

Implementing Personal Reemployment Accounts (PRAs): Early Experiences of the Seven Demonstration States

**Interim Evaluation Report
Final**

Gretchen Kirby

Prepared for:

U.S. Department of Labor, Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, DC 20210

Prepared by:

Mathematica Policy Research, Inc.
600 Maryland Avenue, SW, Suite 550
Washington, DC 20024

Subcontractor to Coffey Communications, LLC
4720 Montgomery Lane, Suite 1050
Bethesda, Maryland 20814

September 8, 2006

This project has been funded, either wholly or in part, with Federal funds from the Department of Labor, Employment and Training Administration under Contract Number AF-12985-000-03-30. The contents of this publication do not necessarily reflect the views or policies of the Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement of same by the U.S. Government.

ACKNOWLEDGMENTS

The author is grateful to the many individuals who contributed to the evaluation activities that have led to this report. First, I thank the project officers for the PRA Demonstration within the Employment and Training Administration of the U.S. Department of Labor, Janet Javar in the Office of Policy Development and Research, and Christine Cremer in the Office of Workforce Investment for their valuable guidance and input throughout the course of the evaluation thus far. Also, Dorrie Russell at ETA provided access to the quarterly reports on which the data analysis for this report is based. I also thank my colleagues at Coffey Communications, LLC—Chuck McGlew, Bill Sullivan, Jean Mitchell, and Rex Hall—for their assistance in conducting telephone interviews with and site visits to the demonstration states and sites and for their timely and thoughtful reviews of countless documents from site visit notes to drafts of this report. I particularly thank Lester Coffey and Chuck McGlew of Coffey Communications for their guidance and support in their role as the prime contractor to DOL for the PRA demonstration technical assistance and evaluation. Also among Coffey Communications staff, I thank Amy Coffey and Carol Johnson for their assistance with project management and logistical issues, respectively.

I particularly thank all the administrators and staff in the demonstration states and sites for welcoming the research team into their offices, for reviewing our interview and site notes, and for responding so timely to the many follow-up questions we have had. I owe special thanks to Vickie Smith, Susan Simpler, Don Shepherd, Kris Rawson, Kimberly Moore, Debby Tharpe, Jennifer German and the PRA staff in all the Regions in Florida; John McAllister, Kay Vaughn, Pamela Pearson, Wade Virgin, Connie Gardner, JoAnn Edmiston, Vicki Isakson and the PRA staff in Idaho Falls and Coeur d'Alene in Idaho; Rick Roy, Bonnie Elsey, John Hennem, Mike Yanda, Peggy O'Neill, Michael Lang, Nancy Hendrickson, Bonnie Baumel, Linda Yozamp, Mary Shallbetter, Karen Wagner, and Ronald Wolle in Minnesota; Deb Buxbaum, Leslie Duffy, and Rick Deady in Montana; Mimi Purnell, Varshna Narumanchi-Jackson, Rebecca Allen, Shu-Ching Chen, Marsha Lindsey, David Baggerly, Steve Pendergast and the PRA staff in Texoma and at Interfaith of the Woodlands in Houston in Texas; Beverly Morris, James Hairston, Sam Rayhill, Jo-Ann Brown, Linda Bostic, Angela Denis, Treva Schreckengost, Liz Losch in West Virginia; and Jim Lott, Alice Perry, Jeanine Lilly, Janet Scott, and Shirley Harris in Mississippi. A very special thank-you and warmest wishes are extended to the administrators and members of

the staff of the Gulfport WIN Center in Mississippi—Mark Landry, Jim True, Willie Wanzo, and Monica Hurst—who have gone through so much in the past eight months and still maintain an enthusiasm for PRAs.

I received much assistance from my colleagues at Mathematica; specifically, I thank Donna Pavetti for helping develop the evaluation design and for conducting a few of the site visits to demonstration sites and Paul Decker for sharing his depth of knowledge on the PRA concept, for his guidance on the evaluation design, and for his thoughtful review of drafts of this report. I also thank Daryl Hall for editing this manuscript and Donna Dorsey for providing secretarial and administrative support.

CONTENTS

Chapter	Page
ACKNOWLEDGMENTS	iii
EXECUTIVE SUMMARY	xiii
I WHAT ARE PERSONAL REEMPLOYMENT ACCOUNTS?	1
A. THE EVOLUTION OF PRAS	2
B. KEY ELEMENTS OF PRAS.....	3
C. THE PRA DEMONSTRATION AND THE EVALUATION DESIGN	4
1. Research Questions	6
2. Study Methodology	6
II CREATING THE IMPLEMENTATION FRAMEWORK.....	9
A. PRA FUNDING: WHERE DOES IT COME FROM?	9
B. STATE AND LOCAL SITE SELECTION: WHERE ARE PRAS OFFERED AND WHY?	10
C. PRA PLANNING: WHO MADE THE DECISIONS?	13
D. PRA ADMINISTRATION: WHAT ENTITIES AND STAFF ARE INVOLVED?	15

CONTENTS (*continued*)

Chapter	Page
III	STRUCTURE OF PRAS 21
	A. PRA AMOUNT..... 21
	B. BONUS PAYMENTS..... 22
	C. SERVICE USES OF PRA FUNDS: TRAINING, INTENSIVE, SUPPORTIVE..... 26
	1. Training..... 26
	2. Intensive Services 27
	3. Supportive Services 30
	D. ACCOUNT MANAGEMENT POLICIES..... 35
	1. Monitoring Account Activity..... 35
	2. Methods of Disbursement for the Purchase of Services 37
IV	MAKING PRA OFFERS AND MANAGING ACCOUNTS..... 39
	A. PRA ELIGIBILITY: WHO RECEIVES A PRA OFFER? 39
	1. Stage One: Targeting UI Recipients for PRA 40
	2. Stage Two: Offering PRAs at the Local Level..... 43
	3. The Final PRA Eligible Pool 47
	4. Ongoing Eligibility 48
	B. PRA ENTRY: WHEN AND HOW ARE PRA OFFERS MADE? 48
	1. Timing of PRA Offers 49
	2. Orientation Methods and Formats 51
	C. CONTENT OF PRA ORIENTATIONS: WHAT INFORMATION DO INDIVIDUALS RECEIVE? 53
	1. Type of Orientations..... 54
	2. PRA-Related Orientation Topics 56

CONTENTS (*continued*)

Chapter	Page
<i>IV (continued)</i>	
D. LEVEL OF CONTACT: WHAT IS THE NATURE, FREQUENCY, AND TYPE OF CONTACT WITH PRA RECIPIENTS?.....	61
1. Contact Requirements	61
2. Initiating Contact.....	61
3. Average Frequency of Contact.....	62
4. Type of Contact.....	62
V EARLY CUSTOMER RESPONSES TO THE PRAS.....	65
A. ACCEPTANCE RATE	66
1. Reasons for Declining an Offer	67
2. State Progress to PRA Targets	68
B. USES OF PRA FUNDS	69
1. Bonus Receipt and Average Bonus Payments	70
2. Spending on Services	72
3. The Bonus Versus Service Spending.....	75
C. EXTENT OF PRA USE	77
D. FUND MANAGEMENT AT THE STATE LEVEL	80
VI MOVING AHEAD WITH PRAS: LESSONS, CONSIDERATIONS, AND REMAINING QUESTIONS	83
A. KEY IMPLEMENTATION CHALLENGES, SUCCESSSES, AND LESSONS LEARNED	83
1. Challenges to PRA Implementation	84
2. Successes of PRA Implementation	88
3. Lessons Learned	89

CONTENTS (*continued*)

Chapter	Page
VI (<i>continued</i>)	
B. CONSIDERATIONS BASED ON CURRENT KNOWLEDGE.....	90
1. What are the Incentives in PRAs?.....	90
2. How Much Choice and Flexibility Do PRAs Provide Recipients and How Have Account Holders Responded to this Flexibility?	91
3. What Have We Learned About the Mechanics of PRA Implementation?	93
C. REMAINING QUESTIONS: FINAL REPORT AND DATA ANALYSIS.....	95
REFERENCES.....	97
APPENDIX A: OVERVIEW OF THE WORKER PROFILING AND REEMPLOYMENT SERVICES SYSTEM	
APPENDIX B: OVERVIEW OF WPRS SYSTEMS IN THE PRA DEMONSTRATION STATES	
APPENDIX C: DATA ANALYSIS PLANS FOR THE FINAL EVALUATION REPORT	

T A B L E S

Table		Page
I.1	PERSONAL REEMPLOYMENT ACCOUNT: KEY ELEMENTS.....	4
I.2	OVERVIEW OF SEVEN PRA DEMONSTRATION STATES.....	5
II.1	PRA DEMONSTRATION FUNDING BY PARTICIPATING STATE (IN DOLLARS)	10
II.2	PARTICIPATING LOCAL SITES IN THE PRA DEMONSTRATION, BY STATE.....	12
II.3	STATE AND LOCAL ROLES IN CREATING THE PRA FRAMEWORK.....	13
II.4	ADMINISTRATION AND STAFFING FOR PRA, BY PARTICIPATING SITE.....	16
III.1	PRA AMOUNT	22
III.2	BONUS PAYMENTS	23
III.3	MINNESOTA'S PRA BONUS CAPS FOR A 26-WEEK CLAIM WITH A \$200 WEEKLY BENEFIT AMOUNT.....	25
III.4	ALLOWABLE TRAINING OPTIONS.....	27
III.5	INTENSIVE SERVICES	28
III.6	PRICING OF INTENSIVE SERVICES, BY PARTICIPATING SITE	29
III.7	SUPPORTIVE SERVICES	31
III.8	ALLOWABLE USES OF PRA FUNDS FOR SUPPORTIVE SERVICE PAYMENTS	32

Table	Page
III.9 ACCOUNT MANAGEMENT	35
III.10 TIMING OF DISBURSEMENTS	36
III.11 METHOD OF SERVICE DISBURSEMENTS	37
IV.1 STAGE ONE TARGETING FACTORS THAT AFFECT PRA ELIGIBILITY	41
IV.2 ESTIMATED NUMBER OF PRA ELIGIBLES AFTER STAGE ONE (PER WEEK).....	43
IV.3 STAGE TWO PRA TARGETING CRITERIA	45
IV.4 EFFECTS OF PRE-SCREENING PRACTICES ON PRA OUTREACH POOLS	46
IV.5 ESTIMATED NUMBER OF PRA OFFERS MADE PER WEEK.....	48
IV.6 TIMING OF PRA ENTRY RELATIVE TO UI RECEIPT	50
IV.7 FORMAT OF PRA OFFERS BY LEVEL OF INTEGRATION WITH PROFILING ORIENTATIONS.....	52
IV.8 TYPE OF ORIENTATIONS.....	55
IV.9 LEVEL OF CONTACT BETWEEN ONE-STOP STAFF AND PRA RECIPIENTS.....	63
IV.10 METHOD OF MAKING PRA REQUESTS	64
V.1 PROGRESS IN ACHIEVING TARGETED NUMBER OF PRAs.....	69
V.2 PRA BONUSES, AS OF DECEMBER 2005	71
V.3 SERVICE PAYMENTS PER TRANSACTION (5 STATES).....	74
V.4 SERVICE PAYMENTS PER CUSTOMER (2 STATES).....	74
V.5 PRA EXPENDITURES THROUGH DECEMBER 2005	77
V.6 ESTIMATED LEVEL OF PRA EXPENDITURES RELATIVE TO ACTIVE FUNDS.....	78
V.7 ACCOUNT CLOSURES, EXHAUSTS, AND AVERAGE EXPENDITURES.....	79
V.8 ESTIMATED TOTAL NUMBER OF ELIGIBLE INDIVIDUALS SERVED THROUGH PRAs TO FULLY EXPEND PRA DEMONSTRATION GRANTS.....	82

FIGURES

Figure		Page
V.1	PRA ACCEPTANCE RATES	67
V.2	PRA SPENDING ON SERVICES, BY SERVICE TYPE.....	73
V.3	USES OF THE PRA AMONG RECIPIENTS WITH DISBURSEMENTS (PERCENTAGES)	76

EXECUTIVE SUMMARY

Personal reemployment accounts (PRAs) are a new strategy intended to help specific recipients of Unemployment Insurance (UI) build job skills and find work. While PRAs themselves are new, they build on strategies already applied to one extent or another in the workforce investment system. By combining two such strategies—individually managed accounts and bonuses for reemployment—PRAs of up to \$3,000 are expected to provide unemployed workers with a great deal of flexibility in devising their own reemployment plan. In 2004, the U.S. Department of Labor’s Employment and Training Administration (ETA) launched the PRA pilot demonstration project as the first step in examining this new strategy.

The concept of individually managed accounts in the workforce investment system is of continuing and, possibly growing, interest among policymakers. President Bush’s 2007 budget for ETA proposes the consolidation of several job-training funding streams into a single state grant, primarily to provide workers with career advancement accounts (CAAs). Like PRAs, CAAs would be self-managed capped accounts of \$3,000, which are renewable for a total of up to \$6,000 over 2 years. Unlike PRAs, however, CAAs could be used only for education and training and would not include a bonus component. Despite the differences between the two accounts, the lessons from the early PRA experience can guide policymakers and program administrators as they consider effective approaches to employment and training policy in general and to the implementation of individually managed accounts in particular.

KEY ELEMENTS OF PERSONAL REEMPLOYMENT ACCOUNTS

PRAs are lump sum accounts of up to \$3,000 that are fully managed by the unemployed worker and valid for one year (Table ES.1). They are targeted to UI recipients who are likely to exhaust their benefits, and recipients can choose how and when to spend funds from their account to purchase reemployment services. Workers may also elect to receive the funds as a bonus for reentering the workforce and keeping a job. Specifically, PRA recipients receive 60 percent of any remaining balance in their PRA when they start a full-time job as long as they do so by the end of the 13th week of UI benefit receipt. They receive the remaining 40 percent (or the account balance) after six months on the job. In addition, the account holder

can use the PRA to purchase services *and* receive a bonus for timely reemployment; the bonus amount is calculated on remaining funds.

PRA is offered in addition to regular UI benefits; an individual must be eligible for UI to obtain a PRA, but the acceptance and use of a PRA does not interfere with the receipt of UI benefits. However, eligible individuals who accept the offer of a PRA must forgo free access to WIA intensive services within the One-Stop Center, but can purchase these services at cost. They cannot, however, pursue an ITA for the one-year period for which the PRA is valid.

Table ES.1. Personal Reemployment Account: Key Elements

Amount:	\$3,000 flexible use, capped reemployment account
Time Period:	Valid for one year from date of issue
Participants:	UI recipients identified as likely to exhaust benefits through the state's Worker Profiling and Reemployment Services (WPRS) system
Purpose:	To purchase intensive, training, or supportive services from One-Stop Centers, the marketplace, or both AND/OR To receive bonus payments based on (1) reemployment within 13 weeks of UI receipt (60 percent of account balance) and (2) six-month job retention (40 percent of account balance).
Effect on Other Benefits/Services:	No effect on UI benefits; an additional resource for eligible recipients Prohibits free access to WIA intensive and training services for the one-year life of the PRA

THE PRA DEMONSTRATION AND THE EVALUATION

In 2004, ETA selected seven states—Florida, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia—to serve as PRA demonstration states. These states have received a combined total of nearly \$8 million to offer PRAs to a minimum of 2,270 unemployed workers at risk of exhausting their UI benefits (Table ES.2). The initial PRA offers were made to eligible individuals in early 2005 and by the end of the year, a total of 1,822 accounts had been established. The evaluation period will cover the first two years of implementation and will involve a qualitative and a quantitative study to answer five key research questions:

1. How did the state and local demonstration sites plan for, implement, and operate PRAs?
2. What is the rate of acceptance of PRA offers among eligible UI claimants, and what factors contribute to their decision to accept the offer?
3. To what types of expenditures do recipients direct PRA funds, and what is the average level of per-recipient use of PRA funds?

4. What are the patterns of receipt of UI benefits among PRA recipients, and what are their employment outcomes?
5. What implementation successes and challenges have the PRA demonstration states experienced, and what do those experiences say about expanding the PRA strategy to other settings?

Table ES.2. Overview of Seven PRA Demonstration States

State Agency	Number of Participating Sites	Total Funding ^a	Minimum Number of PRA Participants	Implementation Date (Actual PRA Offers Made): 2005	Number of Established PRAs (as of Dec. 2005)
Florida Agency for Workforce Innovation (AWI)	4	\$1,733,325	495	March 14-31 (varies by region)	479
Idaho Department of Commerce and Labor (IDCL)	2	\$710,736	200	March 7	118
Minnesota Department of Employment & Economic Development (DEED)	4	\$1,209,280	363	March 15	373
Mississippi Department of Employment Security (MDES)	2	\$778,864	233	March 24	186
Montana Department of Labor & Industry (DLI)	4	\$557,792	158	April 11	49
Texas Workforce Commission (TWC)	2	\$2,207,022	625	April 7	380
West Virginia Bureau of Employment Programs (BEP)	Statewide	\$683,462	196	March 14	237
Total	—	\$7,880,480	2,270	—	1,822

Source: State PRA plans; funding levels from ETA; and telephone interviews conducted in the spring of 2005.

^aIncludes PY 2004 Wagner-Peyser Reemployment Services (RES) formula allocation plus DOL WIA demonstration funds dollar-for-dollar match up to \$750,000.

KEY INTERIM FINDINGS

PRA Policy-Setting, Administration, and Staffing

- Federal guidance developed by ETA provides the basic framework on which PRAs are built, however, states and local participating sites are given broad discretion over PRA policy and procedures.

- PRA planning, policy-setting and, often, administration, is centralized within the state workforce agency in five states—Idaho, Minnesota, Mississippi, Montana, and West Virginia. Local workforce investment boards played a significant role in PRA planning in Florida and Texas, and factor largely into the ongoing oversight and administration of PRAs.
- PRAs have not significantly altered staffing or service delivery structures within the participating One-Stop Centers. Most sites do not have a position dedicated solely to PRAs, but PRAs are typically implemented by highly experienced staff.

The Structure of PRAs

- **PRA Amount.** Without exception, the seven demonstration states followed the federal guidance, setting the ceiling amount for PRAs at \$3,000.
- **Bonus Payments.** Four of the seven states—Florida, Mississippi, Montana, and West Virginia—adopted the federally set maximum bonus payments (based on an account balance of \$3,000). Two states—Idaho and Texas—created tiering structures that used the \$3,000 cap for calculating bonus amounts for earlier employment entry (up to the 8th or 10th week, respectively) and a lower \$2,000 cap for employment after this period but through the 13th week. Minnesota developed a sliding scale for the PRA bonuses that is based on the timing of employment entry and an individual’s UI weekly benefit amount.
- **Allowable Service Uses of PRA Funds.** Overall, the states and participating sites have maintained a high degree of flexibility and customer choice in the use of the accounts. Specifically:
 - The PRA can be used to purchase training from virtually any type of provider. A few of the sites limit the use of the PRA for short-term (one-year or less) training or certification programs.
 - Five of the seven states developed pricing systems—either by pricing a few key services or by developing a cost per service per hour—for their WIA intensive services in order to include them among the menu of services available to PRA recipients for purchase.
 - Policies around the use of PRA funds for supportive services are generally quite broad and inclusive. PRA funds can universally be used for assistance with expenses to secure a specific job offer (condition of employment), and logistical support for training, intensive services, or job search (e.g. child care and transportation costs). Policies across the sites vary in the degree that PRA funds can be used for general expenses in support of job search.

-
- **Account Management Policies.** Some sites (a three-region consortium in Florida, Idaho, Minnesota, and West Virginia) have “first disbursement” policies that require some account activity within six months of the account issue date. Four additional sites in Florida and Texas set requirements for creating a usage plan for PRA funds or for contacting PRA staff that can function in a similar fashion to trigger account closure upon inactivity.

PRA Eligibility: Who Receives a PRA Offer?

- The Worker Profiling and Reemployment Services (WPRS) system has formed a solid foundation on which PRA eligibility is built in each of the states. PRAs are targeted to UI claimants determined “likely to exhaust” without modifications to existing WPRS models.
- Three factors further determine how UI recipients are targeted for the PRA: (1) WPRS score thresholds (used in Minnesota), (2) specific PRA criteria (used in Idaho, Texas, and Region 14 in Florida), and (3) capped statewide limits or local capacity limits (used in Montana, Minnesota, West Virginia, and Region 5 in Florida).
- After the full eligibility process plays out (at the state and then the local level), the estimated numbers of PRA offers made each week are quite low. Only one site has made more than 20 offers, on average, each week.

