



SECOND CHANCE HIRING

The Untapped Labor Pool Employers Need to Consider



Employers across the US find it increasingly difficult to find and compete for workers in almost every industry. Before the pandemic, more people were willing to work than available jobs or openings. The gap between those willing to work and the open jobs has shrunk. While the pandemic offered a brief explanation of the labor shortage in many industries, it is only part of the story.

With more recent data, we begin to see the pandemic only accelerated the inevitable. One of our nation's largest labor pools, Baby Boomers, is at or close to their retirement age. The pandemic gave this generation a couple of reasons to accelerate their pending retirement. First, Baby Boomer experienced pandemic-related health

concerns, layoffs, and closures. Second, this generation experienced unprecedented wealth acceleration in the stock market and housing appreciation. Forbes reported that "in the third quarter of 2020, 30 million Baby Boomers left the job market and retired."

The 2020 Census estimates there are approximately 73 million Baby Boomers. By 2030, all Baby Boomers will be 65 or older. This new reality forces employers to find more efficient and creative ways to fill positions. One option for consideration is Second Chance Hiring. Second Chance Hiring is an untapped labor pool that has the potential to help fill the gap.

WHAT IS SECOND CHANCE HIRING?

Second Chance Hiring is an approach to recruiting and hiring that expands the applicant pool to include individuals who have difficulty with a background check or have a criminal record. These people have made mistakes in their past, served their time, and want to turn their lives around.

There is no one-size-fits-all definition of Second Chance Hiring. The term can refer to different things in different places: from referring specifically to those with felony convictions, all the way down to applicants with minor drug offenses or traffic violations on their records. Second chance individuals can also be those in a drug or alcohol recovery program.

According to research by the National Employment Law Project (NELP), in 2011, up to 65 million Americans had some kind of criminal record. The US Chamber of Commerce estimated the number to be 70 million in 2020. In 2022, The Second Chance Business Coalition estimated that 78 million Americans had a criminal record of some kind. This means that if employers adopt a Second Chance Hiring policy, they could potentially open themselves up to a massive, untapped labor pool. These 65-78 million Americans could possibly fill the gap left by the retiring Baby Boomer workforce.

Of course, every business is different, and there are several considerations before committing to second chance hiring practices. However, years of research and recent initiatives support and show evidence that the negative perception of second chance individuals is wrong. Second chance hiring practices prove to be a cost-effective and an efficient way to meet labor needs in many industries. The statistics are more than promising.

The Second Chance Business Coalition reports the following:

“85 percent of human resource and 81 percent of business leaders report that individuals with criminal records perform the same as or better than employees without criminal records.”

and

“82 percent of managers and 67 percent of HR professionals report that the value second chance employees bring to their organization is as high as, or higher than, that of workers without records.”

HOW MANY PEOPLE MEET SECOND CHANCE CRITERIA AND ARE EMPLOYABLE?

At least one-third of the US working-age population must answer for some type of criminal history. Unfortunately, the US has the highest incarceration rate among industrialized nations. The United States incarceration rate is 37 percent greater than that of Cuba and 69 percent greater than Russia. Further, these convictions and incarcerations are often for non-violent offenses and impact minority populations and those challenged by poverty. These individuals are not only numerous, but they're also employable.

“Employable second chance individuals are often overlooked.”

Unfortunately, employable second chance individuals are overlooked. In 2017, nearly half of US employers used criminal histories and background checks to weed out potential workers. More recent research reports that 9 out of 10 employers do background checks.

Potential employees are often prompted to check a box on a job application, answering either “yes” or “no” when asked if they have been arrested or convicted of a crime. While this one question used to be a quick way to narrow the talent pool from hundreds of applicants, the tide has shifted, and we have fewer applicants. Further, background checks are known to be misleading and often inaccurate.



THE LAW AND PROBLEMS WITH BACKGROUND CHECKS

There is often confusion over whether it is against the law to ask about personal criminal history. In short, the answer is no but tread lightly. The EEOC has about a dozen recommendations if you choose to ask about criminal histories or do background checks. The reason for lengthy instructions stems from over a decade of legal maneuvering both for and against the practice. There is even more advice from legal groups across the internet on how ex-offenders should handle answering the criminal history interview questions.



