

Economic Architecture Podcast

Episode 23 Transcript:

The following transcript has been edited for clarity:

Stuart Yasgur: Throughout the course of our conversations with people working at the frontier of fair chance hiring, we've heard the statistic that one in three adults in the United States has had an interaction with the criminal justice system. That's an enormous number. It's 60 million people roughly.

Stuart Yasgur: So the question that comes to mind is, given how big this is—how pervasive this is—why is it so under-discussed? Why aren't we all thinking about it or talking about it more often? Why hasn't this become more normal in our everyday day to recognize that our family, our friends, our neighbors may have criminal records that we need to confront the barriers that they pose to them.

Stuart Yasgur: I'm Stuart Yasgur, and this is Economic Architecture, the podcast.

Jeffrey Korzenik: What happens after you've done your time, you should get the ability to rebuild your life. And the reality is in America today, you don't have that ability.

Stuart Yasgur: Today, I'm speaking with Jeffrey Korzenik. Jeff is the chief economist of one of the world's largest commercial banks and author of the 2021 book, *Untapped Talent: How Second Chance Hiring Works For Your Business*.

Stuart Yasgur: With his deep understanding of how the labor market and criminal legal system intersect, Korzenik works to advocate for the rights of

those who have interacted with the criminal legal system, to create market-based solutions for them to secure employment and rebuild their lives.

Stuart Yasgur: Why is fair chance hiring such an important thing to be focusing on?

Jeffrey Korzenik: On one side, looking at it from a macroeconomic perspective, we're heading to, or in the midst of a structural labor shortage, simply not enough workers, and this is the single largest and most overlooked pool of talent in the United States.

Jeffrey Korzenik: On a societal level, having a criminal record has been such a barrier that it becomes an intergenerational problem, and my personal belief is that solving for fair chance hiring is the way you solve intergenerational poverty. So no big goals here. Solve linear shortage and solve intergenerational poverty.

Jeffrey Korzenik: You know, if you look at neighborhoods that we commonly call under-invested, high levels of unemployment, very little business investment. They are typically areas where you have a high degree of criminal records.

Jeffrey Korzenik: For example, the tragic reality is that one in three black men in America have a felony conviction. Not just an arrest, but a felony conviction. And that's the big barrier, having a felony conviction. And so, you tend to have a lot of people who are out of work. That tends to create neighborhoods and communities where you don't have upward mobility because a key to upward mobility is having successful adults in your community. And when you have such a high concentration of deep poverty and people without good jobs and without upwardly mobile jobs, you pass that on to the next generation.

Stuart Yasgur: Correct me where I'm getting this wrong, but so we have vigorously active policing that creates a lot of records of interactions with

the criminal justice system. We have a higher concentration of that in neighborhoods where there's been a history of lower kind of income or less wealth, that means those records themselves serve as a barrier to getting future employment. Because there's a barrier to future employment and high-quality, kind of employment opportunities, it means that it creates a kind of further barrier for kind of creating new income.

Stuart Yasgur: Which means that one of the key factors we need for upward mobility is a concentration of people in a community who are able to secure higher-income roles. And as a result of that, you kind of decrease the ability of upward mobility in that neighborhood.

Jeffrey Korzenik: The problem is the consequences become lifelong. A young man makes a mistake. For example, he has an arrest record. He has a felony conviction. He may or may not have been incarcerated, but he's got that conviction on his record. The problem then becomes what happens after you've done your time, whether it's community supervision or whether it's incarceration or some combination of the two.

Jeffrey Korzenik: At that point, you should get the ability to rebuild your life. And the reality is in America today, you don't have that ability. So that's part of the problem. There's also an ancillary problem. I don't point to the police for enforcing the laws, but I do point to... there's a history, John Pfaff at Fordham University wrote a whole book on this, of a generation of prosecutors, overcharged.

