

Impact of the Carceral System on Economic Stability and Mobility

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Economic mobility is a foundational component of the American dream. But the carceral system acts in multiple ways to undermine that dream. It disproportionately targets poor people and also creates, exacerbates, and entrenches poverty and wealth disparity. There are almost innumerable “collateral costs” associated with the carceral system, measured by the size of the effect of incarceration on a person’s access to prosperity.¹ Notably, James Jacobs, Director of the Center for Research in Crime and Justice at NYU, calls the effect of a criminal record “eternal.”² And indeed, contact with our criminal legal infrastructure has robbed millions of Americans of their earning potential and familial access to income.

There are two primary mechanisms connecting the criminal legal system to economic instability and lack of mobility. Being arrested or incarcerated suppresses income through job loss, barriers to job acquisition, reduced future earnings, limited wages available post-release, poor economic mobility, loss of ability to achieve generational wealth (homeownership, education, savings), and the widening racial wealth gap. It also extracts wealth from people who have been entangled in the system through layers of associated costs, fines, fees, and other financial punishments. Countless predatory financial mechanisms exist—within, relying on, or alongside the criminal legal system—to keep poor people poor.

I. The overwhelming scale of the criminal legal system

- A. Nearly half of Americans have had a family member incarcerated.³
- B. More than 70 million Americans (20% of the population) have a criminal record. ~8 million have been to prison.⁴
- C. At least 45 million people have been convicted of a misdemeanor, roughly 14% of the U.S. population.⁵
- D. Black Americans are incarcerated in state prisons at almost 5x the rate of white Americans, and Latinx Americans are incarcerated at 1.3x the rate of white Americans. In 2019, 1 in 80 Black Americans was incarcerated, compared to 1 in 383 white Americans.⁶

¹ Collateral Costs: Incarceration’s Effect on Economic Mobility. (2010). *The Pew Charitable Trusts*. Retrieved from https://www.pewtrusts.org/~media/legacy/uploadedfiles/pcs_assets/2010/collateralcosts1pdf.pdf.

² Jacobs, James. (2015). *The Eternal Criminal Record*. Cambridge, MA: Harvard University Press, pp. 1–8.

³ Sawyer, Wendy & Wagner, Peter. (2022). Mass Incarceration: The Whole Pie 2022. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/reports/pie2022.html>.

⁴ Grawert, Ames & Craigie, Terry-Ann. (2020). Mass Incarceration Has Been a Driving Force of Economic Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/mass-incarceration-has-been-driving-force-economic-inequality>.

⁵ *Ibid.*

⁶ The Color of Justice: Racial and Ethnic Disparity in State Prisons. (2021). *The Sentencing Project*. Retrieved from <https://www.sentencingproject.org/publications/color-of-justice-racial-and-ethnic-disparity-in-state-prisons/>.

- E. In 2010, more young (20 to 34-year-old) Black men without a high school diploma/GED were currently behind bars (37%) than employed (26%).⁷
- F. In 2019, 34% of the local jail population in the U.S. was Black.⁸ In the same year, only 12.7% of the undergraduate student population at American universities was Black.⁹

II. Being arrested, jailed, or incarcerated suppresses income

A. Reduced future earnings as a result of arrest and/or incarceration

1. Being in prison leads to a 52% reduction in annual earnings and slower earnings growth over a lifetime, leading to a loss of \$500,000 over several decades.¹⁰
 - a) People convicted of a felony but not imprisoned see annual earnings reduced by an average of 22%.¹¹
 - b) Even a misdemeanor—something as minor as shoplifting—can reduce earnings by 16% annually.¹²
2. A 2010 study found that, by age 48, a person who has been incarcerated will have earned \$179,000 less than if they had never been incarcerated.¹³
3. Due to lower earnings, the total amount of money lost annually by all people with a criminal conviction or who have spent time in prison is at least \$370 billion.¹⁴
 - a) The amount lost by the average formerly incarcerated person is more than the entire lifetime earnings of someone who spends their life at the poverty line.¹⁵
 - b) Race: white people who have been to prison miss out on about \$270,000 over their lifetimes (compared with socioeconomically similar white people who have not spent time in prison). For

⁷ Collateral Costs: Incarceration's Effect on Economic Mobility. (2010). *The Pew Charitable Trusts*. Retrieved from https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pes_assets/2010/collateralcosts1pdf.pdf.

⁸ Zeng, Zhen & Minton, Todd D. (2021). Census of Jails, 2005–2019 – Statistical Tables. *Bureau of Justice Statistics*. Retrieved from <https://bjs.ojp.gov/sites/g/files/xvckuh236/files/media/document/cj0519st.pdf>.

⁹ Black Students in Higher Education. (2022). *The Postsecondary National Policy Institute*. Retrieved from <https://pnpi.org/black-students/#:~:text=elite%20research%20institution,-DEGREE%20ATTAINMENT.in%20the%20same%20age%20range>.

¹⁰ Grawert, Ames & Craigie, Terry-Ann. (2020). Mass Incarceration Has Been a Driving Force of Economic Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/mass-incarceration-has-been-driving-force-economic-inequality>.

¹¹ Craigie, T.A., Grawert, A., Kimble, C., & Stiglitz, J.E. (2020). Conviction, Imprisonment, and Lost Earnings: How Involvement with the Criminal Justice System Deepens Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/research-reports/conviction-imprisonment-and-lost-earnings-how-involvement-criminal>.

¹² Grawert, Ames & Craigie, Terry-Ann. (2020). Mass Incarceration Has Been a Driving Force of Economic Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/mass-incarceration-has-been-driving-force-economic-inequality>.

¹³ Collateral Costs: Incarceration's Effect on Economic Mobility. (2010). *The Pew Charitable Trusts*. Retrieved from https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pes_assets/2010/collateralcosts1pdf.pdf.

¹⁴ Grawert, Ames & Craigie, Terry-Ann. (2020). Mass Incarceration Has Been a Driving Force of Economic Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/mass-incarceration-has-been-driving-force-economic-inequality>.