The debate has picked up steam in recent years, leading many states to enact “ban the box” laws. “Ban the box” is a political initiative started in 2018 to remove criminal history and background questions from the application and interview process. Much of the momentum stems from extensive research proving that background checks can be unreliable at best and completely inaccurate at worst.

First, a background check or criminal history doesn't prove ability or lack of ability to do a job. Further, research completed by Professor and criminologist Alfred Blumstein concluded that the probability of

individuals with criminal backgrounds committing offenses in the workplace was very remote, and the security risk of these individuals was low. Finally, the NELP reported back in 2011 that,

“A criminal record alone is an inadequate measure of an individual's risk of creating a safety or security threat for other reasons as well. A record may include a wide swath of misleading information; not only is a criminal record difficult to interpret, it may include arrests that were dropped because of factual innocence. Even worse, commercially prepared background checks have been found to be rife with inaccuracies.”

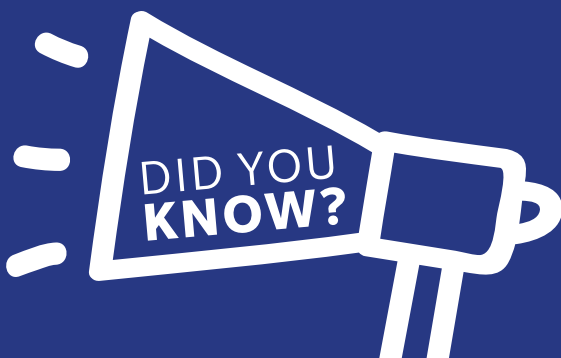
Another glaring issue with background checks and clicking boxes is that they only capture those who admit to criminal history or enter the legal system. In other words, background checks only report on those that have been “caught.” Finally, our legal system is not kind to those who lack resources. Resourceful defendants can hire attorneys and often plea charges down or remove them from their records. At the same time, the less fortunate may have committed the same act but pay a higher price in the system.

Background checks, fear, and myth make the job search and interview process for second chance individuals unnecessarily frustrating. They are failing a background check reducing an applicant's chance of a second interview by 50%.



These individuals have paid their debt to society and often have the cards stacked against them for no apparent good reason. Multiple surveys and studies have been done over the years showing that second chance individuals perform as well or better than other employees. Further, companies and managers report that second chance individuals are skilled, loyal, and motivated. The Second Chance Business Coalition stated, “On balance, second chance hires are highly loyal and productive employees. Additionally, research shows that second chance hires have lower turnover rates, saving companies money.”

When hiring, we naturally want to weigh the risks and benefits. However, with second chance individuals, there is an assumption that the risks outweigh any benefits gained. Research shows this just isn't the case.

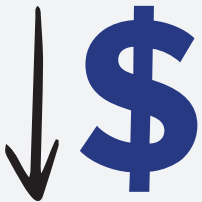


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BENEFITS OF HIRING SECOND CHANCE INDIVIDUALS

Around 14% of Human Resource executives and 26% of managers have been unwilling to hire people with background challenges or criminal records, affecting one-third of those between the ages of 15 and 65. There are many benefits to hiring second chance individuals, both for the employer and the employee.

FOR THE EMPLOYER



Reduced Recruitment Costs



Less Competition



With many employers using background checks or unwilling to hire second chance individuals, competition for candidates is reduced.

Increased Productivity

Army enlistees with felony records are

33%

more likely to be promoted to sergeant

Diversity



In 2017, one in three black men had a criminal background. In 2012 it was reported that two-thirds of those detained in jail earned less than \$12,000 a year. By considering second chance individuals, you ensure you are inclusive and support a diverse work environment.

+ Financial Incentives

The Work Opportunity Tax Credit (WOTC) "is a Federal tax credit available to employers for hiring individuals from certain targeted groups who have consistently faced significant barriers to employment." This tax credit is significant, offering 25% to 40% of an employee's wages for 120-400 hours worked.

Community



When those with criminal records cannot find work, they rely heavily on community support and public assistance programs.

