

Transitional Jobs for Ex-Prisoners Implementation, Two-Year Impacts, and Costs of the Center for Employment Opportunities (CEO) Prisoner Reentry Program

Cindy Redcross, Dan Bloom, Gilda Azurdia,
Janine Zweig (Urban Institute), and Nancy Pindus (Urban Institute)

This report presents interim results from a rigorous evaluation of the Center for Employment Opportunities (CEO), one of the nation's largest and most highly regarded employment programs for former prisoners. CEO is one of four sites in the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project, which is testing innovative employment strategies for groups facing serious obstacles to steady work. The Hard-to-Employ project is sponsored by the Administration for Children and Families and the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. It is being conducted under contract to HHS by MDRC, a nonprofit, nonpartisan research organization, along with the Urban Institute and other partners.

The Policy Context: Prisoner Reentry and Transitional Work

The number of people incarcerated in the United States has increased more than fourfold since the 1970s. Today, more than 2 million people are incarcerated in federal and state prisons and local jails, and almost 700,000 people are released from state prisons each year. Corrections costs exceed \$65 billion per year, with most of this total being borne by state and local governments.

Ex-prisoners face daunting obstacles to successful reentry — for example, difficulties finding jobs, housing, and services for substance abuse or mental health problems — and rates of recidivism are very high. The most recent national statistics show that two-thirds of ex-prisoners are rearrested and that half are reincarcerated within three years of release.

Most experts believe that stable employment is critical to a successful transition into the community, but ex-prisoners tend to have characteristics that make them hard to employ — for example, low levels of education and little previous work experience. Moreover, there is strong

evidence that incarceration further hinders their employability. Ex-prisoners are legally barred from working in certain occupations, and many employers are reluctant to hire people with criminal records.

Very little is known about effective employment strategies for ex-prisoners, but many people see transitional jobs as a promising model. Transitional job programs rapidly place participants into temporary, paid jobs, usually in nonprofit or government agencies; provide various kinds of support; and then help participants find permanent jobs. When targeted to ex-prisoners, transitional jobs give participants a source of legitimate income during the critical period after release from prison, and they also provide staff with an opportunity to identify and address workplace problems before participants move to the regular labor market.

The Center for Employment Opportunities

The Center for Employment Opportunities was created by the Vera Institute of Justice in the 1970s to provide immediate, paid work to individuals returning to New York City after being released from prison. CEO became an independent nonprofit organization in 1996 and currently serves about 2,000 parolees each year.

Paid, temporary employment still forms the core of CEO's model. Individuals who are referred to CEO by their parole officer are placed in paid jobs immediately after completing a four-day preemployment class that teaches job readiness skills. Participants work in crews, performing maintenance and repair work for city and state agencies at several dozen sites around New York City. They report to CEO work site supervisors.

Participants generally work four days a week and are paid the minimum wage (\$7.25 per hour in New York State as of July 24, 2009, but it ranged from \$5.15 to \$6.00 per hour during the study period); they receive paychecks each afternoon, at their work sites. The fifth day of each week is spent in CEO's office in lower Manhattan, where participants meet with CEO staff and take part in supplementary activities, such as an extensive fatherhood program that helps them resolve child support issues and improve their family relationships.

Participants are continuously evaluated by their work site supervisors, and both supervisors and office-based job coaches (employment-focused case managers) seek to identify and address workplace problems. Once participants have demonstrated good performance on the job, they are deemed "job ready" and begin working with a job developer to find permanent employment. CEO continues to provide support for up to one year after placement.

The CEO Evaluation

The impacts of CEO's program are being assessed using random assignment, which is generally considered the most reliable research design for evaluations of this type. Between January 2004 and October 2005, a total of 977 ex-prisoners who were referred to CEO by their parole officer, who reported to the program, and who met the study's eligibility criteria were randomly assigned to one of two groups:¹

- **Program group (total = 568).** Individuals who were randomly assigned to this group were eligible for all of CEO's program services, including the four-day preemployment class, placement in a transitional job, job coaching, additional services (such as the fatherhood program), job development services, and postplacement services.
- **Control group (total = 409).** Individuals who were randomly assigned to this group started with a condensed version of the preemployment class that lasted one and a half days and then were given access to a resource room that includes computers (with job search software), phones, voice mail, a printer, a fax machine, and other job search tools. When clients came into the resource room, a staff person was available to assist them with many aspects of job search.