Jeffrey Korzenik: So what should have been, in some cases, misdemeanors were charged as felonies because it helped advance the careers of the prosecutors. So, it's the incentives that were built into this system were terrible. So, you do have some...again, I don't say the police did the wrong thing, but I will say in many cases our prosecutors did the wrong thing.

Stuart Yasgur: It's the result of, kinda, actions of the criminal legal system that's creating these records.

Stuart Yasgur: Once there is this record, what can be done? Because you know, unfortunately, there really is no, there is no societal justification to say that just because somebody has a record, they should be paying that price in perpetuity.

Stuart Yasgur: We all have an interest in making sure that a person has the ability to contribute to the best of their abilities and to move on and build and move on with their lives. And I love that is kind of built into the name of fair chance hiring, that we all kind of think that everybody should have a fair chance.

Jeffrey Korzenik: Yeah. Absolutely right. And that's the key. And we have not spent enough time focusing on the fair chance hiring component. We spend a lot of time talking about policing the courts, what life in incarceration is like. We need to throw into the mix what happens afterwards, and how can we promote giving people more opportunity once they have that criminal record.

Stuart Yasgur: Yeah, one of the pieces I'd love to go back to is, 'cause you named something, which is true, but also, I think we just have to reiterate because I don't think it necessarily comports with some people's lived experiences, which is, that there is a structural labor shortage emerging. Right?

Stuart Yasgur: So I think some people might hear that and say, well, there's a labor shortage, yet I know so many people who are unemployed, underemployed, can't find a role. Right?

Jeffrey Korzenik: We're in a funny point in the economy right now where, you know, you don't have as clear a shortage, and there's a lot of skills mismatched. And the hiring rate is really way, way down. At the hiring rate,

we'd have a recession, but structurally, looking at this over time, our birth rates declined dramatically in the United States, like most countries. Our mismatch between the age that is retiring and leaving the workforce and new entrants is actually on global standards, very severe. We have one of the bigger mismatches.

Jeffrey Korzenik: When someone retires and leaves the workforce, you know, baby boomer, presumably, they don't stop being a consumer. So, who's left to provide the goods and services that they need? And the real answer is not enough people. And so, we're starting to see the ratio of people who are even working age relative to the population has declined and is going to continue to decline at a pretty good pace for the next 10 years.

Jeffrey Korzenik: So that is creating a tension in the economy. You may not feel it at every point in the business cycle. We're not feeling it, to your point. We're not feeling it now, but this isn't going away. This is demographics. We patch this over quite a bit with migration, very large levels of migration over the preceding four years. That's over.

Jeffrey Korzenik: And so we're, our belief, my belief, is that you're starting to feel this pinch will start coming back once we get into a new hiring cycle.

Stuart Yasgur: For reasons of intergenerational, addressing intergenerational kind of poverty, or kind of the opportunity for wealth building and upward mobility, for reasons of kind of dealing with our structural mismatch in our labor markets, we need to address fair chance hiring.

Jeffrey Korzenik: Absolutely. It's our shared prosperity.

Stuart Yasgur: And so how do we start doing it?

Jeffrey Korzenik: It has to start with educating employers and willingness on the part of employers. One of the best things that happened to the Fair

Chance Movement, to the degree you can call it a movement, was the labor shortage starting being felt in 2018.

Jeffrey Korzenik: That's when we flipped from having more job seekers relative to job openings to fewer job seekers than job openings. So that's one way of defining a labor shortage. And that's when I started seeing growing interest in fair chance hiring. So this is driven by a profit motive, by a talent shortage, is one of the best ways.

Jeffrey Korzenik: There have been other attempts to drive this, but ultimately, I think it boils down to the economics. I always say businesses will write checks to charities that they believe in and support. But they will only hire people who they perceive to add value to their enterprises. And so, that's a tall task.

Jeffrey Korzenik: Right? How do, how do you get employers to look at this population? How do you get this population ready to be good contributors to enterprises, and all of that is going on. It just takes time and takes more... we need to get more attention from the business community. There's lots of organizations.