Making the PRA Offer: What Information Do Individuals Receive?¹

- Across the board, the sites define “the offer” as attendance at a PRA orientation—individual or group. PRA notification and orientation processes are integrated into existing methods of providing reemployment services.
- PRA orientations can address three general topics—general job search information, an overview of One-Stop Center services, and the PRA itself—although most do not cover all three. About half of the observed orientations focused exclusively on the PRA. Regardless of the type of orientation, PRA specific information was covered in an average of about 30 minutes.
- The PRA-specific information provided in orientations varies widely across the sites, specifically in the depth and clarity of how the PRA relates to other One-Stop Center services and the choices potential account holders must make.

¹ Information based on observations of the offer process (e.g. individual or group sessions) in each of the demonstration sites.

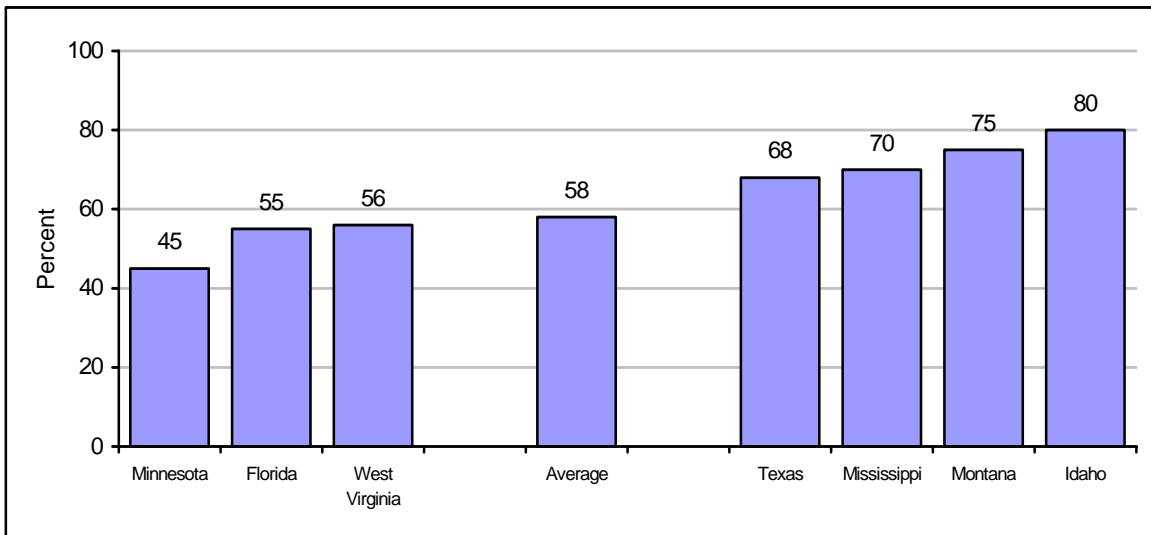
Level of Contact: What Is the Contact Between One-Stop Center Staff and PRA Recipients?

- Initiating contact with One-Stop Center staff is the responsibility of the account holder.
- Contact is limited to the purpose of withdrawing account funds and occurs predominantly via telephone, email, or mail. There is no free access to career counseling and limited face-to-face contact overall.
- The frequency of contact varies by the nature and number of requests; that is, PRA staff have frequent contact with account holders who use the PRA primarily for supportive services and minimal contact with those who pursue the bonus.

Early Customer Responses to the PRAs

- **Acceptance Rates.** The majority of potential account holders did accept the PRA offer in six of the seven demonstration states, but the rate at which they did so varied from state to state (Figure ES.1).

Figure ES.1. PRA Acceptance Rates



Source: Calculations based on state quarterly activity and expenditure reports on the PRA demonstration, as of December 2005.

- **Bonus Receipt.** Early state aggregate data show that the rate of PRA bonus receipt for finding a job (the first 60 percent of the account) ranges from a low of 10 percent in Montana to a high of 39 percent in Florida (Table ES.3).² The early analysis suggests that PRA recipients will restrict spending on services in order to maximize the potential amount of a reemployment bonus. Specifically, the average \$1,616 first bonus payment is based on an account balance of \$2,694, reflecting spending of less than \$310 on services before employment.

Table ES.3. PRA Employment Bonuses, as of December 2005

State	Employment Bonus (First Bonus)			
	Total Number	Receipt Rate	Percentage in High Growth Occupations	Average Amount
Florida	188	39%	44%	\$1,683
Idaho	32	27%	N/A	\$1,608
Minnesota	93	25%	5%	\$1,461
Mississippi	51	27%	78%	\$1,800
Montana	5	10%	0%	\$1,769
Texas	72	19%	21%	\$1,654
West Virginia	67	28%	10%	\$1,458
Total	508	24%	25%	\$1,616

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

N/A = Not available

- **Spending on Services.** (Figure ES.2)
 - PRA recipients in five of the seven demonstration states spent more on supportive services than on any other service.
 - Spending on training makes up the majority of service spending by PRA recipients in two states—Mississippi and West Virginia—and about one-third of service spending in two others—Idaho and Montana.
 - Account holders in six of the seven demonstration states used little if any of their PRA funds to purchase intensive services. Only in Florida have PRA

² The aggregate data underestimate the bonus receipt rate because the qualification period is truncated for the accounts established in the most recent quarter. There were 517 accounts established in the last quarter of 2005, representing 28 percent of all established accounts.

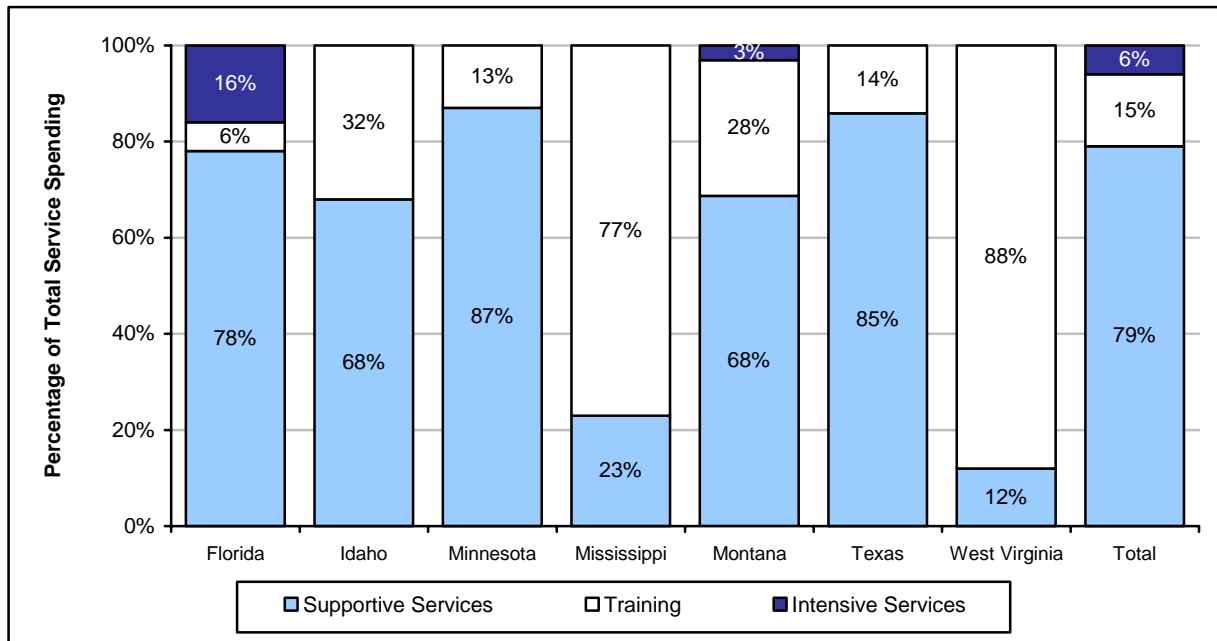
recipients spent at least \$1 of every \$10 spent on services specifically to purchase intensive services.

- Aggregate data from only three states suggest that few account holders use the PRA to purchase services *and* receive a bonus (data not shown).

- **Extent of Use.**

- Limited data from three states indicate that between 52 and 61 percent of account holders had accessed PRA funds for any purpose by the end of 2005.

Figure ES.2. PRA Spending on Services, by Service Type



Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

- The current rate of fund exhaust is low and, at this time, most exhausts are due to services spending. These patterns are likely to change as first bonus recipients begin to qualify for the six-month job retention bonus in early 2006.
- A couple of states have started closing accounts due to nonuse. Specifically, by the end of 2005, nearly one in every four established accounts in West Virginia were closed for lack of use within the first six months (based on the state’s first disbursement policy).

CONSIDERATIONS BASED ON CURRENT KNOWLEDGE

Based on the early experiences of the demonstration states, it is possible to connect back to the intended goals of PRAs—specifically, to provide an incentive for rapid reemployment and to provide job seekers with choice. While variety can produce innovation in a and control over the type of reemployment services they pursue—to examine what the course of implementation so far implies about achieving these goals.

What are the Incentives in PRAs?

The structure of the PRAs contains a number of incentives that may at times, conflict. The bonus provides unrestricted cash for the individual to use as they so desire, but it is taxable income so the effective value of the PRA to bonus recipients is less than the full \$3,000. The breadth of supportive services uses in the majority of the sites essentially gives PRA recipients an additional \$3,000 to spend on important, but everyday expenses such as car repairs, clothing for interviews, tools, etc. If the PRA is perceived to add to liquidity during unemployment through its use on supportive services, it may have the unintended consequence of decreasing the pressure for some recipients to gain employment. And, in contrast to the bonus, recipients can realize the full \$3,000 value of the PRA by purchasing supportive services.

How Much Choice and Flexibility Do PRAs Provide Recipients and How Have Account Holders Responded to this Flexibility?

The implementation experience thus far implies that PRAs do indeed provide a great deal of choice and flexibility in the use of funds, but some implicit and, possibly explicit, factors might be focusing choices into discreet areas. Specifically, PRA recipients tend to focus the use of funds on the bonus payments and/or purchase of supportive services; rarely, do recipients purchase intensive services and, often, the PRA and ITA are seen as different, but not comparable, sources of support for training.

What Has Been Learned About the Mechanics of PRA Implementation?

Beyond the broader questions of meeting the intent of PRAs, come specific considerations about the mechanics of PRA implementation, as highlighted here:

- **Policy Refinement.** While variety can produce innovation in a demonstration, larger-scale implementation of the PRAs specifically or of individually-managed accounts in general, will require specific guidance on program parameters.
- **Administrative and Staffing Structures.** PRA implementation has been a catalyst for increasing communication and coordination across the UI, ES, and WIA domains, but PRAs have not substantially altered approaches to service delivery. This may be different if PRAs, or other forms of individually-managed accounts, are implemented on a larger-scale or for a longer period of time.

- **Administrative Costs.** The demonstration states have struggled to keep administrative costs within budget because the staff time to enroll and manage accounts is much higher than anticipated. As PRAs continue, start-up issues will ease, and better defined policies and implementation practices may well bring administrative costs closer to the intended budget.
- **Account Management.** Account management has its intricacies, both at the local and state level, but there are two key issues for consideration at this time. First, the voluminous supportive service requests experienced by a number of sites has generated interest in setting policies to limit these types of uses of the PRA. Second, the experience of a few states suggests that account inactivity may need attention. Addressing these issues by setting account limits on specific uses and closing inactive accounts early requires tradeoffs with maintaining the flexibility and customer direction in the accounts and a full year of access to the funds.

REMAINING QUESTIONS

This report discusses the details of PRA policy development and implementation and the differences across the participating states and sites, but leaves one with the question of what do these differences matter? And, while the report provides an early analysis of the acceptance rate of PRA offers and uses of funds, there is still much that can be learned about UI recipients' responses to the PRA. An analysis of individual-level data on the use of PRA accounts and on UI receipt and earnings of PRA recipients for the final evaluation report (to be completed in the fall of 2007) will make substantial progress in addressing the questions that remain about PRAs. Nonetheless, future research using experimental methods is necessary to fully explore the effectiveness of PRAs in shortening unemployment spells and decreasing UI receipt, and determining whether PRAs are cost-effective (i.e. they produce UI savings greater than the cost of the accounts and their administration).

CHAPTER I

WHAT ARE PERSONAL REEMPLOYMENT ACCOUNTS?

Personal reemployment accounts (PRAs) are a new strategy intended to help specific recipients of Unemployment Insurance (UI) build job skills and find work. While PRAs themselves are new, they build on strategies already applied to one extent or another in the workforce investment system. By combining two such strategies—individually managed accounts and bonuses for reemployment—PRAs of up to \$3,000 are expected to provide unemployed workers with a great deal of flexibility in devising their own reemployment plan. In 2004, the U.S. Department of Labor’s Employment and Training Administration (ETA) launched the PRA pilot demonstration project as the first step in examining this new strategy. Seven states volunteered to participate in the demonstration: Florida, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia.

Coffey Communications, LLC. and Mathematica Policy Research, Inc. (MPR), under contract to ETA, provided technical assistance to the states in PRA startup and implementation, and are now evaluating PRAs in these states.¹ This interim evaluation report summarizes what is known about PRAs as the demonstration states begin their second year of implementation. Specifically, the report presents findings from a qualitative analysis of the PRA planning process, key implementation decisions, and the states’ early experiences with the PRA as well as some early findings based on aggregate data on how and the extent to which eligible individuals have used PRAs.

The concept of individually managed accounts in the workforce investment system is of continuing and, possibly growing, interest among policymakers. President Bush’s 2007 budget for ETA proposes the consolidation of several job-training funding streams into a single state grant, primarily to provide workers with career advancement accounts (CAAs). Like PRAs, CAAs would be self-managed capped accounts of \$3,000, which are renewable for a total of up to \$6,000 over 2 years. Unlike PRAs, however, CAAs could be used only for education and training and would not include a bonus component. Despite the

¹ Coffey Communications, the prime contractor, is leading the technical assistance to the demonstration states. Mathematica Policy Research is leading the evaluation.

differences between the two accounts, the lessons from the early PRA experience can guide policymakers and program administrators as they consider effective approaches to employment and training policy in general and to the implementation of individually managed accounts in particular.

A. THE EVOLUTION OF PRAS

The concept of reemployment bonuses for UI recipients is not entirely new. Nearly 20 years ago, the first reemployment bonuses were tested in a handful of states. However, the bonuses have neither been broadly accepted nor used primarily because of the lack-luster results from the early models. Experimental studies of reemployment bonuses conducted in Illinois, New Jersey, Washington, and Pennsylvania found that although the bonuses led to reduced UI payments as expected, they were not cost-effective because the reductions in UI payments did not fully offset the costs of paying and administering the bonuses (Decker and O'Leary 1995).

Through PRAs, reemployment bonuses have been retooled in two ways. First, PRAs have a two-tiered bonus structure in which the first, larger payment comes immediately when a worker finds a job within the first 13 weeks of the UI period, while the second, smaller payment comes after six months on the job. In contrast, the earlier reemployment bonuses were one-time payments (which were substantially lower than PRAs) made to UI recipients who reentered the workforce within a prescribed period of time and remained employed for at least four months. Therefore, individuals did not receive any bonus until both the job-entry and the job-retention criteria were met. Second, PRAs are targeted to a specific pool of UI recipients, whereas the earlier bonuses were more widely available. In 1993, each state was required by the federal government to set up the Worker Profiling and Reemployment Services (WPRS) system, which uses a statistical model or characteristic screens to target reemployment services to UI recipients likely to exhaust their benefits.² O'Leary, Decker, and Wandner (2005) determined that using this system to target reemployment bonuses to the same population could produce larger average reductions in UI benefit payments than could nontargeted bonuses, thereby increasing the cost-effectiveness of the bonus offers. To adopt this targeting method, each PRA demonstration state was required to use its WPRS system to identify individuals who are eligible to receive PRA offers.

Yet PRAs are more than reemployment bonuses: funds from the accounts can also be used to pay for services. In this way, they are similar to Individual Training Accounts (ITA) in that they are set aside for use by a specific individual. But PRAs are more flexible than ITAs because they are fully managed by the job seeker, and the funds can be used for a wider array of services from a wider range of providers. ITA funds are restricted specifically

² Refer to Appendix A for an overview of the WPRS system.

to training delivered by a prescribed set of providers,³ but PRAs can be used for any intensive service, training, or supportive service—including Workforce Investment Act (WIA) services—for which the recipient can demonstrate a connection to reemployment. And, the funds can be paid to any provider, including the One-Stop Center itself, other providers within the One-Stop network, or any provider of approved services in the greater community.

So while PRAs expand on the concepts of reemployment bonuses and individual accounts, they are entirely new in bringing the two together. Through PRAs, ETA hopes to tap the benefits associated not only with the incentive unique to the two-tier bonus structure but also with the flexibility of individually managed accounts. In short, PRAs are intended to achieve three goals (ETA 2003): (1) to give job seekers more choice in and control over the type and timing of intensive training and supportive services, (2) to encourage and support rapid return to the labor market, thereby shortening the unemployment spell, and (3) to promote job retention.

B. KEY ELEMENTS OF PRAS

PRAs are lump sum accounts of up to \$3,000 that are fully managed by the unemployed worker and valid for one year (Table I.1). As mentioned, they are targeted to UI recipients who are likely to exhaust their benefits, and recipients can choose how and when to spend funds from their account to purchase reemployment services. Workers may also elect to receive the funds as a bonus for reentering the workforce and keeping a job (i.e., the two-tiered payment structure). Specifically, PRA recipients receive 60 percent of any remaining balance in their PRA when they start a full-time job as long as they do so by the end of the 13th week of UI benefit receipt.⁴ They receive the remaining 40 percent (or the account balance) after six months on the job.⁵ In addition, the account holder can use the PRA to purchase services *and* receive a bonus for timely reemployment; the bonus amount is calculated on remaining funds.

PRAs are offered in addition to regular UI benefits; an individual must be eligible for UI to obtain a PRA, but the acceptance and use of a PRA does not interfere with the receipt of UI benefits. However, eligible individuals who accept the offer of a PRA must forgo free access to WIA intensive services within the One-Stop Center, but can purchase these services at cost. They cannot, however, pursue an ITA for the one-year period for which the PRA is valid.

³ ITA customers are restricted to training choices offered on Eligible Training Provider Lists. These lists include providers and programs that states have certified as meeting acceptable standards for quality and performance.

⁴ The demonstration states set the definitions for full-time employment; it is typically defined as at least 35 hours per week.

⁵ PRA recipients do not have to remain in the same job for six months to qualify for the second bonus. However, they cannot experience a break in employment that lasts longer than one week, and all jobs must be full-time.

Table I.1. Personal Reemployment Account: Key Elements

Amount:	\$3,000 flexible use, capped reemployment account
Time Period:	Valid for one year from date of issue
Participants:	UI recipients identified as likely to exhaust benefits through the state's Worker Profiling and Reemployment Services (WPRS) system
Purpose:	To purchase intensive, training, or supportive services from One-Stop Centers, the marketplace, or both AND/OR To receive bonus payments based on (1) reemployment within 13 weeks of UI receipt (60 percent of account balance) and (2) six-month job retention (40 percent of account balance).
Effect on Other Benefits/Services:	No effect on UI benefits; an additional resource for eligible recipients Prohibits free access to WIA intensive and training services for the one-year life of the PRA

C. THE PRA DEMONSTRATION AND THE EVALUATION DESIGN

In 2004, ETA selected seven states to serve as PRA demonstration pilot sites. These states—Florida, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia—have received a combined total of nearly \$8 million to establish PRAs for a minimum of 2,270 unemployed workers at risk of exhausting their UI benefits (Table I.2). Six of the seven states have implemented PRAs in One-Stop Centers representing specific geographic or workforce development areas. One state—West Virginia—has offered PRAs statewide. The first PRA offers were made by all states from early March through mid-April of 2005.

