The Cost of Doing Business:
Why Criminal Justice Reform Is the Right Investment to Strengthen Mississippi’s Economy and Workforce

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Executive Summary

Mississippi imprisons more people per capita than any other state in the country, with little public safety benefit to show for it. At the same time that the state works to attract business, develop its workforce, and encourage economic development, it is operating a failing criminal justice system that is out of step with the rest of the country. States like Louisiana, Texas, and Oklahoma have experienced declines in their prison populations while reducing their crime rates. Until Mississippi’s leaders fully implement past reforms and continue to advance real change to safely reduce incarceration, the state economy and workforce will fail to reach their full potential.

This report outlines how Mississippi’s criminal justice system undermines the economy by removing people from the workforce, making it so difficult for people to work when they come home that they stop trying, and draining hundreds of millions of taxpayer dollars on a system that fails to make residents safer.

Mississippi has the lowest labor force participation rate in the country. Today, just 54% of the state’s working-age population is either employed or actively looking for work. Long prison sentences contribute to the state’s small workforce by directly removing people from the labor force, despite research showing that these long sentences do not make us safer.

Criminal convictions, and the impact of prison sentences after people return home, also weaken the workforce and the economy. An estimated 29% of Mississippi adults or more than 660,000 people have a criminal conviction, 11% have a felony conviction and 5% have spent time in prison. People with criminal convictions experience higher rates of unemployment and underemployment. Each year, Mississippi’s economy — especially its small businesses — lose an estimated $2.7 billion in earnings due to criminal convictions.

All of this also drains taxpayer resources. Mississippi’s taxpayers spend over $400 million each year to run their state prison system, without a strong public safety return on that investment. The high costs of running Mississippi’s failing criminal justice system drain critical resources better spent attracting new industries and investing in economic development for the state. If Mississippi imprisoned people at the rates of neighboring states, it could save anywhere from $60 million to $220 million a year.
The good news is that it doesn't have to be this way. Mississippi has already started improving its laws and finding ways to reduce both the prison population and barriers to employment for people coming home. The state also has the benefit of decades of evidence-based data-driven solutions that other states have successfully implemented. Business leaders and chambers of commerce in states across the country have taken a prominent and outspoken role in advocating for criminal justice reform. Mississippi business leaders can work for reform as another way to strengthen the state's workforce and economy.

**Introduction**

Mississippi's economy is held back by having the lowest labor force participation rate in the country. The state's extremely high imprisonment rate — currently, the highest in the country — is a key reason why. Decades of research show a large prison population does not make the state safer. Instead, it creates many problems for the economy, from directly removing people from the workforce, to making it so difficult for people to find or hold a job after they come home that they stop trying. Mississippi taxpayers are spending more than $400 million a year on this prison system that is not making them safer. Safely reducing the prison population will allow Mississippi to address its workforce problem and see the sustained economic development Mississippians know is possible.

**THE LONG SHADOW OF THE CRIMINAL JUSTICE SYSTEM**

From the early 1980s through 2010, many states including Mississippi spent millions expanding their court and prison systems, passing harsher punishments in an attempt to deter crime. But in the years since, research has repeatedly shown that incarceration is among the least effective and most expensive ways to promote public safety — and in many situations actually increases the likelihood of future arrest. In light of that research, states across the region and the country have been able to change course and simultaneously reduce incarceration and crime, freeing up critical resources to use on other priorities.

Yet Mississippi's criminal justice system continues to double down on outdated tactics like long prison sentences, which have been shown to be ineffective as a public safety measure. According to the most recent national data, the state's imprisonment rate is 87% higher than the national average. There are approximately 19,500 people in prison in Mississippi today, of whom 59% are Black, 39% are white, and another 1% are identified as Hispanic.

While the state works to attract business, develop its workforce, and encourage economic development, it is operating a failing criminal justice system that casts a long shadow on the economy, weakening its workforce and hindering growth.

Many states, including Louisiana, Texas, and Oklahoma, have experienced declines in their prison populations thanks to an ongoing commitment to reforms. In fact, states that have reduced their imprisonment rates have reduced their crime rates three times faster than states whose imprisonment rates stayed the same or grew. Yet Mississippi's prison population has remained stubbornly high, and this reliance on prison has failed to improve public safety.