FOR THE SECOND CHANCE INDIVIDUAL

Reduce Recidivism

Individuals who do not successfully find work after incarceration are likely to revert to criminal behavior to survive.



Maslow's Hierarchy

Maslow's theory states that humans have a simple motivational hierarchy of needs. An individual cannot reach self-esteem and self-actualization without first meeting basic needs like food, shelter, and security. When you hire a second chance individual, you provide access to basic needs to further one's well-being. It sounds very altruistic. However, it also makes good business sense. Investing in another's well-being creates a company culture and bond that breeds loyalty and higher productivity.

THE SECOND CHANCE HIRING MOVEMENT

If your company hasn't considered tapping this labor pool, you could be struggling to capture talent over the next decade when Baby Boomers are in full retirement. Large companies like Home Depot, Walmart, and Starbucks have updated their hiring policies to include second chance individuals. Further, big bank CEOs like JPMorgan's Jamie Dimon and Bank of America have removed criminal background questions from the application process. Additionally, states are feverishly passing "ban the box" laws around the country. A recent report showed that 18% of business leaders and 56% of HR professionals report that their applications have omitted this question from their process, giving those second chance employees a better chance of getting past the initial application.

Companies in service-related industries such as manufacturing, construction, utilities, transportation, and warehousing are among employers who are more willing to give someone with a criminal background a second chance. They report that these individuals work as hard or better than those who do not have a criminal background and cost the same or less to hire. When asked, human resource professionals decided to hire individuals with a criminal background for various reasons. 68% said they want to hire the best candidate for the job regardless of background and criminal history, while 47% want to provide a second chance for individuals with a background. Additionally, 41% said they want to improve the community.

We currently have two forces working at play in the labor market. First, we have a shrinking "prime" labor pool with the accelerated retirement movement of the Baby Boomer generation. Employers are struggling to find and retain talent. Second, we have an ever-increasing population of candidates that cannot pass a background check. Many of these second chance individuals are low-risk and non-violent offenders. Yet, they still get looked over.

"Many second chance individuals are low-risk and non-violent offenders."

There is strong anecdotal evidence coupled with years of research showing that second chance individuals are employable and capable of fulfilling the current gap in the workforce. Large corporations and non-profits are leading the second chance hiring movement, spreading the word about this untapped labor pool's potential. If you're not on the train, you will be left behind because five years from now, second chance individuals will be trained and highly skilled.



STAFFNOW AND SECOND CHANCE HIRING

The national unemployment rate currently hovers around 4%. While these numbers seem positive, lower numbers can benefit the overall economy but make it increasingly difficult to fill positions with qualified workers.

StaffNow is versed in Second Chance Hiring with a dedicated, full-service second chance staffing division. We understand that trying something different or unknown can be difficult. However, you can rest assured that we are empathetic and have a well-developed process for second chance hiring.

When we place second chance individuals, we look at the nature of offenses, how long ago the infraction occurred, and if their crimes are even considered criminal anymore. We do in-depth interviews and research to ensure you are getting the best person for the job while also giving motivated and ready-to-work individuals the opportunities they deserve.

StaffNow is also experienced in developing Second Chance Hiring policies for employers. We guide your approach to help ensure you attract a diverse and high-quality workforce without compromising employee safety or security. Think of us as an extension of your HR department, providing not only high-quality applicants but also guiding HR policy to attract and retain talent.



Staff Now



WHO IS STAFFNOW?

StaffNow was ranked as #475 on the 2021 Inc. Magazine 5000 list of America's Fastest Growing Private Companies. StaffNow is a minority-owned and "background friendly" staffing agency with decades of experience providing associates to employers in the supply chain industry (warehouse, production, transportation, and manufacturing). Our services include temporary workers, temp-to-hire workers, and direct hire.

We are headquartered in Arizona, with Arizona, Iowa, and Texas branches. Our clients have business all over the US, and we are able to supply associates to their locations nationwide and consult on supply chain project staffing.

If you want to learn more about StaffNow, Second Chance Hiring, or our team, visit us at www.staffnowjobs.com.

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