology, see the Methodology section in Appendix B.) Nationally, lifting the ban on Pell Grants for people in prison would increase state employment rates of formerly incarcerated workers who participated in a postsecondary program by 4.7 percentage points or nearly 10 percent.

Overall employment and earnings

Although a few studies indicate that earning a postsecondary degree while in prison likely would increase earnings, they do not establish with a degree of reasonable certainty how much earnings would increase on average.[59] Despite this limitation, GCPI constructed a conservative estimate of the aggregate increase in earnings of the formerly incarcerated population based on employment increases alone. In other words, assuming that wages do not increase (although there is evidence to suggest

Estimating the take-up rate for postsecondary education in prison

The mid-level estimate uses a 50 percent take-up rate based on the share of people who participate in high school and GED courses while incarcerated; among men who are academically eligible to enroll in high school or a GED course, 47 percent participate in a program while in prison.[a] It is reasonable to expect that with federal funding support, participation in postsecondary education programs can match the level in secondary education programs among academically eligible people. The higher take-up rate of 75 percent is similar to the share of nonincarcerated people who enroll in college for the fall semester following their high school graduation. The lower-bound estimate uses a 25 percent take-up rate, given that some correctional facilities may not initially have adequate infrastructure for postsecondary classrooms and may limit enrollment beyond Pell eligibility criteria by imposing other requirements, such as a minimal disciplinary history.

[a] Authors' calculations of the "Survey of Inmates in State and Federal Correctional Facilities," U.S. Bureau of Justice Statistics, 2004, https://perma.cc/Z626-AMN8.

that they likely would), GCPI multiplied the estimated increase in the total number of formerly incarcerated people employed in each state by average annual earnings of formerly incarcerated workers in each state to estimate the total increase in wages earned by the recently released population.

> On average, lifting the ban on Pell Grants for people in prison would increase state employment rates of formerly incarcerated workers who participated in a postsecondary program by 4.7 percentage points or nearly 10 percent.

To estimate the increase in combined earnings, researchers modeled an overall employment rate for the total recently released population in each state assuming a 50 percent take-up rate for postsecondary education programs. For example, if 50 percent of the Pell-eligible population in Pennsylvania participated in a postsecondary education program while in prison, then about 21 percent of all formerly incarcerated people ages 18–54 would return home with some postsecondary education. Assuming the employment rate for nonparticipants remained at the baseline rate of 45.3 percent for men, while men's employment rates for postsecondary education participants were 50.3 percent, then the overall employment rate for the released population would be 46.4 percent. Thus, restoring access to Pell Grants would increase overall employment rates among all men recently released from prison by 1.1 percentage points in Pennsylvania. (See Figure 16 on page 42 for employment rates for women and other state breakdowns.) An increase in the overall employment-to-population ratio among the recently released population (men and women) would mean

that combined earnings in Pennsylvania would increase by more than $1.5 million in the first year after incarceration.

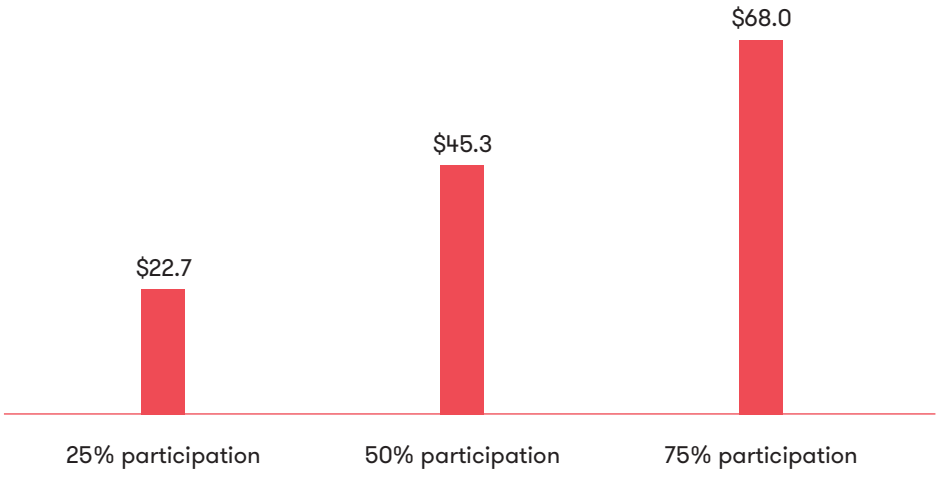
Given that the rate of participation will likely vary across states and depends on a multitude of factors, a low (25 percent), middle (50 percent), and high (75 percent) take-up rate were used across GCPI's analysis; consequently, a range of estimates is provided for all modeled figures.

Nationally, if 50 percent of the Pell-eligible population participated in postsecondary education programs in prison, then the resulting increase in employment-to-population ratios would mean that combined earnings would increase by more than $45 million in the first year after incarceration across all states included in the analysis. A rise in employment rates and cumulative earnings among the formerly incarcerated population also would lead to higher tax revenues for the federal government as well as the states. (See Figures 8 and 9 for the full range of estimates and Figure 10 for mid-level estimates by state. Low- and high-level state estimates can be found in Appendix A.)

Figure 8

Postsecondary education programs in prison would boost earnings of workers

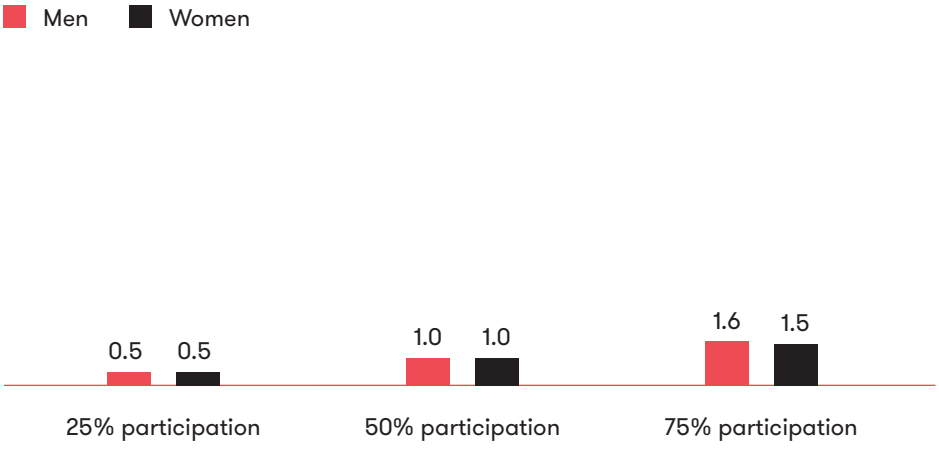
Total increase in combined earnings (in millions)



Source: Authors' calculations. See Methodology section in Appendix B.

Figure 9

Average percentage point change in employment rate of all formerly incarcerated workers



Source: Authors' calculations. See Methodology section in Appendix B.
Note: Participation rates indicate participation in postsecondary education programs in prison.

The estimates above illustrate the potential economic power of restoring Pell Grant access to people in prison. Giving incarcerated students the opportunity to earn a postsecondary education—whether a certificate, associate degree, or beyond—will open doors to more job prospects, leading to higher employment rates and likely even greater earnings. The impacts are striking: based on GCPI's mid-point estimates, lifting employment rates of formerly incarcerated workers who participated in a postsecondary program by an average of 4.7 percentage points (or nearly 10 percent) would increase employment among all formerly incarcerated people by roughly 1.0 percentage point, boosting the combined earnings of people recently released from prison by roughly $45.3 million in just the first year after release.

