



# ACCELERATING FAIR CHANCE HIRING

AMONG LOS ANGELES EMPLOYERS:

**PROJECT FINDINGS**





## Executive Summary

With support from the State of California Workforce Accelerator program, the USC Sol Price Center for Social Innovation partnered with LeadersUp – a national nonprofit focused on ending the youth unemployment crisis – to launch the Accelerating Fair Chance Project. The purpose of the Fair Chance Project was to address unemployment among young people who have been involved in the justice system by identifying employer-led solutions. By leveraging the expertise of employers and adapting the Design Thinking model, this project offers a case study for how to engage employers in an iterative process to reimagine new hiring structures to expand employment opportunities for justice-involved individuals. This report will outline the findings from the Fair Chance Project’s survey and innovation lab sessions.



## **KEY TAKEAWAYS INCLUDE:**

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**Despite various Fair Chance hiring laws and support for the concept of hiring justice-involved youth among employers, inclusive hiring practices are not yet widely adopted.**

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**Hiring opportunities for justice-involved youth are further limited by compounding issues such as stigma, skill matching, and employer education on the nature of justice-involvement.**

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**Hiring practices, such as outreach and interviewing, vary widely depending on the company. Any intervention should consider these differences and be tailored to meet the unique structure of the company.**

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**Adapting a Design Thinking approach can leverage employer expertise and identify new hiring strategies to include justice-involved youth in talent acquisition.**



Background:

## **Justice-Involved Youth & Employment Opportunities**

Nationally, one in three adults in America has a criminal record, and by extension, face lifelong barriers to employment and economic mobility for themselves as well as for their families (Brame et al., 2011). Having a criminal record negatively impacts an applicant's likelihood of receiving a job offer, particularly if the applicant is Black (Prager et. al., 2009). The economic impact is felt across the U.S. labor market with the population of former prisoners and people with felony convictions, leading to a loss of \$78 to \$87 billion in GDP in 2014 (Bucknor & Barber, 2016). Thus, building a more inclusive workforce for justice-involved youth is a top priority.

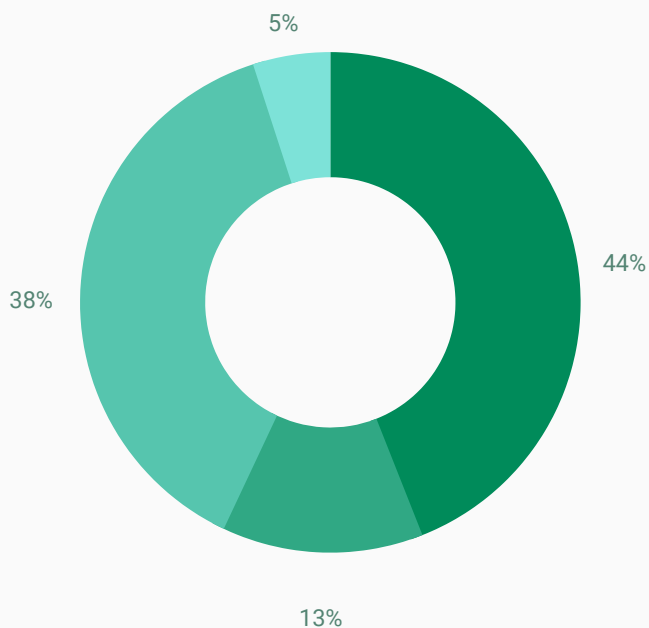
Due to the COVID-19 pandemic, employment rates reached a record high in April 2020, at 15.5 percent, according to the California Employment Development Department (EDD). Such high levels of unemployment and economic uncertainty have made it more difficult for justice-involved individuals

to secure employment. Prior to the COVID-19 pandemic, the unemployment rate for justice-involved individuals was five times higher than rates for the general public (Kopf, 2018). As California and the rest of the United States begin the recovery process, it is important to provide inclusive employment opportunities for this population.

Before "Ban the Box" or Fair Chance policies were implemented by states and local municipalities, employers could deny job applicants a position simply because of their criminal record and were not required to explain why an applicant's records affected their candidacy for the position (Avery, 2019). While Fair Chance laws have been helpful in providing legal guidance to employers, this project seeks to do more by adopting a holistic approach in order to advance Fair Chance hiring practices, more broadly and by identifying more inclusive employer-led solutions.

# Employer Survey

To understand Fair Chance hiring from an employer's perspective, the Price Center conducted a survey on employer understanding of Fair Chance hiring policies, their challenges, and hiring practices. The sample included a total of 39 respondents. Respondents represented various sized employers (Figure 1) and industries, including Education, Health, and Professional, Scientific, and Technical Services. The majority of employers in the sample (87%) conducted background checks on job candidates and nearly half filtered out possible job candidates based on their criminal record.