Implementing PRAs is likely to present federal, state, and local administrators and staff with formidable policy, planning, and operational challenges—if for no reason other than the fact that PRAs are a new, untested strategy. The PRA demonstration period provides a unique opportunity to test this new approach to reemployment in a diverse set of policy and service contexts. The evaluation of the PRA demonstration will document the implementation process and analyze quantitative data on how and the extent to which the accounts are used, and the outcomes for account holders. Ultimately, the goal of the evaluation is to learn how the demonstration experience might be used to refine and broadly replicate PRAs or similar strategies.

The following discussion covers the research questions and the study methodology.

Table I.2. Overview of Seven PRA Demonstration States

State Agency	Regions/ Geographic Areas	Total Funding ^a	Minimum Number of PRA Participants	Implementation Date (Actual PRA Offers Made)
Florida Agency for Workforce Innovation (AWI)	Region 14	\$1,733,325	495	March 14-31 (varies by region)
	Regions 3,4,5 (Consortium of Panhandle counties)			
Idaho Department of Commerce and Labor (IDCL)	Coeur d'Alene One-Stop Center	\$710,736	200	March 7
	Idaho Falls One-Stop Center			
Minnesota Department of Employment & Economic Development (DEED)	Anoka Workforce Center	\$1,209,280	363	March 15
	Dakota Workforce Center			
	Cambridge Workforce Center			
	Mankato Workforce Center			
Mississippi Department of Employment Security (MDES)	Tunica WIN Center	\$778,864	233	March 24
	Gulfport WIN Center			
Montana Department of Labor & Industry (DLI)	Belgrade One-Stop Center	\$557,792	158	April 11
	Butte One-Stop Center			
	Cut Bank One-Stop Center			
	Lewistown One-Stop Center			
Texas Workforce Commission (TWC)	Texoma and Gulf Coast Workforce Development Areas	\$2,207,022	625	April 7
West Virginia Bureau of Employment Programs (BEP)	Statewide	\$683,462	196	March 14
Total	—	\$7,880,480	2,270	—

Source: State PRA plans; funding levels from ETA; and telephone interviews conducted in the spring of 2005.

^aIncludes PY 2004 Wagner-Peyser Reemployment Services (RES) formula allocation plus DOL WIA demonstration funds dollar-for-dollar match up to \$750,000. Refer to Chapter II for further details on funding.

1. Research Questions

The evaluation of the PRA demonstration is guided by the following five research questions:

- How did the state and local demonstration sites plan for, implement, and operate PRAs?
- What is the rate of acceptance of PRA offers among eligible UI claimants, and what factors contribute to their decision to accept the offer?
- To what types of expenditures do recipients direct PRA funds, and what is the average level of per-recipient use of PRA funds?
- What are the patterns of receipt of UI benefits among PRA recipients, and what are their employment outcomes?
- What implementation successes and challenges have the PRA demonstration states experienced, and what do those experiences say about expanding the PRA strategy to other settings?

2. Study Methodology

The pilot demonstration period began in early 2005 when ETA made grants to the seven demonstration states and initial offers were made to eligible individuals. The evaluation period will cover approximately the first two years of implementation. The evaluation involves a qualitative and a quantitative study.

Qualitative Study. The qualitative study involves three stages of data collection. In the first stage, the evaluation team conducted telephone interviews with state-level administrators in each demonstration state to collect information on the planning and early implementation of the PRA. These interviews, completed in the late summer and early fall of 2005, covered site selection, policies that determine the structure and use of the PRA, training for demonstration staff as coordinated by the state, the role of the local Workforce Investment Board (WIB), the degree of local discretion in implementing the demonstration, and the successes, challenges, and lessons learned from the perspective of the state.

The second stage involved a combination of telephone interviews and on-site visits to each demonstration site. Researchers on the evaluation team conducted individual and/or small group interviews with local administrators and staff, observed the PRA offer process (also through group and/or individual meetings), and reviewed data collection and entry procedures. The intent was to observe PRA implementation during a period of “steady-state” operations—at about the point when a site had made PRA offers representing at least 50 percent of its initial target. However, the states and the sites varied widely in terms of the

rate at which PRA offers were made and the offers were accepted, and some sites expected to hit their initial target within four to six months of implementation. Site visits were scheduled such that researchers could observe the PRA offer and entry process as experienced by the majority of eligible individuals (regardless of a site's timing in meeting PRA targets). As a result, researchers visited the Mississippi, Florida, and Minnesota demonstrations in July and August of 2005 to observe the offer process before they met their targets.⁶ Researchers visited Idaho and Texas in the fall of 2005 and in January 2006, in line with the original "steady-state" definition.

The evaluation team, with approval from ETA, opted to conduct evaluation activities with a sample of six local offices over the telephone in West Virginia for two reasons. First, the PRA is highly centralized at the state-level in West Virginia and the role of local staff is solely to conduct the initial orientation. Second, the main advantage to a site visit is the ability to observe the offer process, but the uncertainty of when offers would occur in which office and the possibility that individuals would not attend assigned one-on-one meeting times, made planning an on-site visit difficult and, potentially, ineffective. The telephone route gave researchers the ability to ensure an "observation" for each office, even if it took several attempts. The offices were selected to represent a range in both the total number of PRA offers made and the acceptance rate. First, researchers "observed" the PRA offer/orientation meetings by telephone in each of the six offices in the fall of 2005. Researchers then followed up with telephone interviews of PRA staff representatives in each of these offices to collect information on local implementation.

In Montana, the decision to interview demonstration staff by telephone was tied to the fact that the state significantly changed the structure of its workforce investment system in the fall of 2005, which, in turn, affected PRA implementation. These changes, combined with some initial start-up challenges, delayed the implementation process, and the state was about one-third of the way toward hitting its initial PRA target by the end of December 2005. The structural changes brought a change in the entity and potential method of offering and administering PRAs. Therefore, researchers scheduled the interviews to capture the details of the implementation experience as it had evolved to that point but were unable to observe the offer process. The findings presented for Montana in this report reflect implementation through 2005.

The final stage of data collection for the qualitative study will involve telephone interviews with each demonstration state and site to collect information on their PRA experience after they have been through the full life-cycle of a substantial number of PRAs. The interviews will cover (1) staff perceptions of how PRA funds are used, for what purposes, at what level and of the outcomes for PRA recipients, (2) reasons for PRA

⁶ Researchers visited the Gulfport WIN Center in Mississippi less than one week before Hurricane Katrina hit the Gulf Coast region. This report reflects the findings from that visit. PRA implementation was put on hold indefinitely. While the staff have made every attempt to continue serving open accounts, no new offers have been made since August 2005.

account closures and the process for re-obligating unused balances toward new offers,⁷ (3) significant changes in PRA policy, staffing structure, or implementation procedures since the second stage of data collection, and (4) comprehensive views (state and local level; administrators and staff) of the challenges, successes, and lessons of PRA implementation. These interviews will occur in the summer and fall of 2006.

Quantitative Study. The quantitative study will involve collecting and analyzing aggregate-level and individual-level data, both of which will be used to describe PRA activity and recipient outcomes in the seven demonstration states and to examine any variation in measures across the states. The aggregate-level data analysis focuses on PRA activity and expenditures by state for the initial three quarters of implementation. These data, collected from the required “Quarterly Activity and Expenditure Reports on the PRA Demonstration,” provide some suggestive information in answer to the research questions on acceptance rates and uses of PRAs. The aggregate data, however, are limited because they do not currently reflect the full life-cycle of most of the accounts. In addition, aggregate data cannot be used for certain analyses (such as building a picture of average per-recipient uses of the PRA). Nonetheless, these data can provide some early glimpses into UI recipients’ responses to PRAs.

An analysis of individual-level PRA and UI data will enrich the understanding of the use of and the outcomes associated with PRAs in each demonstration state.⁸ By looking at these data in the context of data from the qualitative study, the evaluation will be able to compose a picture of how the structure and implementation of PRAs, and the service environment in both the One-Stop Center and the broader community may influence recipients’ choices and preferences regarding the acceptance and use of PRAs. The individual-level data will be collected and analyzed once, in the spring of 2007, in preparation for the final report on the PRA demonstration.

⁷ ETA expects each state to use its full demonstration grant. To meet this expectation, states will need to establish additional PRAs beyond initial targets if some accounts are not used in full.

⁸ A further discussion of the questions that the individual-level data analysis will address is included in the final chapter of this report.

CHAPTER II

CREATING THE IMPLEMENTATION FRAMEWORK

To fully understand how PRAs are implemented and used, it is first necessary to understand the planning and the decisions that created the implementation framework. While PRAs are a new strategy, they are intended to fit into and make use of existing operational and staffing structures in the workforce investment system. Nonetheless, administering PRAs requires better coordination between the UI, Employment Services (ES), and WIA systems at both the state and local level. For example, the funding for PRAs comes from ES dollars, eligibility for PRAs is determined through the WPRS model that is managed by UI and ES, and offers are made and accounts managed by a combination of staff in local One-Stop Centers.

This chapter discusses the framework that was created in each of the demonstration states to launch PRAs and how it came to be through funding sources, site selection, state and local planning processes, and ultimately administration.

A. PRA FUNDING: WHERE DOES IT COME FROM?

The PRA demonstration is funded exclusively by federal dollars from two sources. First, Program Year (PY) 2004 Wagner-Peyser Reemployment Services (RES) formula allocations for each participating state were converted to demonstration grants for the purpose of PRA implementation and testing. Second, the U.S. Department of Labor (DOL) matched each participating state's RES allocation with WIA demonstration funds dollar-for-dollar up to a total of \$750,000 (Table II.1). DOL set aside funding to support the demonstration in up to nine states. Seven states asked to redirect their RES allocation toward the PRA demonstration. In total, funding for the PRA demonstration in the seven participating states is just under \$8 million, nearly \$7 million of which will be used directly for customer accounts. Administrative costs in each participating state amount to 15 percent or less of total PRA demonstration dollars.

Table II.1. PRA Demonstration Funding by Participating State (in Dollars)

State	2004 RES Formula Allocation	Federal Match from WIA Demonstration Funds	Total PRA Demonstration Funding	PRA Administrative Costs	PRA Offers
Florida	\$983,324	\$750,000	\$1,733,324	\$248,324	\$1,485,000
Idaho	355,368	355,368	710,736	110,736	600,000
Minnesota	604,640	604,640	1,209,280	120,280	1,089,000
Mississippi	389,432	389,432	778,864	79,864	699,000
Montana	278,896	278,896	557,792	83,792	474,000
Texas	1,457,022	750,000	2,207,022	332,022	1,875,000
West Virginia	341,731	341,731	683,462	95,462	588,000
Total	4,410,413	3,470,067	7,880,480	1,070,480	6,810,000

Source: Employment and Training Administration, U.S. Department of Labor; administrative and offer costs calculated by MPR based on the target number of PRA accounts for each state.

B. STATE AND LOCAL SITE SELECTION: WHERE ARE PRAS OFFERED AND WHY?

Pilot and demonstration projects are both ambitious and challenging, and to accommodate even relatively small-scale initiatives like the PRA demonstration, states must make at least some adjustments to their standard policies and operating procedures. Fortunately, there are states, like those that responded to ETA's invitation to participate in the PRA demonstration, that are both motivated by the desire to improve services and willing to try something new. Workforce administrators in these states knew that they would stumble at points along the way, but they said they preferred to be leading the development, testing, and refining of new strategies to improve reemployment services rather than catching up if a new direction is set. Administrators and staff in the PRA demonstration states believe in their ability to contribute to the service delivery system by impartially testing this new strategy and in doing so, uncovering the aspects of PRAs that seem to work well, those that present problems, and those that could be improved with further refinement.

The selection of sites in which to implement PRAs took different courses in the demonstration states, and was decided by either state workforce administrators, local workforce investment boards (WIBs), or simply by limited choice. In five of the states, site selection was largely determined, or at least heavily influenced, by the state workforce agency. For instance, West Virginia implemented PRAs statewide, relying heavily on central administration within the Bureau of Employment Programs (BEP). BEP staff made this choice because they believed that offering PRAs in just a few areas of their very diverse state would not provide an accurate and comprehensive picture of the initiative. In Idaho, Minnesota, and Mississippi, state workforce administrators essentially selected the sites and then approached the local boards and/or One-Stop Centers to gauge their willingness to participate. The selections were made with an eye toward developing a mix of economic

conditions (high and low unemployment rates) and of metropolitan and rural areas. These states also looked for similarities in selecting sites, such as the presence of One-Stop Centers with highly integrated structures (Idaho), one main contractor that would ease administration (Minnesota), or centers with newer facilities and a wide range of resources (Mississippi).

In Texas, the site selection process was also directed at the state level—by the Texas Workforce Commission. Given the size and diversity of the state, the commission examined specific data elements to help narrow down the choices of implementation sites. The Gulf Coast and Texoma workforce development areas were determined to offer the best opportunity to test PRAs through an assessment of four factors: (1) the “entered employment” measure for dislocated workers that served as a proxy for the vitality of the local economy, (2) the UI exhaustion rate, which would identify areas with the greatest need for enhanced reemployment services, (3) average rate of referrals to WIA core services as a proxy for utilization of WIA core services (as well as an indicator of data collection capacity for the evaluation), and (4) high numbers of Trade Adjustment Assistance (TAA) customers who would be ineligible for PRA.

Florida is the only state in which site selection happened from the bottom up. Local flexibility and control is paramount in Florida’s workforce investment system; the state role is limited to oversight of federal requirements. For this reason, the state workforce agency—the Agency for Workforce Innovation (AWI)—released a request-for-proposals to which local boards interested in participating in the demonstration could respond. AWI accepted the proposals of Region 14 and of the Panhandle consortium of Regions 3, 4, and 5.¹

The PRA participating sites in Montana were selected more by default than by design. The state has only four certified One-Stop Centers, and in order to reach the targeted number of PRAs offered to profiled UI claimants, all four centers needed to be involved in the demonstration. The original intent of Montana’s workforce agency—the Department of Labor and Industry—was to offer PRAs out of the five Job Service Workforce Centers that serve the areas with the highest unemployment rates in the state. However, these centers are not certified One-Stop Centers and therefore could not, according to federal guidelines, administer PRAs.²

Regardless of the method of selection, the PRA sites in each state ultimately seem to represent a range of economic conditions and a mix of metropolitan and rural areas (Table II.2). Because of this diversity, the PRA experience can provide widely applicable lessons on this new strategy.

¹ The five Panhandle regions often form consortiums for various opportunities because as a small, predominantly rural part of Florida, the local boards found that they could efficiently provide expanded opportunities to customers in the workforce system through cooperation. Only three of the five regions were interested in participating in the PRA demonstration.

² This situation highlights the challenges presented when ES Job Service centers exist alongside WIA-funded One-Stop Centers.

Table II.2. Participating Local Sites in the PRA Demonstration, by State

State	Participating Site	Number of Participating One-Stops	Service Area	Estimated Unemployment Rate (at time of site visit) ^a	Type of Area ^b
Florida	Region 3	2 full; 1 satellite	5 counties: Calhoun, Holmes, Liberty, Jackson, Washington	4.6% (July 2005)	Rural
	Region 4	1	3 counties: Bay, Gulf, Franklin	4.0% (July 2005)	Rural
	Region 5	3, but 1 administering	3 counties: Leon, Gadsden, Wakulla	2.9 – 4.2% across the counties (July 2005)	Metro
	Region 14	2, but 1 administering	1 county: Pinellas	3.6% (Oct. 2005)	Metro
Idaho	Coeur d'Alene One-Stop Center	1	5 counties: Benewah, Bonner, Boundary, Kootenai, Shoshone	3.7% (Nov. 2005)	Small city
	Idaho Falls One-Stop Center	1	9 counties: Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, Teton	2.3% (Nov. 2005)	Metro
Minnesota	Anoka Workforce Center	1	1 county: Anoka	3.3% (Aug. 2005)	Metro
	Dakota Workforce Center	1	1 county: Dakota	3.0% (Aug. 2005)	Metro
	Cambridge Workforce Center	1	5 counties: Chicago, Isanti, Kanabec, Mille Lac, Pine	4.0% (Aug. 2005)	Mixed
	Mankato Workforce Center	1	5 counties: Blue Earth, Waseca, LeSueur, Nicollet, and parts of Watonwan	3.2% (Aug. 2005)	Rural
Mississippi	Gulfport WIN Center	1	3 counties: Hancock, Stone, parts of Harrison	6.5% (Aug. 2005)	Metro
	Tunica WIN Center	1 satellite office	1 county: Tunica	8.1% (Nov. 2005)	Rural
Montana	Belgrade One-Stop Center	1	Bozeman Job Service Area ^c	2.4% (Sept. 2005)	Small city
	Butte One-Stop Center	1	Butte Job Service Area ^c	4.2% (Sept. 2005)	Small city
	Cut Bank One-Stop Center	1	Cut Bank Job Service Area ^c	7.9% (Sept. 2005)	Rural
	Lewistown One-Stop Center	1	Lewiston Job Service Area ^c	4.1% (Sept. 2005)	Rural
Texas	Texoma Workforce Development Area	1 full, 2 satellites	3 counties: Cooke, Fannin, Grayson	4.5% (Dec. 2005)	Small city
	Specific One-Stop Centers in the Gulf Coast Workforce Development Area	9	Parts of Harris County	5.4% (Dec. 2005)	Metro
West Virginia	Statewide	20	Entire state	5.5% (Aug. 2005)	Mixed

Source: Site visits and interviews conducted July 2005 through January 2006.

^aAs reported by local workforce administrators at the time of interviews.

^bAny city with a population over 50,000 according to 2000 U.S. Census Bureau statistics is classified as metro.

^cJob service areas are smaller than the full-service areas of the One-Stop Centers and cover areas ranging from about two to four counties.

C. PRA PLANNING: WHO MADE THE DECISIONS?

The approach to site selection is indicative of the level at which most PRA planning occurred in each demonstration state. For example, the state workforce agencies in Idaho, Minnesota, Mississippi, and West Virginia that made the site selection decisions also led the planning efforts, set policies, and developed many of the operating procedures now in place in the participating local sites (Table II.3). In these states, planning committees that ranged in size from a handful of staff up to about 15 members reviewed the federal guidance and formulated the state PRA plan. These committees were made up of state agency employees with collective expertise in UI, ES, WIA, and management information system. Local boards were involved to the extent that their review and approval was needed. And although the state agency in charge solicited local input from One-Stop Center supervisory and front-line staff on policies, forms, and procedures in the early planning stages, all key policy and procedural decisions were ultimately defined by the state agency to promote uniformity across the local sites.

Table II.3. State and Local Roles in Creating the PRA Framework

State	Site Selection	Planning	Policy-Setting	Operating Procedures	Staff Training
Idaho	S	S	S	S	S
Florida	S/L	S/L	S/L	L	L
Minnesota	S	S	S	S	S
Mississippi	S	S	S	S/L	S
Montana	NA ^a	S	S	L	L
Texas	S	S/L	S	L	L
West Virginia	S	S	S	S	S

Source: Site visits and interviews conducted July 2005 through January 2006.

NA = not applicable.

S = state; L = local.

^aAll four One-Stop Centers in Montana are participating in the PRA demonstration by default (refer to text for further discussion).

Because decision-making was centralized in the state workforce agencies in Idaho, Minnesota, Mississippi, and West Virginia, these agencies also coordinated the training sessions that would prepare local staff for PRA implementation. In three of the states, all local staff responsible for PRA implementation were brought together for half or full-day training sessions either in the state offices (Idaho and Minnesota) or in a central location (West Virginia) just prior to implementation. During these training sessions, state staff presented an overview of PRA policy, described eligibility and account management procedures, reviewed PRA request and tracking forms, discussed the content of orientation sessions for potential account holders, and reviewed data entry and collection procedures.

Although Mississippi state staff facilitated a similar kind of training, the sessions were held separately—on-site in each of the two participating One-Stop Centers. In all four states, training went beyond the initial session to follow-up group meetings, on-site visits, or ongoing conference calls between state and local staff.

At the other end of the spectrum is Florida, where local discretion in the planning and administration of workforce development programs is the norm. Local boards formulated their policies, procedures, and approaches to PRA implementation as part of the RFP process. The state workforce agency ensured that PRA policy was consistent across sites in the areas required by federal guidance (e.g. PRA amounts and bonus caps) and necessarily plays an ongoing coordinating and oversight role in PRA administration. But outside of these limited responsibilities, the local boards and/or One-Stop Center operators have full control of PRA details.