Figure 10

Impact of postsecondary education programs in prison on earnings and employment of formerly incarcerated workers during their year of release, by state, at 50% take-up rate

	Percentage point increase in employment rate of formerly incarcerated workers who participate in postsecondary education		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Alabama	5.0	4.5	$1,091,341
Alaska	4.7	4.1	$373,470
Arizona	5.0	4.9	$1,182,711
Arkansas	5.0	4.9	$882,989
California	4.5	4.2	$2,206,684
Colorado	4.4	4.0	$1,060,608
Connecticut	5.0	5.0	$396,880
Delaware	4.9	4.9	$217,156
Florida	5.0	4.9	$2,415,074
Georgia	5.0	4.9	$742,695
Hawaii	4.9	4.7	$183,353
Idaho	4.5	4.5	$401,964
Illinois	4.9	4.9	$2,143,974
Indiana	4.9	4.6	$448,224
Iowa	4.5	4.6	$721,875
Kansas	4.7	4.7	$578,081
Kentucky	5.0	4.9	$1,091,429
Louisiana	4.6	4.7	$1,731,139
Maine	4.9	4.9	$61,781
Maryland	4.8	4.9	$605,059
Massachusetts	5.0	5.0	$125,203
Michigan	4.8	4.8	$807,808
Minnesota	4.9	5.0	$819,243
Mississippi	4.8	4.8	$463,725
Missouri	4.8	5.0	$1,089,255

(Table continued)

	Percentage point increase in employment rate of formerly incarcerated workers who participate in postsecondary education		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Montana	4.9	n/a	$134,460
Nebraska	4.5	n/a	$192,022
Nevada	4.9	4.9	$649,457
New Hampshire	4.7	n/a	$114,162
New Jersey	5.0	4.9	$650,390
New Mexico	4.7	4.8	$270,254
New York	4.6	4.7	$1,682,061
North Carolina	5.0	4.9	$1,065,816
North Dakota	n/a	n/a	n/a
Ohio	4.7	4.9	$1,249,422
Oklahoma	4.8	4.4	$979,238
Oregon	n/a	n/a	n/a
Pennsylvania	5.0	5.0	$1,545,579
Rhode Island	4.8	n/a	$100,432
South Carolina	5.0	4.8	$236,344
South Dakota	3.7	n/a	$406,586
Tennessee	4.8	5.0	$766,501
Texas	4.9	5.0	$9,254,051
Utah	4.8	4.6	$267,947
Vermont	n/a	n/a	n/a
Virginia	4.9	4.9	$684,466
Washington	4.9	4.9	$2,500,306
West Virginia	5.0	4.9	$236,349
Wisconsin	4.7	4.8	$489,449
Wyoming	1.1	1.0	$23,570

Source: Authors' calculations. See Methodology section in Appendix B.
Note: Employment rates were not available for some states, and therefore authors were not able to generate estimates for every state.

Restoring Pell Grant access to incarcerated people would benefit employers

Across the country, employers in sectors that are experiencing robust job growth have realized the economic potential of preparing incarcerated students for these opportunities. From Washington to Wisconsin to Connecticut, employers are hiring more formerly incarcerated students to meet their business needs.[a] Employment projections indicate that there will be numerous job openings over the next decade that formerly incarcerated workers who get postsecondary training in prison through reestablishment of their Pell Grant eligibility could fill.[b] For example, in southeastern Wisconsin's manufacturing industries, there is a growing need for computer numerically controlled (CNC) machinists. CNC jobs are expected to increase by nearly 11 percent over the next decade in Wisconsin, with an average of 390 job openings each year.[c] Companies such as Snap-On have hired workers who received CNC certificates from the Milwaukee Area Technical College while incarcerated.[d] By ensuring that there is a pipeline of workers with the skills needed to fill these jobs, businesses are able to quickly and easily fill positions, minimizing hiring costs and on-the-job training. The Bureau of Labor Statistics projects that over the next decade there will be, on average, five million job openings each year that have entry-level education requirements ranging from above a high school diploma to a bachelor's degree.

Moreover, there is growing support for removing barriers to employment among people with criminal records. In recent years, 32 states and more than 150 cities have taken steps to remove questions relating to job applicants' criminal records from the initial application phase.[e] In 11 states, all private businesses are barred from asking such questions.[f] These changes help to ensure that applicants are evaluated for jobs based on their skills and potential, not a stigmatized past. In 2016, more than 300 companies employing a total of more than five million people, from American Airlines to Starbucks, made commitments to remove hiring barriers for workers with a criminal record.[g]

In short, when employers move beyond the stigma associated with criminal records and incarceration and formerly incarcerated people gain greater opportunity for higher education, employers can gain dedicated and hardworking employees with previously untapped talent.

***Case study:* EDAC Technologies and Asnuntuck Community College, a partnership that serves both students in prison and employers**

Manufacturing is on the rise in Connecticut, and employers are eager to fill the many job openings. That's where the Second Chance Pell program at Asnuntuck Community College comes in. Asnuntuck Community College has offered both an associate degree and a certificate in manufacturing to more than 230 students at four partnering Connecticut prisons.[h] And many of those who enter manufacturing after graduating from the program find success. One former student is making $22 an hour (in 2018 dollars) and has the third-highest productivity at his company, according to Mary Bidwell, assistant dean of Asnuntuck's Manufacturing Technology Center.

Since June 2017, EDAC Technologies—a Connecticut-based company that manufactures precision parts for sophisticated machines and aircraft—has hired half a dozen graduates of the Asnuntuck Second Chance Pell Program and plans to hire more as positions open up. Dave Russell, director of Next Generation Recruitment at EDAC, is proud of these hires: "I have formerly incarcerated employees who are successfully working full time making $20 an hour or more and contributing in very positive ways to our company." In fact, he has expanded his recruitment efforts to the in-prison graduation ceremonies for the Asnuntuck program.[i]

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[a] *Seattle Times* Staff, "Seattle Employers Offer Ex-Cons a 'Second Chance'," *Seattle Times*, June 10, 2017, https://perma.cc/R2CS-4JVC; David D. Haynes, "Throw the Books at Them: How More Training for Wisconsin's Prisoners Could Help Companies," *Milwaukee Journal Sentinel*, July 26, 2018, https://perma.cc/MH86-MPT4; Jacqueline Rabe Thomas, "From Foster Care, to Prison, to College Graduation, to …" *CT Mirror*, November 12, 2017, https://perma.cc/J529-4J62.

[b] U.S. Bureau of Labor Statistics, "Employment Projections 2016-2026," https://perma.cc/3P75-J2Q3.

[c] Authors' analysis of Wisconsin long-term occupational projections 2016-2026, https://perma.cc/JN6F-CNFY.

[d] Haynes, 2018.

[e] Beth Avery and Phil Hernandez, "Ban the Box: U.S. Cities, Counties, and States Adopt Fair Hiring Policies," National Employment Law Project, August 2018, https://perma.cc/9C5S-U8GH.

[f] Ibid.

[g] White House, "Fact Sheet: White House Announces New Commitments to the Fair Chance Business Pledge and Actions to Improve the Criminal Justice System," press release, November 30, 2016, https://perma.cc/8DQ8-VDPG.

[h] Based on authors' conversations with Dave Russell and Mary Bidwell.

[i] Ibid.

Restoring Pell Grant access to incarcerated people would benefit states

Beyond improving the labor market outcomes of formerly incarcerated workers, restoring incarcerated students' access to Pell Grants also would benefit states.