**Figure 1: Composition of respondent's employer size (n=39)**

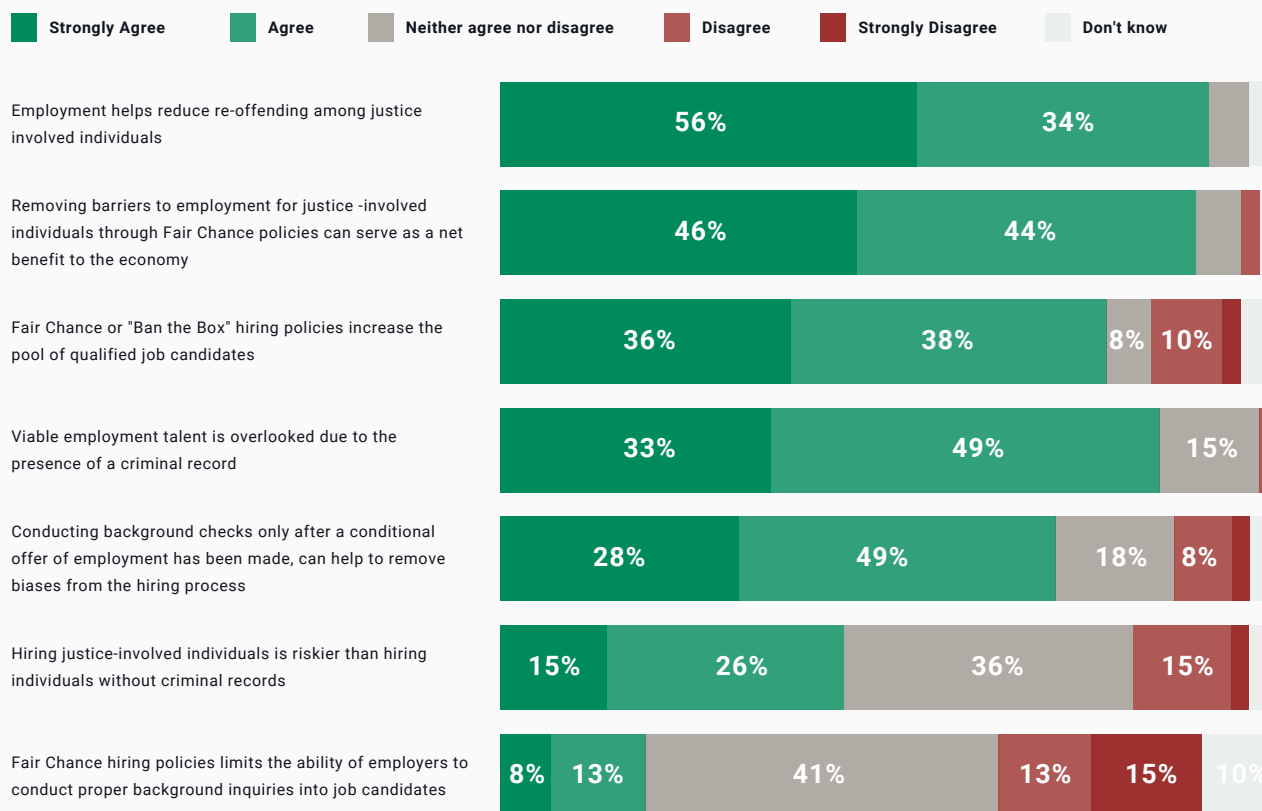
- 44% Small Company (1-200 employees)
- 13% Medium Company (201-1000 employees)
- 38% Large Company (1000+ employees)
- 5% Prefer not to answer

## Perception of Fair Chance Hiring

Responses from the survey indicate that there is support for Fair Chance hiring among employers. According to Figure 2, 90% of companies either “strongly agreed” or “agreed” that removing barriers to employment for justice-involved individuals through Fair Chance policies can serve as a net benefit to the economy. The majority of respondents either “strongly agreed” or “agreed” that Fair Chance policies increase the pool of qualified job candidates (74%) and that viable employment talent is overlooked due to the presence of a criminal record (82%). However, only about 18% of respondents “disagree” or “strongly disagree” that hiring justice-involved individuals is riskier than hiring individuals without a criminal record. When asked about barriers to hiring justice-involved youth, employers identified stigma, skill-matching, and education on justice-involvement as potential reasons. This suggests that employers, while sympathetic, may not feel adequately prepared or resourced to hire and work with this target population. This is further underscored when employers were asked about their hiring practices.

