

**OUTSIDE THE BOX:
MEASURING THE UNINTENDED CONSEQUENCES OF
BAN THE BOX POLICIES AT AN INDUSTRY LEVEL**

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ABSTRACT

Shane Gravelle: Outside the Box: Measuring the Unintended Consequences of
Ban the Box Policies at an Industry Level
(Under the direction of Dr. Gerald Cohen)

As firms continue struggling through the contemporary labor shortage, traditionally overlooked populations present an opportunity to expand the workforce. Ban the box (BTB) policies have emerged as a popular mechanism to improve ex-offender hiring, in particular, by prohibiting criminal background inquiries on job applications. However, recent research suggests BTB may unintentionally worsen overall employment outcomes for Black and Hispanic men by inviting statistical discrimination. This thesis investigates how BTB-induced discrimination varies across industries. Using the Callaway and Sant'Anna difference estimator, I estimate BTB's effect on Black and Hispanic shares of hires across nine industries. Overall, BTB improved Black and Hispanic hiring in most industries, though the effect on Black shares often diminished over time. Reductions in hire shares were rare and only observed in customer-facing industries with low entry barriers. This study highlights the importance of considering industry-specific consequences when creating policies to improve ex-offender employment outcomes.

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Anyone facing difficulty in the transition from incarceration: This research is dedicated to you and your experiences overcoming reentry obstacles. Hopefully this thesis and other research like it can help advise real and necessary change.

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LIST OF ABBREVIATIONS

Abbreviation	Definition
BTB	Ban the Box Policy
DD	Difference-in-Differences
ATT	Average Treatment Effect on Treated
CS	Callaway & Sant'Anna Difference Estimator
TWFE	Two-Way Fixed Effects
B	Black Share of Hires
H	Hispanic Share of Hires
BH	Black + Hispanic Share of Hires

INTRODUCTION

Persistent labor shortages across industries in the wake of COVID-19 have left firms wondering how to attract top talent and stay competitive in a post-pandemic landscape. Between massive layoffs in the early stages of the pandemic and the ongoing Great Resignation as we exit the COVID-era, labor shocks have created a new dynamic in the workforce where firms face considerable difficulty hiring across all skill levels. To resolve the wide disparity between job openings and applicants, employers are looking to engage groups that have been historically underrepresented in the work force. Ban the box, also called fair chance employment, legislation seeks to improve employment outcomes for the ex-offenders, a group traditionally excluded from the labor search. This honors thesis investigates ban the box and the extent to which it generates anti-Black and anti-Hispanic hiring discrimination as an unintended consequence. To provide background, I discuss the current labor shortage and the cost of ex-offender exclusion from the labor market before reviewing ban the box and its unintended consequences.

1. Labor Shortage

While employment counts now exceed pre-pandemic levels, workforce participation has not fully recovered, especially when compared to pre-pandemic projections. Data from the Bureau of Labor Statistics indicates that current employment lags behind growth trends extrapolated from 2010-2019 data. Figure 1 illustrates the lag, comparing U.S. civilian employment (blue) to expected growth (red). The simple trend analysis suggests that