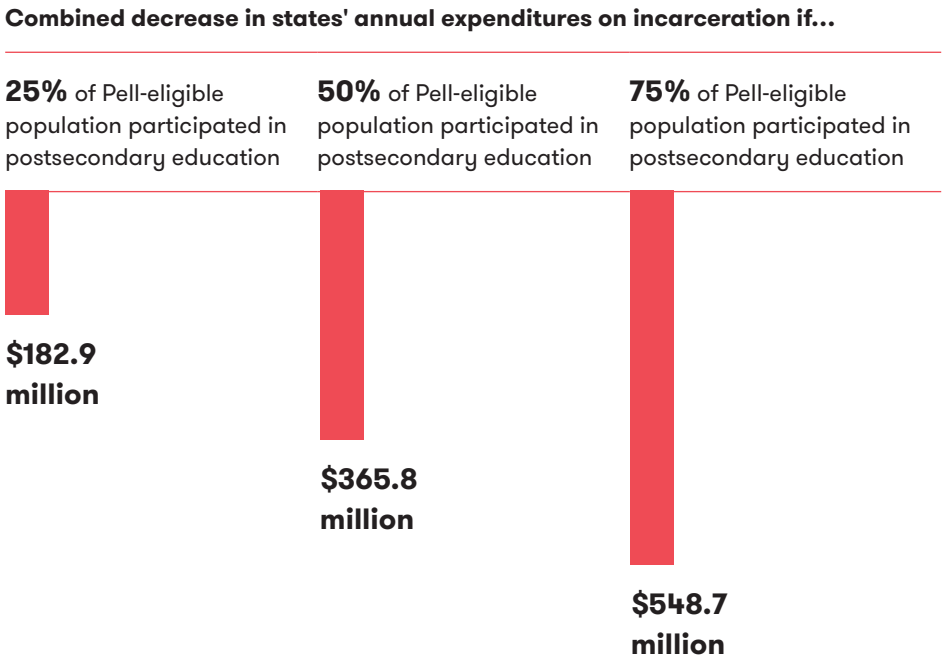
Rising prison populations have weighed heavily on states' finances. Combined, states spend more than $43 billion per year on prisons.[60] Expanding educational opportunities for incarcerated people may reduce the cost of incarceration to states. As post-release conditions improve through enhanced job prospects and earnings, recidivism among formerly incarcerated people would decline, leading to a substantial reduction in states' incarceration costs.

> While education alone does not guarantee economic prosperity, people with higher levels of education tend to fare better in the labor market.

This section presents estimates of how much money states stand to save as a result of postsecondary education programs lowering recidivism rates if Pell Grant access were reinstated. To construct these estimates, GCPI calculated likely recidivism rates of people who participate in postsecondary education programs for each state, allowing the researchers to identify how many fewer formerly incarcerated people who had received a Pell Grant would return to prison within three years as a result of their participation in postsecondary programs. The researchers then drew on per-person marginal cost of correctional facilities and the average length of incarceration by state to estimate cost savings.

Figure 11

Impact of postsecondary education programs on the cost of state prisons



Source: Authors' analysis. See Methodology section in Appendix B.

As explained in detail below, GCPI's analysis found that lifting the ban on Pell Grants for people in prison could reduce states' incarceration costs by a combined $365.8 million each year. In addition to these quantified savings, states also would likely experience gains as a result of a reduction in parole and probation supervision and increases in tax revenue stemming from higher employment and wages—factors that are not included in the scope of GCPI's analysis.

The section that follows identifies how much states could save if incarcerated students were able to receive Pell Grants. It begins by reviewing recent trends in state spending on prisons.

Rising state prison expenditures

As state prison populations exploded from the 1970s through the late 2000s, state spending on prisons also ballooned.[61] Between 1982 and 2000, total state correctional expenditures increased by 256 percent, in real terms.[62] Similarly, prison expenditures as a share of total state spending nearly doubled over this period. By 2010, states' combined spending on

prisons made up 3.3 percent of total state expenditures, up from 1.9 percent in 1982.[63]

A survey of 45 states (accounting for about 97 percent of the state prison population) by the Vera Institute of Justice found that, in 2015, these states were spending nearly $43 billion on prison.[64] The annual cost per prisoner averaged $33,274 across these states.[65] Researchers have estimated that the short-term marginal cost rate is 14 percent, meaning that the cost associated with each additional incarcerated person is 14 percent of the average cost per prisoner. Nationally, the short-term marginal cost is $4,658 (or 14 percent of $33,274).

Estimating the impact of lifting the ban on Pell Grants on states

Reduced recidivism

As a starting point for this component of the analysis, GCPI researchers identified a three-year recidivism rate for each state based on a survey administered by the Pew Trusts.[66] They then modeled a likely recidivism rate for people who participated in postsecondary programs while incarcerated. For example, in Wisconsin, the three-year recidivism rate is 46.0 percent. RAND's meta-analysis found that the odds of recidivating for postsecondary education participants are 48 percent less than the odds for nonparticipants; the odds ratio for these two groups was 0.52. Using this odds ratio, the GCPI researchers calculated that the recidivism rate for people who participated in a postsecondary program in Wisconsin would drop to an estimated 30.7 percent.

To estimate an overall recidivism rate for the released population in each state, GCPI first estimated what share of the released population was of working age (18-54) and would be eligible for a Pell Grant. As explained earlier, since take-up rates for postsecondary education programs will vary across states and depend on a host of factors, the researchers created a series of estimates based on three different take-up rates: 25 percent, 50 percent, and 75 percent.

To continue the example of Wisconsin, roughly 5,700 people were released from prison in 2016. If 50 percent of the Pell-eligible population participated in a postsecondary education program, then about 23 percent of the total released population would be reentering the community with some postsecondary education. For this group, the recidivism rate is estimated to be 30.7 percent (as discussed above), while, for the remaining share of the population, the recidivism rate is assumed to remain at the baseline of 46.0 percent. This translates to a 42.4 percent overall recidivism rate estimate for people released from prison in Wisconsin if they had access to Pell Grants.

Potential cost savings

The midpoint modeled recidivism rate of 42.4 percent for Wisconsin suggests that, if people in state prison had access to Pell Grants, about 206 fewer people would return to prison within three years of their release. The annual marginal cost of incarceration per prisoner is roughly $5,400 in Wisconsin and the average sentence length is 4.7 years. Thus, if 206 fewer people recidivate each year, then Wisconsin stands to see correctional costs decrease by about $5.2 million for each year that people leaving prison had access to Pell Grants while incarcerated. In fact, the projected cost savings could be as high as $7.9 million if 75 percent of the Pell-eligible prison population participated in postsecondary education. (See Appendix A: Cost savings associated with postsecondary education programs by state, on page 39.)

For the 48 states included in this analysis, the average state's correctional costs would decrease by an estimated $7.6 million for each year in which people released from prison had access to Pell Grants while incarcerated. Across these states, prison costs would decline by $365.8 million each year if 50 percent of the Pell-eligible prison population participated in postsecondary education programs. (See Figure 11 on page 32.) Prison costs would decline by $548.7 million if 75 percent participated. Figure 12 identifies state-level cost savings estimates for the medium take-up rate of 50 percent. (For low take-up [25 percent] and high take-up [75 percent] estimates by state, see Appendix A on page 39.)

It is clear from the analysis that states stand to gain significantly if the federal government restores access to Pell Grants to people in prison.

Doing so would give states a powerful financial incentive to enroll as many incarcerated people as possible in credential-granting postsecondary education programs. The current shortage of postsecondary education programs in prisons stems largely from inadequate funding. Restoring Pell Grant access to people in prison could allow correctional facilities and educational institutions to establish new postsecondary education programs and expand those that currently exist.