**Figure 2: Fair Chance Hiring Practices (n=39)**

In your opinion, to what extent do you Agree or Disagree with the following statements?

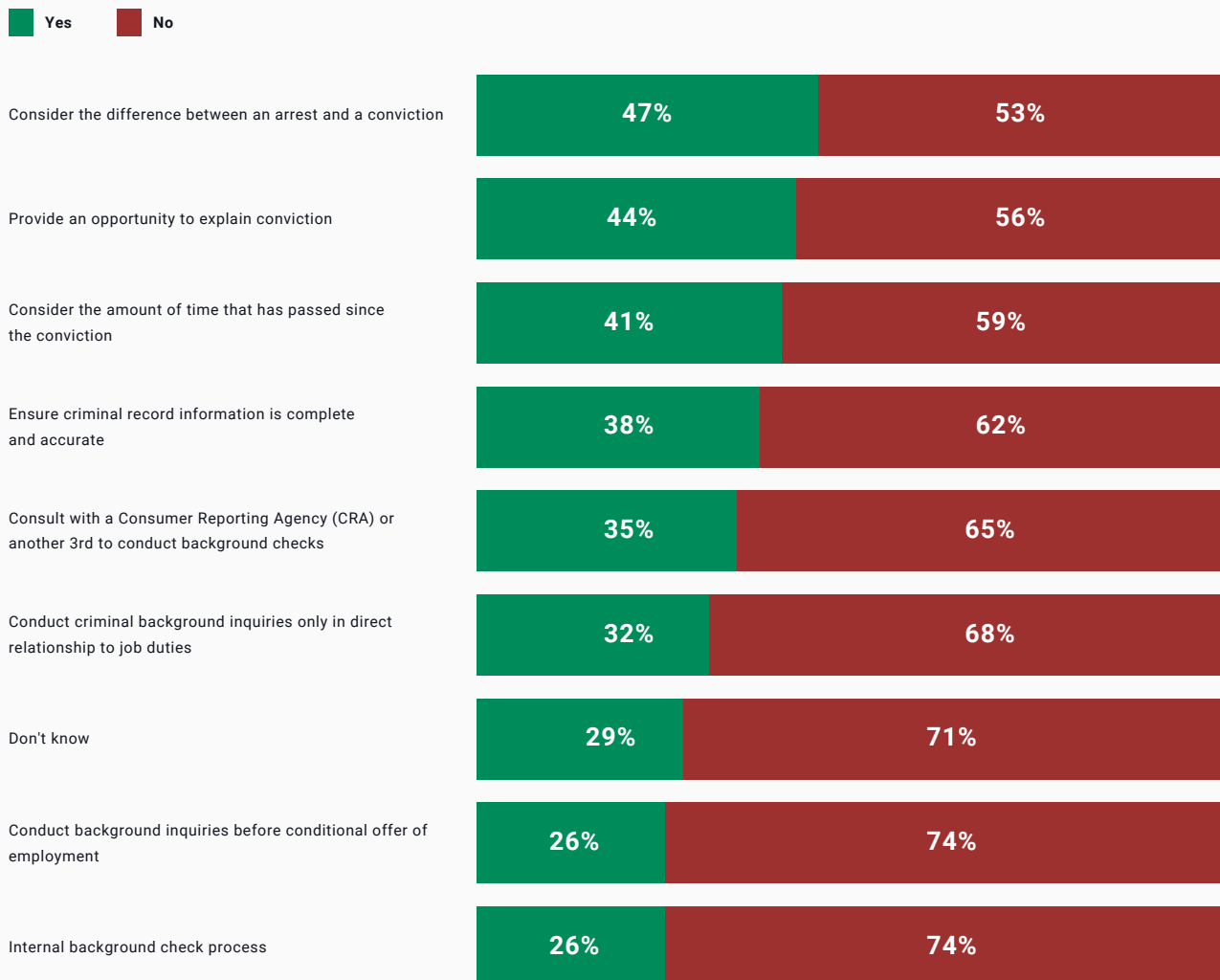




## Fair Chance Hiring Practices

While employers indicated support for Fair Chance hiring, the survey found that inclusive hiring practices were not yet widely adopted by the same employer sample. As shown in Figure 3, the highest reported Fair Chance hiring practice used by employers was considering the difference between an arrest and a conviction (47%) and offering an opportunity to explain conviction (44%). Additionally, only 40% of respondents indicated that they “ensure criminal record information is complete and accurate.” This signals that employers may not be adaptive or familiar with Fair Chance hiring best practices and recommendations put forth by governmental agencies and community groups (City of Los Angeles, 2017; National Employment Law Project, 2015).

