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Providing Cash Assistance through Decarceration and Reinvestment

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Background

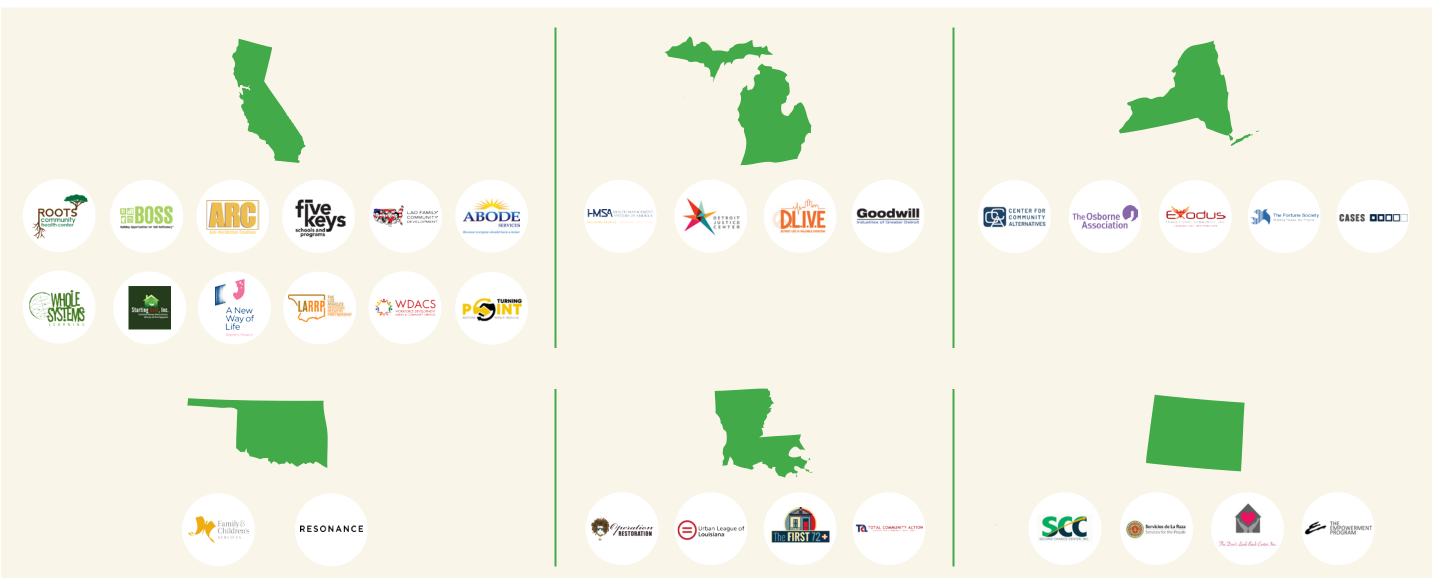
The COVID-19 pandemic demonstrated how the challenges of returning home from incarceration are exacerbated in a public health emergency and subsequent economic contraction. COVID-19 has not only ravaged prisons and jails throughout the country, but also has had a disparate impact on the communities of color to which so many incarcerated people return. Public services have not been delivered well due to staffing shortages; others went virtual and became nearly impossible to access without the internet. Quarantining remains difficult without a safe, affordable place to live. Gas prices and intermittent public transportation make it difficult to attend treatment, counseling, or a doctor's appointment. Working from home still is not possible for many of the service and labor jobs most accessible to returning citizens. For individuals returning from prison, these are examples of critical needs that have never been more difficult to address.

While the reentry experience during COVID-19 is unique, it underscores the challenges that people *always* face when coming home. People regularly leave prison without a pathway to secure stable housing, employment, means for transportation, or even enough food to eat. Community-based service providers are often the only lifeline for many, especially if they do not have any family support.

Returning Citizens Stimulus

Through a new national reentry cash assistance initiative, the Returning Citizens Stimulus (RCS) provided direct financial support to people coming home during an unprecedented time. In addition to providing cash payments, the RCS helped people maintain connection to services at a time when engagement was extremely difficult. CEO leveraged its adaptable payroll system to transfer three "stimulus" payments to individuals as they worked toward individualized milestones with CEO and other reentry providers. These payments were deliberately substantial: between $2,250-$2,750. They provided people with critical resources and a real incentive for staying connected to services.