An overly punitive criminal justice system wastes resources and fails to address people's real safety and security needs. The collateral costs of spending on Mississippi's criminal justice system drain critical resources better spent attracting new industries and cultivating economic development. Until Mississippi's leaders fully implement past reforms and continue to advance solutions to safely reduce incarceration, its economy and workforce will fail to reach their full potential.
**Long Prison Terms Remove People From an Already Small Labor Force**

One reason Mississippi's prison population is so high is that Mississippi sends people to prison for a very long time, even for low-level offenses. For instance, sentences for drug possession in Mississippi are 34% or 15 months longer than the national average, and Mississippi has significantly more people in its prison, probation and parole populations for drug offenses than other states, including people who struggle with addiction as well as those who are sober and could be better employed.\(^7\) The most recent data available show that 73% of the people admitted to prison in a year were convicted of non-violent crimes like drug and property offenses.\(^8\)

Why does this matter for business? Last year, business leaders across the state reported to the Mississippi Economic Council that a “lack of qualified workers” was their “number one concern.”\(^9\) Long sentences contribute to that lack by removing people from the labor force and creating barriers to reentering it when they return home.

At a distance, Mississippi’s labor market appears to be strong. In April 2023, the state's unemployment rate dropped below 3%, its lowest level in over three decades.\(^10\)

Yet this figure hides a concerning trend for Mississippi businesses: the Magnolia State has the lowest labor force participation rate in the country.\(^11\) Labor force participation has not changed since October 2022 and, with the exception of 2020’s pandemic-related shocks, remains at its lowest rate since recording began in 1976. Today, just 54% of the state’s working-age population is either employed or actively looking for work.\(^12\) The remaining 46% includes people who are not looking for formal employment outside the home and people who are interested in and available to work but have not actively looked in the last month for one reason or another, as well as people who are discouraged, believing either no work is available or they would not be hired if they applied.

**MAKING SENSE OF WORKFORCE MEASURES:**

- **The unemployment rate** is the percentage of people who are currently not working and are actively looking for work, defined as people who have tried to get a job within the last four weeks.

- **The labor force participation rate** is the percentage of the working-age, civilian population that is working or actively looking for work. This calculation accounts for people who may be interested and available to work but have not actively looked for work in the last four weeks.

- **Why it matters:** Focusing only on the unemployment rate means missing out on a huge number of people who could be and may want to be part of the workforce but are having a hard time finding employment or don’t feel it is worth actively looking for employment. In this example, one measure tells us 3% of adults are unemployed while the other measure says it’s actually as high as 47%.
Meanwhile, business leaders are looking to hire talented, reliable employees. Last summer, a national competitiveness ranking named Mississippi the worst state in the nation for business, a distinction credited to its “weak workforce.” Local business leaders share these concerns about the state’s workforce challenges. In an interview, Gulf Coast Business Council President Ashley Edwards said, “Workforce is the single biggest issue we face in the state of Mississippi as a whole.”

Labor shortages are widespread across a number of industries, with particularly notable shortages among diesel technicians, nurses, and food service workers. Greenwood Mayor Carolyn McAdams described the challenges that her public sector agencies faced in hiring and called the labor shortages “unprecedented.” The state is also suffering from a brain drain with an estimated 50% of graduates of public colleges and universities leaving the state within three years of graduation.

The state recently reported an estimated 85,000 job openings — three times as many as a decade ago — meaning there were nearly two job openings for every person in Mississippi actively looking for employment. Even if every single person actively seeking employment in Mississippi today were hired, an additional 40,000 positions would go unfilled. Not counted among those are the many jobs to come when Milwaukee Tool opens its new plant in Grenada, and Amazon opens its processing center in Jackson.

Removing employment barriers means Mississippians can fill job openings

To address the workforce issue, in 2021, Governor Tate Reeves created Accelerate MS, the state’s first workforce development agency to streamline worker training programs and connect individuals with high-paying careers across the state. The agency’s training programs have an impressive record of getting participants hired. Their work will continue to be valuable through their growing partnerships with businesses, especially if there are more people available to fill those jobs.

A 2023 national report found that, prior to entering state prisons, 61% of individuals report having been gainfully employed. The extra months and years individuals spend behind bars due to Mississippi’s long sentences are time that people are not working and supporting their families and communities. This also keeps the state’s economy from reaching its full potential.
Consequences of Criminal Convictions Weaken Mississippi’s Workforce Long Into the Future

The effect of Mississippi’s criminal justice system on its labor force is not limited to people currently in prison. Contact with the criminal justice system discourages people from seeking jobs and reduces their earning potential through the collateral consequences — additional punishments tacked on to people’s actual sentences, such as restrictions on where they can work or live — of criminal records and prison terms.