The research team is tracking both groups for three years using administrative records and a survey of participants. Any significant differences between the groups that emerge over time are described as "impacts," or "effects," of CEO because, owing to the random assignment design, one can be confident that the groups were comparable when they entered the study.

Three points about the design are critical. First, in designing the study, the MDRC team, CEO, and the funders decided to offer basic job search assistance to the control group, rather than denying them CEO services altogether. This decision was made in part for ethical reasons but also because the study sought to isolate and test the impacts of the core elements of CEO's model — transitional jobs with job coaching and assistance from CEO job developers — rather than assessing whether CEO was more effective than other programs with similar services that control group members might find if they were sent away. Nevertheless, as discussed further

¹The MDRC team worked with CEO and the New York State Division of Parole to design a random assignment process that ensured that the study did not decrease the number of people who received transitional job slots and that ensured that CEO had enough participants to fill its contractual obligations to the sponsors of transitional job work sites. Random assignment was conducted only during weeks when the number of new enrollees exceeded the number of available slots at transitional job work sites.

below, control group (and program group) members were free to seek out other services in the community, and many did so.

Second, the individuals who were targeted for the study — parolees who were referred to CEO by their parole officer — represent a subset of the parolees that CEO serves. For example, everyone who graduates from New York State’s Shock Incarceration (boot camp) program and returns to New York City is required to participate in CEO’s program. For contractual reasons, boot camp graduates and participants in some other special programs were not included in the study. CEO provides very similar services to all these groups of parolees.

Third, during the study period, CEO engaged in a large-scale program review and business planning process sponsored by a private foundation. This process resulted in several program enhancements, particularly in the assistance provided to participants after they had been placed in jobs. Because these changes were phased in during the study period, they did not affect many of the study participants. Thus, the results might be different if the study were conducted today and all participants received the enhanced services.

Characteristics of the Study Participants

The vast majority of sample members are male, and almost all are black or Hispanic. Fifty-seven percent were over 30 years old when they entered the study. About half of the study sample had at least one child under age 18, although only 16 percent lived with any of their children. Just over half the sample had a high school diploma or a General Educational Development (GED) certificate, and most had at least some employment history. More than 80 percent reported that they had worked, and about 61 percent reported that they had worked for a single employer for six consecutive months.

Study participants had been arrested an average of eight times and had been convicted an average of seven times. More than half had been convicted of a violent offense, and nearly three-quarters of the sample had prior drug offense convictions. On average, sample members had spent five years in state prison over their lifetime.

Interestingly, only 41 percent of the study sample came to CEO within three months after release from prison. This is not typical of the full CEO population, about three-fourths of whom come to the program either immediately on release or shortly thereafter. For example, those excluded from the study — boot camp graduates and participants in some other special programs — always come to CEO just after release. Those in the study sample came to CEO after referral by a parole officer who is not involved with special programs. These officers base their referral decisions on many factors. For instance, some parole officers may have referred parolees to CEO after they had worked for a time and then lost a job.

Program Implementation and Service Receipt

The study assessed CEO's implementation using site visits to the program and its work sites, interviews with staff and participants, and data from CEO's management information system.

- **CEO's program operated smoothly during the study period, and most program group members received the core services.**

CEO is a well-managed program that largely operates as designed. Program tracking and payroll data show that almost 80 percent of the program group completed the initial four-day preemployment class and that more than 70 percent worked in a transitional job. The average length of transitional employment was about eight weeks. The large majority of program group members who worked in a transitional job also met with CEO job coaches and job developers. About 40 percent of those who worked in a transitional job (30 percent of the full program group) were placed into permanent jobs, according to CEO's records.

- **The program group was more likely than the control group to receive several kinds of employment services, but many control group members got help at CEO or elsewhere; some control group members worked in transitional jobs at other organizations.**

As noted earlier, two critical elements of the CEO model were generally available to the program group but not to the control group: (1) transitional jobs and associated job coaching and (2) assistance from CEO job developers. However, control group members could receive other kinds of employment help from CEO. Moreover, it was expected that sample members from both groups might seek out assistance from other organizations in the community. Thus, one would not necessarily expect to see large differences between groups in the receipt of certain kinds of employment services.