Texas is similar to Florida in that local workforce boards had a good deal of discretion in the planning of PRAs. But in Texas, policy is set largely at the state level, while procedures are developed predominantly at the local level. For example, a large planning committee in the state workforce agency set PRA eligibility criteria and bonus levels; but local boards determined the payment procedures, defined the scope of supportive services, and developed orientation materials that are congruent with both PRA goals and the local workforce area’s “market identity.”

While Montana was planning for its PRAs, it had a unique experience that is reflective of the divisions between its ES and WIA service delivery structures. ES staff throughout the state’s 23 Job Service Workforce Centers provide employment services to targeted populations, including profiled UI claimants. Because Montana’s population is relatively small despite its geographic expanse, there are only two “local” boards in the state. And for a variety of reasons, there are just four One-Stop Centers, only three of which house both ES and WIA staff.³ State workforce agency administrators initially believed that they could implement the PRA demonstration out of the Job Service Workforce Centers but learned during the planning process that PRAs had to be offered in connection with the local boards and One-Stop Centers. Because this shift occurred mid-stream, the state workforce agency had already developed the PRA policy framework without input from the local boards. The agency completed the planning process with the submission of the state plan to ETA and handed the actual administration of the PRAs over to the Montana Job Training Partnership, the administrative entity for the local boards. As a result, most front-end policy-setting occurred at the state level, while the back-end procedural details were largely set at the local level.

³ The Belgrade One-Stop Center and the Bozeman Job Service Workforce Center are partnered together, but are not co-located.

D. PRA ADMINISTRATION: WHAT ENTITIES AND STAFF ARE INVOLVED?

PRAAs have not significantly altered staffing or service delivery structures within the participating One-Stop Centers. With the exception of Montana, none of the states or participating sites had any difficulty determining which entities would administer PRAAs at the local level or how the demonstration would be staffed.

In four of the seven demonstration states, the state workforce agency has a significant role (beyond oversight) in administering the One-Stop system as a whole, either as the actual WIA entity in the state (responsible for disbursing WIA funds to local areas) or as the contracted WIA provider and/or One-Stop Center operator. In Idaho and Mississippi, the state workforce agencies administer WIA funds from the state level and operate all the One-Stop Centers (Table II.4). With the exception of partner agency staff, all front-line staff in the One-Stop Centers in these two states are employees of the state workforce agency. In Minnesota and West Virginia, state employees—predominantly UI and ES staff—have a large presence in the One-Stop Centers, and the state workforce agency is often the One-Stop Center operator.

In all four of these states, the PRA demonstration is administered centrally by the state workforce agency, and the state agency serves as the fiscal agent for all PRA disbursements. PRA responsibilities were generally added to or replaced the responsibilities of staff who already managed the process for selecting and notifying profiled UI recipients to receive reemployment services (the “call-in” process), conducted orientations, and provided services for profiled UI claimants. In other words, PRA staff in these four states are state employees—a mix of UI- and ES-funded positions in Idaho, Minnesota, and West Virginia and a mix of ES- and WIA-funded positions in Mississippi.

The local boards in Florida and Texas that played a significant role in PRA planning also factor largely into the ongoing oversight and administration of PRAAs. In the three-region consortium in Florida and in the two workforce development areas in Texas, the local boards serve as the fiscal agent for PRAAs. While the One-Stop Center operator serves as the PRA fiscal agent in Region 14 in Florida, the local board continues to be involved in program oversight and often serves as the liaison to state and federal agencies. In these four areas, local boards are prohibited from directly running programs, so most front-line PRA staff are employees of the contracted One-Stop Center operator. However, as in the states in which PRAAs are centrally administered, the PRA staff in these areas are the same people who are also responsible for UI profiled claimants. In the Florida regions, staff who conduct the PRA orientations tend to be ES-funded state employees, while those who serve as liaisons to PRA recipients are contractor staff (funded by WIA and/or the PRA grant).⁴

⁴ In Florida, all funding for federal employment and training programs flows to the local boards and staff are completely consolidated at the local level. ES staff must remain state employees, as required by law, but the Florida model is to give local boards full authority and oversight over their work.

Table II.4. Administration and Staffing for PRA, By Participating Site

One-Stop System Administration		PRA Administration and Staffing					Approximate Total FTEs for PRA
Local WIA Dislocated Worker Provider	One-Stop Operator	Fiscal Agent	PRA Role (number of staff)	Funding Connection	Employer		
Region 3, Florida							
Goodwill Industries (1 center)	Goodwill Industries (1 center)	Region 5 Board (Region 3 Board provides direct oversight)	Call-in and orientation (1)	ES	Florida Agency for Workforce Innovation (AWI)	.05	
Washington County School Board (1 center)	Washington County School Board (1 center)		Account management (2)	WIA	Goodwill Industries or County School Board	.20	
Region 4, Florida							
Gulf Coast Community College	Gulf Coast Community College	Region 5 Board (Region 4 Board provides direct oversight)	Call-in, orientation, account management (1)	ES	AWI	.10	
Region 5, Florida							
ACS	ACS	Region 5 Board	Call-in, account management (1)	WIA/PRA	ACS	.50	
			Orientation (1)	WIA/PRA	ACS	.20	
Region 14, Florida							
Goodwill Industries	Goodwill Industries and St. Petersburg College	Goodwill Industries (Region 14 Board provides oversight)	General orientation (1)	ES	AWI	.05	
			Call-in, PRA orientation, limited account management (1)	PRA	Goodwill Industries	.25	
			Account management (1)	WIA/PRA	Goodwill Industries	.50	

Table II.4 (continued)

One-Stop System Administration		PRA Administration and Staffing				
Local WIA Dislocated Worker Provider	One-Stop Operator	Fiscal Agent	PRA Role (number of staff)	Funding Connection	Employer	Approximate Total FTEs for PRA
Coeur d'Alene, Idaho						
Idaho Department of Commerce and Labor (IDCL)	IDCL	IDCL	Call-in, orientation, and account management (3)	UI, ES	IDCL	.50-.75
Idaho Falls, Idaho						
IDCL	IDCL	IDCL	Call-in, orientation, and account management (1) Orientation, and account management (3)	UI, ES	IDCL	.15 .30
Anoka, Minnesota						
County	Management team of county, Minnesota Department of Employment and Economic Development (DEED), and other key partners	DEED	Call-in and orientation (1) Account management (1)	UI ES	DEED DEED	.05 .30
Dakota, Minnesota						
Hired (local non-profit)	Management team of county, DEED, and other key partners	DEED	Call-in and orientation (1) Account management (2)	UI ES	DEED DEED	.05 .60
Cambridge, Minnesota						
Central Minnesota Jobs and Training Services	Workforce Investment Board (WIB) ^a	DEED	Call-in, orientation, and account management (1)	UI	DEED	.15

Table II.4 (continued)

One-Stop System Administration		PRA Administration and Staffing				
Local WIA Dislocated Worker Provider	One-Stop Operator	Fiscal Agent	PRA Role (number of staff)	Funding Connection	Employer	Approximate Total FTEs for PRA
Mankato, Minnesota						
Minnesota Valley Action Council	DEED	DEED	Call-in and orientation (1)	UI	DEED	.05
			Account management (1)	ES	DEED	.10
Gulfport, Mississippi						
Mississippi Department of Employment Security (MDES)	MDES	MDES	Call-in, orientation, and account management (1)	ES	MDES	.80
			Account management (1)	WIA, ES	MDES	.30
Tunica, Mississippi						
MDES	MDES	MDES	Call-in, orientation, and account management (1)	WIA, ES	MDES	.30
Montana						
AFL-CIO Project Challenge ²	AFL-CIO Project Challenge (Cut Bank)	Montana Job Training Partnership (MJTP) ^c	Call-in, orientation, and account management (4)	WIA	MJTP	1.00
	Human Resource Development Council (Belgrade)					
	Consortia of partner agencies (Butte)					
	Human Resource Development Council (Lewistown)					

Table II.4 (continued)

One-Stop System Administration		PRA Administration and Staffing				
Local WIA Dislocated Worker Provider	One-Stop Operator	Fiscal Agent	PRA Role (number of staff)	Funding Connection	Employer	Approximate Total FTEs for PRA
Gulf Coast, Texas						
Interfaith of the Woodlands	Interfaith of the Woodlands	Gulf Coast WIB	Call-in, orientation, and account management (4)	WIA	Interfaith of the Woodlands	.40
			Call-in and orientation (1)	WIA	Interfaith of the Woodlands	.20
			Account management (1)	PRA	Interfaith of the Woodlands	1.00
Texoma, Texas						
Professional Employer Organization (PEO)	PEO	Texoma WIB	Call-in and account management (1)	Mixed through PEO	PEO	.80
			Orientation (1)	Mixed through PEO	PEO	.02
West Virginia						
WORKFORCE WEST VIRGINIA/ Bureau of Employment Programs (BEP) in 4 WIA Regions; Consortia of mandated partners in 3 WIA Regions		BEP	Call-in and account management (1 state coordinator)	General pool	BEP	.60
			Orientation (20, 1 per One-Stop Center)	ES	BEP	.20 in larger offices; .05-.10 in others

Source: Site visits and interviews conducted July 2005 through January 2006.

^aMinnesota has received a federal waiver from the U.S. Department of Labor that allows local workforce investment boards (WIBs) to directly administer programs.

^bAFL-CIO Project Challenge administers the WIA dislocated worker program throughout the state of Montana.

^cMontana Job Training Partnership was the administrative entity for the two local workforce investment boards in Montana at the time of data collection.

Had the Montana PRA demonstration been implemented as intended, it would have been administered centrally—i.e., at the state level. The state workforce agency had planned to use ES staff to offer and manage PRAs within the state-administered Job Service Workforce Centers. But because federal requirements stated that PRAs were to be administered within the One-Stop system, the administrative function shifted from the state workforce agency to the Montana Job Training Partnership (MJTP), the administrative entity for the two local boards.⁵ MJTP became the fiscal agent for PRA, and MJTP staff conducted PRA orientations and managed accounts. As of January 1, 2006, however, the state became a “Single Service Planning State.” Under this structure, the state Workforce Investment Board directly oversees the workforce investment system, the two local boards were eliminated. Also as of 2006, the Montana Department of Labor and Industry (DLI) assumed administrative responsibility for PRAs and became the fiscal agent as well. As of this writing, state ES employees were about to assume front-line responsibility for making PRA offers and managing accounts in the same One-Stop Center locations.

The results of the high level of integration of PRA responsibilities into existing staffing structures across the sites is that, (1) PRAs are often implemented by highly experienced staff, and (2) most sites do not have a position dedicated solely to PRAs. In nearly every site, the staff responsible for implementing PRAs are well-experienced, many of whom have 10 to 20 years of employment within the workforce investment system. Only one site (Region 5 in Florida) made a new staff hire to implement PRAs because administrators believed that a person not previously employed within the One-Stop Center would bring a fresh perspective without any bias to the initiative. Even in this site, however, the staff person combines PRA with other responsibilities. Only in the Gulf Coast area of Texas is one staff person dedicated to PRA full-time.

Very few of the sites estimate that more than a total of one full-time-equivalent (FTE) of staff time is used to operate the customer-side of PRAs—managing the call-in process, conducting orientations, and managing accounts as the customer liaison (Table II.4). However, what is not shown on Table II.4 is the time that supervisory, finance, and data management staff work on PRAs. This time can be significant, particularly in the sites with a high volume of accounts and/or a high volume of disbursement requests.⁶

Despite the variation in the particular PRA administrative and staffing arrangements, all state and local staff agreed that they have worked well together and communicated often to formulate the details of PRA implementation.

⁵ The Employment and Training Administration assumes that all ES functions are integrated into One-Stop Centers.

⁶ Staffing challenges are discussed in more detail in Chapter VI.

CHAPTER III

STRUCTURE OF PRAS

Federal guidance developed by ETA provides the basic framework on which PRAs must be built. However, there are a number of opportunities for the demonstration states to tailor the PRA structure according to their workforce investment systems. In general, the demonstration states have adopted the PRA structure as set by federal policy with few adaptations: all of the states set the PRA amount at \$3,000; the majority of the states use the bonus ceiling of \$3,000 without tiering based on the timing of employment entry; and the majority has also adopted limited to no restrictions on the uses of PRA funds. Nonetheless, there is some state-to-state variation in PRA policy and structure that may affect staff practices and customer responses to the initiative. This chapter discusses the policies and procedures that govern (1) the PRA amount, (2) the bonus payments, (3) services uses of PRA funds, and (4) account management practices.

A. PRA AMOUNT

Although ETA set the ceiling for PRAs at \$3,000, it allowed states to lower that ceiling as long as the amount was consistent across the state. Without exception, the seven demonstration states followed the federal guidance, setting the ceiling at \$3,000 (Table III.1). That amount determines the minimum number of accounts that can be established and therefore the number of unemployed workers who can be served. A lower ceiling would allow a state to spread its PRA funds over a larger number of unemployed workers. But the benefits of such a strategy are unclear for two reasons.

First, the PRA ceiling also sets the maximum amount upon which the bonus payments are calculated. Decker and Perez-Johnson (2004) predicted that the higher the total PRA amount and, in turn, the potential bonus payments, the larger the impacts on employment and UI receipt. Specifically, they predicted that a \$3,000 total PRA amount would generate a reduction of 1.66 weeks in UI benefit receipt per PRA recipient. This predicted reduction is larger than what was found by previous bonus demonstrations (ranging from -.26 weeks to -.82 weeks per bonus offeree) because of the more generous PRA bonus amount and the targeting of the PRA bonus to individuals most likely to exhaust UI benefits. A lower PRA ceiling would not reduce the number of weeks of UI benefit receipt per PRA recipient by as much because of the reduced financial incentive, but it would allow more UI recipients to

Table III.1. PRA Amount

Decisions and Final Policy	
Decisions	Level
Maximum cap	Federal (\$3,000)
Amount lower than cap	State
Policy Development, by States	
All seven demonstration states selected the federal cap of \$3,000	

Source: Site visits and interviews conducted July 2005 through January 2006.

receive a PRA and could therefore have UI impacts over a larger group. The aggregate effect of the lower PRA ceiling could potentially, but not definitively, prove to be more cost-effective.

Second, individual preferences that would guide the use of the PRA between bonuses and services are unknown. As a bonus, the \$3,000 amount is typically viewed as generous, but for covering training, it is seen as being low (as compared with ITAs, for example),¹ so this “middle-of-the-road” amount, which maximizes both the financial incentive and the resources for services and training, could have been attractive, or at least reasonable, to the states.

Ultimately, administrators in the demonstration states were satisfied with the proposed \$3,000 amount and seemed to give little consideration to any alternative ceiling for account levels.

B. BONUS PAYMENTS

Federal policy is most prescriptive in the area of bonus payments. The non-negotiable structure of the bonuses defines the first bonus—the employment entry bonus—as 60 percent of the state-defined cap or of the remaining account balance at the time of employment, whichever is less; the second bonus—the employment retention bonus—is 40 percent of the same. Federal policy also sets the parameters for bonus qualification (Table III.2). To qualify for the employment entry bonus, a PRA recipient must obtain full-time, permanent employment by the 13th compensable UI week but not in his or her original job with the same employer. Full-time is defined in federal policy as 35 hours of work per week. If states have already defined full-time work differently, they can use that definition as long as it does not fall below 30 hours per week. All the demonstration states, with one exception, use the 35-hour per week definition in determining bonus eligibility. Montana uses its existing definition of 32 hours per week to determine eligibility for the PRA bonus.

¹ A recent GAO report (2005) finds that eight percent of local boards set an ITA cap of less than \$3,000.

Table III.2. Bonus Payments

Decisions and Final Policy		
Decisions	Level	
Payment structure	Federal (60/40 split)	
Bonus qualifications	Federal	
Maximum cap	Federal (\$3,000)	
Amount lower than cap and/or tiered schedule	State	
Policy Development, by States		
	Employment by UI Week	Bonus cap
Florida Mississippi Montana West Virginia	13	\$3,000
Idaho	8 9-13	\$3,000 \$2,000
Texas	10 11-13	\$3,000 \$2,000
Minnesota	Varies by PRA recipient based on UI weekly benefit amount	

Source: Site visits and interviews conducted July 2005 through January 2006.

Only recipients who receive the reemployment bonus are eligible for the retention bonus. Once recipients receive the first bonus, the funds in their PRA account are frozen until such time as (1) they qualify for the second bonus, or (2) they lose their job and need to access PRA funds to support a new job search. To qualify for the second bonus, a PRA recipient must have a full-time permanent job for six consecutive months or 24 weeks. The job does not have to be with the same employer, but it cannot be interrupted for more than one week. If recipients do not qualify for the second bonus, they can access PRA funds to support another job search only if they did not lose the job through any fault of their own.

Within this payment framework, the demonstration states may still set the cap on which bonuses are calculated at less than the full account of \$3,000 and may vary the timing of employment entry through which an individual qualifies for the first bonus. Four of the seven states—Florida, Mississippi, Montana, and West Virginia—adopted the federally set maximum bonus and timing wholesale (Table III.2). In these states, PRA recipients employed in full-time, permanent positions by the end of the 13th UI week are eligible for a maximum reemployment bonus of \$1,800; after six-months of continuous employment, the same recipients are eligible for a maximum employment retention bonus of \$1,200.

Two demonstration states were interested in providing a stronger financial incentive as motivation for earlier reemployment. In Idaho, administrators in the state workforce agency set a \$3,000 cap on calculating bonus amounts based on reemployment by the end of the 8th

compensable UI week and a \$2,000 cap for reemployment in the 9th through 13th weeks. The concept is similar in Texas, but starting points for reemployment are slightly different. In Texas, maximum bonuses based on the \$3,000 total are available to PRA recipients who are reemployed by the end of the 10th UI week, reflecting the desire of state administrators to be consistent with the state's performance measure that is used to assess the percentage of all initial UI claimants who are placed in employment within 10 weeks. A lower \$2,000 cap for bonus calculations is set for PRA recipients who become employed in the 11th through the 13th weeks.

Minnesota state workforce administrators also had an interest in varying bonus amounts in order to reward earlier reemployment but they were concerned about possible unintended consequences of the bonuses. Specifically, the administrators wanted to avoid a bonus that, in being generous, would lead some PRA recipients to accepting a job that they may not have otherwise taken—for example, a lower-wage position or one that would be unstable over the long-term. To resolve the trade-off, Minnesota developed a sliding scale for the PRA bonuses that is based on the timing of employment entry and an individual's UI weekly benefit amount (WBA). The bonus cap is determined for each individual so that total PRA bonus amounts in combination with UI benefits received up until the time of employment do not exceed 80 percent of the individual's maximum eligible UI benefit. The caps were intended to align the bonus amounts with prior income and lifestyle.

Minnesota administrators also believed that this strategy would demonstrate that PRAs could be funded, at least in part, by UI savings because individual who receive the PRA bonuses would always cost the state less than if they received a full 26 weeks of UI benefits.² For example, an individual with a \$400 weekly benefit amount and 26 weeks of UI eligibility has a bonus cap of \$3,000 at any time of reemployment up to the 13th week because UI benefits already received in any given week plus this amount will never exceed 80 percent of the individual's maximum UI benefits of \$8,320. For an individual with a \$200 weekly benefit amount, the bonus cap is set below \$3,000 by the 6th compensable UI week because by this time, the individual would have already received \$1,200 in UI benefits, and the full \$3,000 in bonuses would exceed by \$40 the total of \$4,160 determined by 80 percent of their maximum allowable UI benefits (Table III.3). The PRA bonus cap would drop by \$200 in each subsequent week to offset UI benefits received.

The tiered approach to setting bonus caps is probably most effective in the early weeks of UI receipt, when the total bonus amount is equivalent to the total PRA amount, but this approach may not work as intended once the bonus cap falls below the total PRA amount. Because the PRA includes both the bonus receipt and service-purchase options, the relationship between the total PRA amount and the bonus caps can shift incentives over the

² This strategy assumes that most PRA recipients would have received the full 26 weeks of UI benefits without the PRA bonus offer. There is no current information, beyond predictions, about the extent of the impact of the PRA on employment and UI receipt.