MORE THAN 660,000 MISSISSIPPI ADULTS HAVE A CRIMINAL CONVICTION

The broad reach of Mississippi’s criminal justice system means it touches people in every community in the state. An estimated 29% of Mississippi adults — more than 1 in 4, or over 660,000 people statewide — have a misdemeanor or felony conviction on their criminal record. An estimated 1 in 10 adults or 240,000 people have a felony conviction, and 1 in 20 adults or approximately 105,000 people in Mississippi have served a prison sentence.

This is an issue across the state. The most recent data available on admissions to prison shows that Marion, Prentiss and Chickasaw Counties sent the most people to prison in the state, relative to their population sizes, followed by Harrison and Neshoba. Harrison and Jackson Counties send the most total people to prison.

CRIMINAL RECORDS HURT EMPLOYMENT PROSPECTS

Research has found that people with a criminal record, especially with a felony conviction or prison time on their record, face substantial challenges in re-entering the workforce. When applying for jobs, a criminal record can reduce the likelihood of a callback or job offer by nearly 50%. The consequences are even greater for people who spent time in jail or prison. Formerly incarcerated people experience an unemployment rate of 27%, or nearly five times higher than the overall population. Although this touches all formerly incarcerated people, this rate is highest for Black women, who experience unemployment at a rate of 44%. These high rates could be driving some of the low labor force participation in Mississippi, by discouraging people from actively looking for work.

There are a number of reasons people with criminal records experience higher rates of unemployment and underemployment, despite being reviewed as equal to or better than other employees when they are hired. Some employers discriminate against job applicants either by denying interviews or instituting blanket bans on
hiring people with a conviction on their record. Other employers look warily upon applicants with gaps in their employment history, or dismiss applicants who request time off to meet with their parole officers as a condition of their post-release supervision. People with felony convictions are also often excluded from participation in education or vocational training programs that would help strengthen their skills for the job market.

Chaired by Eaton Corporation and Chase Bank, a new national coalition of businesses including Kroger and Best Buy are using their resources to promote hiring practices that give all candidates a fair chance, regardless of their past interaction with the criminal justice system. A recent survey from the Society for Human Resource Management found that “81% of business leaders and 85% of HR professionals believe workers with criminal records perform their jobs about the same or better than workers without criminal records.”

Despite these promising developments at the national level, a number of professions systematically exclude people with criminal records in Mississippi. Many licensing boards deny people with criminal conviction records the opportunity to receive a professional license, and they are allowed to do so under the law, no matter how long ago the conviction occurred or how relevant the offense was to the line of work.

According to Empower Mississippi, the state requires people obtain licenses to practice 66 professions that do not require a formal four-year college degree, and around 1 in 5 state workers are required to obtain a professional license to do their job. These licenses require job seekers to pay fees, sit for exams, and enroll in an average of four months of training to meet the requirements. Nurses, barbers, and social workers are among the professions that state law allows people to be denied licenses for their criminal record, although a 2019 Mississippi law has lowered some of the barriers for individuals in other professions.

**LOCAL BUSINESSES AND ECONOMY SUFFER FROM LOST WAGES**

The barriers to employment for people with a criminal record, conviction, or experience of incarceration start at the individual level with reduced earnings, and quickly go on to impact their families, communities and the state’s bottom line. A person who has been in prison earns 52% less or a reduction of their annual income by $5,100 compared to those that have not. This loss is not limited to just the first years after release but compounds over time.

*People who have been to prison lose an estimated $5,100, or 52% of annual earnings, following their incarceration*

**ESTIMATED ANNUAL EARNINGS LOST BY TYPE OF CRIMINAL JUSTICE SYSTEM INVOLVEMENT**

<table>
<thead>
<tr>
<th>Crime Type</th>
<th>Estimated Earnings Lost</th>
<th>People Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misdemeanor conviction</td>
<td>$3,650</td>
<td>425,000</td>
</tr>
<tr>
<td>Felony conviction</td>
<td>$4,600</td>
<td>240,000</td>
</tr>
<tr>
<td>Served prison sentence</td>
<td>$5,100</td>
<td>105,000</td>
</tr>
</tbody>
</table>

These financial losses worsen poverty that individuals and families experience. But the statewide impacts are all the more staggering given that an estimated 29% of Mississippi adults have a criminal conviction, 11% have a felony conviction, and 5% have spent time in prison.\textsuperscript{36} As a result, the economy misses out on an estimated $2.7 billion annually in lost earnings.\textsuperscript{37}

These lost wages almost certainly represent dollars that would otherwise be spent on necessities like housing, food, clothing, and medicine. Incarceration is an ineffective public safety strategy that weakens the available workforce, while also depriving businesses of clients, customers, and consumers with disposable income to spend on retail goods and services. \textbf{As a result of lower wages and poorer employment prospects, there are fewer dollars circulating in local communities, and higher rates of poverty and economic instability.}

Reducing the impacts of the criminal justice system is both good for the economy and good for public safety. Employment is among the most important predictors of success for people leaving prison.\textsuperscript{38} As the U.S. Chamber of Commerce puts it, “Stable jobs for the formerly incarcerated reduce recidivism and benefit society.”\textsuperscript{39} A steady job and reliable source of income allows people to establish financial stability and build a life for themselves and their families. This stability also helps people comply with conditions of their probation or parole, making it less likely they will be sent to prison for noncompliance.