Listening to experience: Aminah Elster

As a child, I always dreamed of attending the University of California, Berkeley. Instead of an institution of higher learning, I found myself inside of a California penal institution.

After six years in jail (where I earned my GED), I was transferred to the Valley State Prison for Women in Chowchilla, California. I was excited to learn that I might have the opportunity to take college classes, but I had to wait two more years on the Feather River College waiting list. Unfortunately, my experience is not unique. I know many people who are eager to obtain a college education in prison but are denied or delayed for one reason or another.

Still, the wait was worth it as the postsecondary courses I enrolled in helped open my eyes to a bigger world. Before, I was mentally confined to the few blocks where I grew up. My college-level courses opened my mind and eyes to the greater world around me and challenged me to want a better life outside of prison.

It was inside a prison classroom that I had my first full conversation in another language and learned to appreciate art. It was while sitting in those very same classrooms that I began to stop assigning my bad choices to others, as I grew acquainted with accountability.

However, I still longed for more. I wanted to pursue other courses, like pre-law and biology labs, that weren't available in prison. I also wanted to obtain bachelor's and master's degrees, but couldn't afford the courses required to earn credits, one of the most common barriers students in prison face.

Despite this, I earned an associate degree in liberal arts and humanities and obtained additional certificates in business and entrepreneurship. After my release, I was able to secure employment with relative ease and I was also accepted into my dream school, UC Berkeley, within a year of being home.

Without the postsecondary courses in prison, my life could very well be different than it is today, which is why I think it's so critical to remove barriers to accredited, college-level courses inside.

I want people to understand how transformative postsecondary education in prison can be. I would also like people to know that prisoners are people, too. Many like myself just never had the support of loved ones encouraging their success in higher learning, and therefore never pursued it.

However, the community many folks develop inside the classroom is one of strong support and determination that leads to a better future with greater opportunity. The more people who have access to that experience while in prison, the better it will be for us all.

Figure 12

Annual cost savings associated with postsecondary education programs by state (in millions), at 50% take-up rate

State	Incarceration cost savings associated with postsecondary education programs in prison
Alabama	$3.8
Alaska	$2.4
Arizona	$5.6
Arkansas	$4.1
California	$66.6
Colorado	$7.0
Connecticut	$7.2
Delaware	$3.1
Florida	$12.9
Georgia	$3.5
Hawaii	$0.8
Idaho	$1.9
Illinois	$17.3
Indiana	$1.4
Iowa	$4.7
Kansas	$3.0
Kentucky	$3.9
Louisiana	$4.6
Maine	$0.4
Maryland	$7.6
Massachusetts	$1.8
Michigan	$10.7
Minnesota	$5.7
Mississippi	$3.9
Missouri	$8.0

(Table continued)

State	Incarceration cost savings associated with postsecondary education programs in prison
Montana	$1.2
Nebraska	$1.0
Nevada	$1.9
New Hampshire	$0.9
New Jersey	$10.2
New Mexico	$2.0
New York	$37.8
North Carolina	$8.0
North Dakota	n/a
Ohio	$11.8
Oklahoma	$2.4
Oregon	n/a
Pennsylvania	$17.6
Rhode Island	$0.7
South Carolina	$1.3
South Dakota	$1.7
Tennessee	$5.9
Texas	$38.1
Utah	$1.1
Vermont	$1.8
Virginia	$3.6
Washington	$18.6
West Virginia	$0.8
Wisconsin	$5.2
Wyoming	$0.3
Average	**$7.6 million**

Source: Authors' calculations. See Methodology section in Appendix B.

Conclusion and recommendation

Policymakers and politicians frequently refer to education as "the great equalizer."[67] While education alone does not guarantee economic prosperity, people with higher levels of education tend to fare better in the labor market. The unemployment rate is generally much lower for workers with a college degree than those with a high school diploma.[68] Moreover, wages tend to be higher for workers with higher levels of education.[69] These trends can be seen across all racial and ethnic groups, age categories, genders, and regions. The economic returns from education apply to formerly incarcerated people as well.

> Federal policymakers should right a past wrong by restoring eligibility for Pell Grants to all qualified incarcerated people.

While it is just one component of a policy framework to improve people's chances post-release, restoring Pell Grant access to people in prison and rebuilding and expanding postsecondary education programs in prisons would yield far-reaching economic benefits. Formerly incarcerated people who re-enter the labor market with greater levels of education are more likely to find employment and less likely to return to prison, potentially improving social and economic outcomes for their communities, families, and themselves while leading to significant savings to states.

Despite the significant benefits that individuals, businesses, and states stand to gain from restoring incarcerated students' access to Pell Grants, federal education funding policy has not undergone meaningful changes since the Second Chance Pell pilot program. The time is ripe for such a change. In recent years, state legislatures have made a concerted effort to reverse the longstanding punitively focused approach to criminal justice. Policymakers, motivated in part by research, have recognized that many laws passed in the 1990s and early 2000s have had devastating human and economic consequences and were ineffective at reducing crime.

Between 2013 and 2015, states across the country have generated 286 bills, executive orders, and ballot initiatives relating to criminal justice reform.[70] A notable exception to this reformist trend has been many policymakers' failure to recognize that the Pell Grants ban is a flawed criminal justice policy. Federal policymakers should right a past wrong by restoring eligibility for Pell Grants to all qualified incarcerated people, thus making the projections in this report—of improved lives, a stronger workforce, and state fiscal savings—a reality.

Appendix A

Figure 13

Estimated Pell-eligible population by state, excluding people who are expected to be released within one year

State	Potentially Pell-eligible in 2016
Alabama	6,447
Alaska	1,630
Arizona	12,185
Arkansas	4,319
California	34,613
Colorado	2,301
Connecticut	4,838
Delaware	1,671
Florida	25,995
Georgia	6,510
Hawaii	1,747
Idaho	833
Illinois	11,298
Indiana	2,770
Iowa	4,011
Kansas	2,324
Kentucky	7,821
Louisiana	9,859
Maine	809
Maryland	5,779
Massachusetts	1,287
Michigan	10,017
Minnesota	2,710
Mississippi	5,658
Missouri	8,403

(Table continued)

State	Potentially Pell-eligible in 2016
Montana	1,128
Nebraska	1,397
Nevada	3,007
New Hampshire	710
New Jersey	6,175
New Mexico	1,808
New York	13,798
North Carolina	6,143
North Dakota	459
Ohio	12,363
Oklahoma	8,211
Oregon	3,887
Pennsylvania	12,249
Rhode Island	775
South Carolina	2,858
South Dakota	1,632
Tennessee	8,639
Texas	64,702
Utah	1,236
Vermont	486
Virginia	9,272
Washington	4,989
West Virginia	1,768
Wisconsin	7,470
Wyoming	543
Total	**351,545**

Source: Authors' analysis. See Methodology section in Appendix B.

Figure 14

Impact of postsecondary education in prison programs on earnings and employment of formerly incarcerated workers during the calendar year of their release

Average percentage point change in employment rate of all formerly incarcerated workers if...

	25% of Pell-eligible population participated in postsecondary education	**50%** of Pell-eligible population participated in postsecondary education	**75%** of Pell-eligible population participated in postsecondary education
Men	0.5 (0.1–0.9)	1.0 (0.3–1.8)	1.6 (0.4–2.8)
Women	0.5 (0.1–0.9)	1.0 (0.2–1.8)	1.5 (0.4–2.6)

Total increase in combined earnings of all formerly incarcerated workers if...