Returning Citizens Stimulus *Partner Network*



Since April 2020, the Returning Citizens Stimulus program has enrolled more than 10,400 formerly incarcerated individuals, distributing more than $24M in cash assistance. The RCS partner network accomplished this large, rapid-response intervention with 32 partner organizations across seven target cities: Denver, Detroit, Los Angeles, New Orleans, New York, Oakland, and Tulsa.

Reentry and Cash Assistance

While developed in response to COVID-19, RCS demonstrates how to make direct financial support a permanent part of coming home. Research has clearly demonstrated that stability during the first few months after release will decrease the likelihood of people returning to prison significantly. Despite modest progress in recent years, recidivism rates remain stubbornly high, and poor long term economic outcomes for formerly incarcerated people persist. Current interventions such as gate money, supervision, and limited access to reentry services simply aren't achieving the impact at the necessary scale.

Though there is limited cash assistance literature regarding its impact on criminal justice outcomes, some evidence suggests that financial assistance[1] upon release from incarceration does improve recidivism outcomes.[2] These findings are supported by the emerging evidence that supports the efficacy of direct cash more generally in an economic crisis.[3] Cash assistance offers flexibility, which in the context of reentry support, is a responsive intervention. People's needs while coming home from incarceration are urgent, but not uniform. There is no singular service or solution capable of meeting the pressing yet diverse challenges people face during reentry. What people need are options and the stability to pursue those options. Cash assistance, especially when connected with services accounts for this diversity in needs by placing the returning citizen in control of their own solutions.

More specifically, giving people money when they return home creates two positive impacts:

1. It provides immediate stability for the individuals and their families, by creating a financial cushion that allows them to help meet their household's basic living expenses. This buffer diffuses the urgency that so often defines people's experience coming home. It creates the opportunity for people to make decisions about their long term success rather than the day's most pressing need.

2. By instilling trust, confidence, and autonomy, the payments can provide multiple pathways to economic mobility for returning citizens. Many RCS participants shared that they used the funds for things like buying a car to commute to a better job that existed farther from their home. Unlike cash assistance programs that are targeted towards low-income individuals broadly, reentry cash assistance is meant to address a particular moment in time when those resources can have the greatest possible impact. It is seed money - an investment in a person's success and their community's well being.

An **independent program evaluation of RCS recently published by MDRC** helped quantify the RCS project's impact. RCS provided participants with the means and agency necessary to make the best choices to rebuild their lives. It provided resources for them to secure housing, food, transportation, utilities, and other essential supports. It also supported them in their employment search and facilitated engagement with the workforce system. Perhaps most importantly, RCS sent a strong signal of trust to returning citizens that they were capable of making the best decisions to support themselves and their families.

[1] The terms "cash assistance" and "financial assistance" are used interchangeably in this paper to represent money provided to directly to an individual.

[2] Ignacio Munyo and Martin A. Rossi, "First Day Criminal Recidivism," Journal of Public Economics, 124, (2015). https://www.sciencedirect.com/science/article/abs/pii/S0047272714002485 (Accessed 12/18/20)

[3] Numerous articles associated with cash assistance and direct stimulus during the pandemic response can be found here: https://www.economicsecurityproject.org/emergencymoney/resources/

RCS: How it Works

Typically, people returning home from state incarceration receive a small amount of "gate money" upon release—usually between $20 and $200. These small, one-time payments are insufficient, covering little more than nominal necessities. In contrast, the larger RCS payment amounts ($2,250-2,750) were enough to enable participants to both absorb financial shocks and invest in critical supports such as housing and transportation. The MDRC evaluation report detailed how RCS participants used the money for everyday expenses including food, clothing, and rent. They also used the payments for larger expenses such as paying for a driver's license, security deposits, or family funeral arrangements.

RCS's connection with services was another key difference from standard "gate money" approaches. The majority of RCS participants were referred through RCS partner organizations that were providers of workforce, education, treatment, healthcare, family, and other services for people returning home. These organizations demonstrated that cash assistance can incentivize deep program engagement. Participants were asked to complete milestone activities to qualify for second and third payments, which more than 80% of participants achieved.