¹⁵ Craigie, T.A., Grawert, A., Kimble, C., & Stiglitz, J.E. (2020). Conviction, Imprisonment, and Lost Earnings: How Involvement with the Criminal Justice System Deepens Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/research-reports/conviction-imprisonment-and-lost-earnings-how-involvement-criminal>.

formerly incarcerated Black and Latinx people, it's nearly \$360,000 and over \$510,000, respectively.¹⁶

TABLE 1

Lost Earning Potential Due to Involvement in the Criminal Justice System (2017)

	NUMBER OF PEOPLE	ANNUAL AVERAGE EARNINGS LOSS	AVERAGE LIFETIME EARNINGS LOSS	AGGREGATE ANNUAL EARNINGS LOSS
Formerly imprisoned people	7.7 million	52%	\$484,400	\$55.2 billion
White	2.7 million	—	\$267,000	—
Black	2.7 million	—	\$358,900	—
Latino	2.3 million	—	\$511,500	—
People convicted but not imprisoned			\$98,800*	
Felonies	12.1 million	22%	—	\$77.1 billion
Misdemeanors	46.8 million	16%	—	\$240.0 billion
Total				\$372.3 billion†

(Image from Craigie, T.A., Grawert, A., Kimble, C., & Stiglitz, J.E. (2020). Conviction, Imprisonment, and Lost Earnings: How Involvement with the Criminal Justice System Deepens Inequality. Brennan Center for Justice. Retrieved from <https://www.brennancenter.org/our-work/research-reports/conviction-imprisonment-and-lost-earnings-how-involvement-criminal>)

4. Racial disparities in earnings loss

- a) Though incarceration negatively impacts employment and earnings for all racial groups, Black and Latinx people see disproportionately severe consequences after controlling for health, human capital, social background, crime and criminal justice involvement, and job readiness.¹⁷
- b) Earning losses were greatest for Black and Indigenous formerly incarcerated people, and these disparities actually grew over time.¹⁸ This suggests that the negative impacts of incarceration on future earnings weakened over time for white people more than they did for non-white people.

¹⁶ Grawert, Ames & Craigie, Terry-Ann. (2020). Mass Incarceration Has Been a Driving Force of Economic Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/mass-incarceration-has-been-driving-force-economic-inequality>.

¹⁷ Western, Bruce & Sirois, Catherine. (2019). Racialized Re-entry: Labor Market Inequality After Incarceration. *Social Forces*, 97(4): 1517-1542. Retrieved from <https://static1.squarespace.com/static/5c8e74cd94d71a16ff94b536/t/5d255f9c3a7a090001ae75d1/1562730401246/Racialized+Re-entry+Labor+Market+Inequality+After+Incarceration.pdf>.

¹⁸ Wang, Leah & Bertram, W. (2022). New data on formerly incarcerated people's employment reveal labor market injustices. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/blog/2022/02/08/employment/>.

B. Difficulty finding and maintaining employment after release

1. Being arrested or incarcerated leads to missed shifts, layoffs, or firing.¹⁹ This only exacerbates difficulties securing employment and stability post-release.
2. A vast portion of the unemployed population has interacted with the criminal legal system: by age 35, 64% of unemployed men have been arrested and 46% have been convicted.²⁰
3. Formerly incarcerated people are unemployed at a rate of over 27% – 5x higher than the total U.S. unemployment rate during any period in history, including the Great Depression.²¹
 - a) Though it is more difficult for them to secure employment, formerly incarcerated people are more likely to be “active” in the labor market than the general public: among 25-44 year old formerly incarcerated people, 93.3% are employed or actively looking for work, compared to 83.8% among the general population of similar ages.²²
 - b) Some believe these numbers can be explained by race (i.e. Black people are overrepresented in the criminal legal system AND Black populations have lower employment rates). This is not the case: a Prison Policy Initiative study disaggregating employment data by race and gender found that the unemployment rate of each formerly incarcerated group remained higher than comparable groups in the general public. This demonstrates that racial and demographic characteristics alone cannot explain this disparity: it is *the fact of incarceration* that correlates with lower employment rates.²³
4. 45% of formerly incarcerated people are unemployed during the entire year following their release.²⁴
 - a) Of over 50,000 people released from federal prisons in 2010, 33% found no employment at all over 4 years post-release.²⁵
5. Prison Policy Initiative estimates that around 60% of formerly incarcerated people are currently jobless (this is not the same as the unemployment rate, which describes the rate of unemployment for working-age people actively seeking employment but unable to find it, while joblessness describes the rate of unemployment for all

¹⁹ Dobbie, Will & Yang, Crystal. (2021). The Economic Costs of Pretrial Detention. *Brookings Papers on Economic Activity*. Retrieved from https://www.brookings.edu/wp-content/uploads/2021/03/15872-BPEA-SP21_WEB_DobbieYang.pdf.

²⁰ Bushway, S., Cabrerros, I., Paige, J.W., Schwam, D., Wenger, J.B. (2022). Barred from employment: More than half of unemployed men in their 30s had a criminal history of arrest. *Science*. Retrieved from <https://www.science.org/doi/10.1126/sciadv.abj6992>.

²¹ Couloute, Lucius & Kopf, Daniel. (2018). Out of Prison & Out of Work: Unemployment among formerly incarcerated people. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/reports/outofwork.html>.

²² *Ibid.*

²³ *Ibid.*

²⁴ Looney, Adam & Turner, Nicholas. (2018). Work and Opportunity Before and After Incarceration. *Brennan Center for Justice*. Retrieved from <https://www.brookings.edu/research/work-and-opportunity-before-and-after-incarceration/>.