Jeffrey Korzenik: They're not always well funded. They're not always, not all of them are effective that are working on getting people ready to be good employees. The question is stoking that demand and letting employers understand that this is a valuable resource.

Stuart Yasgur: You know, given how large the numbers are, how pervasive this is, you know, if we think some numbers suggest one out three adults in the United States, and it's large enough such that, any adult in the United States is likely to know somebody who's in this situation, who's in the situation of having a record of interaction with criminal legal system, even potentially somebody in their kind of, inner circle, somebody they value extensively. Why is this taking so long?

Stuart Yasgur: You know, there's still so much stigma attached to it. Why haven't we demystified this? Why aren't people familiar with it? Why aren't people kind of recognizing that this directly affects them and people that they know and care about in their own lives? Why is it taking so long for employers to get their head around it?

Jeffrey Korzenik: I think I'll challenge a little bit. I agree most people know someone, but they don't know that they know that person has a record. I have two people, two different companies that do work at my house. They have both shared with me that they have criminal records—one has prison history. They have told me they've never told anyone else, right? But they're familiar with my work. So they feel safe to do that. What I would say is the people making decisions at the top in companies don't know people with criminal records, or if they do, it's white-collar crime. And that's a whole other issue.

Jeffrey Korzenik: They don't have familiarity with the kind of deep intergenerational poverty that exists in pockets in the United States. So, it's easy to not understand the basic humanity and potential of people who have criminal records.

Jeffrey Korzenik: There's also legal barriers or perceived legal barriers, like negligent hiring liability. The fact that if I hire someone with a criminal record and something goes wrong, I've taken on additional risk because of their background, even if they're no more prone to do it than anyone else, that could come up in court.

Jeffrey Korzenik: That's a big barrier. And then there's, frankly, the experience of employers. There's a way to hire people with criminal records and a way not to. And many employers have effectively done it the wrong way. I think often I use the example of fast-food chains, which have a lot of low-skilled, low-wage jobs.

Jeffrey Korzenik: They, in some cases, sought out people with criminal records because they got a work opportunity, a tax credit, subsidized wages that went away. But they were not looking for people to stay and develop. They were looking for short-term patches to their labor. That worked when we had an abundant labor supply.

Jeffrey Korzenik: If you didn't go looking for quality, if you weren't invested in your employee, you didn't find a very good employee. And so, it created that perception. Or employers who tried to, had a long-term interest in the employee, but didn't understand the barriers that people with deep poverty and people with criminal records face.

Jeffrey Korzenik: And so those employees, failed to show up after their car broke down, didn't know they were supposed to call in. You know, I've had people who've come out of the criminal justice system who were surprised to find out, because they had no experience in this, that not only are they supposed to show up on time, supposed to show up on time every day. I mean, there's a real lack of learning that's out there. There's no lack of willingness to learn, but employers need to understand the population they're dealing with and meet them somewhere in the middle.

Stuart Yasgur: So we have the chance to speak with many people and do many different interviews and you know, we're continually on a learning curve, but I thought one of the pieces of information that I thought was really informative was when we were talking to someone who was sharing that, who started to think about that moment a little bit differently where they said, you know, look, if you think, talk about somebody who's, for example, a returning citizen, somebody who was recently incarcerated. They have just come from a context in which they know a tremendous amount, right? They know how to navigate kind of read subtle signals; they're in a context where the stakes are very high.

Stuart Yasgur: Where they have to be very alert, where they have to perform well, and where kind of not living according to the expected norms

can have real consequences that can be significant. And so, they can do that really well.

Stuart Yasgur: But now, from one day to the next, they're now in an entirely different context. Different expectations, different norms, different rules. You're taking somebody we collectively as a society have spent a lot of money to train, to act in one way, and then now having expectations that they're gonna behave in a different way. And so it's natural to think that there's, that employers who are in this role also have to think, well, there's a transition. We have to enable people to go through here as well.