**Figure 3: Background Check Practices (n=33)**





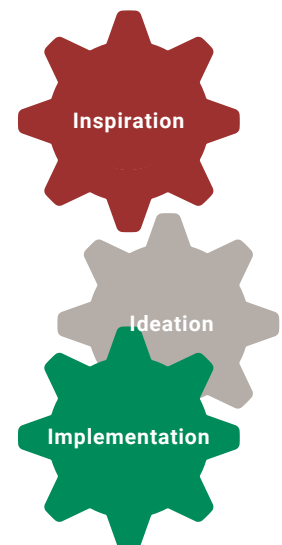
# Towards Employer-Led Solutions

Given the disconnect between employers supporting fair chance practices and employers' use of them, this project aimed to work with employers to come up with solutions to increase Fair Chance hiring. The following section describes the Design Thinking model, how the Fair Chance Project applied this approach with employers, and findings from this process.

## Project Approach:

### What is Design Thinking?

The project adapted the Design Thinking model to engage employers in solution-based problem-solving. According to Brown & Wyatt (2010), Design Thinking aims to address the needs of individuals and communities who will ultimately be the end-users of a product or service. Due to the intentional involvement of consumers within the Design Thinking model, solutions are developed from the ground up as opposed to top-down. Rather than a sequence of steps, design thinking uses three spaces: Inspiration, Ideation, and Implementation (Brown & Wyatt, 2010). The design process typically starts with the **inspiration** space to derive a problem or opportunity. The **ideation** space is where potential solutions or opportunities for change are identified. The model allows for creative thinking, which emphasizes the importance of having diverse perspectives included in the process. During the **implementation** space, the top ideas from ideation become action plans and prototypes for testing. During the prototype process, implementation challenges can be identified to ensure long-term success.



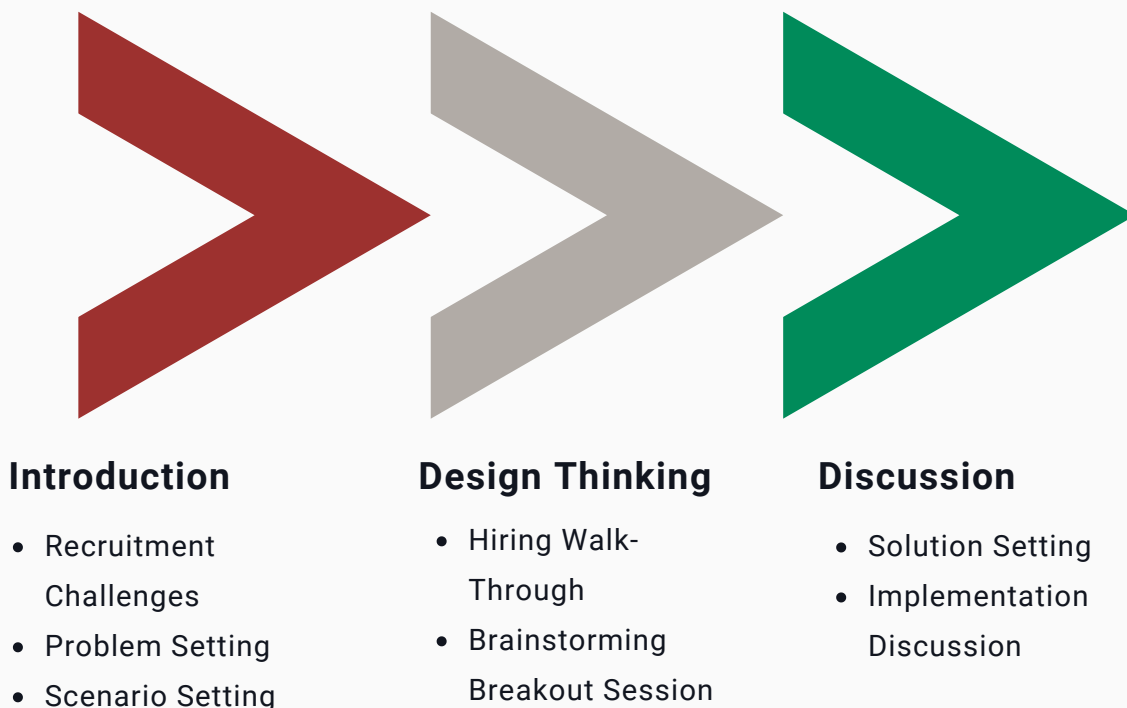


## Innovation Labs:

### Challenges & Potential Solutions

To engage employers as key “end-users,” the project team developed two Innovation Labs to further inform potential strategies and offer an “Ideation Space.” This first session convened five employers from the public and private sectors, for a listening session. The main topics discussed included defining Fair Chance, exploring current hiring practices by employers, and identifying key barriers to hiring this population. From this session, the project team was able to further refine and develop a problem statement and underscored the need to provide level setting and clear definitions in order to begin strategizing potential solutions. The second Innovation Lab session convened another set of 10 employers to take a deeper dive and attempt to identify new talent acquisition strategies that expand employment opportunities for justice-involved youth. During the Lab, employers explored recruitment challenges, engaged in a scenario exercise, and discussed hiring processes (see Figure 4).