²⁵ Wang, Leah & Bertram, W. (2022). New data on formerly incarcerated people's employment reveal labor market injustices. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/blog/2022/02/08/employment/>.

working-age people, regardless of whether they are actively seeking employment).²⁶

6. One study found that it took formerly incarcerated people an average of over 6 months to find their first job after release.²⁷
 - a) And the average person had 3.4 jobs over 4 years, indicating employment instability.
7. Much of this is due to employment processes:
 - a) Opportunities for licensure and credentialing are weaker or off-limits for people with a record.²⁸
 - (1) A huge number of jobs in areas like childcare, nursing, sales, management, or construction require some form of licensing, which is often prohibited or restricted for people with arrest or conviction records, even for crimes as small as a misdemeanor.²⁹
 - b) A 2012 Society for Human Resource Management survey found that 86% of employers reported using criminal background checks to evaluate some candidates and 69% reported using them for all candidates.³⁰
 - c) One study found that having a criminal record reduced call-back rates from employers by 50%.³¹

C. The only jobs available to formerly incarcerated people are low-wage, low-growth jobs

1. When formerly incarcerated people do find work, it is often in positions with very low pay and few opportunities for growth and advancement: the majority of employed people recently released from prison have an income that puts them well below the poverty line.³²
 - a) This is especially true for formerly incarcerated women of color. When 80% of women in jails and 58% of women in prisons are mothers,³³ this low pay relegates entire families to poverty.
2. In a study of people released from prison in Indiana, about half of those who found work had an annual income of less than \$5000.³⁴

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ Craigie, T.A., Grawert, A., Kimble, C., & Stiglitz, J.E. (2020). Conviction, Imprisonment, and Lost Earnings: How Involvement with the Criminal Justice System Deepens Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/research-reports/conviction-imprisonment-and-lost-earnings-how-involvement-criminal>.

²⁹ Rodriguez, Michelle N. & Avery, Beth. (2016). Unlicensed and Untapped: Removing Barriers to State Occupational Licenses for People with Records. *National Employment Law Project*. Retrieved from <https://www.nelp.org/publication/unlicensed-untapped-removing-barriers-state-occupational-licenses>.

³⁰ Background Checking—The Use of Criminal Background Checks in Hiring Decisions. (2012). *Society for Human Resource Management*. Retrieved from <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/criminalbackgroundcheck.aspx>.

³¹ Pager, Devah. (2003). The Mark of a Criminal Record. *American Journal of Sociology*, 108(5): 937–75. Retrieved from https://scholar.harvard.edu/files/pager/files/pager_ajs.pdf.

³² Couloute, Lucius & Kopf, Daniel. (2018). Out of Prison & Out of Work: Unemployment among formerly incarcerated people. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/reports/outofwork.html>.

³³ Sawyer, Wendy & Bertram, Wanda. (2022). Prisons and jails will separate millions of mothers from their children in 2022. *Prison Policy Initiative*. Retrieved from https://www.prisonpolicy.org/blog/2022/05/04/mothers_day/.

³⁴ Nally, J., Lockwood, S., Knutson, K., & Ho, T. (2013). The Marginally Employed Offender: A Unique Phenomenon Among Released Offenders. *Journal of Correctional Education*, 64(1): 50–54. Retrieved from <https://www.jstor.org/stable/pdf/26507530.pdf?seq=1>.

3. The average early-career wages of formerly incarcerated people is equal to about half of the federal poverty threshold for a family of 2.³⁵
 4. One study found that, in the first few months after release, formerly incarcerated people earned 53% of the median U.S. worker's wage.³⁶
- D. Though it is clearly massively difficult for formerly incarcerated people to secure employment, they can be punished for failure to do so: many are on some form of supervised release, including probation or parole, meaning they have to maintain employment or face reincarceration.³⁷
- E. Quality employment reduces recidivism, yet formerly incarcerated people face immense barriers to secure it.³⁸**
1. One study found that, within 600 day post-incarceration, nearly twice as many employed people survived without an arrest as their unemployed counterparts (42% compared to 24%).³⁹
 2. Some research suggests that it is not access to just any job, but access to “good” jobs (jobs that are stable, full-time, higher quality, and are the same or similar to the job the person held pre-incarceration) that reduces likelihood of recidivism.⁴⁰
 3. For example, a 2008 study found that people making over \$10/hour were half as likely to recidivate as those making less than \$7/hour.⁴¹

III. The criminal legal system and other institutions continuously extract wealth from poor people

A. The cost of the actual experience of the criminal legal system

1. Pretrial costs:
 - a) The median bail amount for felonies in the U.S. is \$10,000.⁴² If a person is unable to pay bail, they may be jailed pretrial (around ⅓ of the overall jail population is incarcerated for failure to pay bail), which can lead to a host of poorer life outcomes, including job loss, higher rates of future criminal legal system contact, a greater likelihood of a guilty plea, longer sentences, and emotional and financial stress.⁴³

³⁵ *Ibid.*

³⁶ Wang, Leah & Bertram, W. (2022). New data on formerly incarcerated people's employment reveal labor market injustices. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/blog/2022/02/08/employment/>.

³⁷ Wang, Leah & Bertram, W. (2022). New data on formerly incarcerated people's employment reveal labor market injustices. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/blog/2022/02/08/employment/>.

³⁸ Couloute, Lucius & Kopf, Daniel. (2018). Out of Prison & Out of Work: Unemployment among formerly incarcerated people. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/reports/outofwork.html>.

³⁹ *Ibid.*

⁴⁰ Ramakers, A., Nieuwbeerta, P., Wilsem, J.V., & Dirkzwager, A. (2016). Not Just Any Job Will Do: A Study on Employment Characteristics and Recidivism Risks After Release. *International Journal of Offender Therapy and Comparative Criminology*, 61(16): 1795–1818. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5669259/>.

⁴¹ Visher, C., Debus, S., & Yahner, J. (2008). Employment after Prison: A Longitudinal Study of Releasees in Three States. *Urban Institute*. Retrieved from <https://www.urban.org/sites/default/files/publication/32106/411778-Employment-after-Prison-A-Longitudinal-Study-of-Releasees-in-Three-States.PDF>.