Table III.3. Minnesota’s PRA Bonus Caps for a 26-Week Claim with a \$200 Weekly Benefit Amount (\$4,160 = 80 percent of \$5,200 Maximum Eligible UI Benefit)

UI Compensable Week	UI Benefits Already Received	PRA Bonus Cap	Total UI + PRA
1	\$200	\$3,000	\$3,200
2	\$400	\$3,000	\$3,400
3	\$600	\$3,000	\$3,600
4	\$800	\$3,000	\$3,800
5	\$1,000	\$3,000	\$4,000
6	\$1,200	\$2,960	\$4,160
7	\$1,400	\$2,760	\$4,160
8	\$1,600	\$2,560	\$4,160
9	\$1,800	\$2,360	\$4,160
10	\$2,000	\$2,160	\$4,160
11	\$2,200	\$1,960	\$4,160
12	\$2,400	\$1,760	\$4,160
13	\$2,600	\$1,560	\$4,160

Source: Calculations by MPR based on Minnesota’s bonus schedule.

course of the PRA. A tiered bonus strategy could, indeed, motivate recipients to look for work aggressively in the early weeks of UI receipt in order to qualify for the highest possible bonus. But once they pass the qualifying period for that bonus, the financial incentives change. A bonus cap that is lower than the full PRA amount effectively lowers the total amount of the PRA for individuals who continue to seek the bonus;³ recipients will have the full PRA amount of \$3,000 at their disposal only if they do not find work by the 13th week (or, in other words, if they do not claim the bonus). The bonus incentive could lose some or all of its appeal from a financial perspective at this point, steering recipients toward using the PRA for services or training instead of encouraging them to search for work. To the extent that states want to maintain the full potency of bonus incentives, a tiered bonus strategy could be paired with tiered PRA account levels so that the bonus cap and the total PRA amount remain equal even as they decline.

³ Once a recipient receives the first employment bonus, PRA funds are “frozen” and are reserved solely for the use of the second (retention) bonus. These funds can be used for purposes other than the retention bonus only when a recipient loses the initial job and needs to use PRA funds to pursue another.

C. SERVICE USES OF PRA FUNDS: TRAINING, INTENSIVE, SUPPORTIVE

Federal policy on the use of PRA funds is intentionally broad in order to promote individual choice and flexibility in creating and following a reemployment plan. As with all job-seekers, PRA recipients are encouraged to fully utilize free, core services available within the One-Stop Centers—e.g. use of computers and other equipment and reference materials available in resource rooms, reviewing job listings, etc—to assist them in their job search. Unlike other job-seekers, PRA recipients must use their accounts to purchase any training, intensive, or supportive services. The planning guidance for the PRAs (ETA, December 2004) states that “purchases should have a direct correlation to the individual’s search for work, participation in training, or basic support while in the process.” The guidance also specifies that One-Stop Career Centers “must honor participant choices in all cases other than those it deems egregious, wholly unreasonable and inappropriate.”

The essentially “laissez-faire” philosophy has given state workforce agencies and local boards a great deal of discretion in determining how PRAs can be used. This section describes the parameters that have developed within the demonstration states that define the uses of PRA funds. Many of the parameters were not developed before the first PRA offers were made but have been formulated in response to specific PRA recipient requests or circumstances, highlighting the fact that PRAs, like any pilot project, is a learning process for all involved.

1. Training

In theory, the PRA offers an alternative to WIA-funded routes—ITAs in particular—for training. ITAs can provide a higher level of financial support for training, but access to ITAs is based on eligibility and funding availability, and they can be used to purchase training only from approved providers, i.e., those on eligible provider lists (EPL). The PRA, on the other hand, is guaranteed, once offered, and highly flexible in terms of what it can purchase. According to all the demonstration states and participating sites, the PRA can be used to purchase training from virtually any type of provider, beyond the EPL (Table III.4). The EPL is often given to PRA recipients as a reference point for training selections, but it is always presented as “an example,” and the message is clear that an individual can seek out training programs beyond this list that would better suit his/her needs.

A few of the participating sites, however, have limited the use of the PRA for training purposes based on the duration of the training program. Three of the Florida sites and the state of West Virginia limit PRA use to “short-term” training or certification programs, defined as running for one year or less. According to the sites, the rationale for this approach was either (1) that the PRA is intended to support rapid reemployment and therefore should not be directed to long-term programs or (2) that the PRA has a one-year life, so any training funded by the PRA should be completed within this timeframe.

The Texoma area of Texas does not set limits on training uses of the PRA funds, but training requests must directly relate to the type of employment the recipient is seeking as outlined in an individual employment plan (IEP).

Table III.4. Allowable Training Options

Decisions and Final Policy	
Decisions	Level
Allow providers beyond eligible provider list	State (centrally administered states) Local (Florida and Texas)
Duration	State (centrally administered states) Local (Florida and Texas)
Policy Development, by States/Sites	
Allow a range of providers beyond EPL	All states and sites
Training duration limited to 12 months or less	Regions 3, 4, 5 in Florida West Virginia

Source: Site visits and interviews conducted July 2005 through January 2006.

2. Intensive Services

PRA funds can be used to purchase intensive services—e.g., one-on-one career counseling, career and skills assessments, resume development, mock interviewing—offered directly by the One-Stop Center, by center partner agencies, or by any other entity within the broader community. Importantly, acceptance of a PRA offer precludes *free* access to WIA intensive services that are offered in the One-Stop system, but PRA funds can be used to purchase these services *at cost*.⁴ Participating sites were encouraged by ETA, but not required, to develop a pricing system for their WIA intensive services in order to include them among the menu of services available to PRA recipients.

The participating states and sites were faced with two questions related to the pricing of intensive services: whether to price them and, if so, what to price them (Table III.5). The first question involves an assessment of the administrative feasibility of the task and an assessment of the consequences to the customer of not pricing. In addressing the second question, sites might consider whether customers would have enough of the appropriate types of reemployment services available to them from the One-Stop Center or other providers without access to WIA intensive services.

Two states—Idaho and Montana—and one region in Florida (Region 14) stopped at the “whether” question by deciding against pricing WIA intensive services for purchase by PRA recipients. In both states, the main reason for this decision was that setting accurate prices was cost prohibitive from an administrative and/or a customer perspective. For instance,

⁴ Participating One-Stops were required to price WIA intensive services to cover all costs associated with service delivery. The One-Stops were permitted to charge prices higher than costs with the understanding that any profit would be considered as program income to the grant that initially paid for the services (i.e. WIA dislocated worker program). None of the sites elected to charge prices higher than costs incurred.

Table III.5. Intensive Services

Decisions	Level
Whether to price intensive services for purchase by PRA recipients	State (centrally administered states) Local (Florida and Texas)
What services to price	State (centrally administered states) Local (Florida and Texas)

Source: Site visits and interviews conducted July 2005 through January 2006.

administrators in these states believed that developing a cost structure for intensive services would have been a time-consuming and expensive task because current accounting structures either could not produce data in a way that was pertinent to price setting or they were not set up to accurately account for income. Nonetheless, the contracted agency that administers the WIA dislocated worker program throughout Montana attempted pricing, but once it had exceeded \$50 per hour and had not yet covered all costs, the agency decided that the services would be too expensive for customers. The decision not to price out intensive services in Region 14 in Florida was based on a consideration of service access rather than feasibility. This region reported that there is an extensive array of services free to all job seekers, including individual assistance provided by resource center staff.

The states and sites that did decide to price services approached the question of what to price in two ways. Mississippi, West Virginia, and the Texoma and Gulf Coast areas of Texas, for example, priced a few key services (Table III.6)—presumably on the basis of what they knew about the extent to which these services were used. Texoma priced certain services according to what it knew from focus groups conducted during the PRA planning period. Mississippi's and West Virginia's prices shown in Table III.6 are standard for PRA demonstration sites across each state. Beyond these services, each of the seven WIA regions in West Virginia developed prices for services specific to their region; most are short-term training opportunities. In Mississippi, state and local staff believe that set prices are too high and will not encourage the purchase of intensive services from the One-Stop Centers, in essence limiting access even while a price structure is in place.

Instead of pricing a few key services, the sites in Florida and Minnesota developed a cost per service per hour, regardless of the type of intensive service, of \$16 to \$50 (Table III.6). Regions 3 and 5 in Florida took the initiative to develop an intensive services package (calculated by using an hourly rate) for a cost of \$216 and \$250, respectively; the package includes development of an IEP, group counseling, individual counseling and career planning, case management, resume development, and short-term services and skills training (e.g., life skills, interviewing skills, professional conduct, business ethics). In Florida's Region 3, all PRA account holders must purchase the intensive services package.

Table III.6. Pricing of Intensive Services, By Participating Site

State/Site	Specialized Assessments	Resume Development	Career Planning	Case Management	Group or Individual Counseling	Individual Employment Plan	Specialized Workshops
Region 3, Florida	Market price	\$80	← \$16 per hour →				Financial literacy course, \$64
		← \$216 intensive services package ^a →					
Region 4, Florida	Market price	\$18 per hour	—	—	—	—	—
Region 5, Florida	Market price	\$100	—	—	—	—	Financial literacy course, \$75
		← \$250 intensive services package ^a →					
Anoka, Minnesota	← \$45 per hour (plus consumables) for all services →						
Dakota, Minnesota	← \$45 per hour (plus consumables) for all services →						
Cambridge, Minnesota	← \$50 per hour (plus consumables) for all services →						
Mankato, Minnesota	← \$23 per hour (plus consumables) for all services →						
Mississippi (2 sites)	\$136	—	\$415	\$2,413	\$779	\$336	—
Texoma, Texas	\$21-23	\$122	\$36	—	—	No cost; provided to all PRA recipients	—
Gulf Coast, Texas	—	—	\$150	—	\$260 or \$345 ^b	\$515 ^c	Overcoming obstacles to job search, \$210
West Virginia (statewide)	\$12 and up	—	\$400	—	\$25 per hour	No cost; provided to all PRA recipients	\$25 per hour (unless provided at no cost to the public)

Source: Site visits and interviews conducted July 2005 through January 2006.

^a The intensive services packages in Regions 3 and 5 in Florida include short-term services and skills training such as life skills, interviewing skills, professional conduct, and business ethics that are classified as specialized workshops in this table.

^b Includes "Beginning Job Search" (\$260) and job search coaching (\$345).

^c For development of an "Optimum Career and Job Development Plan."

Inherent in the decision of what to price is the distinction between the services that are considered core and the services that are intensive. This distinction is not consistent across the sites. For example, in sites in Florida, Minnesota, and Mississippi, PRA recipients need to purchase assistance in developing an IEP, while in the Texoma area of Texas and throughout West Virginia, IEP development is not only a WIA core service but also an important component in the PRA entry process. In these two sites, the IEP is intended to guide use of the account. Other gray areas include the workshops and resume development assistance. Workshops that are universally available core services in some sites may be considered a specialized intensive service in others. The same is true for resume development.

3. Supportive Services

There is no guidance specific to supportive services other than examples of inappropriate uses—for example, entertainment expenses, parking tickets or legal fines, the purchase of alcohol or tobacco, or the purchase of gifts. The states and local sites have the discretion to formulate their own policies that define allowable uses, caps on payments, or uses after employment (Table III.7). The majority of the states and sites have interpreted the lack of federal policy in the area of supportive services as part of the intent to promote choice, flexibility, and individual ownership in the use of the accounts, so PRA funds have a broad range of uses, and there are no caps on payments.

Throughout all sites, allowable supportive service requests fall into three categories: (1) assistance with expenses to secure a specific job offer (condition of employment), (2) logistical support for training, intensive services, or job search (e.g. child care and transportation costs), and (3) general expenses in support of job search activities. The states and sites universally agree that PRA funds can be used for category 1 and 2 services, as they are clearly associated with reemployment activities (Table III.8). For example, in every demonstration site, a PRA recipient may use his/her account to purchase any tools, supplies, or clothing that a new employer requires. They may also use PRA funds to cover fees for testing or certification that is a condition of employment. In addition, PRA funds may cover expenses related to out-of-area job interviews (not a general job search) and relocation expenses. All requests for disbursements that fall into category 1 require documentation from the employer (or perspective employer). Similarly, in every site, a PRA recipient may use account funds for child care and transportation costs that facilitate a documented job search, participation in approved training program, or access to intensive services. Documentation of these costs typically includes a mileage chart and/or an invoice or receipt from a licensed or certified child care provider along with a log of job search contacts.

The disparity across the sites in allowable uses of PRA funds for supportive services comes in category 3, in which the relationship between a job search and reemployment is more of a judgment call. At one end of the spectrum is West Virginia, which does not allow the PRA to be used for any category 3 expenses. At the other end are Minnesota, Regions 3 and 4 in Florida, and the two areas in Texas, which allow PRAs to be used for any supportive services. However, staff and administrators assess unusual requests on a case-by-

Table III.7. Supportive Services

Decisions and Final Policy	
Decisions	Level
Caps on payments	State (centrally administered states) Local (Florida and Texas)
Allowable uses for reemployment	State (centrally administered states) Local (Florida and Texas)
Allowable uses after employment	Federal State (centrally administered states) Local (Florida and Texas)
Policy Development, by States/Sites	
Caps on payments	None
Reemployment uses	
Condition of employment	All
Logistical support of training, intensive services, or job search	All
General expenses in support of job search activities	None in West Virginia Varies across all other states/sites
Uses after employment	
Bonus recipients	None based on federal guidance
Nonbonus recipients	None: Minnesota Retention only: Montana, Texoma (TX), Region 14 (FL) All purposes: Idaho Not yet defined in other states/sites

Source: Site visits and interviews conducted July 2005 through January 2006.

case basis to decide whether a request is egregious, unreasonable, or inappropriate.⁵ In practice, there are—or could be—some differences across these five sites in terms of the types of expenses that are deemed appropriate.

In Florida's Region 3 and in the Texoma area of Texas, the breadth of allowable uses and the resulting overwhelming use of supportive services by some individuals has prompted these regions to limit the number of allowable supportive service requests. For instance, the local board in Region 3 decided that PRA funds could be used only once per PRA recipient to support any monthly expense such as housing or utility assistance. However, this one-time expense was not capped. In Texoma, after the first supportive service request, customers must show proof of their job search efforts by having a current and full application in Work-In-Texas (the state's on-line job matching system) or by providing PRA

⁵ Examples of denied supportive service requests are presented in Chapter V in the discussion of specific uses of the PRAs.

Table III.8. Allowable Uses of PRA Funds for Supportive Service Payments

State or Site	Policy	(1) Expenses to Meet Conditions of Employment ^a	(2) Logistical Support of Reemployment ^b
Region 3, Florida	Limit of one request in support of monthly expenses ^d	✓	✓
Region 4, Florida	No specific limitations	✓	✓
Region 5, Florida	Based on WIA guidance	✓	✓
Region 14, Florida	Based on WIA guidance	✓	✓
Idaho (2 sites)	Based on WIA guidance	✓	✓
Minnesota (4 sites)	No specific limitations	✓	✓
Mississippi (2 sites)	Documented direct association with activities of job search or training ^e	✓	✓
Montana (4 sites)	Based on WIA guidance	✓	✓
Texoma, Texas	No specific limitations but, multiple requests must be accompanied by documented proof of job search ^f	✓	✓
Gulf Coast, Texas	No specific limitations	✓	✓
West Virginia (statewide)	Assistance in meeting conditions of employment and logistical support of reemployment; No allowable uses toward general reemployment expenses	✓	✓

Source: Site visits and interviews conducted July 2005 through January 2006.

Note: Information regarding requests in support of technological supplies was not uniformly available. In the sites without markings in these cells, there is no statement in written policy with regard to these items and/or the sites had not yet had any experience with these requests and therefore no specific rulings had been made.

^a Includes tools, supplies, uniforms, testing or certification fees. Also includes coverage of relocation expenses in order to accept a specific job offer.

^b Includes child care and transportation expenses. Also includes out-of-area job search expenses in support of specific job interviews.

^c Includes hardware or software purchases for computers, printers, fax machines, Internet cable.

^d Includes monthly utilities, car payments, or rent.

^e Includes support of interviewing, networking, accessing One-Stop Center or other services, and support for training.

^f Documentation of job search includes a current and complete application in Work-In-Texas or job search contact logs.

✓ = Allowable use of funds

X = Not allowable use of funds

(3)
General Expenses in Support of Reemployment Activities

State or Site	Vehicle Repair/ Insurance Payments	Vehicle Purchase or Monthly Loan Payment	Utilities/ Rent	Mortgage Payments	Clothing for Interviews	Technological Supplies ^c
Region 3, Florida	✓	✓	✓	X	✓	
Region 4, Florida	✓	✓	✓	✓	✓	
Region 5, Florida	✓	✓	✓	X	✓	
Region 14, Florida	✓	✓	✓	X	✓	
Idaho (2 sites)	✓	✓	✓	X	✓	✓
Minnesota (4 sites)	✓	✓	✓	✓	✓	✓
Mississippi (2 sites)	✓	✓	X	X	✓	✓
Montana (4 sites)	✓	X	✓	X	✓	✓
Texoma, Texas	✓	✓	✓	✓	✓	✓
Gulf Coast, Texas	✓	✓	✓	✓	✓	✓
West Virginia (statewide)	X	X	X	X	X	X

staff with job search worksheets that document the mandatory number of job searches per week.

In the middle of the spectrum on category 3 expenses are Mississippi and a few of the states and local sites that decided to base their supportive services policy on existing WIA guidance. For example, in Mississippi, requests for assistance with rent and utilities are considered outside the primary purpose of PRA (i.e., to support interviewing, training, and job search assistance), but assistance for a car purchase can be approved.⁶ In direct contrast to this approach are the sites that followed WIA guidance, which specifies that PRA funds cannot be used to cover direct payments for real or personal property that bears title such as automobiles and homes. Therefore, in Idaho, Montana, and Region 5 in Florida, PRA recipients may not use the accounts to purchase a vehicle or to make a mortgage payment (Table III.8). They may, however, use PRA funds to cover car insurance or to pay monthly utilities or rent.

a. Service Use After Employment

Federal guidance is clear in restricting the use of the PRA for those recipients who qualify for the first bonus (refer to Section B above), but there is no restriction on access to the account after employment for recipients who find a job *after* the 13th compensable UI week (and therefore do not receive the bonus). This matter is left to the states, and the questions they would consider are (1) should remaining PRA funds be frozen at the time of employment and saved for potential reemployment needs that could result from a future job loss (within the one-year period of the PRA)? or (2) should recipients have access to remaining PRA funds when they are employed and if so, for what purposes?

Two states addressed this issue proactively; other states and localities formulated policies as these situations arose (Table III.7); and still others have not focused closely on the issue as it has yet to present itself. In Minnesota, policy restricts use of the PRA to reemployment purposes only; there are no qualified uses of the PRA during employment. Funds remain available to recipients (for up to one year) to support another job search should the initial employment end. In direct contrast, account holders in Idaho who do not qualify for the bonus but gain employment after the 13th compensable UI week face no restrictions on PRA funds. They can continue to use their PRA to purchase intensive services, training, or supportive services.

In Montana, the Texoma area of Texas, and Region 14 in Florida, PRA funds are available to employed individuals (who did not receive the first bonus) for purposes that

⁶ Local staff considered this inquiry as a reach for PRA but when they pursued guidance from Mississippi state administrators and ultimately, from ETA staff they were informed that a vehicle purchase can be an allowable expense if the vehicle is necessary to perform a job search. The PRA recipient did not pursue the request, but this inquiry set the precedent for Mississippi PRA practice.

support job retention.⁷ For example, these sites allow the funds to be used for child care and transportation, and for certification or additional training (in Microsoft Office or other software, for example) that would enhance job skills or that is required by the employer for advancement. Ongoing monthly expenses such as rental or utility assistance are not allowable uses of PRAs after an individual is employed.

D. ACCOUNT MANAGEMENT POLICIES

Policy on account management sets parameters for account activity and determines the method of PRA disbursements (Table III.9). There are no federal guidelines in this area, and the states and/or sites make decisions based on existing practices or on what they deem reasonable for effective fund management as the situation arises.

Table III.9. Account Management

Decisions	Level
Parameters for account activity	State (centrally administered states) Local (Florida and Texas)
Method of disbursements	Fiscal agent

Source: Site visits and interviews conducted July 2005 through January 2006.