Reduced earnings and lower spending also mean the state and counties collect less from sales taxes. \textbf{Mississippi residents are losing out on $2.7 billion in earnings due to their criminal records, and at least half of those earnings would likely be spent on things like food, clothing, and transportation, all of which are subject to sales tax.}\textsuperscript{40} As a result, the state is losing an estimated $95 million each year in tax revenue.
Mississippi’s Criminal Justice System Impedes its Economic Growth

In addition to reducing statewide earnings and sales tax revenue, the state’s criminal justice system also requires substantial costs from the state’s taxpayers to run its prison system without making the state safer. Mississippi’s significant spending on operating its prison system and associated local jail systems dampens the state’s ability to attract business and industry by soaking up much-needed dollars for rising prison costs rather than large-scale investments that might entice industry and development.

Mississippi’s taxpayers spend over $400 million each year to run their state prison system. It costs over $21,600 on average to keep one person in prison each year. Before accounting for rapid rates of inflation, the state will spend nearly a quarter of a million dollars to imprison just a single person for 10 years. The current average sentence for people in Mississippi’s prisons is 16 years, or a cost of $350,000 per person. Mississippi’s per capita costs are relatively low, compared to other states, leading to issues with staffing and conditions that could end up costing the state more in the long run.

When the prison population grew by over 2,500 people in 2022, the state began adding additional prison beds at existing facilities, and reopened a shuttered prison as a women’s correctional facility at a cost of over $9 million a year. At least four prison facilities are currently under investigation by the U.S. Department of Justice for their poor conditions of confinement, and improvements to the conditions of facilities will come with their own price tags.

There has been a recent 30% increase in security staffing costs, yet vacancy rates remain high for other critical staff, including case workers who have the primary responsibility of helping with release planning. In addition, insufficient staffing levels in administrative and medical roles have resulted in the creation of emergency contracts for private contractors to perform critical duties, resulting in a deficit appropriations request of almost $30 million for spending in FY 2023. This deficit spending for contractual services and offsite medical care illustrates the fluctuating costs of an aging and rising prison population.

Mississippi cannot sustain these increasing costs, especially when they are not making the state safer. Instead, Mississippi could safely reduce its prison population, freeing up tax dollars without compromising public safety. For FY 2024, the state appropriated $434 million to the Mississippi Department of Corrections, an 11% increase from the previous year. If Mississippi imprisoned people at the rates of neighboring states, it could save significant taxpayer dollars: from an estimated $60 million each year if it had Louisiana’s imprisonment rate (the second highest in the nation) to $220 million a year if it had Tennessee’s imprisonment rate.

**Annual savings potential if Mississippi had imprisonment rate of neighboring states**

<table>
<thead>
<tr>
<th>State</th>
<th>Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$65,000,000</td>
</tr>
<tr>
<td>Alabama</td>
<td>$175,000,000</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$220,000,000</td>
</tr>
</tbody>
</table>
Steps in the Right Direction

Despite the challenges outlined above, over the last several years, Mississippi policymakers have begun taking steps to safely reduce the prison population, remove barriers to employment for people coming out of prison, and increase fair chance hiring.

REINSTATEMENT OF DRIVERS LICENSE PRIVILEGES

For many years, people with unpaid court fines and fees had their drivers licenses suspended, severely limiting their ability to take on work outside the home. In 2017, the Mississippi Department of Public Safety made “an official policy decision ... to restore the drivers’ license privileges of all current valid Mississippi drivers’ license holders previously suspended solely due to non-payment of court assessed fines and fees.” The department likewise moved to waive reinstatement fees for anyone whose license had been suspended, and to end the practice of suspending drivers’ licenses for unpaid court fines and fees. The language allowing the state to suspend licenses for failure to pay fines and fees was later removed from Mississippi law as part of a package of reforms authored by Representative Jason White in 2019.

REDUCED BARRIERS TO LICENSING

Legislative efforts, led by Senator John Polk, have likewise sought to limit the consequences of a conviction for professions that require licensing. Signed into law in 2019, the Fresh Start Act limited the ability of occupational licensing boards to deny licenses to applicants with criminal convictions on their record unless the conviction “directly relates to the duties and responsibilities for the licensed occupation.”