⁴² The Ins and Outs of Bail. (2020). *The Marshall Project*. Retrieved from <https://www.themarshallproject.org/2020/10/28/the-ins-and-outs-of-bail>.

⁴³ *Ibid.*

- b) In order to avoid pretrial detention, many people who cannot afford bail pay a private agent (a bondsman) a portion of the amount and collateral.
 - (1) This cost is nonrefundable, even if the trial ends without a conviction.⁴⁴
 - (2) The bail bond industry has grown into a \$2 billion industry and is famously predatory.⁴⁵
 - (3) These agreements are often purposefully confusing, trapping people in expensive payment plans.⁴⁶
- c) Many jurisdictions require accused people to pay private companies for electronic ankle monitoring devices pretrial, the fees for which can cost \$2,800 to over \$5,000 per year.⁴⁷
- d) Diversion programs, which are often touted as progressive ways to route people out of the criminal system, are often counterintuitively financially exclusionary. Many are run by private companies that collect exorbitant fees: one study of 225 diversion programs across 37 states found that fees can range up to \$5,000 for a single offense.⁴⁸

2. Incarceration costs:

- a) Often, people are literally forced to pay for their own incarceration. County and city jails often charge “pay-to-stay” fees for things like booking, room and board, phone calls, electronic monitoring, medical treatments, and drug testing during incarceration. A Wisconsin study found that the average daily cost of pay-to-stay fees was \$13 per day.⁴⁹
- b) Phone calls: Though progress has been made in capping the cost of phone calls in state-run prisons, phone calls in county- and city-run jails can still cost \$1 per minute or more and the private companies that manage the system often impose other hidden fees.⁵⁰
 - (1) Having access to a phone pretrial is critical for building a successful case.

⁴⁴ *Ibid.*

⁴⁵ Silver-Greenberg, Jessica & Dewan, Shaila. (2018). When Bail Feels Less Like Freedom, More Like Extortion. *The New York Times*. Retrieved from <https://www.nytimes.com/2018/03/31/us/bail-bonds-extortion.html>.

⁴⁶ Justice-Involved Individuals and the Consumer Financial Marketplace. (2022). *Consumer Financial Protection Bureau*. Retrieved from https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf.

⁴⁷ Weisburd, Kate. (2021). Electronic Prisons: The Operation of Ankle Monitoring in the Criminal Legal System. *George Washington University Law School*. Retrieved from <https://issuu.com/gwlawpubs/docs/electronic-prisons-report?fr=sOGI5NDcxODg3>.

⁴⁸ Justice-Involved Individuals and the Consumer Financial Marketplace. (2022). *Consumer Financial Protection Bureau*. Retrieved from https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf.

⁴⁹ Bliss, Kevin. (2021). Pay-to-Stay Fees Impoverish Prisoners, Increase Recidivism. *Prison Legal News*. Retrieved from <https://www.prisonlegalnews.org/news/2021/mar/1/pay-stay-fees-impoverish-prisoners-increase-recidivism/>.

⁵⁰ Wagner, Peter & Jones, Alexi. (2019). State of Phone Justice: Local jails, state prisons and private phone providers. *Prison Policy Initiative*. Retrieved from https://www.prisonpolicy.org/phones/state_of_phone_justice.html.

- (2) Research demonstrates that family phone calls during incarceration reduce recidivism rates post-release.⁵¹ Communication with family and loved ones during incarceration increases life stability, thus reducing recidivism rates. But when phone access is expensive, it further exacerbates financial challenges, thus compounding the aforementioned relationship between financial hardship post-release and recidivism.
- (3) Access to family phone calls can improve relationship quality between incarcerated parents and their children, which mitigates the traumatic consequences of parental incarceration on children, such as behavioral issues, poor school performance, and increased risk of future criminal legal contact.⁵²
- c) Paying for basic necessities: One study found that people in prison spend an average of nearly \$1,000 per year on commissary products in states where the average prison job pays \$180 to \$660 per year.⁵³
- (1) The majority of this money is spent on hygiene products and food (the food provided by prisons is famously unappealing, in small portions, and lacking nutritional content).
- d) Court fees: Most courts impose fees on convictions based on the idea that accused people are “users” of the court. These might include court cost fees, fines and forfeiture fees, prosecution fees, court clerk fees, filing clerk fees, DNA database fees, jury fees, or crime lab analysis fees.⁵⁴
- (1) Since 2008, almost every U.S. state has either increased the cost of criminal and civil court fees or added new ones.⁵⁵
- e) Public defender fees: As of 2017, 43 states used cost-recovery for public defenders and 27 states charged accused people for registration fees upfront, ranging up to \$480.⁵⁶

⁵¹ Wang, Leah. (2021). Research roundup: The positive impacts of family contact for incarcerated people and their families. *Prison Policy Initiative*. Retrieved from https://www.prisonpolicy.org/blog/2021/12/21/family_contact/#:~:text=Consistent%20phone%20calls%20to%20family%20improve%20relationships&text=As%20with%20visitation%2C%20family%20phone. odds%20of%20returning%20to%20prison.

⁵² Haverkate, D. L. & Wright, K. A. (2020). The differential effects of prison contact on parent-child relationship quality and child behavioral changes. *Corrections: Policy, Practice, & Research*, 5, 222-244. Retrieved from https://static.prisonpolicy.org/scans/Haverkate_Wright_2020.pdf.

⁵³ Raher, Stephen. (2018). The Company Store: A Deeper Look at Prison Commissaries. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/reports/commissary.html>.

⁵⁴ Menendez, M., Eisen, L.B., Atchison, N., & Crowley, M. (2019). The Steep Costs of Criminal Justice Fees and Fines. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/research-reports/steep-costs-criminal-justice-fees-and-fines>.