	25% of Pell-eligible population participated in postsecondary education	**50%** of Pell-eligible population participated in postsecondary education	**75%** of Pell-eligible population participated in postsecondary education
All workers	$22.7 million ($5.6M–$39.9M)	$45.3 million ($11.1M–$79.8M)	$68.0 million ($16.7M–$119.7M)

Source: Authors' calculations. See Methodology section in Appendix B.
Note: The odds of securing employment are 22% higher for vocational program participants compared to nonparticipants; an odds ratio of 1.22 (Bozick et al., 2018). The 95 percent confidence interval for this odds ratio is 1.05–1.42. Ranges in parentheses are based on this confidence interval.

Figure 15

Aggregate impact of postsecondary education programs in prison on earnings and employment of all formerly incarcerated workers during their year of release, by state, at 25% take-up rate

	Percentage point increase in employment rate of all formerly incarcerated workers		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Alabama	0.5	0.5	545,670
Alaska	0.7	0.6	186,735
Arizona	0.6	0.6	591,356
Arkansas	0.5	0.5	441,495
California	0.5	0.4	1,103,342
Colorado	0.5	0.5	530,304
Connecticut	0.6	0.6	198,440
Delaware	0.5	0.5	108,578
Florida	0.5	0.5	1,207,537
Georgia	0.3	0.3	371,348
Hawaii	0.5	0.5	91,676
Idaho	0.5	0.5	200,982
Illinois	0.5	0.5	1,071,987
Indiana	0.2	0.2	224,112
Iowa	0.8	0.8	360,938
Kansas	0.5	0.5	289,040
Kentucky	0.5	0.5	545,714
Louisiana	0.5	0.5	865,569
Maine	0.6	0.6	30,891
Maryland	0.5	0.5	302,529
Massachusetts	0.3	0.3	62,601
Michigan	0.5	0.5	403,904
Minnesota	0.6	0.6	409,622
Mississippi	0.5	0.5	231,863
Missouri	0.5	0.5	544,628

(Table continued)

	Percentage point increase in employment rate of all formerly incarcerated workers		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Montana	0.5	n/a	67,230
Nebraska	0.5	n/a	96,011
Nevada	0.5	0.5	324,729
New Hampshire	0.5	n/a	57,081
New Jersey	0.5	0.5	325,195
New Mexico	1.1	1.1	135,127
New York	0.6	0.6	841,031
North Carolina	0.4	0.4	532,908
North Dakota	n/a	n/a	n/a
Ohio	0.5	0.5	624,711
Oklahoma	0.5	0.5	489,619
Oregon	n/a	n/a	n/a
Pennsylvania	0.5	0.5	772,789
Rhode Island	0.5	n/a	50,216
South Carolina	0.3	0.3	118,172
South Dakota	0.6	n/a	203,293
Tennessee	0.5	0.5	383,251
Texas	0.7	0.7	4,627,025
Utah	0.5	0.5	133,973
Vermont	n/a	n/a	n/a
Virginia	0.5	0.5	342,233
Washington	0.6	0.6	1,250,153
West Virginia	0.4	0.4	118,175
Wisconsin	0.6	0.6	244,724
Wyoming	0.1	0.1	11,785

Source: Authors' calculations. See Methodology section in Appendix B.
Note: Estimates use an employment effects odds ratio of 1.22. Employment rates were not available for some states, and therefore authors were not able to generate estimates for every state.

Figure 16

Aggregate impact of postsecondary education programs in prison on earnings and employment of all formerly incarcerated workers during their year of release, by state, at 50% take-up rate

	Percentage point increase in employment rate of all formerly incarcerated workers		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Alabama	1.1	0.9	1,091,341
Alaska	1.4	1.2	373,470
Arizona	1.2	1.2	1,182,711
Arkansas	1.1	1.0	882,989
California	1.0	0.9	2,206,684
Colorado	1.0	0.9	1,060,608
Connecticut	1.2	1.2	396,880
Delaware	1.0	1.0	217,156
Florida	1.1	1.0	2,415,074
Georgia	0.7	0.6	742,695
Hawaii	1.1	0.9	183,353
Idaho	1.0	0.9	401,964
Illinois	1.0	1.0	2,143,974
Indiana	0.4	0.4	448,224
Iowa	1.6	1.6	721,875
Kansas	1.0	1.0	578,081
Kentucky	1.1	1.0	1,091,429
Louisiana	1.0	1.0	1,731,139
Maine	1.3	1.2	61,781
Maryland	1.0	1.0	605,059
Massachusetts	0.6	0.6	125,203
Michigan	1.0	1.0	807,808
Minnesota	1.3	1.3	819,243
Mississippi	0.9	0.9	463,725
Missouri	1.0	1.0	1,089,255

(Table continued)

	Percentage point increase in employment rate of all formerly incarcerated workers		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Montana	1.0	n/a	134,460
Nebraska	1.0	n/a	192,022
Nevada	1.1	1.0	649,457
New Hampshire	1.0	n/a	114,162
New Jersey	1.1	1.0	650,390
New Mexico	2.2	2.2	270,254
New York	1.2	1.2	1,682,061
North Carolina	0.8	0.8	1,065,816
North Dakota	n/a	n/a	n/a
Ohio	1.0	1.0	1,249,422
Oklahoma	1.1	0.9	979,238
Oregon	n/a	n/a	n/a
Pennsylvania	1.1	1.0	1,545,579
Rhode Island	1.0	n/a	100,432
South Carolina	0.5	0.5	236,344
South Dakota	1.2	n/a	406,586
Tennessee	1.0	1.0	766,501
Texas	1.4	1.3	9,254,051
Utah	1.0	1.0	267,947
Vermont	n/a	n/a	n/a
Virginia	1.0	1.0	684,466
Washington	1.2	1.1	2,500,306
West Virginia	0.8	0.8	236,349
Wisconsin	1.2	1.2	489,449
Wyoming	0.2	0.2	23,570

Source: Authors' calculations. See Methodology section in Appendix B.
Note: Estimates use an employment effects odds ratio of 1.22. Employment rates were not available for some states, and therefore authors were not able to generate estimates for every state.

Figure 17

Aggregate impact of postsecondary education programs in prison on earnings and employment of all formerly incarcerated workers during their year of release, by state, at 75% take-up rate

	Percentage point increase in employment rate of all formerly incarcerated workers		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Alabama	1.6	1.4	1,637,011
Alaska	2.1	1.9	560,205
Arizona	1.8	1.7	1,774,067
Arkansas	1.6	1.6	1,324,484
California	1.4	1.3	3,310,026
Colorado	1.6	1.4	1,590,913
Connecticut	1.8	1.8	595,320
Delaware	1.6	1.5	325,734
Florida	1.6	1.5	3,622,610
Georgia	1.0	0.9	1,114,043
Hawaii	1.6	1.4	275,029
Idaho	1.4	1.4	602,946
Illinois	1.6	1.6	3,215,961
Indiana	0.6	0.5	672,336
Iowa	2.4	2.4	1,082,813
Kansas	1.5	1.5	867,121
Kentucky	1.6	1.5	1,637,143
Louisiana	1.5	1.5	2,596,708
Maine	1.9	1.8	92,672
Maryland	1.5	1.5	907,588
Massachusetts	0.9	0.8	187,804
Michigan	1.5	1.5	1,211,711
Minnesota	1.9	1.9	1,228,865
Mississippi	1.4	1.4	695,588
Missouri	1.6	1.5	1,633,883

(Table continued)

	Percentage point increase in employment rate of all formerly incarcerated workers		Increase in combined annual earnings of all formerly incarcerated workers during year of release
State	**Men**	**Women**	**Total**
Montana	1.6	n/a	201,691
Nebraska	1.4	n/a	288,033
Nevada	1.6	1.5	974,186
New Hampshire	1.5	n/a	171,244
New Jersey	1.6	1.5	975,585
New Mexico	3.3	3.2	405,382
New York	1.8	1.8	2,523,092
North Carolina	1.2	1.2	1,598,724
North Dakota	n/a	n/a	n/a
Ohio	1.5	1.5	1,874,134
Oklahoma	1.6	1.4	1,468,857
Oregon	n/a	n/a	n/a
Pennsylvania	1.6	1.5	2,318,368
Rhode Island	1.6	n/a	150,647
South Carolina	0.8	0.8	354,516
South Dakota	1.8	n/a	609,879
Tennessee	1.5	1.5	1,149,752
Texas	2.1	2.0	13,881,076
Utah	1.5	1.4	401,920
Vermont	n/a	n/a	n/a
Virginia	1.6	1.5	1,026,699
Washington	1.8	1.7	3,750,459
West Virginia	1.2	1.1	354,524
Wisconsin	1.8	1.8	734,173
Wyoming	0.3	0.3	35,354

Source: Authors' calculations. See Methodology section in Appendix B.