Making Cash Assistance a Sustainable Part of Reentry

CEO believes that states and localities can be incentivized to use enhanced cash assistance by the potential for improving reentry and economic mobility outcomes. The rationale for supporting returning citizens with these resources is compelling: cash assistance directly reduces the economic barriers for individuals that impede successful reentry and economic mobility. Cash assistance coupled with releasing more people can also help states reduce their prison populations and save money. Many state prison administrators maintain some discretion to release individuals several months prior to their parole-approved release date. Additionally, in some states prosecutors and judges have broad discretion to resentence individuals if it is in the interests of public health and safety. Moving people out of corrections systems at scale could permanently reduce the average daily population in prison and jail and lead to cost savings.

This would represent a more individualized approach to justice reinvestment, whereby the savings from incarceration reductions could be reinvested directly as cash assistance to an individual. For every person who is released from incarceration early, the state or locality can save money for those days they are not incarcerated. Corrections systems incur some of the largest government per capita expenditures in the country, exceeding billions of dollars annually in states like California ($9.9B) and New York ($2.8B) at an average cost of more than $165 per bed daily. States' average prison bed costs vary largely based on their average daily population and overall prison expenses. For example, states that have seen large prison population reductions but have not reduced their prison capacity and expenses tend to have higher average bed costs (see Appendix for more detail on potential cost savings).

Moving Towards Implementation: Pilot Options

Below are two possible proof-of-concept pilots for CEO and state/local governments to demonstrate that if individuals are set up to receive services and cash assistance upon reentry, more can be safely released from incarceration. In the first scenario, CEO and philanthropy can help demonstrate success prior to public sector adoption; in the second scenario, CEO would directly collaborate with government.

"Challenge grant"

In this scenario, CEO would offer privately funded cash assistance and comprehensive reentry services to people released early under a state or local decarceration policy. For example, the following challenge grant could be negotiate: if a state agency exercised administrative discretion to conditionally release all individuals that had already been granted a parole date, CEO would disburse $10M in philanthropic cash assistance to those released.

In New York state, this could mean 5,000 people would be released only 90-180 days early and receive up to $2,000 in cash assistance (see Appendix). Average daily population could reduce by approx 25%, resulting in over $25M in short-term savings. This would enable them to offer assistance to more individuals, and potentially realize long term savings from reduced recidivism.

Resource reallocation within criminal justice/workforce agencies
In another scenario, a state or locality could allocate resources within their current budget (e.g. through a direct allocation or RFP in their reentry services or workforce budget) towards cash assistance for recently released individuals. This would fund cash assistance in the short-term, and in the long-term these state and local governments can reinvest corrections savings into cash assistance to ensure that the expanded reentry support is sustainable in the long-term. This is conceptually similar to how justice reinvestment was proposed at the state level: reinvesting corrections savings in sustainable community-based grant programs. It had varying levels of success across the states (some reinvestment went to community-based programs, some reinvestment simply stayed in the corrections system). CEO would use its infrastructure to administer the cash transfer program and connect individuals to services through a service contract that would improve reentry outcomes. Rather than philanthropy providing the resources up front, government would do so.

Towards a New Paradigm for Reentry

COVID-19 has created an unprecedented opportunity to make the case for cash assistance as part of the reentry process. As the discourse on criminal justice has advanced considerably in the last 20 years, there is now broader acceptance that government has a responsibility to support reentry for individuals returning from incarceration. This shift in discourse was achieved with data, research, the voices of people in the justice system and a great deal of work around narrative change. Making reentry the government's responsibility was congruent with public safety goals - if people have support, they are less likely to end up back in the legal system.

Our aim is to similarly demonstrate that giving cash to returning citizens is not a radical idea. It's a common sense solution that offers people a better chance to succeed and experience self-determination. There is growing acceptance of cash assistance - through government stimulus and Child Tax Credits - as a way to support citizens, especially during a crisis. This is an opportunity to ensure that the crisis of reentry from incarceration is offered that same meaningful support.