1. Monitoring Account Activity

Managing PRA funds at the state and local level can be tricky given the one-year life of the accounts. The demonstration states have up to three years to fully expend funds, first by making the initial offers and then by reinvesting funds that are recovered from expired and unused accounts into new accounts with one-year life spans. While the federally defined period of validity for the PRA is one year, most of the demonstration states and/or participating sites have instituted policies for monitoring account activity with an eye toward account cycles and overall fund management. These policies define the timing of first disbursements from accounts, periods of inactivity, or contact requirements that if not adhered to can result in account closure (Table III.10). Only two states—Mississippi and Montana—have not created policies that set parameters for account activity.

The policy in Idaho, Minnesota, and West Virginia, set by workforce administrators, requires the first disbursement from the PRA to be made within six months from the date on which the account is established. A similar policy is in place in the three-region consortium in Florida. In theory, accounts that have no activity within this timeframe are

⁷ In Florida's Region 14, the use of PRA after employment is restricted to those recipients who elect to use the PRA solely to support services (training, intensive, or supportive)—Option 2. The PRA use options for this region are further described in the following section on the timing of disbursements.

Table III.10. Timing of Disbursements

First Disbursement Period	Period of Inactivity	Contact Requirements	No Limitations
3-region consortium, Florida (26 weeks)	Texoma and Gulf Coast, Texas (based on PRA usage plans)	Region 3, Florida (monthly)	Mississippi
Idaho (24 weeks)		Region 14, Florida (monthly)	Montana
Minnesota (6 months)			
West Virginia (6 months)			
Region 14, Florida (13 weeks for some recipients)			

Source: Site visits and interviews conducted July 2005 through January 2006.

closed.⁸ In Region 14 in Florida, PRA recipients must, from the get-go, choose from among three options how their accounts will be used: (1) for employment bonuses only, (2) for services only (training or supportive), (3) for a mixture of services and bonuses with defined, but often flexible, budget amounts between the two. Once a recipient selects an option, they are “locked into” that particular use of funds. If an individual selects Option 1 and he or she does not find work by the 13th compensable UI week, access to the account is lost in full. Under Option 3, an individual will lose a minimum of \$100 in a “bonus set-aside.” In essence, Option 1 and Option 3 in this region automatically set 13 weeks for first disbursements, as both options require at least partial use of the PRA for bonuses.

The Gulf Coast and Texoma areas of Texas take a slightly different approach by requiring PRA recipients to have a plan of use for the PRA funds in place by 26 weeks, but recipients do not necessarily have to have accessed any funds by that time. If a plan is not created within 26 weeks, or if a recipient does not follow through on the actions defined by the plan, the account can be closed. These PRA usage plans essentially define periods of inactivity that lead to account closure, although the period can differ by individual (depending on the timing and contents of each plan).

Contact requirements are yet another way that sites manage accounts. However, only two sites—Regions 3 and 14 in Florida—require recipients to make monthly contact with PRA staff either by making requests against the account or by updating staff by phone or email on job search progress. Continued failure to meet this requirement can result in account closure in these sites.

⁸ In West Virginia and Minnesota, state or local staff, respectively, send “warning” letters out to PRA recipients who have not accessed funds by the fourth or fifth months in order to remind them of the availability and types of uses of the funds prior to closure. Local staff in the 3-region consortium in Florida were not familiar with the first disbursement policy, although it appears in written policy. Actual practice may differ from policy in these three sites.

2. Methods of Disbursement for the Purchase of Services

All bonus payments from PRAs are made directly to the individual account holder, but the participating states and sites decide the method of making disbursements for the purchase of services. Three decisions were possible: (1) to make direct payments (reimbursements) to PRA recipients for all account disbursements, (2) to use vouchers to pay service providers, or (3) to use a mix of direct payments and vouchers (Table III.11). The method of payment dictates the timing of the payment: direct payments to recipients are disbursed after the expense is incurred according to receipts submitted by recipients; voucher payments to providers are disbursed before the receipt of goods or services according to invoices or estimates.

Table III.11. Method of Service Disbursements

Reimbursements to PRA Recipients Only ^a	Vendor Direct Payments Only	Mixed Methods
Idaho	Florida (all Regions)	Texoma and Gulf Coast areas of Texas
Minnesota	Montana	
Mississippi	West Virginia	

Source: Site visits and interviews conducted July 2005 through January 2006.

^aVendor payments are made directly to selected training providers.

The participating states and sites took different approaches based on ease in implementation as well as the “message” they wanted to send. For example, participating sites in Idaho, Minnesota, and Mississippi rely heavily on reimbursement because it is easier for them administratively and because the onus for the initial outlay is on the recipient. In these sites, vouchers are used only for a limited number of training providers (typically those on the ELP for ITAs). In contrast, three demonstration states—Florida, Montana, and West Virginia—rely exclusively on voucher payments to providers regardless of the type of service (training, intensive, or supportive) because they believe that vouchers make providers more accountable for the goods or services they offer. Recipients in these sites still receive bonus payments directly, but they do not receive any direct service payments out of the PRA. Lastly, the two sites in Texas use a mix of the two disbursement approaches based on each individual’s requests and financial capacity. For example, training is often paid by voucher, but some supportive-services may be paid direct to the provider or through a two-party check when the account holder cannot afford the initial outlay.

The structure of the PRAs as described in this chapter provides the framework for their use. The next chapter focuses on who gets to use the PRA—how individuals are selected and offered these accounts.

CHAPTER IV

MAKING PRA OFFERS AND MANAGING ACCOUNTS

Implementation of the PRAs builds on existing administrative, staffing, and service structures within the participating One-Stop Centers. Yet, there are details that are specific to PRA implementation that determine who receives the offer and that can potentially influence who accepts the offer and how they use the account. The upfront processes that target UI recipients for PRAs and that orient them to this reemployment strategy are the key components to implementation. This chapter details the PRA entry process that is in place in the demonstration sites and goes on to describe the intensity and nature of ongoing contact between account holders and One-Stop Center staff.

The Worker Profiling and Reemployment Services (WPRS) system has formed a solid foundation on which PRA entry processes are built in each of the states and sites; states generally use the WPRS statistical models to target UI recipients to receive PRA offers with little to no modification, and PRA notification and orientation processes are integrated into existing methods of providing reemployment services. It is in the content of PRA orientations that there is the most variation across the sites, specifically in the depth and clarity of PRA information in the context of other One-Stop services and the choices potential account holders must make.

A. PRA ELIGIBILITY: WHO RECEIVES A PRA OFFER?

The federal framework for PRAs, as created by ETA, specifies that PRA recipients must be selected on the basis of each state's WPRS System. The WPRS—commonly referred to as “worker profiling”—uses a statistical model or characteristic screens to determine the probability that any given UI claimant will exhaust his or her full UI benefits.¹ States use the model to target reemployment services to individuals who are most in need of help in returning to work. Building on this system, PRAs are targeted to profiled individuals as the

¹ Refer to Appendix A for an overview of WPRS in general and Appendix B for the characteristics of the WPRS systems in the seven demonstration states.

ones who are likely to gain the most from a reemployment account.² This targeting strategy could also make PRAs more cost-effective by decreasing UI receipt among the potentially longest-term claimants to produce larger-than-average reductions in UI benefit payments (O’Leary, Decker, and Wander 2005).

To explain who among UI claimants receives a PRA offer in the demonstration states and participating sites, the eligibility process is broken into two stages. In the first stage, the state (primarily) narrows down the total eligible pool from which PRA recipients are drawn at the local level. In the second stage, localities narrow down the pool even more, ultimately determining who receives a PRA offer.

1. Stage One: Targeting UI Recipients for PRA

At this first stage, three factors determine how UI recipients are targeted for the PRA: (1) WPRS (profiling) score thresholds, (2) specific PRA criteria, and (3) capped statewide limits or local capacity limits.

State workforce agencies may set a minimum profiling score to target reemployment services to those determined *most* likely to exhaust UI benefits. For example, in Minnesota, among individuals eligible for 26 weeks of UI benefits, those with a probability of exhaust at about 33 percent or higher are included in the eligible pool for reemployment services and therefore, for the PRA (Column A, Table IV.1). West Virginia also sets a minimum threshold, but the minimum probability of exhaust score in West Virginia does not factor into PRA eligibility because the state sets different criteria to determine PRA eligibility.

Texas, Idaho, and West Virginia set additional criteria for PRA eligibility that extend beyond the methods for targeting reemployment services based on the WPRS model (Column B, Table IV.1). In Texas and Idaho, these criteria are applied to all individuals determined likely to exhaust UI benefits and tend to pertain to the timing of the first UI payment and the number of weeks of total UI eligibility.³ However, Texas also applies a minimum probability of exhaust score to determine PRA eligibility. In West Virginia, PRA criteria eliminate individuals prior to determining the probability of exhaust.⁴

² Federal guidelines also allowed inclusion of certain UI exhaustees, based on state discretion, to accommodate the needs of individuals in states and/or local sites in which the unemployment rate was considered high (relative to state or national averages) and extended UI benefits were in place. None of the demonstration states or participating local sites elected to include UI exhaustees among those eligible for PRA.

³ In all the demonstration states, the total period of UI eligibility is accounted for either as a data element in the profiling model (Minnesota, Mississippi, and Montana), as limiting criteria for inclusion in the model (Florida excludes all individuals with less than 26 weeks of eligibility), or in PRA specific eligibility criteria (Idaho, Texas, and West Virginia).

⁴ A table detailing the differences in approach to targeting for general reemployment services and targeting for PRA in West Virginia is included in Appendix B.

The last factor of the stage-one eligibility determination is state caps or local capacity constraints that determine the maximum number of individuals who will be targeted for reemployment services and/or the PRA on a periodic basis (Column C, Table IV.1). In Montana, the number of individuals targeted for reemployment services, and the PRA, is limited to three per week for each of the state's 23 Job Service Centers (including the four One-Stop Centers) and Region 5 in Florida has a weekly cap of 25.⁵ Minnesota and West Virginia do not have caps or capacity constraints that affect targeting for standard reemployment services, but they do limit the number of individuals who can be PRA eligible within a specified period of time. These two states use a "controlled flow" methodology to enroll PRA recipients, whereas all the other states and participating sites take a "first eligible, first offered" approach. In Minnesota, the four sites had quarterly targets for PRA offers. Once the target was hit for each quarter, they ceased making offers until the start of the next quarter. West Virginia controlled the flow of PRA offers on a weekly basis under a statewide cap of eight. The PRA state coordinator reviews the list of PRA eligible individuals and selects the eight individuals statewide who have the highest probabilities to exhaust their UI benefits.

Table IV.1. Stage One Targeting Factors that Affect PRA Eligibility

State/Site	(A) Minimum Score Threshold Based on WPRS Model	(B) PRA Specific Criteria	(C) State Cap or Local Capacity Limit (at time of visit) ^a
Florida	None ^b	None	Local capacity limit of 25 per week in Region 5; none in Regions 3, 4, and 14
Idaho	None	(Applied after WPRS model) Eligible for 26 weeks of UI Claim not in withdrawn status First payment within three weeks (21 days) of benefit year beginning date (BYB) BYB within 40 days of current date	None
Minnesota	Thresholds set for four separate profiling models that are based on the number of UI eligible weeks (as of August 2005): ^c Model 1 (26 weeks): .329 Model 2 (23-25 weeks): .286 Model 3 (19-22 weeks): .333 Model 4 (11-18 weeks): .413	None	None on profiling list ^d ; PRA caps per quarter of 37 in Anoka, 36 in Dakota, 11 in Cambridge, and 7 in Mankato

⁵ In Montana, reemployment services are targeted most heavily to the five service areas that have the highest unemployment rates. In these five areas, ES staff contact the *full list of all UI claimants*, not just those who appear on the profiling list. Presumably, the profiling cap across the state conserves resources in order to intensively serve individuals in the targeted areas.

Table IV.1. (continued)

State/Site	(A) Minimum Score Threshold Based on WPRS Model	(B) PRA Specific Criteria	(C) State Cap or Local Capacity Limit (at time of visit) ^a
Minnesota	Thresholds set for four separate profiling models that are based on the number of UI eligible weeks (as of August 2005): ^c Model 1 (26 weeks): .329 Model 2 (23-25 weeks): .286 Model 3 (19-22 weeks): .333 Model 4 (11-18 weeks): .413	None	None on profiling list ^d ; PRA caps per quarter of 37 in Anoka, 36 in Dakota, 11 in Cambridge, and 7 in Mankato
Mississippi	None	None	None
Montana	None	None	State cap of 3 per week on the profiling list of each local Job Service site (23 sites)
Texas	None	(Applied after WPRS model) Fewer than 13 weeks eligibility remaining First pay within 4 weeks of benefit year beginning (BYB) Minimum score of .50 or higher UI eligibility of 17 to 26 weeks	None
West Virginia	.30 and higher; but does not apply to separate PRA model	(Adjustments to WPRS model) UI claimants excluded from the PRA model include claimants with separation and availability issues; those eligible for TAA/TRA; those who have filed a previous claim in the past 365 days No minimum score threshold for the PRA model	State cap of 8 PRA eligibles per week based on highest probability scores

Source: State PRA plans; site visit and interviews conducted July 2005 through January 2006.

Note: Shaded areas apply to all sites within a demonstration state.

^aSome of the local sites do set capacity limits at times of high UI activity, but at the time of the site visit or interview were able to accommodate the full profiling list provided by the state. These sites were considered to have no constraints that were affecting PRA eligibility.

^bFlorida uses random assignment to create a pool of UI claimants who are called in for WPRS orientation.

^cIndividuals who fall below the thresholds are included on the local profiling lists but are considered "voluntary." One-Stop Centers are required to call-in the mandatory pool (based on the threshold scores) up to local capacity levels. Centers are given the option of calling-in individuals in the voluntary pool, based on capacity beyond the mandatory pool. Individuals in the voluntary pool are not eligible for PRA.

^dBased on the "mandatory" pool only. Only Cambridge has current capacity to call-in individuals in the voluntary pool; the other three sites only call-in the mandatory list.

The estimated weekly number of individuals targeted for a PRA after this first stage is generally quite small across the board (Table IV.2). In nearly half of the local sites, there are weeks in which not one person is eligible for PRA. In Montana and West Virginia, the statewide numbers range from 6 eligibles (at the high end) to 8 eligibles, respectively. Eligible pools in the larger local sites generally range from 20 to 60 people. Only Region 14 in Florida has an eligible pool that exceeds 100 individuals after this first stage.

Table IV.2. Estimated Number of PRA Eligibles After Stage One (per week)

Site	Estimated Number of PRA Eligibles Per Week
Region 3, Florida	0-20
Region 4, Florida	0-20
Region 5, Florida	25
Region 14, Florida	150-200
Coeur d'Alene, Idaho	0-10
Idaho Falls, Idaho	0-10
Anoka, Minnesota	~60
Dakota, Minnesota	~45
Cambridge, Minnesota	~25
Mankato, Minnesota	~10
Gulfport, Mississippi	~20
Tunica, Mississippi	0-5
Montana (All four participating sites)	0-3 per site
Texoma, Texas	~7 (range of 0-9)
Gulf Coast, Texas	~20
West Virginia (statewide)	8

Source: Site visit and interviews conducted July 2005 through January 2006.

2. Stage Two: Offering PRAs at the Local Level

The second stage in the PRA targeting process occurs at the local level—sometimes before individuals are selected for orientation sessions, but also as part of the orientation process itself.⁶ Often, this second-stage is a “double-check” on the accuracy of the first-

⁶ UI claimants or recipients who show up on profiling lists (regardless of PRA eligibility) are required, at minimum, to attend an orientation session at his/her local One-Stop or Job Service Center (the purpose and content of these sessions is discussed in Section IV.C).

stage. For example, individuals known to have a return to work date (a specific date of work recall after a temporary lay-off, for example) or those who are “union attached” (are union hiring hall members) are excluded from profiling pools and are not intended for receipt of any targeted reemployment services.⁷ However, they appear on profiling lists often enough (perhaps because of incomplete information or lack of information when the initial claim is filed) that another eligibility-determination point is often added to the process. Ultimately, every demonstration site excludes individuals who have a return to work date or are union attached from PRA eligibility.

Other standard “pre-screening” criteria that local sites apply at this stage to further target PRAs include disqualifying individuals who are eligible for reemployment assistance through Trade Adjustment Assistance (TAA),⁸ and who are currently enrolled in WIA intensive services (Table IV.3). These criteria ensure that there is no co-enrollment in PRA and other forms of reemployment assistance. A couple of the sites also look for PRA-disqualifying characteristics that prevail in their area; Region 4 has many seasonal beach workers, and the Minnesota counties see a good number of profiled individuals who receive long-term severance pay and are therefore not eligible for UI or the PRA.⁹ About one-third of the sites verify eligibility on the basis of these additional criteria before they invite individuals to the PRA orientation; in addition, these sites and nearly all the others ask again about any disqualifying characteristics in the orientation before making the PRA offer (Table IV.3).

Region 14 in Florida is the only site in which PRA staff look for qualifying, rather than disqualifying, characteristics to determine PRA eligibility. This site has developed local criteria with an eye toward more accurately targeting the PRA to individuals with a history of unemployment (as shown in Table IV.3). Staff apply these criteria to the full profiling list before offering a PRA.

a. Local Prescreening Practices

To get a sense of the extent to which prescreening filters the pool of individuals targeted for PRA, the states are grouped into four categories (Table IV.4). The first category includes the sites that do not do any prescreening and therefore, conduct outreach with all individuals targeted for the PRA after Stage 1.

⁷ UI recipients with a return to work date are not expected to conduct a job search while receiving UI benefits.

⁸ TAA assists workers who have become unemployed due to increased imports from or shifts in production to foreign countries. TAA certified workers have access to services that can include income support, job search and/or relocation allowances, and a health coverage tax credit.

⁹ Minnesota’s profiling occurs at the time of the UI claim; individuals receiving severance pay are technically considered still employed and are not eligible to draw benefits until the severance period ends.

Table IV.3. Stage Two PRA Targeting Criteria

State / Site	Criteria Applied to Targeted PRA Pool from Stage One	Timing of Eligibility Determination	
		Prior to Outreach	As Part of Orientation
Region 3, Florida	No return to work date No current WIA enrollment Not TAA eligible Not enrolled in school / training No enrollment in corporate-sponsored reemployment services	✓	✓
Region 4, Florida	No return to work date No seasonal workers Not more than 42 days from claim to first payment	✓	✓
Region 5, Florida	No return to work date within 10 weeks Not enrolled in training Have not received profiling services in last year Live within 40 miles of One-Stop Center		✓
Region 14, Florida	Unemployed 2 or more times in the last 5 years Have a history of exhausting UC benefits in the last 5 years Possess skills in demand occupations but have had difficulty finding employment (and not suitable for WIA training) Not beyond 4 th compensable week of UI	✓	
Idaho (2 sites)	No return to work date No current WIA enrollment Not TAA eligible	✓	✓
Minnesota (4 sites)	No return to work date No current WIA enrollment No long-term severance pay		✓
Mississippi (2 sites)	No return to work date No current WIA enrollment Not TAA eligible		✓
Montana (4 sites)	No return to work date		✓
Texas (2 sites)	None specified		
West Virginia (statewide)	No return to work date No current WIA enrollment Not TAA eligible	✓	✓

Source: Site visits and interviews conducted July 2005 through January 2006.

Table IV.4. Effects of Pre-Screening Practices on PRA Outreach Pools

State / Site	Estimated Percentage of Targeted PRA Pool from Stage One Outreached for PRA Weekly
No Pre-screening Prior to Outreach	
Region 5, Florida	100%
Mankato, Minnesota	100%
Gulfport, Mississippi	100%
Tunica, Mississippi	100%
Montana (4 sites)	100%
Texoma, Texas	100%
Gulf Coast, Texas	100%
Apply Standard Pre-screens Prior to Outreach	
Cambridge, Minnesota	Close to 100%
Region 3, Florida	90-100%
Region 4, Florida	80-90%
West Virginia (statewide)	75-100%
Coeur d'Alene, Idaho	~60%
Idaho Falls, Idaho	~60%
Apply Specific Local PRA Targeting Criteria Prior to Outreach	
Region 14, Florida	~30%
No Pre-screening Prior to Outreach, but Controlled Flow	
Anoka, Minnesota	~30%
Dakota, Minnesota	30-50%

Source: Site visits and interviews conducted July 2005 through January 2006.