Note: Estimates use an employment effects odds ratio of 1.22. Employment rates were not available for some states, and therefore we were not able to generate estimates for every state.

Figure 18

Impact of postsecondary education programs on the cost of state prisons

Combined decrease in states' annual expenditures on incarceration if...

25% of Pell-eligible population participated in postsecondary education	**50%** of Pell-eligible population participated in postsecondary education	**75%** of Pell-eligible population participated in postsecondary education
$182.9 million ($132.8M–$234.3M)	$365.8 million ($265.7M–$468.4M)	$548.7 million ($398.5M–$702.6M)

Source: Authors' analysis. See Methodology section in Appendix B.
Note: The odds of recidivating is 48% lower for postsecondary education program participants compared to nonparticipants, an odds ratio of 0.52. (Bozick et al., 2018). The 95% confidence interval for this odds ratio is 0.42 to 0.63. The ranges in parentheses are based on this confidence interval.

Figure 19

Incarceration cost savings associated with postsecondary education programs in prison

(Table continued)

State	25% take-up rate	50% take-up rate	75% take-up rate
Alabama	$1,876,629	$3,753,258	$5,629,886
Alaska	$1,179,704	$2,359,408	$3,539,112
Arizona	$2,822,036	$5,644,072	$8,466,109
Arkansas	$2,033,659	$4,067,318	$6,100,977
California	$33,278,302	$66,556,604	$99,834,906
Colorado	$3,483,141	$6,966,282	$10,449,423
Connecticut	$3,585,115	$7,170,230	$10,755,346
Delaware	$1,557,059	$3,114,118	$4,671,177
Florida	$6,439,978	$12,879,957	$19,319,935
Georgia	$1,751,815	$3,503,630	$5,255,445
Hawaii	$416,346	$832,692	$1,249,038
Idaho	$954,570	$1,909,140	$2,863,709
Illinois	$8,664,559	$17,329,118	$25,993,678
Indiana	$697,088	$1,394,176	$2,091,264
Iowa	$2,362,535	$4,725,069	$7,087,604
Kansas	$1,513,687	$3,027,374	$4,541,060
Kentucky	$1,940,125	$3,880,250	$5,820,375
Louisiana	$2,282,732	$4,565,464	$6,848,196
Maine	$176,997	$353,993	$530,990
Maryland	$3,813,723	$7,627,447	$11,441,170
Massachusetts	$901,479	$1,802,958	$2,704,437
Michigan	$5,362,675	$10,725,350	$16,088,025
Minnesota	$2,828,581	$5,657,161	$8,485,742
Mississippi	$1,957,516	$3,915,032	$5,872,549
Missouri	$3,998,517	$7,997,033	$11,995,550
Montana	$590,805	$1,181,611	$1,772,416
Nebraska	$512,557	$1,025,113	$1,537,670
Nevada	$967,815	$1,935,631	$2,903,446
New Hampshire	$436,963	$873,927	$1,310,890
New Jersey	$5,110,722	$10,221,444	$15,332,167
New Mexico	$982,987	$1,965,975	$2,948,962
New York	$18,903,545	$37,807,090	$56,710,635
North Carolina	$3,997,068	$7,994,136	$11,991,204
North Dakota	n/a	n/a	n/a
Ohio	$5,884,400	$11,768,800	$17,653,200
Oklahoma	$1,217,355	$2,434,710	$3,652,064
Oregon	n/a	n/a	n/a
Pennsylvania	$8,778,704	$17,557,409	$26,336,113
Rhode Island	$366,123	$732,247	$1,098,370
South Carolina	$669,291	$1,338,582	$2,007,873
South Dakota	$848,659	$1,697,318	$2,545,977
Tennessee	$2,937,290	$5,874,580	$8,811,870
Texas	$19,070,471	$38,140,942	$57,211,413
Utah	$536,031	$1,072,061	$1,608,092
Vermont	$902,729	$1,805,458	$2,708,188
Virginia	$1,802,787	$3,605,574	$5,408,361
Washington	$9,301,575	$18,603,150	$27,904,724
West Virginia	$420,849	$841,699	$1,262,548
Wisconsin	$2,618,597	$5,237,195	$7,855,792
Wyoming	$173,332	$346,664	$519,997
Average	**$3,810,609**	**$7,621,218**	**$11,431,827**

Source: Authors' calculations. See Methodology section in Appendix B.

Methodology

Below is a detailed discussion of the methodologies used to estimate the economic and fiscal benefits of restoring incarcerated people's access to Pell Grants. The report focuses on the state prison population because the vast majority of incarcerated people are in state prisons; it thus estimates the fiscal and economic benefits of restoring Pell Grants to people in prison by state. According to the Bureau of Justice Statistics, about 95 percent of people in a state prison return to a community within that state when released.[71] Because it is difficult to predict the destination states of people released from federal facilities, GCPI did not estimate the fiscal savings or employment impacts of these incarcerated people gaining access to Pell Grants. As a result, the overall estimates are conservative: they do not reflect further returns from greater access to postsecondary education in nonstate prisons. As noted in the body of the report, the vast majority (87 percent) of people in prison in the United States are incarcerated in state facilities rather than federal facilities.[72]

Defining the Pell-eligible and programmatic universes

Pell-eligible population

To identify the estimated number of people in prison who would be eligible for Pell Grants by state (see Figure 6 on page 15), GCPI began with the total number of people in state prison facilities in 2016, as reported by the Bureau of Justice Statistics. Data from 2016 are the latest available.

The authors defined "Pell-eligible" as anyone who was 18–54, did not have a life sentence, and whose highest level of education was a high school diploma or GED. While income is a key determining factor of Pell eligibility for nonincarcerated people, given the nature of incarceration and specifically the inability to earn even the minimum wage, the authors assumed that all incarcerated students meet the income requirements for a Pell Grant.[73] Using the National Corrections Reporting Program (NCRP), they identified what share of the state prison population met these parameters. As the Bureau of Justice Statistics describes it, the NCRP "collects offender-level administrative data annually on prison admissions and releases, and year-end custody populations." All but a few states participate in this data collection.

For each state available, they identified what share of the year-end custody populations in 2016 were 18–54 and did not have a life sentence. In 1992, Pell eligibility was restricted to exclude individuals who were serving a life sentence without parole and those with a death penalty. Unfortunately, the NCRP data groups the following sentences into a single category: life, life without parole, life plus additional years, and death. As a result, the authors were not able to identify, by state, the share of incarcerated people who have, specifically, a life sentence without parole or death penalty. They excluded this entire NCRP category when estimating the Pell-eligible population, leading to an underestimate of the population.