APPENDIX: Cost Saving and Reinvestment

Significant Savings - Even from Reducing Marginal Costs

Regardless of the variation in corrections funding across states, we recognize that calculations of savings in corrections is complicated and can't be entirely based on the average daily cost of a prison bed. That is because the average cost -- the number of people incarcerated divided by total expenses --includes certain fixed costs (like buildings, pensions, utilities, etc.). Many of those costs remain constant when a single person is removed from the system.

When a single person leaves a facility, the state saves a marginal cost, which represents the variable costs saved by each person not incarcerated. This is typically 15% of the average cost: if the average daily cost is $165 (a blended rate), the marginal cost is calculated at $25. In the example where an individual is released 180 days early and the marginal cost of a prison bed day is $25/day, the state would save $5,400 from that individual's reduction in time incarcerated. Reinvesting those dollars to directly support that person's reentry would mean they could leave prison with resources to help them be successful (thereby reducing the likelihood of recidivism and costs associated with additional incarceration).

The implications of this could be significant. Below are the marginal savings projections in five states where RCS was implemented (New York, California, Oklahoma, Pennsylvania, Michigan) if each state **released everyone who had 100 or fewer days until their release date** (through either a sentence expiration or a release to supervision date). We estimate this would account for more than one-quarter of annual releases in these five states, ranging from around 2,600 people in Pennsylvania to more than 10,000 in California. These individuals would be released from prison without any relative impact on public safety, given that they already have a release date. In aggregate, this could produce millions of state budget savings, some of which could provide significant resources for individual reinvestment in cash assistance (see tables below).

State	Total Prison Expenditures (2019)	Average Cost Per Individual (2019)	Annual Marginal Cost Per Individual
New York	$2.8B	$65,281	$18,706
California	$9.9B	$81,203	$9,300
Oklahoma	$548M	$21,377	$3,411*
Pennsylvania	$2.6B	$57,514	$8,836*
Michigan	$2.0B	$53,059	$4,045

Sources: Bureau of Justice Statistics, National Prisoner Statistics, 2018 and 2019, Vera Institute The Price of Prisons, 2017; Budget.NY.gov; LAO.CA.gov; OKsenate.gov; COR.PA.gov; House.MI.gov; *Marginal Cost of Corrections: Michigan Experience* (Senate Fiscal Agency 2015), Safe and Sound (Californians for Safety and Justice 2017)

*Marginal bed cost in OK and PA calculated based on the average of the known marginal cost estimates in the other three states.

State	Average Daily Census (2019)	# of ind. within 100 days of release date (assume all to be released)	Daily Marginal Cost	Estimated Marginal Costs Savings from <100 day Releases (# individuals within 100 days * daily marginal cost * 100 days)
New York	43,500	5,600	$51.24	$28.7M
California	122,700	10,300	$25.48	$26.2M
Oklahoma	25,700	2,600	$9.34	$2.4M
Pennsylvania	45,700	4,900	$24.20	$11.9M
Michigan	38,000	3,100	$11.08	$3.4M
Sources: Bureau of Justice Statistics, National Prisoner Statistics, 2018 and 2019 Vera Institute *The Price of Prisons*, 2017				

If Implemented at Scale, States Would Achieve More than Marginal Cost Savings

But most notably, these are the lower bounds of cost savings: releasing individuals at this scale would reduce the average daily population at a sufficient magnitude to potentially shutdown prison pods, wings, or even entire facilities. The state could see much more dramatic savings if they then took steps to reduce average costs through prison downsizing made possible by lower populations. Instead of a marginal cost savings of $25 per day, a facility could save closer to $65 per day, or $6,500 in savings per individual released 100 days early.

A key component of this concept is that reducing length of stay in prison will both decrease the number of people incarcerated in state prison on a given day and create the resources to provide people with financial assistance upon release. Additionally, by increasing the likelihood of successful reentry, and thus reducing recidivism and re-incarceration, it follows that these decreases in prison population and budget savings could be permanent. It is a shift away from investment in a costly system that negatively impacts public safety (prison). It is a shift towards the supports and services that can actually reduce recidivism and positively impact public safety. While this only takes into account savings within corrections, there could also be **savings in other systems of government** (e.g. healthcare, housing, etc.) and taxpayer benefits (e.g. in terms of increased earnings from better employment prospects) that are not taken into account here.