Jeffrey Korzenik: That's right. Several of my friends who've been incarcerated told me they didn't have trouble functioning in prison. Everything was so structured.

Jeffrey Korzenik: When to wake up, when to go to bed, when to show up. You had very little choice in your day. The challenge was, you go from there very suddenly, and you're outside the gates, and you have in some ways complete freedom.

Jeffrey Korzenik: Other than checking with a parole officer, or maybe you're at a halfway house, but you don't have your day structured, and that's one of the many, many adjustments that people have to make.

Stuart Yasgur: And so, you kind of pointed out ways in which employers may not have done fair chance hiring successfully. What's a recipe for doing fair chance hiring more successfully?

Jeffrey Korzenik: Prior guests on your show, like Sean Bushway, have pointed out that large companies often hire people with criminal records, and they've learned to identify who's a good bet, as it were, though many of those large companies are always looking to refine that. Hats off to many of them. But for small and medium-sized companies that don't have a long history of this, they've learned that they need two processes.

Jeffrey Korzenik: Number one, a process to select who out of this vast population is ready to be a good employee doesn't mean a perfect employee, but an employee who's willing to become a good employee.

Jeffrey Korzenik: And two, they also need a process for supporting that employee in ways that they're not used to providing support. So, lots of employers are used just providing support for traditional employees, college grads. They have a benefit program that's aligned to them. They have an education program.

Jeffrey Korzenik: They're not used to supporting people who have no meaningful work experience, not only themselves, but in their entire community and family. And so, these are the kind of processes that you develop often in conjunction with cooperation and partnership with nonprofits.

Jeffrey Korzenik: I have a book on this, *Untapped Talent*. I always tell readers, don't start at page one, start at page 145. It's the case study of a company called JBM Packaging, a second-generation envelope maker.

Jeffrey Korzenik: They had a labor shortage. They were not able to solve it. They tried all sorts of traditional means, and they finally started recruiting from prisons and halfway houses. And they discovered that they needed a process for doing that. So, one of the things that they did is set up a paid internship program inside an Ohio prison.

Jeffrey Korzenik: People learn how to, they donated equipment. One of their workers had actually gotten into trouble. It was in another prison. They had him transferred to this prison so he could be the trainer. So, they had people already learning their company culture and their processes, and their equipment.

Jeffrey Korzenik: They're paid a stipend. They get to look and decide whether this is someone who would be a fit over a period of, you know, six

months or more. And then they were able to offer a very livable wage because the person already was trained.

Jeffrey Korzenik: Another process for intake, there are a lot of nonprofits that start training people in prison. The Redemption Project in Minnesota comes to mind. They recruit businesses to come and be coaches inside prisons. And so again, people get a sense of who's ready, who's not, and being able to select from that group.

Jeffrey Korzenik: And then once people are employed, you need a support process. So going back to JBM Packaging, they hired a life coach who offers to meet with anyone, but there's a requirement to meet with people who come out of the prison system, and they go through things like housing security, transportation issues, even food security, getting clothing for work, all of those things.

Jeffrey Korzenik: They use nonprofit partners, but that's what you need. It has worked extraordinarily well for JBM Packaging in a period where their competitors suffered from labor shortages. They were able to get in there, grow their business. They've opened another facility. Much larger, been very, very successful business.

Jeffrey Korzenik: It's not the only thing they do right, but it's a foundation for many things that they do right.

Stuart Yasgur: It's a great case study, and people who are kind of in employment situations and who are formerly incarcerated, as you're describing there, kind of the supports can be incredibly helpful.

Stuart Yasgur: I also think that, frankly, employees who have not been incarcerated can also, I think, stand to benefit. If you look across this, how many people in the United States have the kind of savings to be able to deal with, you know, a kinda an emergency of over \$500? How many people are dealing with secure housing? How many people live in food

deserts? How many people, you know, dealing with healthcare, dealing with mental health care?