To generate estimates of incarcerated people's educational attainment and participation in educational programs, the authors used an educational attainment

variable included in the NCRP. However, for some states, the level of educational attainment is unknown for a large portion of observations (because some observations have missing values for educational attainment in the NCRP data). To strike a balance between state-specific estimates and realistic estimates for each state, the authors used the state-specific estimates as reported by NCRP if 90 percent of observations had a known education level; that is, less than 10 percent of observations had a missing value for the educational attainment variable. Across the 19 states in which 90 percent of 2016 NCRP observations had a reported educational attainment, 42.6 percent of people who are 18–54 and do not have a life or death sentence had a high school degree or GED. The researchers used this share (42.6 percent) for the remaining states, with the exception of Alaska, Colorado, Maine, and Washington, whose share of people 18–54 and without a life sentence who have a high school degree/GED was higher than 46.2 percent. For states that fell into this category, the authors used the state's share of people 18–54 and without a life sentence who have a high school degree/GED.

In short, for each state, to identify the number people who likely would be Pell-eligible, the authors multiplied the number of incarcerated people in 2016 (as reported by the Bureau of Justice Statistics) by the share of people in prison who were 18–54, did not have a life sentence, and had a high school degree or GED in 2016 (as reported by NCRP).

It is worth noting that this approach underestimates the Pell-eligible population, given that there are people who have taken some college courses but have not yet completed a degree. The 2004 Survey of Inmates in State and Federal Correctional Facilities (SISFCF) indicates that about 9 percent of men and 13 percent of women have taken some college courses but not yet secured a four-year degree.[74] Unfortunately, NCRP's educational attainment variable is not this detailed and, therefore, the authors were not able to identify by state what share of the incarcerated people fall into this category.

As discussed in the body of the report, the authors recognize that to some practitioners in the field the estimated size of the Pell-eligible population may seem high given that incarcerated students may also need to meet certain criteria established by correctional facilities. In an attempt to identify the population that is both Pell-eligible and likely allowed to enroll in programs, they generated additional estimates (see Figure 13 on page 39) that exclude people who are expected to be released in less than one year and or who have a record of misconduct while incarcerated. For each state, they identified the share of people 18–54 who do not have a life without parole sentence who are not expected to return home within one year. They used the NCRP data to identify these shares by state. Across states for which data are available, this share averaged 73.1 percent. The authors used this average for states that did not have data.

Participation rates

As discussed in the body of this report, the authors use three take-up rates to generate a range for the number of incarcerated people who would participate in postsecondary education programs. The mid-level estimate they used throughout the body of the report is 50 percent because, according to an analysis of the 2004 SISFCF data, 47 percent of men who were academically prepared to take a GED course participated in one. The authors believe it is reasonable for correctional facilities to aim for and achieve similar levels of participation in their postsecondary education programs as they currently achieve in secondary programs. The authors recognize that state requirements to provide incarcerated people with GED/high school programs may partially drive the participation rate. The higher take-up rate of 75 percent is similar to the share of nonincarcerated people nationwide who enroll in college for the fall semester following their high school graduation. As a lower-bound estimate, the authors use a 25 percent take-up rate. This rate takes into consideration that

some correctional facilities may not have adequate infrastructure for postsecondary classrooms immediately after fully restoring Pell Grants for incarcerated students.

Quantified benefits to formerly incarcerated students

GCPI researchers estimated the employment and wage impacts of postsecondary education (PSE) in prison programs on people returning home after release.

PSE programs and employment outcomes

To quantify the likely employment impact of restoring incarcerated students' access to Pell Grants as discussed in the report, the authors drew upon the estimated number of incarcerated people projected to be eligible for Pell Grants and the three proposed take-up rates discussed above and then identified

1. current employment rates of formerly incarcerated workers;
2. likely employment rates for formerly incarcerated people; and
3. overall employment rates for formerly incarcerated workers (if a portion of this population participated in PSE programs).

1) Employment of formerly incarcerated workers

To model the impact of postsecondary education in prison programs on the earnings and employment of formerly incarcerated workers, the authors needed to identify baseline employment rates and earnings. In a 2018 report, Adam Looney and Nicholas Turner identify the employment rates and average annual earning of formerly incarcerated workers by years since release based on an analysis of IRS data.[75] This is the first analysis of its kind. The researchers found that across the United States roughly half of formerly incarcerated people found formal work within the first full year of returning home.

Looney and Turner's state-level estimates during the first year of release form the baseline employment rates and typical earnings of formerly incarcerated workers. (Looney and Turner restricted their analysis to people ages 18 to 64.) Because of NCRP data constraints, the authors were not able to identify the 55–to–64-year-old population by state. For this reason, this study focuses on people ages 18 to 54. Applying Looney and Turner's 18–64 employment rates to formerly incarcerated workers ages 18 to 54 likely underestimates employment rates for this group (and consequently the estimated benefits), given that the employment-to-population ratio among older workers is typically lower than for younger workers.[76]

2) Modeled employment rates of formerly incarcerated workers who participate in postsecondary education programs

For each state, the authors generated an employment rate for people who participate in PSE programs. They constructed these rates by applying RAND's employment odds ratio to Looney and Turner's baseline employment rates. Overall, RAND found that the odds of employment were 12 percent higher for those who participated in some type of education or training program compared to those who didn't participate. The RAND study provided odds ratios for academic and vocational programs. The odds ratio for academic programs (adult basic education, high school/GED, and postsecondary combined) was estimated to be 1.10. The odds ratio for vocational programs was estimated to be 1.22. Ideally, the authors would be able to use an odds ratio specifically for postsecondary education programs. Given that this is unavailable, they instead used the odds ratio of 1.22. Their understanding is that vocational education is closer, in terms of education type, to postsecondary education than the category of all academic programs combined. In other words, because programs that are not at a college level, such as high school or GED, are likely to reduce the

overall academic programs odds ratio (1.10), it is not a reasonable odds ratio for postsecondary education.[77] Using the odds ratio for vocational programs (1.22) may underestimate the employment and earnings impact of restoring Pell Grants to incarcerated students to the extent that participation in postsecondary education programs is associated with higher employment rates than participation in vocational programs. Relatedly, and as context, RAND estimates that the impact of vocational programs on recidivism is not as large as that of postsecondary education programs. The 95 percent confidence interval for the odds ratio for vocational programs is 1.05 to 1.42.

3) Overall employment rates of all formerly incarcerated workers when incarcerated people have access to Pell Grants

To estimate likely aggregate employment impacts, the authors modeled an overall employment rate for the recently released population. Given that the take-up rate likely will vary across states and depends on a multitude of factors, the researchers use a low (25 percent), middle (50 percent), and high (75 percent) take-up rate; consequently, there are a range of estimates.

For each state, the authors identify what share of all people released would have participated in a PSE program with low, medium, and high participation rates among the Pell-eligible population. For example, in Wisconsin, if 50 percent of the Pell-eligible population participated in a PSE program, that would mean that roughly 26 percent of all 18- to 54-year-olds who do not have a life sentence (regardless of education level) would be engaged in postsecondary education training. The assumption is that the same share of people ages 18 to 54 released from prison would have participated in a program. Data from the Bureau of Justice Statistics (BJS) provides the number of people released from prison by state in 2016; NCRP release data from 2016 forms the basis for the share of people released who were 18–54, by sex.

Using the current employment rate of formerly incarcerated workers as a baseline, the modeled employment rates of workers who participated in a postsecondary education program while in prison, and the estimated share of all people released who would have participated in a postsecondary education program, the authors estimate the overall employment rate among all people (18–54) released for each of the three take-up rates.