**Figure 4: Innovation Lab II Session Structure**



**During these sessions, employers identified challenges that made it difficult for their companies to expand employment opportunities to justice-involved youth. These challenges included:**

- Knowledge of justice-involvement and criminal record implications:** Employers expressed varying knowledge on the types of records that are legally allowed to show up on background checks, such as the differences between a felony and misdemeanor, and record expungement.
- Discontinuity between background check agencies and HR personnel:** A different internal team or an independent agency performs the background checks and only provides a recommendation to HR without much justification. Therefore, this limits the ability of the employer to ensure thoroughness and puts the burden on the applicant to ensure accuracy. Additionally, when background checks are required, the burden often falls on the job applicant to take the initiative to request to review these checks for accuracy or to report employers who do not abide by local hiring laws.
- Adopting organizational change:** Despite strong interest in proposing changes, HR staff did not always feel they have enough authority to implement new initiatives regarding Fair Chance hiring at their level.
- Language on job postings and outreach materials:** Employers agreed that they need to improve this aspect of their job application process to signal more intentionally that they are interested in hiring people regardless of justice-involvement.
- Unique employer practices and structures:** Hiring practices, such as outreach and interviewing, vary widely depending on the company. Any intervention should consider these differences and be tailored to meet the unique structure of the company.
- Lack of specific skills and education level among job applicants:** Employers noted that there's a lack of soft skills and interview preparation among both justice-involved individuals and youth seeking employment. There are also cases in which job seekers internalized their justice-involvement and disclosed criminal histories unprompted, even if they were not legally obligated to share.

**During Lab II, employers brainstormed potential solutions to address the identified challenges within the hiring process, which were subsequently ranked based on their level of support and feasibility. Potential solutions that garnered a significant level of support from employers included:**

- **Centralized hiring across branches or departments:** Employers suggested having one centralized application that all branches can access or have a team exclusively managing all applications for all branches. This way, if the applicant does not qualify for the position that he/she applied for, the company can refer the application to a position that is more suitable for the applicant.
- **Strengthen partnerships with local organizations:** Local organizations can provide support to justice-involved youth and help circulate job openings on behalf of the employer.
- **Inclusive language on posting:** Employers proposed to including terms like “Entry-level position,” or “We’ll teach you”/“Open to training” in job postings. Other suggestions included incorporating simplified language and job titles to encourage youth to apply.
- **Diversifying recruitment platforms and events/evaluate recruitment sources:** Increase companies’ presence in career fairs, Facebook job postings, and local organizations to reach the justice-involved population.
- **Encourage people to apply:** Coach justice-involved youth to apply despite their criminal records because sometimes their records are not a disqualifying factor for that job position or related duties.
- **Implicit bias hiring software:** This suggestion attempts to address biases justice-involved youth experienced from recruitment teams and other levels of management and staff. The software could help to create a cultural change inside the companies.

- **Prevent candidates from disclosing certain information to potential employers/interview pre-coaching:** While employers do not ask about criminal records in job applications or interviews, applicants may feel compelled to share that information. While they are free to do it, it is important that they know in which circumstances they are obliged to disclose their criminal records and situations in which they are not.
- **Developing a 1-pager to inform interview process do's and don'ts for hiring manager:** This suggestion could address implicit bias of interviewers/recruiters and protect the company and the applicant from questions that may not be appropriate.

After our Design Thinking sessions, a few employers decided to implement some of the potential strategies for becoming more inclusive toward hiring justice-involved individuals.





## Conclusion

**The Accelerating Fair Chance Project** serves as a model for identifying employer-led solutions through the use of the Design Thinking model. Despite Fair Chance hiring laws currently in place and support among employers, inclusive hiring practices are not yet widely adopted. The Design Thinking model empowers employers in solution-based problem-solving. The project was able to better understand the challenges employers face and identify potential solutions to create more inclusive hiring practices that expand employment opportunities among justice-involved youth. The process used by the Fair Chance Project can be replicated and applied to other core issues employers seek to address.



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