Stuart Yasgur: You know, all of these kinds of supports that, I think, one of the great recognitions that you see in the JBM model is the employer has a vested interest in making sure that their employee is supported, and it's not a philanthropic interest, it's actually a business-based interest to do it. And they may, at the same time, recognize that they may not be the right person to offer that directly to their clients.

Stuart Yasgur: So, they go through a third party, like the life coach, and other organizations have done it differently to make sure that their employees are supported so that they can perform and contribute to the business.

Jeffrey Korzenik: I tell employers it's an investment, not a cost. Unlike many types of investments around your talent, this is an investment where the cost is shared with others. Nonprofits will help.

Jeffrey Korzenik: The other great example, besides JBM, is Nehemiah Manufacturing is phenomenal, in Cincinnati, Ohio. When I first met with Dan Meyer, the CEO and founder, he said, you know, I don't have HR professionals, I have social workers. And I laughed. I thought he was making a joke. He was sincere. They had social workers, and that was the turning point for them, building up and understanding, and you don't even have to do it internally.

Jeffrey Korzenik: Butterball Farms and about 20 other companies in Western Michigan have shown incredible leadership. They've created a private social worker network for their employees called the Source. They have a measurement for how much it costs them to run this network versus their return. The return is largely based on low turnover. They have very, very low turnover and turns out to be better than a 200% return on their investment. So, it's business, it's not charity, but you have to have a

different mindset. So, you start out by trying to select people who are eager to prove their more than their worst mistake, right?

Jeffrey Korzenik: That's a pretty driven, resilient pool. And then you give them the tools to thrive that makes for a pretty effective and productive, and profitable employee.

Stuart Yasgur: So, a lot of this that we've seen is growing really organically from the business perspective, right? Like companies are recognizing both the pain points that they have around labor shortages and the opportunity to provide this. Is there an opportunity to accelerate the pace at which this is kind of growing?

Jeffrey Korzenik: I think there's policy solutions and non-policy solutions. Policy solutions are really hard. Things like Ban the Box have not been very effective and, in some cases, have been seen to be counterproductive. Very often their trajectory is already set then, and clean slate, while the right thing to do, the just thing to do. And I think is only beneficial, may not be that... there's no silver bullet in that.

Jeffrey Korzenik: I do think from a policy perspective, we should be investing more in our prisons. That's very politically unpopular. And it needs the business community to get behind it.

Jeffrey Korzenik: I visited many prisons over the years—very few of them—there are exceptions, have great programming that supports turning people into good employees. One of the great exceptions, and there's work being done in other states, but in Michigan, they have the vocational villages, which have industry credential training.

Jeffrey Korzenik: Carpentry, auto repair, CDL, they start the CDL driver's license process. Very effective in turning out good people. But that's an investment, and not every state has shown the appetite for directing

taxpayer funds in that direction. And then there's the non-policy things. I did something that I thought was really neat with Governor DeWine in Ohio.

Jeffrey Korzenik: He invited the business community CEOs—the CEO of Kroger stores, one of the biggest employers in the United States, and we use that platform as a way to highlight fair chance hiring and just to introduce it to the business community, and partnered with a local nonprofit Talbert House, that could do the follow-up and offer the resources and the solutions.

Jeffrey Korzenik: I think the government could play a greater role. I'm hoping that the Trump administration, in its back half, returns to this because the Trump administration, number one, was very focused on this and championed the most significant prison reform and criminal justice reform in decades. And I personally believe the president believes in this. You have some prominent people in his administration who have criminal records, his pardons are... and then the Deputy Director of the Bureau of Prisons. That's a good sign. But then it's a matter of training.

Stuart Yasgur: And how about on the private sector?

Jeffrey Korzenik: Well, in the private sector, you need more champions.