⁵⁵ *Ibid.*

⁵⁶ Porter, Devon. (2017). Paying for Justice: The Human Cost of Public Defender Fees. *American Civil Liberties Union*. Retrieved from <https://law.yale.edu/sites/default/files/area/center/liman/document/pdf/fees-report.pdf>.

- f) In order to pay for these services during incarceration, people on the outside transfer money into their incarcerated family member's commissary account. Management of this process is often run by private companies that impose fees for transferring funds.⁵⁷
 - g) Families struggling to manage finances while a wage-earner is behind bars may incur debt, credit delinquencies, and lower credit scores.⁵⁸
3. Reentry costs:
- a) 4.4 million Americans⁵⁹ (1 in 75) are on probation or parole after release, and are often required to pay supervision fees ranging from hundreds to thousands of dollars as well as other fees for mandatory post-release services like mental health counseling, electronic monitoring, or drug testing.⁶⁰
 - b) When a person is released from prison, the money left in their commissary account is usually returned to them on a prepaid debit card, often called a jail or prison release card. The person does not have a choice but to accept this form of payment, and it is usually accompanied by fees for activation, account maintenance, transactions, ATM withdrawals, cash reloads, transfers, balance inquiries, foreign transactions, inactivity, or cancellations.⁶¹
 - c) Difficulty accessing a bank account post-release: Opening a bank account often requires photo identification (driver's licenses are often suspended for criminal legal system debt), proof of address (people exiting prison may not have a permanent living situation established), or a credit check (which may show negative results if the person has unpaid fees or other incarceration-related credit issues).⁶²
 - d) Criminal background checks make it difficult for formerly incarcerated people to secure housing, employment, or loans.⁶³

B. Debts of poverty and the criminal legal system: being poor is inherently expensive

1. Not only are poor people targeted by hyper-policing, mandatory minimums, and poor resources in the criminal legal system, but being

⁵⁷ Justice-Involved Individuals and the Consumer Financial Marketplace. (2022). *Consumer Financial Protection Bureau*. Retrieved from https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf.

⁵⁸ *Ibid.*

⁵⁹ Minton, T., Beatty, L.G., & Zeng, Z. (2021). Correctional Populations in the United States, 2019 – Statistical Tables. *Bureau of Justice Statistics*. Retrieved from <https://bjs.ojp.gov/sites/g/files/xyckuh236/files/media/document/cpus19st.pdf>.

⁶⁰ Press Release: National Examination of Probation & Parole Fees Finds Widespread Imposition in Nearly All 50 States. (2022). *Fines and Fees Justice Center*. Retrieved from <https://finesandfeesjusticecenter.org/2022/05/10/press-release-national-examination-of-probation-parole-fees-finds-widespread-imposition-in-nearly-all-50-states/>.

⁶¹ Justice-Involved Individuals and the Consumer Financial Marketplace. (2022). *Consumer Financial Protection Bureau*. Retrieved from https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf.

⁶² *Ibid.*

⁶³ *Ibid.*

poor itself is expensive, which entrenches people in poverty. Nearly every area of life is more expensive for low-income people:

- a) Housing: higher interest rates due to lower credit and higher home maintenance costs due to older homes in poorer conditions;⁶⁴
 - b) Food and groceries: low-income families are more likely to live in food deserts or lack access to transportation to access cheaper food options;⁶⁵
 - c) Inability to buy goods in bulk: when you don't have enough money upfront, it's harder to buy things in bulk, which saves money in the long run;⁶⁶
 - d) Poor access to transportation: higher interest rates on car loans due to poor credit, higher maintenance fees to service older cars in poorer conditions, higher gas prices because older cars get lower fuel economy,⁶⁷ and car insurance is more expensive (one study found that low-income drivers pay 59% higher insurance rates than higher-income drivers with similar safety records)⁶⁸.
 - e) Healthcare: lower-income people are less likely to be insured and more likely to forego healthcare due to cost. Even with insurance, 46% of adults report difficulty affording their out-of-pocket costs and 26% of adults reported that they or a household member struggled to pay medical bills in the past year.⁶⁹ Due to numerous environmental and socioeconomic contexts, poor people are more likely to face physical and mental health challenges.⁷⁰
 - f) Taxes: Local tax burdens fall disproportionately on lower-income families.⁷¹
2. The debt accumulated directly from criminal legal involvement intertwines with existing debts of poverty, which are exacerbated by incarceration and then continue to accumulate after release, complicating social relationships and making reentry and financial stability nearly impossible.

⁶⁴ Landes, Craig. (2021). The Cost of Being Poor: Why It Costs So Much to Be Poor in America. *FinMasters*. Retrieved from <https://finmasters.com/cost-of-being-poor/>.

⁶⁵ *Ibid.*

⁶⁶ Landes, Craig. (2021). The Cost of Being Poor: Why It Costs So Much to Be Poor in America. *FinMasters*. Retrieved from <https://finmasters.com/cost-of-being-poor/>.

⁶⁷ *Ibid.*

⁶⁸ Heller, Douglas & Styczynski, Michelle. (2016). Major Auto Insurers Raise Rates Based on Economic Factors. *Consumer Federation of America*. Retrieved from https://consumerfed.org/wp-content/uploads/2016/06/6-27-16-Auto-Insurance-and-Economic-Status_Report.pdf.

⁶⁹ Kearney, A., Hamel, L., Stokes, M., & Brodie, M. (2021). Americans' Challenges with Health Care Costs. *Kaiser Family Foundation*. Retrieved from <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/>.

⁷⁰ Healthy People 2020. (2020). *Office of Disease Prevention and Health Promotion*. Retrieved from <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/poverty>.

⁷¹ Cohen, Patricia. (2015). Study Finds Local Taxes Hit Lower Wage Earners Harder. *The New York Times*. Retrieved from <https://www.nytimes.com/2015/01/14/business/local-taxes-hit-lower-wage-earners-harder-study-finds.html>.