While this represented an important first step in expanding access to licensed professions, dozens of occupations contain explicit barriers to work in state law, “with no limitations on the severity of the offense or the time since the offense occurred,” according to Empower Mississippi. Attempts to close these gaps in the law for nurses, who are in particularly in demand across the state, have as of yet been unsuccessful. The most effective interventions, however, begin at the front end, preventing convictions and imprisonment long before reaching the stage at which an individual is seeking to re-enter the workforce post-conviction.
FAIR CHANCE HIRING IN MISSISSIPPI

After the onset of the COVID-19 pandemic exacerbated labor shortages, Mississippi’s small businesses found that hiring people with criminal records and justice-system involvement has strengthened their operations. Brent Robinson, vice president of concept development at Georgia Blue, which operates restaurants across the state, said, “I can honestly say that our restaurant in Brandon ... would not have reopened as fast as we had, and we would not have achieved the level of success that we had,” without the new employees they hired.

Tiffany Boyte West, a general manager at Bob Boyte Honda in Rankin County agreed. “We believe in second chances, and talent really comes in all shapes and forms.” Describing an employee with a criminal record who had recently been hired as a car mechanic, West explained, “He’s truly been a blessing for us. He’s been accountable, a great addition to our team, and honestly he’s helped our dealership grow.”

Even public sector leaders agree that fair chance hiring is important for filling vacancies in public works and serving their communities. Pearl Mayor Jake Windham told legislators in January 2023 that “giving people second chances and letting people move forward” is “part of doing the Lord’s work,” while Mayor Gary Rhoads of Flowood said, “I’m a second chance guy. Only difference between me and some of the people in this program is I didn’t get caught and they did. And that’s the way I’ve always lived my life. I believe we’re all subject to second chances.”

EXPANSION OF EARNED RELEASE OPPORTUNITIES

In 2021, Mississippi state leaders passed Senate Bill 2795, a bipartisan measure that allows people in prison for certain serious offenses to become eligible for parole consideration after serving a 50% or 65% of their sentence. Before the law was passed, just one third of people in Mississippi prisons were able to earn their release through parole. After passage of SB 2795, two thirds of people in prison were able to work toward parole eligibility. SB 2795 builds on HB 585, passed in 2014, which helped reduce some sentences for lower-level crimes and implement better probation and parole policies.

Conclusion

Mississippi can advance more common sense criminal justice reform to prioritize public safety and strengthen the state’s economy. There are decades of evidence-based data-driven solutions that other states have implemented in order to reduce the scope of their prison and criminal justice systems. Business leaders and chambers of commerce across the country have taken a prominent and outspoken role in advocating for criminal justice reform. Mississippi business leaders can work to prioritize criminal justice reform as another way to strengthen the state workforce and economy. By advancing policies that safely reduce incarceration, both through fully implementing policies in existing law and supporting elected leaders working to pass additional common sense reforms, Mississippi business leaders can lead the charge on economic development and expand the workforce to reach its true potential.
Endnotes


12. Ibid. The U.S. Department of Labor calculates labor force participation using a state’s “civilian noninstitutional population,” defined as individuals 16 years of age and older who are not active duty in the Armed Forces, incarcerated, or otherwise institutionalized.


20 Cohn, Scott. “America’s Worst State for Business: Mississippi Is Cheap, but Its Workforce Weak.” Noting that “Mississippi now has one of the nation’s best records in getting workers from its training programs into jobs, according to U.S. Labor Department data.”


23 Ibid.


28 Ibid.


30 Ibid.


34 These costs do nothing to quantify the significant psychological, physical and spiritual costs paid by people who interact with the legal and jail or prison system.

36 See note 22.

37 See note 35.


46 Mississippi Department of Corrections. “Monthly Staffing Reports.” This information was received by FWD.us in response to a records request.

47 Mississippi Department of Corrections, Testimony to Senate Appropriations Committee, Jan. 11, 2023. https://www.youtube.com/watch?v=F2wblrCpc0.


57 Unless the Legislature takes action to protect this critical reform, the expansion of parole eligibility enacted through Senate Bill 2795 in 2021 will expire in July 2024.

The FWD.us Education Fund is a bipartisan organization that believes America's families, communities, and economy thrive when everyone has the opportunity to achieve their full potential. For too long, our immigration and criminal justice systems have locked too many people out from the American dream. Founded by leaders in the technology and business communities, we seek to educate the American public about the immigration and criminal justice systems and empower and support the communities that these systems directly impact.

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