

**Testimony to Philadelphia City Council,  
Committee on Commerce and Economic  
Development**

**Honorable W. Wilson Goode, Jr., Chair**

**Submitted by  
Sallie Glickman, Chief Executive Officer  
Philadelphia Workforce Investment Board**

**October 5, 2006**

Thank you, Mr. Chairman and members of the Committee on Commerce and Economic Development, for inviting me to offer written testimony for your hearing today. My name is Sallie Glickman and my testimony comes from two perspectives: as CEO of the Philadelphia Workforce Investment Board (PWIB) and as a member of the National Re-entry Policy Council, under whose auspices *Chartering the Safe and Successful Return of Prisoners to the Community* was published in 2003.

I regret being unable to appear before you today to personally convey my strong support for this proposed ex-offender tax credit bill. Successfully integrating people released from prison and jail into the workforce is critical to our economy; however, obtaining employment is often a challenge for ex-offenders given the stigma attached to having a criminal record and the additional barriers that this population typically faces. Allowing businesses to claim a tax credit of \$5,000 for new jobs that are created to provide employment opportunities for ex-offenders, would help to level the playing field for this group and it would give employers an opportunity to look past the record and look at the individual.

According to the Pennsylvania Prison Society's 2002 Annual Report every day more than one hundred men and women reenter, returning to communities in Philadelphia from the city and state prison systems. Between 2000 and 2002, there was a 20 percent increase in parolees to the Philadelphia area. Returning parolees, along with others already in the community under supervision, amount to approximately 51,000 individuals in Philadelphia on any given day with active connections to the criminal justice system.

For this group of citizens, a criminal record creates a huge obstacle to employment. In fact, studies have demonstrated that employers are much more adverse to hiring ex-offenders than they are towards any other disadvantaged groups. In a study conducted by Harry Holzer from the Georgetown Public Policy Institute, over 90 percent of employers surveyed were willing to consider filling their most recent job vacancy with a welfare recipient, whereas only 40 percent would consider doing so with an ex-offender.

In addition to the barriers associated with having a criminal record, research suggests that most people in prison or jail have low levels of educational achievement, have limited job skills, and report low earnings prior to their incarceration. About 55 percent of ex-offenders released in Philadelphia have not completed high school, making the percentage of ex-offenders without a high school diploma twice as high as the city average. In one national study, about 30 percent of inmates reported that they were not working at the time of their incarceration, and for those that were employed nearly 50 percent were earning less than \$600 a month immediately prior to incarceration. These particular barriers situate ex-offenders at a severe disadvantage as they must compete for jobs in a labor market that is already crowded for under-educated Philadelphians. For Philadelphians who failed to complete high school, unemployment rates range from 17 percent to 25 percent, making high school drop-outs twice as likely as high school graduates to be unemployed and five times as likely as college graduates to be unemployed. Not surprisingly, those with low levels of educational attainment also experience longer periods of unemployment.

Moreover, because of their criminal records, ex-offenders are often unable to obtain state licensure and therefore ineligible for a number of jobs. In Pennsylvania, individuals with criminal records are barred from 43 different occupations ranging from accountants to veterinarians and including jobs that require contact with children, certain health services occupations and employment with firms providing security services. Many of these jobs represent Philadelphia's high growth occupations; in fact, seven of the ten highest job growth occupations in Philadelphia are closed to those with criminal backgrounds.

Further exacerbating this situation is the fact that the communities that receive released individuals are often ill-prepared to absorb them into the job market. On average, each day more than 100 men and women return to communities in Philadelphia from the city and state prison system. Generally, these ex-offenders are returning to the very same neighborhoods that have a large concentration of people disconnected from supports, networks, and knowledge that lead to employment. The pervasive poverty, joblessness, and segregation in these neighborhoods, can aggravate the conditions that gave rise to criminal behavior in the first place. Several studies have found that unemployed individuals are more likely to be arrested and incarcerated.