Jeffrey Korzenik: You have the Second Chance Business Coalition, which is great. It's up to about 50 companies now that are committed to data sharing and trying this. The US Chamber of Commerce has been involved in and out, the National Association of Manufacturers, through the Manufacturing Institute—their education arm has been involved. We need the restaurant association there. There are industry trade groups have been involved and probably need to stick with this and raise their voices a little bit louder.

Stuart Yasgur: Interesting. As you look ahead, kind of how do you see your work in relation to this kind of evolving over the next few years?

Jeffrey Korzenik: So, for me, the challenge is to keep getting the message out there. It's been incredibly gratifying to have people tell me we started a fair chance program because we read your book.

Jeffrey Korzenik: Because the way I tell the message is from the business perspective, and there's a certain credibility, my day job, as I'm chief economist for a large commercial bank. And although this work is separate from my bank and there's a separate outside business authorization and all the regulatory things that one does in this world, it's getting more platforms to share that message and share the book.

Jeffrey Korzenik: I've worked on some other projects as well. I've worked with... there's a wonderful nonprofit in Chicago called The Corporate Coalition of Chicago. They have a six-month-ish training program that they developed. I helped them do it. Boston Consulting Group was part of the curriculum creation as well.

Jeffrey Korzenik: And we've just test piloted and I co-facilitate this—a one day training program because I think it's really important for those small and medium sized businesses where the business owner will come to a program, but they won't commit to a six month program, but they'll come to a one day program and they can walk out that room and say, I have enough to get started. Let's go.

Jeffrey Korzenik: That's a very different environment than the large companies that tend to go to these six-month-long trainings.

Stuart Yasgur: And actually, maybe take us almost all the way back to the beginning to something you mentioned very early on, see if you'd be willing to share, kinda thoughts on one of the specific challenges related to this, which is negligent hiring.

Stuart Yasgur: Negligent hiring is potentially a liability on employers, if they hire somebody that they could have known should be at a higher risk

for creating some activity that has a negative consequence on somebody else. And in some cases, there is the hypothesis or the thought is that, hiring somebody with a criminal record of a certain sort that might be related in an inappropriate way to the activity that they're carrying out in their job, that the employer should have known.

Stuart Yasgur: So, for example—just to make it easy—if you're hiring an accountant who has a conviction on their background of having done something inappropriate with financial books before, the employer could have reasonably thought that there might have been a risk that they'd do something in the future.

Stuart Yasgur: And, and if that's the case, they may be open to liability, cause we've tried to wrap our head around pretty extensively, how big is this liability? And I think we found a couple of conflicting things, and so we're coming to an understanding. I wanna run it by you, is number one, if an employer follows kind of best practices related to negligent hiring, the actual liability is not likely to be that great.

Stuart Yasgur: So meaning that, you know, if you don't hire an accountant who, don't hire as an accountant, a person who has a record, so if you follow all the best practices, it's unlikely that you are gonna have a genuine, meaningful liability for negligent hiring. That said, there can be the risk of litigation related to somebody accusing you of negligent hiring. Even if you didn't do it. Litigation itself has its own costs.

Jeffrey Korzenik: The American justice system, the process is the punishment, is often said. And so, it's not whether you're guilty or not guilty, it's the process. And from an employer's perspective, that process can be very painful.

Stuart Yasgur: And so, then we tried to wrap our head around that, right? So far, we've been talking about risk. Well, what is the risk you have if you lose a lawsuit? The risk you have if somebody brings a lawsuit against you.

Stuart Yasgur: And we didn't find that many, that high, a level of risk for a lawsuit. So, we actually thought that maybe this isn't a risk issue at all. Maybe this is actually a question of uncertainty. That an employer, especially a relatively smaller mid-size employer, doesn't have an easy framework for understanding what their risk is, or a way to, for example, ask somebody else to take on that risk through an easy insurance policy.

Stuart Yasgur: And as a result of that, they're wrestling with uncertainty. And that uncertainty is the impediment relative to negligent hiring.

Jeffrey Korzenik: I largely agree with that. The cases of successful negligent hiring liability lawsuits.