The second category includes the sites that conduct standard prescreening to “clean-up” the targeted pool. A fairly large share of Stage 1 eligibles pass the screen. For instance, prescreening in Cambridge, Minnesota, and Region 3 in Florida disqualifies so few individuals that these sites invite nearly the full Stage 1 targeted pool to the PRA orientation. In contrast, the two Idaho sites screen out a significant portion of individuals at this stage, inviting approximately 60 percent of the full Stage 1 targeted pool to the orientation.¹⁰ Region 4 in Florida screens out between 10 and 20 percent of individuals at this stage, reportedly because they are indeed seasonal workers. State staff in West Virginia report that many of those who become ineligible for PRA at this stage qualify for TAA.

Region 14 in Florida is the third category because it has a unique prescreening process through which approximately 30 percent of Stage 1 eligibles are targeted for the PRA and are therefore invited to the PRA orientation.

¹⁰ Idaho’s state workforce agency was in the process of significantly revising the state profiling model at the time of PRA implementation. It is likely that the rate of identification of disqualifying factors for PRA eligibility in Level 1 will improve as the model is tested and finalized.

Two sites in Minnesota fall into the last category in Table IV.4, not because of their prescreening methods, but because of how they have chosen to control the flow of PRA offers. The One-Stop Centers in Anoka and Dakota counties conduct two to three general profiling orientations each week. Staff in these sites decided to make PRA offers available in only one session per week to keep the flow of PRA offers manageable over time while meeting the quarterly caps set by the state. Individuals found eligible in Stage 1 and thus included on the local profiling list are assigned to the sessions on a rolling basis. Once the pre-selected PRA session is at capacity, the orientation letters are sent out, and staff begin to fill the next (non-PRA) session, and so on. It is essentially a matter of timing as to who is included in the PRA versus the regular (non-PRA) profiling orientation. These sites conduct outreach with 30 to 50 percent of the Stage 1 targeted pool specifically for PRA sessions.

b. Orientation Screens and No-Shows

Even individuals invited to a PRA orientation have not cleared the full eligibility process and may not ultimately receive an offer if (1) they do not show up at the orientation or (2) they fall into any of the disqualifying categories shown in Table IV.3. In nearly all the sites, the disqualifying categories seem to play only a small role in eliminating individuals from the group eligible for an offer at the orientation stage, and that it is the no-show rate that has more of an influence on who receives a PRA offer.

The no-show rate may not often be considered an eligibility criterion per se, but no-shows to the PRA orientation are eliminated from the program altogether in Idaho, Minnesota, and West Virginia. Although this policy may not have much effect in West Virginia and the Idaho sites, as no-show rates are reportedly quite low, all the Minnesota sites report no-show rates of 25 percent and higher. In the other states, eligible individuals are re-invited to a PRA orientation for a second time.

3. The Final PRA Eligible Pool

After the full eligibility process plays out, the estimated numbers of PRA offers made each week are quite low (Table IV.5). In many of the sites—or even statewide as in Montana and West Virginia—the number of offers made each week is reportedly less than 10, if offers are made at all. Six of the sites make between 10 and 20 offers per week. Only one site—Region 14 in Florida—has made more than 20 offers on average each week.

It is too early in this evaluation to describe the characteristics of individuals who receive a PRA offer, however, the final analysis will include such a description. Qualitative information from site staff provides little insight; there were no obvious patterns in gender, race, ethnicity, education level, or prior earnings or occupation. Profiling models do not include variables related to gender, age, or race and therefore will not directly generate differences in these characteristics between PRA eligibles and other UI recipients. Nonetheless, explanatory variables included in the models that are correlated with these

Table IV.5. Estimated Number of PRA Offers Made Per Week

Under 10	10-20	Over 20
Region 4, Florida	Region 3, Florida	Region 14, Florida
Coeur d'Alene, Idaho	Region 5, Florida	
Idaho Falls, Idaho	Anoka, Minnesota	
Cambridge, Minnesota	Dakota, Minnesota	
Mankato, Minnesota	Gulfport, Mississippi	
Tunica, Mississippi	Gulf Coast, Texas	
Montana (statewide)		
Texoma, Texas		
West Virginia (statewide)		

Source: Site visits and interviews conducted July 2005 through January 2006.

characteristics may indirectly produce differences that distinguish PRA recipients from other UI recipients. For example, one consistency among staff reports was that PRA recipients seemed to be experienced workers with long job tenures and, therefore, potentially older than other UI recipients. In an analysis of the characteristics of profiled claimants in three states in the late 1990s the only finding that was consistent across the states was that the group targeted for profiling services was older than the group that was not targeted by the profiling models because the models included explanatory variables (e.g. job tenure) that were correlated with age (Dickinson, Kreutzer, and Decker 1999).

4. Ongoing Eligibility

As discussed, the WPRS model administered by each state's UI system is the primary tool for determining PRA eligibility. But from the federal perspective, the connection between UI *eligibility* and PRA *eligibility* ends once a PRA offer is made. There is no federal requirement that continued access to a PRA is contingent upon continued UI eligibility. Nonetheless, states are free to set criteria for ongoing PRA eligibility.

In Idaho, Minnesota, and West Virginia, PRA recipients must follow state guidelines to remain eligible for UI (i.e., meet job search and reporting requirements) in order to have access to their PRA. The UI staff in these states have a strong and consistent presence in all One-Stop Centers, and they are the ones who conduct profiling/PRA orientations and make the PRA offers. (Of note, these are the same states that disqualify individuals from PRA when they do not show up for orientation, as discussed above.)

B. PRA ENTRY: WHEN AND HOW ARE PRA OFFERS MADE?

Understanding the timing of offers and the environment in which they are made can provide a stronger foundation for assessing responses to PRA offers. This section examines

two elements of the entry process in order to better understand the mechanics of PRA enrollment among eligible individuals: (1) the timing of the PRA offer relative to the number of compensable UI weeks and (2) how the offer is made in terms of the extent to which it is integrated with the “regular” profiling process and the format of the orientation sessions (group, individual, or both).

1. Timing of PRA Offers

Because there is a timeframe associated with the bonus component of the PRA, the timing of the PRA offer relative to the number of compensable UI weeks is important. It is possible that for some individuals, the timing of the offer may influence the decision to accept or not. Two factors determine when in the period of UI receipt eligible individuals first learn of the PRA. The first is whether individuals receive a profiling score (as the first step in eligibility determination) at the time of the UI claim or after they receive the first UI payment. The second is how much notice eligible individuals are given about the PRA orientation.

The trade-offs associated with the timing of the profiling score affect PRA entry. Three of the seven demonstration states—Minnesota, Mississippi, and West Virginia—determine profiling scores when the initial UI claim is made (Table IV.6).¹¹ This practice helps speed the PRA entry process, but it can also raise the percentage of individuals invited to an orientation only to be disqualified from a PRA because of factors such as severance pay (Minnesota) or TAA eligibility (Mississippi and West Virginia) not known to the state when the claim is made. The other four states all determine profiling scores after the first UI payment has been made, which can delay PRA entry but can better ensure that the claim is clear of any ineligibility issues.

After eligibility is determined, individuals are immediately notified in all sites about the PRA orientation sessions for which they have been scheduled. However, lead time between the notification and the session varies from two days to two weeks (Table IV.6). In all but one of the sites, an orientation date and time is assigned. Only in Region 4 in Florida may individuals call the One-Stop Center to make an appointment with no specified timeframe.¹²

When these two factors are combined, individuals in the majority of the sites receive PRA offers relatively early in their UI spell—often no later than the third compensable week in Idaho, Minnesota, Mississippi, and West Virginia and frequently even earlier (Table IV.6).

¹¹ It is standard practice in Minnesota and Mississippi to enter all individuals into the profiling model at the time of the UI claim; West Virginia typically enters individuals into the profiling model after the first UI payment but amended practices specifically for those potentially eligible for PRA in order to shorten the timeframe to the offer.

¹² Staff in Region 4 reported a very high non-response rate at the time of the site visit.

Table IV.6. Timing of PRA Entry Relative to UI Receipt

State or Site	Timing of Profiling Score Determination ^a	Length of Notice to Attend Orientation	Estimated Number of UI Compensable Weeks at Time of PRA Offer	Time Limit to PRA Offer
Florida	After first UI payment			
Region 3		2 weeks	3-5 weeks	2 weeks
Region 4		None required; up to individual to schedule an appointment	3-5 weeks	None
Region 5		2 weeks	4-5 weeks	1 week
Region 14		2 weeks	3-4 weeks	None
Idaho (2 sites)	After first UI payment	7 days ^b	1-3 weeks	7 days
Minnesota (4 sites)	At UI claim	About 1 week ^c	1-2 weeks	1 week
Mississippi (2 sites)	At UI claim	2-4 days	2-3 weeks	2 days
Montana (4 sites)	After first UI payment	1 week	3-6 weeks	None
Texas	After first UI payment			
Texoma		10 days	About 5 weeks	2 weeks
Gulf Coast		1 week	About 5 weeks	2 weeks
West Virginia (statewide)	At UI claim (PRA specific)	About 1 week	0-2 weeks	1 week

Source: Site visits and interviews conducted July 2005 through January 2006.

^a This is a state-level decision.

^b Attendance within 7 days is encouraged, but there is no required timeframe. Staff notify UI if there is no response to repeated attempts at contact.

^c State staff reported 5 business days; local sites varied slightly in timing, reporting 5 business days, 7 business days, and 7-10 calendar days.

The offer can be received later in the UI spell in Florida, Montana, and Texas, but it is generally made by the fifth compensable week. The estimated number of compensable UI weeks at the time of the PRA orientation is generally lower in the states that determine profiling scores when the UI claim is made because these states also have short notification periods for the orientations of one week or less.

While eligible individuals generally receive a PRA offer early, the timing of the offer does not necessarily coincide with the establishment of an account. The states and/or sites may set the time within which individuals must decide on the PRA offer; if the time limit expires, the offer is no longer valid. Offer limits range from a low of two days in Mississippi to no expiration in Regions 4 and 14 in Florida and in Montana (Table IV.6). Most of the sites limit the decision period to one or two weeks. Virtually all of the sites reported that among the individuals who accept the PRA, the majority do so immediately.

2. Orientation Methods and Formats

Across the board, the sites define “the offer” as attendance at a PRA orientation—individual or group. Before the orientation, individuals receive little, if any, information about the PRA. The information they do receive is limited to a one-page flyer that highlights the flexibility and amount of the accounts or to a brief telephone conversation with a staff person providing similar information.

While the offer is defined in the same way across the sites, there is some variation in how the offer is made in terms of the extent to which it is integrated with the “regular” profiling process and the format of the orientation. All individuals who are profiled to receive reemployment services (based on the WPRS profiling models) must attend a general orientation at a One-Stop or Job Service Center, regardless of their PRA eligibility status. At that point, however, the participating sites diverge in their handling of the regular and the PRA orientations, each site taking one of three possible approaches.

In Mississippi, Montana, three of the four Florida Regions (3, 4, and 5), and two of the Minnesota sites (Cambridge and Mankato), the profiling and PRA orientation is one and the same because virtually all profiled individuals are offered a PRA (Table IV.7),^{13,14} and the format of the PRA orientation follows the format of the profiling orientation. In other words, the offer is fully integrated with the “regular” profiling process. For example, Region 5 in Florida conducted group profiling orientations and has done the same for the PRA, while Tunica, Mississippi, has conducted all profiling orientations one on one because there are so few eligibles; the same is true for the PRA.

¹³ The one difference is that any individuals determined ineligible for PRA at the time of orientation (e.g. due to a return to work date or TAA eligibility) are excused before the offer is actually made.

¹⁴ In Montana, different staff conduct the profiling and the PRA pieces but they are conducted either in an integrated way or with the PRA piece following the general profiling meeting.

Table IV.7. Format of PRA Offers by Level of Integration with Profiling Orientations

State / Site	Format	Timing of One-on-One Follow-up Meetings (where applicable)
Full Integration of PRA and Profiling Orientations		
Region 3, Florida	Group Sessions, followed by one-on-one meetings	Varies; appointment scheduled at end of orientation
Region 4, Florida	One-on-one meetings	
Region 5, Florida	Group sessions, followed by one-on-one meetings	Varies; appointment scheduled at end of orientation
Cambridge, Minnesota	Group sessions	
Mankato, Minnesota	Group sessions	
Gulfport, Mississippi	Group sessions, followed by one-on-one meetings	Immediately following group session
Tunica, Mississippi	One-on-one meetings	
Montana (all sites)	One-on-one meetings	
Partial Integration of PRA and Profiling Orientations		
Region 14, Florida	Group sessions, followed by one-on-one meetings	Varies; appointment scheduled at end of orientation
Anoka, Minnesota	Group sessions	
Dakota, Minnesota	Group sessions	
Texoma, Texas	Group sessions, followed by one-on-one meetings	Varies; appointment scheduled at end of orientation
No Integration of PRA and Profiling Orientations		
Coeur d'Alene, Idaho	Group sessions or individual meetings, depending on numbers	
Idaho Falls, Idaho	One-on-one meetings	
Gulf Coast, Texas	One-on-one meetings	
West Virginia (statewide)	One-on-one meetings	

Source: Site visits and interviews conducted July 2005 through January 2006.

Other sites have the same process for profiling as for PRA entry and orientation, but their profiling pools are significantly larger than the PRA-eligible pool. These sites—Region 14 in Florida, the Anoka and Dakota sites in Minnesota, and the Texoma area of Texas—select one of a number of weekly profiling sessions as the PRA orientation. The selected session is a group orientation like the other sessions and the front end of this selected session looks no different from the regular profiling session, but PRA information is added at the back end.

In the third approach to the PRA offer, the pools for profiling and for PRA are distinct and so are the orientation processes. These sites have specific criteria in Stage 1 that set PRA eligible individuals apart from the regular profiled pool of UI recipients (or claimants). Moreover, the content of the PRA orientation is completely distinct from the content of the profiling orientation. They are also conducted at entirely different times and often in different formats. In Idaho and West Virginia, profiling orientations are generally conducted in group sessions, while PRA orientations are generally done individually; in the Gulf Coast area of Texas, all orientations—regardless of the type of service—are conducted on an

individual basis. It is noteworthy that in West Virginia, the regular profiling process was suspended from June through December of 2005, leaving only the PRA orientation process in place. The rationale for this decision was that because West Virginia implemented the PRA statewide, profiling resources were stretched thin, and the state received approval from ETA to focus on PRA-eligible individuals during this limited timeframe.

As shown in Table IV.7, a number of the sites require individual meetings after a group orientation session for those who are interested in accepting (or at least further pursuing) the PRA.¹⁵ The timing of these meetings relative to the orientation varies. Only in Gulfport, Mississippi, do these meetings occur immediately after the group orientation. In the other sites, individual meetings can occur on the same day, but individuals often make an appointment for another day to complete the PRA entry process. Staff in these sites reported that the number of individuals who actually attend the individual meeting and complete the PRA enrollment process is often lower than the number of individuals who express an intent to accept the PRA and schedule a follow-up meeting.

C. CONTENT OF PRA ORIENTATIONS: WHAT INFORMATION DO INDIVIDUALS RECEIVE?

Beyond the mechanics to the offer, it is the content of the orientation sessions that determines the extent and quality of information potential account holders receive to help them decide whether to accept or decline the PRA. When an individual accepts a PRA offer, he or she gives up other forms of reemployment assistance. The once free, uncapped, intensive WIA services offered at the One-Stop Center are available only at cost, and there is no longer access to an ITA, which would otherwise clear the way to generally higher levels of financial support for training. Given these consequences, the content of the PRA orientation plays a very important role in introducing individuals to the benefit—and to its risks and rewards relative to other options. And for many eligible individuals, the orientation is the first contact with the One-Stop system overall.

This section describes the orientation in terms of what it covers and then discusses coverage of specific topics that are relevant to the PRA decision process. The discussion is based on observations of PRA orientations in all but a few of the participating sites.¹⁶ Most of the observations were made on site, but some were conducted by telephone (for the smaller sites that use one-on-one orientations). Although researchers observed follow-up

¹⁵ At the time of the site visit, Region 14 was trying to move away from any individual meetings due to the strain on staff and resources. This region was retooling the group orientations to accomplish the full PRA enrollment process in these sessions.

¹⁶ Orientations were not observed in Cambridge and Mankato, Minnesota. The site visit to Minnesota was structured to observe the larger group orientations in Anoka and Dakota. All of the sites in Minnesota use a similar process and Power Point presentation so many of the findings may translate to these smaller sites as well. An orientation also was not observed in Montana due to the small number of PRA offers made in total and to the change in the implementation structure for PRA. The information on Montana included in this section is based on staff interviews only. Finally, in Couer d'Alene there were no eligible individuals for PRA the week of the scheduled visit. Staff conducted a mock orientation for observation.

one-on-one meetings in some of the sites that require this step, the findings reported here are based on observations of the initial orientation sessions, where, in all sites, individuals first receive information about the PRA. This is the information they generally use to make an acceptance decision. Information that is provided in a follow-up session is noted, where applicable.

1. Type of Orientations

PRA orientations address three general topics, although most do not cover all three: (1) general job search information—including accessing on-line job banks and labor market information, developing a job search plan, and tips on resume-writing and interviewing, (2) an overview of One-Stop services—introducing the purpose of the One-Stop Center and the services provided to workers and employers through the One-Stop system (inclusive of partner agencies), and (3) the PRA itself. When an orientation covers multiple topics from this list, it is often in distinct sections.

Most sites focused exclusively on the PRA (Table IV.8). Three sites combined general job search information with the PRA information. One Mississippi site and all the Montana sites provided an overview of One-Stop services along with the PRA information. Minnesota and Region 3 in Florida offered comprehensive orientations that cover all three topics. Regardless of the type of orientation, PRA specific information was covered in an average of about 30 minutes (Table IV.8).

PRA-Focused Sessions. PRA-focused sessions are based on scripts (checklists or Power Point presentations) specific to the PRA. These sessions occur most often in the sites that have separate profiling and PRA orientations. Services available within the One-Stop Center may be referenced in the context of the risks and benefits of PRA acceptance, but an overview of One-Stop services is not emphasized.

In nearly all the sites that take this approach, the sessions are one-on-one,¹⁷ a format that often invites some discussion about the individual's job-search-interests and job orders. Labor market information is referenced, and participants receive instructions on how to access this information. PRA demonstration staff are careful to provide accurate information in response to questions without crossing the line into career counseling. However, in Region 4 of Florida, the PRA-focused session turns into a career counseling session after the PRA is accepted and enrollment is complete.

Overview of One-Stop Services and the PRA. These orientations begin with a comprehensive overview of all One-Stop services—core services, WIA intensive services, ITAs, and any services provided by partner agencies. Information on the PRA itself follows.

¹⁷ Only one of the Idaho sites also conducts group sessions.

Table IV.8. Type of Orientations

	Total Length of Orientation	Length of PRA Portion
PRA-Focused		
Region 4, Florida	1 hr 20 min	50 min ^a
Coeur d'Alene, Idaho	40 min ^b	Full session
Idaho Falls, Idaho	35 min	Full session
Tunica, Mississippi	30 min	Full session
Gulf Coast, Texas	20-30 min ^c	Full session
West Virginia	Ranged from 20-40 min ^d	Full session
Overview of One-Stop Services and PRA		
Gulfport, Mississippi	55 min	40 min
Montana	45 min – 1 hour ^e	20-30 min
General Job Search Information and PRA		
Region 5, Florida	55 min	25 min
Region 14, Florida	2 hr 30 min	45 min
Texoma, Texas	1 hr 45 min	35 min
Comprehensive Orientations		
Region 3, Florida	1 hr 40 min	25 min
Dakota/Anoka, Minnesota	2 hours	30 min

Source: Site visits and interviews conducted July 2005 through January 2006.

^aThe length of the PRA portion is shorter than the full orientation in Region 3 because 30 minutes were devoted to completing paperwork and the remainder of the session was focused on the individual's job search plan.

^bBased on a mock orientation session. No eligible individuals were present.

^cBased on observations of three one-on-one orientations in the Gulf Coast area.

^dBased on telephone observations of orientations in a selection of six of West Virginia's 20 Job Service Centers that are implementing PRA.

^eBased on staff interview, not observation.