Earnings impact of postsecondary education programs

As discussed in the report above, modeled changes in earnings do not estimate the impact of incarcerated people participating in postsecondary education programs on individual earnings. Rather, they identify what the increase in employment rates among the formerly incarcerated population would mean in terms of combined total earnings. In other words, assuming that the typical earnings of the formerly incarcerated population remain the same, the report identifies by how much total earnings across this population would increase if more people found formal employment.

The earnings calculation draws upon the number of people released from prison each year by state; baseline employment rates of formerly incarcerated workers during their first year of release; and the overall employment rate of formerly incarcerated workers if they were eligible for Pell Grants while in prison described in the previous section on estimated employment outcomes, as well as mean earnings of formerly incarcerated workers during their first year of release. The authors based mean earnings on Looney and Turner's 2018 report, which found that, among the formerly incarcerated people who found formal work within the first full year of returning home, the average annual earnings reported during that year were about $13,900. The authors also used the report's state-level estimates of typical earnings of formerly incarcerated workers during the first year of release.

Quantified benefits to states

In addition to estimating the employment and wage impact of postsecondary education programs, the authors estimated how much states stand to save as a result of postsecondary education programs lowering recidivism rates. They estimated that states' correctional costs would decrease by, on average, $7.6 million for each year in which people released from prison had access to Pell Grants while incarcerated. Across all states, prison costs would decline by $365.8 million each year if 50 percent of the Pell-eligible population participated in PSE programs.

To quantify these impacts, the authors first identified the following:

1. current recidivism rates by state;
2. likely recidivism rates of people who participate in postsecondary education programs;
3. overall recidivism rates if people released from prison had access to Pell Grants while they were incarcerated;
4. per-person marginal cost of correctional facilities by state; and
5. average length of incarceration/sentence length by state.

1) Current recidivism rates

To estimate the impact participation in postsecondary education programs has on recidivism rates, the authors first identified baseline recidivism rates for each state. In 2011, the Pew Charitable Trusts published the results from a survey to identify state-level recidivism rates. Forty-one states participated in the survey. Pew defined the recidivism rate as the share of people released from prison who were rearrested, reconvicted, or returned to incarceration within three years. The recidivism rates corresponded to those in the period from 2004 to 2007. To the authors' knowledge, these are the only state-level estimates of recidivism rates. (The authors would have preferred to use recidivism rates from a more recent period. However, given that these data are not available, they used Pew's estimates.) For the nine states that did not participate in Pew's survey, the authors applied the average recidivism rate from the 41 participating states.

2) Recidivism rate of postsecondary education in prison participants

For each state, the authors generated a recidivism rate for people who participated in prison postsecondary education programs. They construct these rates by applying RAND's estimated recidivism odds ratio to Pew's baseline recidivism rates. Overall, RAND found that the odds of recidivating are 32 percent lower for people who participated in some type of education or training program compared to those who did not participate in a program. The RAND study provided odds ratios for various types of programs. The odds ratio for PSE programs was 0.52. This study used this odds ratio to estimate the recidivism rates of formerly incarcerated people who participated in prison postsecondary education programs. The 95 percent confidence interval for this odds ratio is 0.42 to 0.63.

3) Overall recidivism rates if people released from prison had access to Pell Grants while they were incarcerated

To estimate likely aggregate recidivism impacts of postsecondary education in prison programs, the authors modeled an overall recidivism rate for the recently released population assuming that 25 percent (and 50 percent and 75 percent) of the Pell-eligible population participated in PSE programs while incarcerated. Given that the take-up rate will likely vary across states and depends on a multitude of factors, they use a low (25 percent), middle (50 percent), and high (75 percent) take-up rate; consequently, they have a range of estimates.

For each state, the authors identified what share of all people released would have participated in a postsecondary education program if 25 percent (and 50 percent and 75 percent) of the Pell-eligible population participated in a program. For example, in Wisconsin,

if 50 percent of the Pell-eligible population participated in a postsecondary education program, that would mean that roughly 26 percent of all 18–to–54-year-olds who do not have a life sentence (regardless of education level) would be engaged in postsecondary education training. The study assumes that the same share of people ages 18 to 54 released from prison would have participated in a program. Given the age profile of the population released from incarceration in Wisconsin, the authors estimated that roughly 23 percent of all people released in Wisconsin would have participated in a postsecondary education program. Data from BJS formed the basis for the number of people released from prison by state in 2016; NCRP release data from 2016 identified the share of people released who were 18–54.

Using the baseline recidivism rate of formerly incarcerated workers, the modeled recidivism rates of workers who participated in a postsecondary education program while in prison, and the share of all people released who participated in a postsecondary education program, the authors estimated the overall recidivism rate among all people released for each of the three take-up rates.

4) Per-person cost of correctional facilities

In 2015, the Vera Institute of Justice released a report that identified the cost of incarceration by state for 45 states.[78] Vera calculated the average cost per person by taking total state spending on prison and dividing it by the average daily prison population. Across the 45 states that provided Vera with data, the average per-person cost was $33,274. The authors used this average for the five states that did not provide data on spending. For all states, the authors, drawing on a Vera estimate, assumed that the marginal cost was 14 percent of the average per-person cost.

5) Average length of incarceration/sentence length by state

Calculating cost savings associated with a reduction in recidivism rates required identifying the average sentence or incarceration length. To identify these averages, the authors used the 2014 state-level estimates as presented in a report by the Urban Institute.[79] They selected these data over other sources, such as the Pew Charitable Trusts, in part because the report gave the most recent state-level estimates available. The Urban Institute provides averages for time served for 43 states; the authors used the average across the 43 states for the seven states that did not have estimates.

Endnotes

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3 E. Ann Carson, *Prisoners in 2016* (Washington, DC: U.S. Bureau of Justice Statistics, 2018), https://perma.cc/4TLH-VBBY. This report does not include data for the District of Columbia. BJS notes in its report that, "The District of Columbia has not operated a prison system since year-end 2001."

4 Given that employment rates among formerly incarcerated people increase slightly after the first year of release, the authors would expect these cumulative earnings to similarly increase in subsequent years. For example, nationally, 48 percent of formerly incarcerated people are employed during their first year after release. By the fourth year this share rises to 51 percent. See Adam Looney and Nicholas Turner, *Work and Opportunity Before and After Incarceration* (Washington, DC: Brookings Institution, 2018), https://perma.cc/HA57-KTNN.

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16 Ibid.

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23 Leah Sakala, *Breaking Down Mass Incarceration in the 2010 Census: State-by-State Incarceration Rates by Race/Ethnicity* (Northampton, MA: Prison Policy Initiative, 2014), https://perma.cc/HL7M-GJ44. See also Becky Pettit and Bruce Western, "Mass Imprisonment and the Life Course: Race and Class Inequality in U.S. Incarceration," *American Sociological Review* 69, no. 2 (2004), 151-169, https://perma.cc/VQ4M-W6E9.

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Credits

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For more information about this report, contact Margaret diZerega, project director, at mdizerega@vera.org.

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Vera INSTITUTE OF JUSTICE

Vera Institute of Justice
233 Broadway, 12th Floor
New York, NY 10279
T 212 334 1300
F 212 941 9407

Washington DC Office
1111 14th Street, Ste 920
Washington, DC 20005
T 202 465 8900
F 202 408 1972

New Orleans Office
1307 Oretha Castle
Haley Blvd., Suite 203
New Orleans, LA 70113
T 504 312 4516

Los Angeles Office
634 S Spring Street, #300A
Los Angeles, CA 90014
T 213 416 0058
F 213 416 0075