The client survey, which was administered to 531 sample members an average of 20 months after study entry, included many questions about the services that sample members received through CEO or other organizations. Not surprisingly, the program group was substantially more likely to receive some kinds of employment help, such as referrals to specific job openings — the kind of help provided by CEO job developers (32 percent of the program group and 19 percent of the control group reported receiving such a referral). In other areas, however, such as receiving advice about job interviews or help with résumés, the differences between groups were much smaller because many control group members received these services from CEO or another organization. Although very few control group members worked in a transitional job at CEO, some worked in similar jobs at other organizations. It is difficult to determine precisely how many control group members worked in such jobs, however, because survey responses on this topic do not appear to be accurate.

Impacts on Employment and Earnings

CEO's impacts on employment and earnings were assessed using data from the New York State Department of Labor and the National Directory of New Hires — both of which track quarterly earnings in jobs covered by unemployment insurance (UI) — as well as data from the client survey.

- **CEO generated a large but short-lived increase in UI-covered employment; the increase was driven by access to CEO transitional jobs.**

Figure ES.1 shows the percentage of program and control group members who worked in UI-covered jobs in each quarter during the two-year follow-up period. (CEO's transitional jobs are covered by unemployment insurance and thus are counted as employment.) During the first quarter after study entry, the difference between groups was very large: 66 percent of the program group worked, compared with 26 percent of the control group. By the fourth quarter, however, after most program group members had left the CEO transitional jobs, the difference between groups was no longer statistically significant. There were few statistically significant differences in earnings, or in job characteristics as measured by the client survey.

Impacts on Recidivism

CEO's impacts on recidivism were measured using data from the New York State Division of Criminal Justice Services and the New York City Department of Correction. These data show all arrests and convictions in New York State plus admissions to both New York State prisons and New York City jails.

- **CEO reduced recidivism during both the first and the second year of the study period; different measures of recidivism were affected in each year.**

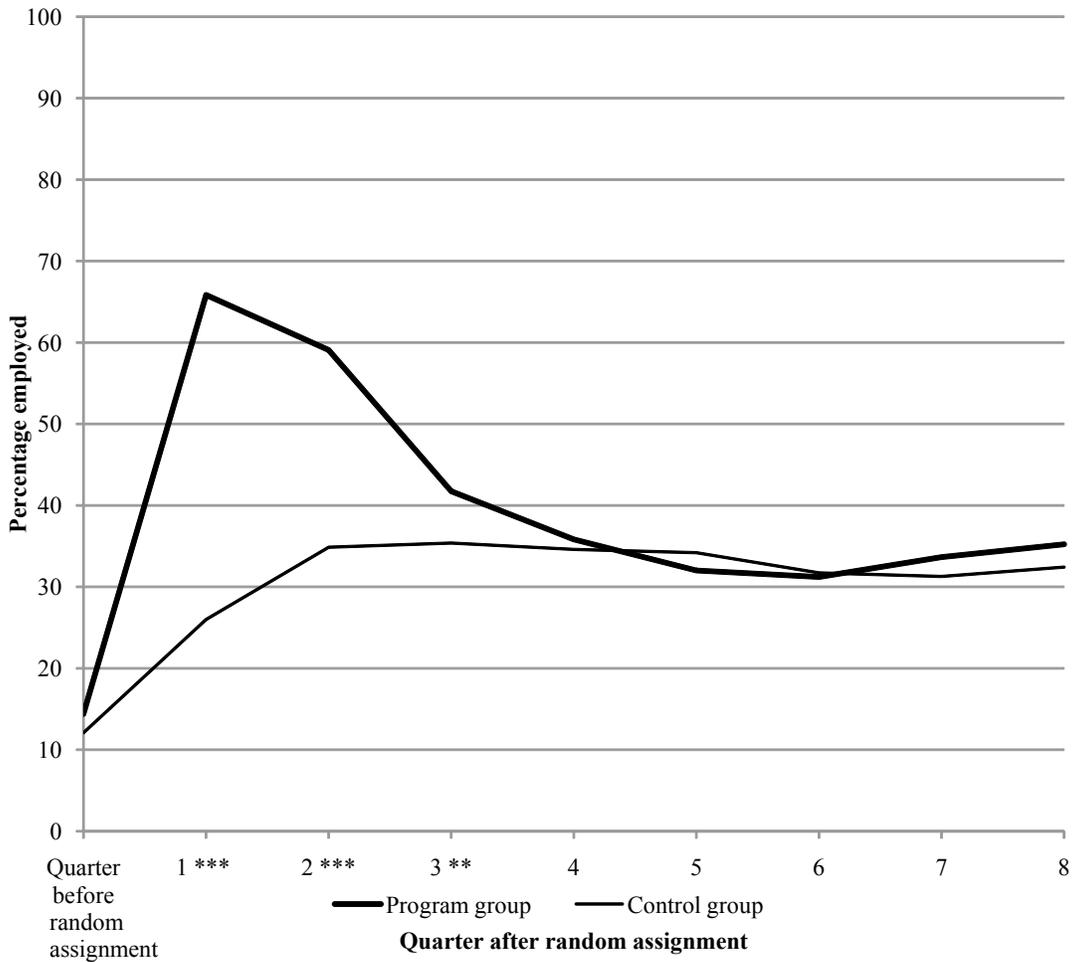
As shown in Table ES.1, over the full two-year follow-up period, the program group was significantly less likely than the control group to be convicted of a crime, to be admitted to state prison for a new crime conviction, and to be incarcerated for any reason in prison or jail. These findings are noteworthy, as impacts on recidivism have rarely been found in rigorous evaluations of programs for ex-prisoners.