3. People involved in the criminal legal system are disproportionately low-income and in debt.⁷²
 - a) Debt has a negative effect on financial well-being, reentry, family structure, and mental health.⁷³
4. The rise of mass incarceration aligned with increases in overall debt, especially for low-income Americans, because of:
 - a) Neoliberal economic policies, including privatization of previously public services, cuts in government spending on the social safety net, and a move toward “financialization” (which refers to banks and financial institutions relying on individuals and households for profit, rather than business investments). These policies forced people to take out debt and rely on credit, which is highly racialized;⁷⁴
 - b) Rising costs in general;
 - c) Predatory Alternative Financial Services (AFS) like pawn shops, rent-to-own stores, auto title lenders, and payday lenders;⁷⁵
 - d) Relaxation of usury laws, changing bankruptcy laws in favor of creditors, and lowered underwriting standards;⁷⁶
 - e) Privatization of jail and prison services like food services, health care, commissary stores, along with increases in fines and fees associated with arrest and incarceration.⁷⁷
 - (1) In one study, though only 23% of people had to pay court fines and fees, almost ALL had incurred other financial costs like posting bail or covering basic needs in prison.⁷⁸
 - (2) People can be arrested or rearrested for failure to pay back these debts.
5. “Outside” debt accumulates during the criminal legal process: when a person is arrested, they leave other bills and financial obligations behind, such as unpaid credit cards, bank overdraft, child support, rent or utility bill arrears.⁷⁹
6. Black people and people with mental illness—both of whom are overrepresented in the criminal legal system—disproportionately carry the burden of debt.⁸⁰

⁷² Harper, A., Ginapp, C., Bardelli, T., Grimshaw, A., Justen, M., Mohamedali, A., Thomas, I., & Puglisi, L. (2020). Debt, Incarceration, and Re-entry: a Scoping Review. *American Journal of Criminal Justice*, 46: 250-278. Retrieved from <https://link.springer.com/article/10.1007/s12103-020-09559-9>.

⁷³ *Ibid.*

⁷⁴ Harper, A., Bardelli, T., & Barrenger, S. (2020). “Let Me Be Bill-free”: Consumer Debt in the Shadow of Incarceration. *Sociological Perspectives*. Retrieved from https://journals.sagepub.com/doi/full/10.1177/0731121420968124?casa_token=HJWmIWI3U7gAAAAA%3A56TiSM2qG3tpegu_cXF35MHuCYXdLNMkGAv-xSSi8-kHKxfoitlReUfv2ebO4ebtlcG5dy-ahmFoMw.

⁷⁵ *Ibid.*

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

⁷⁸ *Ibid.*

⁷⁹ *Ibid.*

⁸⁰ *Ibid.*

- a) People with mental illness are 5x more likely to be incarcerated⁸¹ and are more likely to be in debt. One study found that people with disabilities are less likely to have good debt (29% have a mortgage or home equity loan compared to 39% for those without disabilities) and more likely to have bad debt (38% have unpaid medical bills compared to 18% for those without disabilities).⁸²
 - b) Black people are nearly 5x more likely than white people to be incarcerated⁸³ and are more likely to struggle to pay debt. Though Black people are less likely to owe money than white people, their debt payments are relatively large compared to the debt they owe: Black people's debt payments were over twice as expensive as white people's (\$12,900 compared to \$6,840).⁸⁴ One study found that over 27% of Black households were late on paying their debts, compared to 15% of white households, even though Black median debt (\$30,800) is about half of White median debt (\$73,800).⁸⁵
7. The impacts of debt:
- a) These multiple mechanisms of debt accumulate to destroy credit and complicate social ties, making it even more difficult to get a phone, get a job, buy a car, rent an apartment, open a utility account, and maintain a social support system post-release, all of which increases the risk of recidivism.⁸⁶
 - b) A report in Alabama found that 83% of formerly incarcerated people gave up necessities such as rent, food, medical bills, car payments, and child support in order to pay their court debt. 50% of those surveyed had been jailed for failure to pay court debts. 44% relied on payday loans to pay court debt. 38% committed a crime to pay their court debt.⁸⁷

⁸¹ The Way Forward: Federal Action for a System That Works for All People Living With SMI and SED and Their Families and Caregivers. (2017). *Interdepartmental Serious Mental Illness Coordinating Committee*. Retrieved from <https://store.samhsa.gov/sites/default/files/d7/priv/pep17-ismicc-rtc.pdf>.

⁸² Goodman, N., O'Day, B., & Morris, M. (2017). Financial Capability of Adults with Disabilities. *National Disability Institute*. Retrieved from <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2019/01/ndi-finra-report-2017.pdf>.

⁸³ The Color of Justice: Racial and Ethnic Disparity in State Prisons. (2021). *The Sentencing Project*. Retrieved from <https://www.sentencingproject.org/publications/color-of-justice-racial-and-ethnic-disparity-in-state-prisons/>.

⁸⁴ Hanks, A., Solomon, D., & Weller, C.E. (2018). Systematic Inequality: How America's Structural Racism Helped Create the Black-White Wealth Gap. *Center for American Progress*. Retrieved from <https://www.americanprogress.org/article/systematic-inequality/>.

⁸⁵ Nieves, Emanuel. (2019). What We've Learned About Debt in Black Communities. *Prosperity Now*. Retrieved from <https://prosperitynow.org/blog/what-weve-learned-about-debt-black-communities>.

⁸⁶ Harper, A., Bardelli, T., & Barrenger, S. (2020). "Let Me Be Bill-free": Consumer Debt in the Shadow of Incarceration. *Sociological Perspectives*. Retrieved from https://journals.sagepub.com/doi/full/10.1177/0731121420968124?casa_token=HJWmiWI3U7gAAAAA%3A56TiSM2qG3tpegu_cXF35MHuCYXdLNMkGAv-xSSi8-kHKxfoitReUfv2ebO4ebtlcG5dy-ahmFoMw.