Jeffrey Korzenik: There are very few of them, and it usually was sloppy work from an employer. I hired a guy with five DUIs to drive my truck, right? That kind of a, that kind of issue, the perception issue is important because even though it's very rare, even if you protected yourself and you get sued, and it's very rare for small and medium-sized businesses that can be catastrophic because you don't have a legal department that you can just flip this over to and handle it, like you would with a big company.

Jeffrey Korzenik: Many of these businesses are personally owned, so if you have a problem, you may flip it to a lawyer, but it's coming right outta your profits and right outta your pocket. If you have a lawsuit, it's a huge distraction. It's reputation risk.

Jeffrey Korzenik: So, I always, you know, when I hear that negligent hiring lawsuits never, hardly ever happen, my response is always, I have fire insurance on my house. Houses rarely burn down, but if my house were to burn down, it's catastrophic. So I need to protect against it. And all too often, the mechanism by which employers protect against it is just say, I won't hire anyone with a criminal record.

Stuart Yasgur: That very much fits. You can look up what the numbers are of houses catching on fire. It is hard to look up the number of, the case you mentioned, which is—small business, was not negligent in their hiring, but had a lawsuit brought to them, and that materially affected their business. And so it might not be that we have that much frequency of it, but it's the uncertainty related to that.

Jeffrey Korzenik: The folks at Envoy Consulting have done some work on this and tried to quantify this, and they have some, I think they have some harder numbers on that, but it still comes back to no business is concerned about the frequency.

Jeffrey Korzenik: They just know that it can happen. And if it does happen, what would be helpful? There's some evidence. So, there's a federal bonding program for when you hire people with a certain closeness to conviction or incarceration. It was up from \$5,000 to \$10,000. Anytime I mentioned that to an employer, they always said, I'm not worried about the first 10,000 losses, I'm worried about the next million in losses.

Jeffrey Korzenik: So, upping the bonding program to a million dollars. There's been actually some academic work done with some trial insurance programs, bonding programs with substantial amounts that might help capping negligent hiring liability. Exposure would help. So people could say, well, it's unlikely to happen, but my worst case is X number of thousands of dollars or millions of dollars that might help or make it insurable.

Jeffrey Korzenik: That kind of thing. The other issue is when you think about, from the standpoint of a small business CEO, who's considering this, who are they going to go to? They're probably, they'll go to their chief legal advisor, their lawyer buddy, their accountant, and what are those professions going to say?

Jeffrey Korzenik: It's very hard. I've spent some time trying to educate the advisors to the middle market, the accountants, the lawyers, and more work needs to be done there because their reflexive answer is no. When I worked for a very large New York-based financial firm, I was in new product development.

Jeffrey Korzenik: Our go-to saying was, if you want a no, go to internal counsel. If you want a yes, go to external counsel. And, there's some truth to that. That there's a lot of people who business owners, business decision makers will rely on, who are going to be biased towards saying no and don't have an incentive to say yes.

Stuart Yasgur: Makes a lot of sense. Curious if you're somebody listening to this. You could be somebody with a record. You could be an employer, you could be somebody, or you could be an advisor to an employer. You hear this, you recognize, like, wait a second, there's something that we need to make some progress here.

Stuart Yasgur: What would you do? What's the recommendation? How can people act?

Jeffrey Korzenik: Yeah, it's pretty hard to contribute. Obviously, you can contribute either time or money to the nonprofits that are in this space. I think it starts with helping get exposure to people with records. I'm actually working on a project, trying to get some young employee groups to go into prisons, to visit prisons is part of the Defy Ventures program.

Jeffrey Korzenik: Defy Ventures promotes entrepreneurship. They have Shark Tank events, and they ask business leaders—young and old—to come into prisons and be the judges and coaches. I think that's a really neat way. I'm a great believer in things like re-entry simulations. I've actually worked with the Corporate Coalition of Chicago to develop a 25-minute version of a re-entry simulation.