Although CEO's employment impacts faded in Year 1, there were reductions in recidivism in both Year 1 and Year 2. The pattern of results is complex, however, and different measures of recidivism were affected in each year. For example, there was a reduction in arrests in Year 2 but not in Year 1, and there was a reduction in felony convictions in Year 1 but not in Year 2. (These results are not shown in the table.)

The Enhanced Services for the Hard-to-Employ Demonstration

Figure ES.1

Quarterly Impacts on Employment
Center for Employment Opportunities



SOURCES: MDRC calculations from the National Directory of New Hires (NDNH) database and unemployment insurance (UI) wage records from New York State.

NOTES: Results in this table are weighted by week of random assignment and adjusted for pre-random assignment characteristics.

Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. The significance level indicates the probability that one would incorrectly conclude that a difference exists between research groups for the corresponding variable.

The sample size is 973. Four sample members are missing Social Security numbers and therefore could not be matched to UI data.

The Enhanced Services for the Hard-to-Employ Demonstration

Table ES.1

**Two-Year Impacts on Recidivism
Center for Employment Opportunities**

Outcome	Program Group	Control Group	Difference (Impact)	P-Value
Arrested ^a (%)	37.7	41.8	-4.1	0.192
Convicted of a crime ^b (%)	30.5	38.3	-7.7 **	0.011
Convicted of a felony	6.6	7.7	-1.1	0.536
Convicted of a misdemeanor	22.8	29.4	-6.6 **	0.019
Convicted of a violent crime ^c (%)	4.4	5.8	-1.5	0.309
Incarcerated ^d (%)	49.5	55.4	-5.9 *	0.064
Prison	25.3	27.7	-2.4	0.399
Jail	49.1	53.5	-4.4	0.168
Incarcerated for a new crime (%)	13.9	16.9	-2.9	0.212
Prison	4.2	6.8	-2.6 *	0.077
Jail	10.1	10.8	-0.7	0.718
Incarcerated for a technical parole violation (%)	31.8	28.9	2.9	0.340
Prison	17.4	15.5	1.9	0.428
Jail	29.1	25.6	3.5	0.234
Total days incarcerated	100	107	-7	0.500
Prison	46	54	-8	0.244
Jail	54	53	1	0.828
Arrested, convicted, or incarcerated (%)	55.7	62.5	-6.8 **	0.032
<u>Status in the last quarter of Year 2^e (%)</u>				
Incarcerated and employed	3.5	1.9	1.6	0.135
Incarcerated and not employed	21.4	25.0	-3.7	0.177
Not incarcerated and employed	29.3	26.9	2.4	0.404
Not incarcerated and not employed	45.9	46.3	-0.4	0.911
Sample size (total = 977)	568	409		

(continued)

SOURCES: MDRC calculations using data from the New York State Division of Criminal Justice Services (DCJS) and the New York City Department of Correction (DOC).

NOTES: Results in this table are weighted by week of random assignment and adjusted for pre-random assignment characteristics.

Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. The significance level indicates the probability that one would incorrectly conclude that a difference exists between research groups for the corresponding variable.