⁸⁷ Under Pressure: How fines and fees hurt people, undermine public safety, and drive Alabama's racial wealth divide. (2018). *Alabama Appleseed Center for Law and Justice*. Retrieved from <https://www.alabamaappleseed.org/wp-content/uploads/2018/10/AA1240-FinesandFees-10-10-FINAL.pdf>.

C. Poverty increases the likelihood of becoming a VICTIM of crime.⁸⁸

1. In 2008 (most recent available data) the victimization rate for all personal crimes among people with household incomes lower than \$15,000 was over 3x the rate of those with household incomes of \$75,000 or more.
 - a) Mostly due to geographical location (neighborhood)
 - b) Victims of personal crimes face tangible costs (medical costs, lost earnings, and costs related to victim assistance programs) and intangible costs (pain, suffering, and lost quality of life).

IV. Longer-term impacts for individuals

A. Loss of economic mobility

1. 66% of formerly incarcerated men who were in the lowest fifth of male earnings in 1986 remained in the lowest fifth 20 years later, while 77% of non-formerly-incarcerated men advanced out of the bottom fifth during that time.⁸⁹
2. Over 20 years, about 7x more non-formerly-incarcerated men advanced from the bottom fifth of the earnings distribution to the top fifth than formerly incarcerated men.⁹⁰

B. Inability to achieve generational wealth

1. Earnings lost due to incarceration could have been spent on things that help people break out of poverty (education, buying a home).⁹¹
2. Homeownership is one of the most fundamental wealth-generating mechanisms, and incarceration hinders it.⁹²
 - a) Compared to a person who has never been incarcerated, a formerly incarcerated person is less likely to own their home by an average of 5%.⁹³
 - b) A person's probability of home ownership decreases by 28% after incarceration, and that gap persists long after a person is released.⁹⁴
 - c) Incarceration is negatively associated with ownership of a bank account, vehicle, and home among men, and these results extended to the romantic partners of these men.⁹⁵

⁸⁸ Kearney, M.S., Harris, B.H., Jacome, E., & Parker, L. (2014). Ten Economic Facts about Crime and Incarceration in the United States. *The Hamilton Project*. Retrieved from <https://www.law.ufl.edu/law/wp-content/uploads/Johnston-Criminal-Law-1DAF20.pdf>.

⁸⁹ Collateral Costs: Incarceration's Effect on Economic Mobility. (2010). *The Pew Charitable Trusts*. Retrieved from https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pcs_assets/2010/collateralcosts1pdf.pdf.

⁹⁰ *Ibid.*

⁹¹ Grawert, Ames & Craigie, Terry-Ann. (2020). Mass Incarceration Has Been a Driving Force of Economic Inequality. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/mass-incarceration-has-been-driving-force-economic-inequality>.

⁹² Turney, Kristin & Schneider, Daniel. (2016). Incarceration and Household Asset Ownership. *Demography*, 53(6): 2075-2103. Retrieved from <https://read.dukeupress.edu/demography/article/53/6/2075/167659/Incarceration-and-Household-Asset-Ownership>.

⁹³ Maroto, Michelle Lee. (2015). The Absorbing Status of Incarceration and its Relationship with Wealth Accumulation. *Journal of Quantitative Criminology*, 31: 307-236. Retrieved from <https://link.springer.com/article/10.1007/s10940-014-9231-8>.

⁹⁴ *Ibid.*

⁹⁵ Turney, Kristin & Schneider, Daniel. (2016). Incarceration and Household Asset Ownership. *Demography*, 53(6): 2075-2103. Retrieved from <https://read.dukeupress.edu/demography/article/53/6/2075/167659/Incarceration-and-Household-Asset-Ownership>.

- (1) Only 1/5 (22%) of recently incarcerated fathers own a bank account, compared with 65% of not recently incarcerated fathers.
 - (2) Recently incarcerated fathers are less likely to report vehicle ownership (45.3% vs. 79.5%)
 - (3) Recently incarcerated fathers are less likely to own a home (5.6% vs. 33.8%).
3. A formerly incarcerated person's net worth decreases by an average of \$42,000 in the years after incarceration.⁹⁶

C. Exacerbated racial wealth gap

1. The net worth of a typical white family is 10x that of a typical Black family.⁹⁷
 - a) In 2016, the median wealth of white families (\$171,000) exceeded the median wealth of Black families (\$17,409) and Latinx families (\$20,920) by factors of around 10 and 8, respectively.⁹⁸
 - b) This racial wealth gap has barely changed in the last 50 years.⁹⁹
2. All components of the relationships between incarceration and economic stability (arrest, incarceration, debt accumulation, reduced earnings, job acquisition, etc.) disproportionately harm Black people, meaning these financial consequences widen the racial wealth gap.
3. Higher incarceration rates depress Black homeownership and widen racial disparities in homeownership.¹⁰⁰
4. Low wealth increases the risk of incarceration, and incarceration is associated with lower wealth, but race significantly compounds this mutually reinforcing relationship.¹⁰¹

V. Impact on children and families

- A. In 2016, the Bureau of Justice Statistics estimated that the nation's prisoners had an estimated 1,473,700 children.¹⁰²
- B. 10 million children have had a parent arrested.¹⁰³

⁹⁶ Maroto, Michelle Lee. (2015). The Absorbing Status of Incarceration and its Relationship with Wealth Accumulation. *Journal of Quantitative Criminology*, 31: 307-236. Retrieved from <https://link.springer.com/article/10.1007/s10940-014-9231-8>.

⁹⁷ McIntosh, K., Moss, E., Nunn, R., & Shambaugh, J. (2020). Examining the Black-White Wealth Gap. *Brookings Institution*. Retrieved from <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>.

⁹⁸ Lei, Serena. (2017). Nine Charts About Wealth Inequality in America. *Urban Institute*. Retrieved from <https://apps.urban.org/features/wealth-inequality-charts/>.