Jeffrey Korzenik: What is it like to come outta prison and look for a job? What are all the tasks you have and hurdles you have to overcome? All of those things soften the ground. It's very hard for an employee to advocate for, let's start hiring people with criminal records. It's easier to say, let's get a group together to go into prisons with Defy Ventures, and that's a starting point.

Jeffrey Korzenik: Or let's get a group together to go to a re-entry simulation or a poverty simulation. Poverty simulations give you the day in the life of someone living right on the edge. It's a great tool for understanding that no matter what background we come from, there are people who come from very different backgrounds, and I think makes all of us more effective business leaders.

Stuart Yasgur: It can be difficult depending on where you are, to kind of convince your employer to just think differently about it. But there can be invitations that might be more easily accessible to different employers.

Stuart Yasgur: Thank you for taking the time. We were really looking forward to the conversation. I'm glad you were able to join us today. Thank you.

Jeffrey Korzenik: Thank you so much for having me.

Stuart Yasgur: It was a fascinating conversation with Jeff. In some ways, the conversation with Jeff is a bit of an apples to the oranges of the rest of our conversations.

Stuart Yasgur: Instead of being an innovator or somebody who's kind of working directly at the front lines of fair chance hiring, Jeff really has a bird's eye view of the role of fair chance hiring in society and in the economy more specifically.

Stuart Yasgur: In the writing of his book, Untapped Talent, Jeff draws attention to some very powerful examples of organizations that are making

real progress in promoting fair chance hiring, but they're doing it not just because they're great people on a human level, but they're doing it really for business reasons.

Stuart Yasgur: So, they've recognized that making progress on fair chance hiring is a real benefit to their business. Finding employees of high quality that are able to perform the tasks that they need, and often with real longevity.

Stuart Yasgur: Examples like Butterball Farms are wonderful examples of employers who are making progress because of the business merits of addressing fair chance hiring.

Stuart Yasgur: Jeff draws our attention to the fact that fair chance hiring really is a means by which we can address some of the drivers of intergenerational poverty. Unfortunately, in the United States, we have a very extensive criminal legal system. And that means that many of our friends, family, and neighbors have had interactions with the criminal legal system that leave a record that stays with people throughout the rest of their lives.

Stuart Yasgur: That means that there are a lot of our friends, family, and neighbors who face a barrier to getting employment. Because records of interaction with the criminal legal system create barriers to entry to employment, they can, perpetuate and exacerbate cycles of poverty, really turning this into an intergenerational issue.

Stuart Yasgur: So if people grow up in situations of poverty, they face these kinds of barriers to entry to the labor markets, and then the next generation may also grow up in poverty. It really impedes the family's ability to improve their economic situation.

Stuart Yasgur: There's another major issue that Jeff draws our attention to, and it takes a little bit of care in listening to it to really appreciate what he's saying. Jeff is pointing to a structural change in our labor market.

Stuart Yasgur: So, as Americans are aging and as people are having fewer children, and children later in life, there's an overall change in our workforce that's going to create a structural shortage in our labor markets that's very different than what's happening on a week-to-week basis, whether the latest jobs report was good or bad, but structurally we're facing this problem.

Stuart Yasgur: We're facing that kinda structural problem at the same time that many of the people who are trying to seek jobs are experiencing these barriers to entering the labor market.

Stuart Yasgur: Jeff points out that addressing fair chance hiring is also an approach that can help us address the structural change in our labor market that we're experiencing.

Stuart Yasgur: Jeff brings this to our attention and points out that if we can address fair chance hiring, we can remove those barriers and enable people to access the labor markets, enable people to improve their income. This can have benefits, yes, for them, but also for their kids and for the family as a whole. And that, really, if we can address this problem, it can be part of the solution to addressing intergenerational poverty.

Stuart Yasgur: I'm Stuart Yasgur, and this is Economic Architecture, the podcast.