^aEach arrest date is counted only as a single event. If there are multiple crimes or charges on the same date, only the most serious charge is recorded in the analysis.

^bThe total of 23 convictions were found to be associated with an arrest that occurred prior to random assignment. These convictions are counted in the analysis as occurring after random assignment. The total includes convictions for "other" reasons, felonies, and misdemeanor crimes.

^cViolent crimes are based on conviction charges defined by Langan and Levin, *Recidivism of Prisoners Released in 1994*, Special Report NCJ 193427 (Washington, DC: U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, 2002). See Appendix C for charges defined as violent.

^dIncludes all reasons for incarceration, such as sentences for new crimes, technical violations of parole, detainee (jail), and other reasons. Therefore, incarcerations for new crimes and parole violations do not sum to the percentage incarcerated. See Appendix Table C.1 for more details about reasons for incarceration.

^eIncarceration status based on Quarter 8 after random assignment. Incarceration includes both prison and jail.

- **CEO reduced recidivism both for sample members who enrolled in the study shortly after leaving prison and for those who were not recently released at study entry.**

An earlier report from this study shows that, in Year 1 of the study period, CEO produced large decreases in key recidivism measures for individuals who entered the study within three months after release from prison but that it had no impacts on recidivism for those who entered the study further from the point of release.² As shown in Table ES.2, this pattern was much less clear in Year 2. For example, among those who entered the study more than three months after release, CEO reduced felony convictions and incarceration for new crimes in Year 2. At the same time, decreases in recidivism were not as consistent in Year 2 for the recently released sample members; for example, although there was a statistically significant decrease in violent crime convictions, there was a significant increase in felony convictions.

²Dan Bloom, Cindy Redcross, Janine Zweig, and Gilda Azurdia, "Transitional Jobs for Ex-Prisoners: Early Impacts from a Random Assignment Evaluation of the Center for Employment Opportunities (CEO) Prisoner Reentry Program" (New York: MDRC, 2007).

The Enhanced Services for the Hard-to-Employ Demonstration

Table ES.2

Impacts on Selected Measures of Recidivism in Year 1 and Year 2,
by Time Between Prison Release and Random Assignment

Center for Employment Opportunities

Outcome	Length of Time Between Prison Release and Random Assignment								H-Stars ^a
	Less Than 3 Months				More Than 3 Months				
	Program Group	Control Group	Difference (Impact)	P-Value	Program Group	Control Group	Difference (Impact)	P-Value	
Arrested ^b (%)									
Year 1	20.8	24.2	-3.4	0.429	24.0	22.1	1.9	0.612	
Year 2	25.8	33.7	-7.8	0.109	20.0	24.5	-4.5	0.222	
Convicted of a felony (%)									
Year 1	1.4	4.8	-3.4 *	0.051	1.3	2.3	-1.1	0.366	
Year 2	11.3	4.2	7.1 **	0.020	1.6	4.5	-2.9 **	0.048	***
Convicted of a misdemeanor (%)									
Year 1	9.5	11.9	-2.4	0.461	14.2	12.5	1.7	0.578	
Year 2	13.2	25.5	-12.3 ***	0.003	16.3	19.9	-3.7	0.280	
Convicted of a violent crime ^c (%)									
Year 1	2.5	1.3	1.2	0.432	1.6	1.5	0.1	0.937	
Year 2	1.7	7.0	-5.3 **	0.015	3.0	2.9	0.1	0.951	**
Admitted to state prison (%)									
Year 1	9.4	19.5	-10.1 ***	0.005	12.8	11.6	1.3	0.658	**
Year 2	21.1	19.0	2.2	0.616	15.8	16.4	-0.6	0.846	
Incarcerated in prison for a new crime (%)									
Year 1	0.5	4.9	-4.4 ***	0.005	1.1	2.1	-1.0	0.365	*
Year 2	6.6	3.2	3.4	0.164	1.4	4.2	-2.8 *	0.051	**
Incarcerated in prison for a technical parole violation (%)									
Year 1	7.2	12.1	-4.9	0.119	9.1	8.6	0.5	0.840	
Year 2	12.7	11.3	1.5	0.681	11.7	7.8	3.9	0.124	

(continued)

ES-10

Table ES.2 (continued)

Outcome	Length of Time Between Prison Release and Random Assignment								H-Stars ^d
	Less Than 3 Months				More Than 3 Months				
	Program Group	Control Group	Difference (Impact)	P-Value	Program Group	Control Group	Difference (Impact)	P-Value	
Total days incarcerated in prison									
Year 1	10	20	-10 **	0.036	14	9	4	0.184	**
Year 2	41	56	-15	0.132	33	31	2	0.793	
Sample size (total = 929) ^d	225	160			311	233			

SOURCES: MDRC calculations using data from the New York State Division of Criminal Justice Services (DCJS) and the New York City Department of Correction (DOC).