Although ex-offenders have more barriers to employment, research suggests that pay-offs for incorporating ex-offenders into the labor force are especially high. According to a report released by the Census group on Reentry and Reintegration of Adjudicated Offenders, employment is the strongest and most consistent predictor of recidivism. Other studies have found recidivism rates of participants in prison education, vocation, and work programs to be 20 to 60 percent lower than those of non-participants. This is a significant difference, given that approximately two-thirds of people released from prison or jail were subsequently rearrested within three years of release. These re-arrests generate significant fiscal costs to the criminal justice system, human costs in terms of victimization, and societal costs. In fact, research suggests that successfully promoting the employment of ex-offenders and reducing the recidivism rate by only 10 percent would save the city of Philadelphia over \$6.8 million annually in correction costs. Furthermore, rather than draining community resources, safety, and morale, prisoners who return to the community with support systems and options can become productive members of society, thus saving resources, strengthening family and community ties, and expanding the labor force and economy.

Regardless of the clear economic and societal benefits to improving ex-offender employment outcomes, without employers who are willing to hire ex-offenders, there is little opportunity for sustainable change. The passage of Bill number 060630 to amend Section 19-2604 of The Philadelphia Code entitled, "Tax Rates, Credits, and Alternative Tax Computation" is a clear step in the right direction. According to the Philadelphia Consensus Group on Reentry and Reintegration of Adjudicated Offenders, given the choice, most employers would decide not to hire an individual with a criminal record, even if the nature of their conviction bears little relationship to the position sought. By amending the provision of the new job creation tax credit to allow businesses to claim a greater tax credit for new jobs that are created for ex-offenders, the bill offers a clear incentive for employers who are willing to take what they perceive to be the increased risk of hiring men and women who have been in jail.

In the past, it has been difficult to assess the effectiveness of similar targeted jobs tax credits that are offered to encourage private-sector employees to hire workers from at-risk groups. Nevertheless, as part of a 1984 study requested by Dan Rostenkowski, Chairman of the House Ways and Means Committee at the time, a survey of employers who had used the targeted jobs tax credit found that approximately one-third of respondent's claimed that the tax credit had significantly influenced their choice of which workers to hire and another 22 percent of respondents said that it influenced their choice slightly.

To ensure that the tax credit reaps maximum benefits for employers, employees, and the City of Philadelphia, please accept the following recommendations for consideration in implementing the tax credit:

- Awareness: A targeted education campaign to publicize and explain to employers – and those who work with employers in the city – the financial incentives that are available for hiring ex-offenders would be useful. Further, the campaign could also address employer

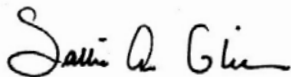
concerns about hiring ex-offenders and provide information on the federal bonding program which minimizes hiring risks by providing insurance against theft, forgery, larceny, and embezzlement at no cost to employers.

- Ease of Use: The tax credit will go a long way to encourage employers to give ex-offenders an opportunity to compete for jobs. To realize the full potential of the credit, care should be taken to insure the administrative burden to claim the credit is minimized.

In a broader sense, I also urge the Committee to consider making additional investments to improve employment outcomes for ex-offenders. The issues pertaining to ex-offender employment has an integral impact on the economic development of our region and our city. As the Philadelphia Consensus Group on Reentry and Reintegration of Adjudicated Offenders noted in their blueprint for action, more needs to be done to remove barriers to employment of people with criminal records including: informing ex-offenders of their rights, linking employment opportunities with housing regulations to ensure that expectations and schedules for people who are released into halfway houses do not interfere with resident's ability to fully participate in job opportunities, developing a transportation subsidy or program to assist ex-offenders who must commute to work, leveraging tax credit and bonding programs for large scale hiring, and more generally, improving the coordination among public systems with which ex-offenders much engage, and offering employment counseling and services at "touch points" for ex-offenders such as adult parole and probation officers and the courts.

Thank you Councilman Goode and Members of the Committee, for leading this effort to assist ex-offenders as they struggle to enter the labor force. I appreciate your efforts, and look forward to working with Councilman Goode to elevate these issues, and to help our city's ex-offenders to realize their potential as involved and contributing citizens.

Respectfully Submitted,



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