⁹⁹ Aliprantis, Dionissi & Carroll, Daniel. (2019). What Is Behind the Persistence of the Racial Wealth Gap? *Federal Reserve Bank of Cleveland*. Retrieved from <https://www.clevelandfed.org/newsroom-and-events/publications/economic-commentary/2019-economic-commentaries/ec-201903-what-is-behind-the-persistence-of-the-racial-wealth-gap.aspx>.

¹⁰⁰ Turney, Kristin & Schneider, Daniel. (2016). Incarceration and Household Asset Ownership. *Demography*, 53(6): 2075-2103. Retrieved from <https://read.dukeupress.edu/demography/article/53/6/2075/167659/Incarceration-and-Household-Asset-Ownership>.

¹⁰¹ Zaw, K., Hamilton, D., & Darity, W. (2016). Race, Wealth and Incarceration: Results from the National Longitudinal Survey of Youth. *Race and Social Problems*, 8: 103-115. Retrieved from <https://www.prisonpolicy.org/scans/wealthraceincarcerationrates.pdf>.

¹⁰² Maruschak, L. M., Bronson, J., & Alper, M. (2021). Parents in Prison and Their Minor Children. *Bureau of Justice Statistics*. Retrieved from <https://bjs.ojp.gov/content/pub/pdf/pptmcspi16st.pdf>.

¹⁰³ Martin, Eric. (2017). Hidden Consequence: The Impact of Incarceration on Dependent Children. *National Institute of Justice*, 278. Retrieved from <https://www.santacruzcounty.us/Portals/0/County/Commissions/jag%20commission/Resources/Hidden%20Consequences%20Impact%20of%20Inc%20on%20Dependent%20Children%20NIJ%202017.pdf>.

- C. Racial disparities: According to the Annie E. Casey Foundation’s Kids Count Data Center, in 2019, nearly 13% of Black children (1 in 8) had a parent who had ever been incarcerated, while only 6% (1 in 16) white children had.¹⁰⁴
- D. Children with fathers who have been incarcerated are significantly more likely than other children to be expelled or suspended from school (23% compared with 4%).¹⁰⁵
- E. Family income averaged over the years a father is incarcerated is 22% lower than the year before a father is incarcerated. Even in the year after the father is released, family income remains 15% lower than it was the year before incarceration.¹⁰⁶
- F. Children of incarcerated parents face lasting monetary hardship, were less likely to live in a two-parent home, and were less likely to have stable housing.¹⁰⁷
- G. Women bear the brunt of the cost: one study found that women represent 83% of the people paying court-related costs for family members.¹⁰⁸ Because Black people are overrepresented in the criminal legal system, this means Black women are disproportionately forced to pay for these jail and prison services.

VI. Impact on the U.S. economy as a whole

- A. The carceral system costs the government and families of people who have been arrested or incarcerated at least \$182 billion every year.¹⁰⁹
 - 1. Cost to families: of that \$182 billion, families spend \$2.9 billion annually on prison services like commissary and phone calls and another \$1.4 billion for bail for their loved ones.¹¹⁰
- B. Cyclical poverty inhibits profit for business owners: when people can’t break out of poverty, they can’t spend money in the economy.
- C. 70 million Americans have a criminal record, and living with a criminal record severely hinders access to economic stability and mobility.¹¹¹
 - 1. This represents over 20% of the American population, meaning 20% of our country’s population is currently unable to fully participate in the economy.

¹⁰⁴ Calculated by dividing the number of children with a parent who was ever incarcerated by race (<https://datacenter.kidscount.org/data/tables/9734-children-who-had-a-parent-who-was-ever-incarcerated-by-race-and-ethnicity?loc=1&loc2=1#detailed/1/any/false/1696/10.11.9.12.1.13/18995.18996>) by the child population by race (<https://datacenter.kidscount.org/data/tables/103-child-population-by-race#detailed/1/any/false/1729/68.69.67.12.70.66.71.72/423.424>) for 2019.

¹⁰⁵ Collateral Costs: Incarceration’s Effect on Economic Mobility. (2010). *The Pew Charitable Trusts*. Retrieved from https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pcs_assets/2010/collateralcosts1pdf.pdf.

¹⁰⁶ Collateral Costs: Incarceration’s Effect on Economic Mobility. (2010). *The Pew Charitable Trusts*. Retrieved from https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pcs_assets/2010/collateralcosts1pdf.pdf.

¹⁰⁷ Geller, A., Garfinkel, I., Cooper, C., & Mincy, R. (2009). Parental Incarceration and Child Well-Being: Implications for Urban Families. *Social Science Quarterly*, 90(5): 1186-1202.

¹⁰⁸ DeVuono-Powell, S., Schweidler, C., Walters, A., & Zohrabi, A. (2015). Who Pays? The True Cost of Incarceration on Families. *Ella Baker Center, Forward Together, Research Action Design*. Retrieved from <http://whopaysreport.org/wp-content/uploads/2015/09/Who-Pays-FINAL.pdf>.

¹⁰⁹ Wagner, Peter & Rabuy, Bernadette. (2017). Following the Money of Mass Incarceration. *Prison Policy Initiative*. Retrieved from <https://www.prisonpolicy.org/reports/money.html>.

¹¹⁰ *Ibid.*

¹¹¹ Friedman, Matthew. (2015). Just Facts: As Many Americans Have Criminal Records as College Diplomas. *Brennan Center for Justice*. Retrieved from <https://www.brennancenter.org/our-work/analysis-opinion/just-facts-many-americans-have-criminal-records-college-diplomas>.

VII. Conclusion

- A. The carceral system targets low-income people while hindering economic mobility and stability for individuals, their families, and their communities. It suppresses income and extracts wealth, morally and economically harming the U.S. as a whole.
- B. Any mechanism which makes incarceration less likely, or which lessens the impact a criminal legal case has on a person's life—including expanded, well-resourced public defense— is by definition good for the economic wellbeing of the individual, their family, and the economic life of the community at large.