NOTES: Results in this table are weighted by week of random assignment and adjusted for pre-random assignment characteristics.

Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. The significance level indicates the probability that one would incorrectly conclude that a difference exists between research groups for the corresponding variable.

^aWhen comparing impacts between two subgroups, an H-statistic is generated. The H-statistic is used to assess whether the difference in impacts between the subgroups is statistically significant. It is interpretable in much the same way as the T-statistic and the F-statistic from analysis of variance (ANOVA) tests are interpreted.

^bEach arrest date is counted only as a single event. If there are multiple crimes or charges on the same date, only the most serious charge is recorded in the analysis.

^cViolent crimes are based on conviction charges defined by Langan and Levin, *Recidivism of Prisoners Released in 1994*, Special Report NCJ 193427 (Washington, DC: U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, 2002). See Appendix C for charges defined as violent.

^dA total of 48 sample members are missing the last prison release date and are therefore missing from all outcomes in this table.

Program Costs

Using fiscal and program tracking data from CEO and survey data on service receipt, the study estimated the net cost per program group member — that is, the cost of CEO services over and above the cost of services received by the control group.

- **The cost of all employment and training services was \$3,200 more per program group member than the cost of services for the average control group member.**

The gross cost of the CEO program was estimated to be about \$4,263 per program group member, which includes nearly \$1,000 in direct payments to participants. More than half of this total stemmed from costs associated with the transitional jobs and wages paid to participants. When the total cost of all services received by the control group — both in and out of CEO — is subtracted from the total cost of all services received by the program group, the net cost is \$3,195 per person. Although the study does not include a formal benefit-cost analysis, CEO is already producing offsetting budgetary savings by reducing recidivism. For example, CEO reduced the number of days in prison, and given the high expenditures by government agencies on incarceration, any reduction in prison days could translate into substantial cost savings.

Conclusions and Implications

Although the prisoner reentry issue has attracted considerable attention in recent years, there is very little evidence about which programmatic strategies are effective in reducing recidivism and promoting successful transitions from prison to the community. CEO is one of the only major programs for ex-prisoners that has been subject to a rigorous evaluation using a random assignment design, so this evaluation is providing much-needed evidence to inform the field.

So far, the results are mixed. On the one hand, CEO reduced several key measures of recidivism. This is a noteworthy result, since few programs have been found in rigorous studies to decrease recidivism. On the other hand, while CEO's transitional jobs generated a very large increase in formal employment in the early months of the study period — suggesting that subsidized jobs may be necessary to substantially increase employment for ex-prisoners — there is no evidence that the program increased employment or earnings in the long term. Interestingly, the recidivism impacts continued even after the employment impacts faded.

The study will continue to track employment and recidivism outcomes for another year, but some preliminary conclusions are possible at this point. First, the results suggest that while there is a link between employment and recidivism, this connection is not straightforward. In Year 1, CEO increased employment for both recently released and not recently released sample mem-

bers, but it reduced recidivism only for those who were recently released. In Year 2, CEO generated reductions in recidivism for both groups, even though the employment impacts had long since faded. Future analyses will seek to understand more about how CEO produced impacts on recidivism — for example, by investigating the links among outcomes, individual characteristics, and CEO participation patterns for program group members.

Second, while the results suggest that subsidized jobs may be needed to substantially boost employment for ex-prisoners, they also suggest that short-term transitional jobs do not necessarily lead to long-term increases in unsubsidized employment. It is notable that less than half of the program group members who worked in a CEO transitional job were placed in permanent employment. Given the sharp drop in the program group's employment rate over time, it may be worth considering models that offer subsidized jobs over a longer period, use earnings supplements to encourage sustained employment in low-paying unsubsidized jobs, provide training to try to raise ex-prisoners' skill levels so that they can qualify for high-paying jobs, or take other approaches.