

TRAINING AND EMPLOYMENT NOTICE	NO. 07-23
	DATE October 6, 2023

TO: STATE WORKFORCE AGENCIES

FROM: BRENT PARTON /s/
Principal Deputy Assistant Secretary

SUBJECT: State Performance Targets and Midyear Performance Assessment for Fiscal Year (FY) 2023 Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Outcome Payments

1. **Purpose.** To publish FY 2023 state-level RESEA outcome payment performance targets for the reemployment and reduced UI duration of RESEA participants and to provide states with a midyear analysis of their performance levels compared against these targets.
2. **Action Requested.** The U.S. Department of Labor’s (Department’s) Employment and Training Administration (ETA) requests that state agency administrators provide information contained in this Training and Employment Notice (TEN) to appropriate staff. States that are currently meeting the requirements to be eligible for FY 2023 outcome payments based on this midyear analysis are encouraged to begin planning in case they are deemed eligible for an outcome payment award in March 2024. States that are not identified on the attached list are encouraged to assess their current RESEA selection and service delivery models to ensure alignment with current labor market conditions and consult available technical assistance resources and the RESEA evidence-base for possible adjustments.
3. **Summary and Background.**
 - a. Summary – Beginning in FY 2021, Section 306(f)(2) of the Social Security Act (SSA), requires the Department to annually make “outcome payments” to states that meet or exceed the outcome goals for reducing the average duration of receipt of unemployment compensation (UC) by improving employment outcomes. To implement this requirement the Department uses statistical models to identify state specific reemployment and UI duration targets. This TEN identifies states’ outcome payment targets for both duration and reemployment that will be used to determine FY 2023 outcome payment eligibility and provides a midyear analysis of each state’s current performance against those targets.
 - b. Background – As required by Section 306(f)(2)(a), SSA, RESEA outcome payments were implemented in FY 2021 and are awarded to states that meet or exceed outcome goals for reducing the average duration of receipt of UC by improving employment outcomes. On October 19, 2021, ETA published a notice, Federal Register (86 Fed. Reg. 57,856 (2021)) announcing the final RESEA outcome payments methodology. The October 19, 2021, notice also announced that ETA would apply an interim methodology

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for the evaluation of states' RESEA reemployment performance. This interim methodology applied each state's Wagner-Peyser Act-funded Employment Service (ES) program negotiated target for the Reemployment Rate in the 2nd Quarter After Program Exit Quarter as the RESEA reemployment target. The notice explained that ETA would later transition to a statistical model for establishing RESEA-specific reemployment targets after sufficient RESEA data became available to identify, develop, and test an appropriate statistical approach. Immediately following the publication of this notice, ETA developed a regression-based statistical model based on a variety of state-level data factors directly related to RESEA and UI operations, including total unemployment rate, UC reciprocity rate, job openings percent change from prior year, UI duration, and net jobs (gross job gains and gross job losses) by year. After testing this model against recent RESEA data, ETA determined that the statistical model and its RESEA-specific targets are a more effective and reliable means of assessing RESEA performance. In FY 2022, following appropriate notifications to Congress, the interim use of ES targets was discounted and the RESEA specific model was established.

ETA developed a prerecorded webinar that provides a more detailed explanation of the new regression-based statistical model. This webinar and additional technical assistance related to RESEA outcome payments is posted on WorkforceGPS's *Reemployment Connections* resource page:

https://rc.workforcegps.org/resources/2019/07/30/17/31/RESEA_Performance_Reporting

4. RESEA Outcome Payments Performance Targets and Results of Midyear Analysis of Performance.

To be determined eligible for an outcome payment a state must meet or exceed both its UI duration target and reemployment target. Given the inherent lag in collecting outcome data, FY 2023 outcome payments will be based on outcomes associated with RESEA services and activities conducted during FY 2022.

Duration Target – States must demonstrate improvement in UI duration. The measure looks at a 12-month average of each state's duration of benefits. A state's UI duration of benefits can be impacted by many different conditions, such as changes in a state's economy or changes in state law and a regression model is used to establish performance targets for a state's duration of benefits.

RESEA Reemployment Target – States must show improvement in reemployment outcomes for RESEA participants. Similar to the Duration Target, the RESEA Reemployment Target looks at a 12-month average for each state. RESEA reemployment performance is measured by calculating the reemployment rate for RESEA participants, who secure unsubsidized employment during the second quarter after program exit. This data is reported to ETA through the Workforce Integrated Performance System (WIPS) and collected by the Employment Services (ES) programs. As with the duration model, the RESEA model parameters will be refreshed each year, using the most recent three years of data.

ETA has conducted a midyear analysis of each state's performance regarding these performance targets. Attachment I to this UIPL, titled *Midyear Analysis of FY 2023 Reemployment Services and Eligibility Assessments (RESEA) Targets for Outcome Payment*, provides the results of this analysis.

5. **Inquiries.** Please direct inquiries regarding the information in this TEN to OUI.RESEA@dol.gov and copy to the appropriate ETA Regional Office.

6. **References.**

- Section 306 of the Social Security Act (SSA) (42 U.S.C. 506);
- 84 *Fed. Reg.* 39018, *Allocating Grants to States for Reemployment Services and Eligibility Assessments (RESEA) in Accordance with Title III, Section 306 of the Social Security Act (SSA)*, published August 8, 2019, <https://www.federalregister.gov/documents/2019/08/08/2019-16988/allocating-grants-to-states-for-reemployment-services-and-eligibility-assessments-resea-in>;
- 85 *Fed. Reg.* 27249, *Notice Requesting Public Comment on the Proposed Methodology To Distribute Outcome Payments to States for the Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Program in Accordance With Title III, Section 306(f)(2) of the Social Security Act (SSA)*, published May 7, 2020, <https://www.federalregister.gov/documents/2020/05/07/2020-09803/notice-requesting-public-comment-on-the-proposed-methodology-to-distribute-outcome-payments-to>;
- 86 *Fed. Reg.* 57856, *Notice Announcing the Methodology to Distribute Outcome Payments to States for the Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Program in Accordance with Title III, Section 306(f)(2) of the Social Security Act (SSA)*, published October 19, 2021, <https://www.federalregister.gov/documents/2021/10/19/2021-22704/notice-announcing-the-methodology-to-distribute-outcome-payments-to-states-for-the-unemployment>; and
- UIPL No. 10-22/TEGL No. 05-21, *Fiscal Year (FY) 2022 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Grants*, issued January 21, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-10-22>; <https://www.dol.gov/agencies/eta/advisories/training-and-employment-guidance-letter-no-05-21>.

7. **Attachment(s).**

- Midyear Analysis of FY 2023 Reemployment Services and Eligibility Assessments (RESEA) Targets for Outcome Payment.