General Job Search Information and the PRA. This type of orientation is intended to motivate individuals in their job search by providing tips on how to get an edge in the job market, develop a resume, interview effectively, and network successfully. The sessions provide a good deal of resource information that is germane to a job search (handling stress, finding the hidden job market, etc.) but not necessarily specific to the One-Stop Center. In sites that use this kind of orientation, the general job search piece is the standard session for all profiled UI recipients (regardless of PRA eligibility), and it precedes the PRA overview. The session is group only, and the facilitators are very dynamic and entertaining. In one site (Region 14 in Florida), one facilitator leads the general portion of the orientation and leaves the room when another facilitator arrives to lead the PRA portion.

Comprehensive Orientations. The comprehensive orientations that cover all three topics were conducted only in sites that conduct group sessions. Not surprisingly, these orientations are also among the longest, typically running about two hours. They build on

the content of existing profiling sessions, adding the PRA overview at the end. The sessions are facilitated by ES or UI staff (Region 3 in Florida and the Minnesota sites, respectively) with input from WIA and PRA dedicated staff where appropriate.

2. PRA-Related Orientation Topics

The federal planning guidance for PRAs (October 2004) provides insight into the types of information ETA might have envisioned for inclusion in PRA orientation sessions. This guidance is used to organize the findings from the orientation observations into the three areas listed below. The material in quotation marks, taken directly from the federal guidance, identifies the information that must be provided to those eligible for a PRA.

- ***PRA Policies and Procedures.*** “Account holders must be oriented to account policies and procedures, their access, rights, responsibilities, and liabilities at the time of the award.”
- ***Risks and Benefits of the PRA.*** “Because the decision to accept lies with the individual, potential account holders must have a thorough knowledge of the benefits and risks associated with PRAs upon which to make a final decision.”
- ***Directing Use of PRA Funds.*** “Since consumer choice under PRAs is relatively unfettered, users must have access to up-to-date and practical labor market and workforce information upon which to make informed decisions [regarding the use of account funds for training and other activities in preparation for a job.]”

a. PRA Policies and Procedures

Across the board, the orientations thoroughly explain the purpose, structure, and mechanics of the PRA. The clarity and flow of information can vary from site to site, but ultimately, potential account holders learn the framework of the PRA and how they can use it to help them find work.

PRA Purpose. PRAs were introduced in each orientation with a statement about their purpose that is some variation on the theme of “getting you back to work quickly.” Many of the sites emphasized the bonus component of the PRA and discussed the concept of return to work within 13 weeks several times. The flexibility of the account was highlighted often using slightly different terms to express the same idea: “a flexible account to get back to work,” “you decide how to use the account,” “self-managed account to get back to work and shorten your UI period.”

Selection for PRA. The degree of detail on how a PRA account holder is selected varied from site to site. At one end of the spectrum, the Idaho sites briefly mentioned that the One-Stop Center is part of a demonstration for a selected group of UI recipients. At the other end, Region 14 in Florida explained in detail how individuals identified as likely to

exhaust their UI benefits are a subset of all UI recipients, and those selected for PRA are a subset of those likely to exhaust.

PRA Amount. Every site made it clear from the start of the session that the account contains \$3,000.

Valid Period. Except for Regions 4, 5, and 14 in Florida, the sites made it clear that the account is valid for one year. In Regions 4 and 14, it may simply have been an oversight in the observed sessions. In Region 4, there is a telephone discussion before the one-on-one orientation, and the staff member reported that some details (including valid period and disqualification from WIA intensive services for one year) are covered during this initial call. Region 5 intentionally omitted the information from the orientation. Staff reported that customers were getting confused between the 13-week bonus qualification period and the one-year valid period, so the latter was not discussed in the group orientation. Instead, it was clarified in follow-up one-on-one meetings, held once an individual has decided to move closer to accepting the offer.

Allowable Uses. By the end of the orientation sessions, each site would have fully discussed the allowable uses of PRA. However, the extent to which this information was clearly and systematically presented varied. Sites that use PowerPoint presentations (all Idaho and Minnesota sites as well as some others) have relatively structured discussions of the allowable uses of PRA. Sites that conduct one-on-one orientations follow a general PRA checklist to guide a semi-structured discussion of the PRA (West Virginia, Tunica, Region 4 in Florida). But even in these more or less informal discussions, staff often give examples of how the PRA can be put to use, sometimes stressing “preferred” uses of funds—toward the bonus, for example. In Region 3 in Florida and the Texoma area of Texas, this approach is a reaction to a heavy use of the accounts for supportive services.

Employment Bonus Guidelines. The structure and payment of the two employment bonuses was clearly described in every observed PRA orientation. Facilitators clearly presented the 13-week qualification period (or less in some sites) and often identified the particular date that is relevant for the participant(s). The rules governing intensity (full-time), timing, and consistency of employment were also described clearly in each orientation. However, the effect of service payments on bonus totals is the one piece of information that tends to be less than crystal clear. For the most part, facilitators conveyed the idea that funds deducted from the account before one is employed reduce the total value of the bonus, but very few gave examples to clarify the point (e.g., a \$500 service payment would result in a \$1,500 employment entry bonus and a \$1,000 employment retention bonus).

Requests and Payment Procedures. The depth in which sites covered procedures for making requests against accounts and for the timing of payments was uneven. However, most of the difference between the sites that gave more and the sites that gave less comprehensive descriptions can be attributed to the PRA entry process. For instance, the sites that required a follow-up meeting to complete the PRA enrollment process generally did not discuss request and payment procedures in great detail during the initial group orientation. But in the sites that had no follow-up, individuals generally left the orientation

with the actual paperwork for, or at minimum, with an understanding of how to make requests against his/her PRA.

Complaints, Appeals, and Fraud. Sites were rarely specific about either the procedures for filing a complaint or the consequences of fraud. However, this topic was typically covered in a form that individuals were required to complete as part of the enrollment process or in the signed PRA consent and agreement form.

b. PRA Risks and Benefits

It is useful for potential account holders to understand some of the mechanics of the PRA (affect on UI, countable income, etc.) in order to make a fully informed decision about whether to accept the offer or not. Even more important to this decision, however, is the information they need to actually assess the PRA relative to other forms of employment assistance—especially insofar as they are no longer available once the PRA is accepted. The key component to comparing the relative risks and benefits of the PRA is to know what the other choices are or, in other words, to know what one is giving up in exchange for a PRA. Although the orientations covered the issues related to PRA mechanics relatively well—i.e., its effects on income for UI and tax purposes—few provided a clear and comprehensive explanation of the WIA services that are foregone if the PRA is accepted.

No Effect on UI Benefits. As UI recipients, potential account holders are very cautious about how incoming PRA funds might affect their UI benefits. In a significant majority of the observed orientations, the facilitator deliberately mentioned that the receipt of PRA funds does not alter the existing weekly amount of UI benefits or the duration of eligibility. In a few sites, this clarification arose in response to questions from potential account holders. Only in three sites was this topic *not* mentioned in the observed session.

Bonus Is Taxable. In every observed orientation, the facilitator stated that the bonus portion of the PRA is taxable as income. This topic, though often included in the discussion of PRA risks and benefits, was not highlighted in any particular way.

Flexibility of and Customer Choice in the PRA. In nearly all the orientations observed, the flexible nature of these self-managed accounts was discussed specifically as a benefit. However, in only a few sites was this benefit presented in contrast to the potentially larger but more restricted WIA and ITA funds. Only in Gulfport, Mississippi, and the Minnesota sites were the PRA and WIA sources of reemployment support compared directly and thoroughly.

Discussion of WIA Services and the ITA. PRA orientations do not universally present an overview of either the types of reemployment services—core, intensive, or training—available in the One-Stop Centers or the risks and benefits of electing the PRA versus the WIA reemployment support. A few of the sites systematically reviewed services—including those that are free to all individuals (resource rooms, general workshops, job clubs, etc.)—and those that can be accessed through WIA case managers (career development assistance, mock interviewing, diagnostic testing, training funds, etc.). These sites—Anoka and Dakota in Minnesota, and Gulfport, Mississippi—not only described what

the One-Stop Center services include but also discussed the availability of services.^{18,19} For example, the facilitator in Gulfport walked participants through the eligibility checklist for ITA while explaining that funding is not a guarantee but a function of eligibility and current funding levels. In Dakota, orientation participants completed a WIA application at the start of the orientation and were informed of their prospects of accessing intensive WIA services/ITA before the PRA-only portion of the orientation. These orientations also included clear side-by-side comparisons of the relative risks and benefits of selecting the WIA or the PRA.

All of the orientations observed made potential account holders aware of the fact that they would be ineligible for WIA intensive and training services for the one-year life of the PRA. In many sites, this was the only reference to WIA intensive services that orientation participants heard, and facilitators did not often specify the actual WIA services affected by this rule. Rarely did orientation participants ask questions or pursue this topic further in terms of the trade-offs and benefits of the PRA versus WIA. However, in many sessions, participants inquired specifically about the availability of training funds, and they were often given a two-part response: (1) the PRA is best used to address short-term training or certification programs, and (2) if an individual is interested in long-term training, he or she is encouraged either to attend a separate WIA orientation session (specifically referenced in Regions 5 and 14 in Florida and in the Texoma area of Texas) or to meet individually with a WIA counselor to obtain more detailed information before making a final decision about the PRA offer. Only in Gulfport, Mississippi; Anoka, Minnesota; and Region 14 in Florida was the ITA capped amount mentioned in the PRA orientation.²⁰

The coverage of WIA intensive and training services in PRA orientations may be limited for a number of reasons. First, the PRA orientations were often facilitated by staff who are not directly connected with WIA and do not know the details about access to and availability of WIA/ITA funds. Second, funding for WIA intensive and training services is directed toward certain populations and is often limited so that even WIA staff are not accustomed to publicizing the program to a potentially broader audience. Last, specific to training, the majority of front-line staff and/or orientation facilitators did not view PRAs and ITAs as comparable options from which to choose. Rather, they believed that the two options served different needs: the PRA was for individuals interested in short-term, typically less formal training, and the ITA was for individuals with longer-term education and training

¹⁸ Presumably, this discussion occurs in Montana as well given that profiling/PRA orientations provide an overview of all the services within the Job Service/One-Stop Center (as reported by staff). However, because an orientation was not observed in Montana it is not certain that a description of the access to and availability of WIA services is discussed with potential account holders.

¹⁹ The orientation in Region 3 provides a thorough description of the One-Stop services that are free to customers, but does not provide detail on the WIA dislocated worker program and the choices and trade-offs relative to PRA.

²⁰ This information is intentionally excluded from the Dakota orientation because WIA staff report that training is specific to an individual's needs and they were not comfortable providing information on a general dollar amount in the group session.

goals. While just a few of the participating sites had specific policies that limited PRA-funded training to a year (discussed in Chapter III), the perception about this issue in other sites was, for practical purposes, similarly limiting.

c. Directing the Use of PRA Funds

The key message in PRA orientations relative to the use of funds was that a self-managed account is an account in which the individual chooses how to use his/her funds. Individual career counseling was not provided in conjunction with a PRA (unless the account holder specifically requests and pays for such assistance). Nonetheless, the federal guidance explicitly sets the expectation that participating states and sites will provide PRA recipients with access to labor market information that makes a “compelling case for selection of, and preparation for, a high growth occupation as defined by the state and its local workforce investment boards” (ETA Planning Guidance, 2004). Other information that can help individuals who are considering how to use the PRA includes a knowledge of the cost of intensive services and the availability of other reemployment and training services in the community. In general, these topics are not covered particularly well in the orientations observed.

Labor Market Information (LMI). The facilitator in nearly every orientation mentioned the availability of labor market information on the website of his/her state’s workforce agency, but participants received little guidance on how to use this information to direct a job search or to make the best use of PRA funds.²¹ The reference to the LMI is often accompanied by a handout or resource sheet with the workforce agency’s internet address. In most cases, LMI is mentioned in the context of general One-Stop services or general job search information. A few of the sites go one step further, actually demonstrating how to access and use the information. In Region 3 in Florida, each orientation participant is seated at a computer station. A 15-minute portion of the orientation is devoted to a hands-on exercise in accessing LMI, researching the availability of local jobs, and searching for specific job orders. This exercise occurs during the overview of One-Stop services that is provided before the PRA is discussed. Although PRA staff in Region 5 will help PRA recipients access and use LMI to focus their job search, this assistance is provided as a purchased intensive service.

Cost of WIA Intensive Services. Two sites provided a detailed description of the intensive services that can be purchased by PRA recipients. Regions 3 and 5 in Florida fully describe the intensive services packages and their costs in the orientation. Although most of the other sites that have priced WIA intensive services mention which services can be purchased, they do not specifically mention the associated costs.

Other Services Available in the Community. In “staying on message” with respect to customer choice, orientation facilitators often gave examples of the types of items,

²¹ The sites that did not discuss access to LMI information were all sites that conducted PRA-focused orientations.

services, or training that recipients could purchase with PRA funds. It was clear that services provided outside of the One-Stop Center would be fair game for PRA recipients. Nonetheless, the types of reemployment or training services actually available locally were rarely covered.

D. LEVEL OF CONTACT: WHAT IS THE NATURE, FREQUENCY, AND TYPE OF CONTACT WITH PRA RECIPIENTS?

After an individual accepts the PRA offer, the contact with PRA staff is largely limited to requests to draw account funds for services or bonuses. Any one-on-one counseling to help account holders weigh the relative costs and benefits of different uses of account funds (or the choice of any training program or set of services over another) falls into the category of intensive career counseling and must be paid for by PRA recipients. The frequency of contact varies by the nature and number of requests; that is, PRA staff have frequent contact with account holders who use the PRA primarily for supportive services and minimal contact with those who pursue the bonus.

1. Contact Requirements

Two sites require PRA recipients to report on their job-search progress every month to designated PRA staff.²² In Regions 3 and 14 in Florida, this monthly contact requirement is written into the PRA agreement (Table IV.9). Although none of the other sites has requirements for regular contact, staff in Florida's Region 3 encourage recipients to maintain bi-monthly contact. In the Texoma and Gulf Coast areas of Texas, recipients are not required to contact staff with any sustained periodicity, but they are expected to make some substantive contact within six months—either to draw funds from the account or, at minimum, to develop a plan for how the PRA will be used. Similarly, the sites in Idaho, Minnesota, and West Virginia have first-disbursement policies that imply contact requirements within a specified timeframe (typically six months, as discussed in Chapter III).

2. Initiating Contact

For the most part, initiating contact is the responsibility of the account holder. Five of the seven states initiate little to no contact with PRA recipients (Table IV.9). Indeed, the only contact may be a letter warning the recipient that his or her account will be closed because of non-use within a first-disbursement period (where applicable).²³

Only in the Florida sites do staff initiate contact with recipients with some regularity. In Region 3, PRA staff contact account holders after about three weeks if no contact has been made by recipients (Table IV.9). The staff's time in Region 14 is tighter than anticipated, so

²² All sites require job search updates with some periodicity to UI during the period of UI receipt.

²³ Refer to Chapter III for a discussion of first disbursement policies in Section D, Account Management Policies.

they initiate contact with recipients after a longer, sustained period of no contact. In Region 5 in Florida, staff not only initiate contact to check on job-search progress monthly but also proactively work to match PRA recipients with appropriate jobs. Four staff members hold weekly meetings to review PRA client profiles and resumes against known job orders. Following the meeting, PRA staff contact specific recipients to discuss job opportunities with them.

Staff in the Mississippi sites also initiate contact with recipients, but at specific points in the PRA period. In Tunica, for instance, staff contact recipients in their 13th UI compensable week to gauge job-search progress. In Gulfport, staff planned to contact first-bonus recipients at the six-month retention point to check on continued employment and remind them of the second bonus. (This contact did not occur because of sustained PRA operations as a result of Hurricane Katrina.)

3. Average Frequency of Contact

As mentioned, the average frequency of contact between staff and PRA recipients varies widely, depending on how and the extent to which the account is used (Table IV.9). Contact with recipients who pursue the bonus is typically quite limited, often occurring just twice, when a recipient requests a bonus payment (in sites with no contact requirements). On the other hand, staff in many of the sites report frequent—weekly and sometimes daily—contact with recipients who use the PRA primarily for supportive service requests. These contacts include telephone calls and/or office visits from recipients seeking clearance on the allowable use of funds, to receive disbursement forms, to submit a request for services, and to check the status of payments. In some sites—specifically, Regions 3 and 14 in Florida and the Texoma and Gulf Coast areas of Texas—administrators and staff report that managing this subset of PRAs is especially time and labor intensive. Region 14 staff took two steps to ease the burden on staff. First, they set aside four times each week when staff are available to answer questions and receive paperwork for account disbursements. PRA recipients are strongly encouraged to make contact (by telephone or in person) only during these periods. Second, they created an online system that recipients can access to check the status of requested disbursements and to track account balances.

4. Type of Contact

Most of the contact that occurs after orientation between One-Stop Center staff and PRA recipients is by telephone, email, or mail. Face-to-face contact occurs most often in Regions 3, 4, and 5 in Florida, where PRA recipients pursue career counseling (for purchase) and where recipients are required to submit requests for account disbursements in person (Table IV.10). In-person requests are also required in Idaho. In all other participating sites, PRA recipients can submit requests via fax, email, or mail. In many of these sites, face-to-face contact is limited and often discouraged in order to minimize interruptions for staff and to keep labor time and costs in check.

Table IV.9. Level of Contact Between One-Stop Center Staff and PRA Recipients

Site	Contact Requirements	Timing of Staff Initiated Contact	Average Level of Contact
Region 3, Florida	Monthly contact required	After three weeks of no contact from recipient	At least monthly; often weekly with subset of recipients making supportive service requests
Region 4, Florida	Bi-weekly contact encouraged, but not required	Most contact initiated by staff	Bi-weekly
Region 5, Florida	None ^a	After one month of no contact from recipient; also, proactive efforts to match recipients with job listings	About monthly; weekly contact with those who have purchased intensive services
Region 14, Florida	Monthly contact required	After sustained period of no contact (2-3 months)	At least monthly; often weekly with subset of recipients making supportive service requests
Idaho (2 sites)	None ^a	None	Varies across recipients; as needed for requests
Minnesota (4 sites)	None ^a	None	As needed for requests; but very limited face-to-face contact
Gulfport, Mississippi	None	Planned to follow-up at 6-month retention point with recipients of the first bonus	Varies across recipients; as needed for requests
Tunica, Mississippi	None	At 13 th UI week to check on employment progress	Varies across recipients; as needed for requests
Montana (4 sites)	None	None	Varies across recipients; as needed for requests
Texoma, Texas	None ^b	None	Varies across recipients; can be daily for those making supportive service requests, minimal for bonus recipients
Gulf Coast, Texas	None ^b	None	Varies across recipients; as needed for requests
West Virginia (statewide)	None ^a	None	Limited to none

Source: Site visits and interviews conducted July 2005 through January 2006.

^aFirst disbursement and, therefore some contact required within 6 months.

^bFirst disbursement made or PRA usage plan in place by 26 weeks.

Table IV.10. Method of Making PRA Requests

In-Person Only	Email/Mail/Fax (Limited In-Person)
Regions 3, 4, and 5 in Florida Idaho (2 sites)	Region 14 in Florida Minnesota (4 sites) Mississippi (2 sites) Montana (4 sites) Texas (2 sites) West Virginia (statewide)

Source: Site visits and interviews conducted July 2005 through January 2006.

This chapter, along with chapters I through III have focused on the details of the implementation framework—the policies, procedures, and practices that influence the structure of PRAs, who receives a PRA offer, and how accounts are managed. The next chapter addresses the account holder’s perspective on PRAs, examining in particular how individuals have responded to the program.

CHAPTER V

EARLY CUSTOMER RESPONSES TO THE PRAS

To learn from, refine, and possibly expand PRAs or similar reemployment initiatives, it is necessary to understand the PRA administrative and delivery structures, the policy decisions made by program administrators, and implementation details. But if initiatives like PRAs are to be truly useful and sustainable, it is necessary to understand how recipients respond to them. Specifically, will people accept the PRA offer, and if they do, how will they use PRA funds to gain employment.

At this time, it is too early to fully determine patterns in the acceptance and use of PRAs. The final report of the evaluation will analyze customer responses to the PRA thoroughly using complete data on accounts that have run their full course. Nonetheless, state-level aggregate data, together with qualitative information from staff interviews, are a telling preview of early patterns in the response to PRA offers and in how the accounts are used at this interim point in the demonstration.

This chapter presents findings from the analysis of the state quarterly activity and expenditure reports on the PRA demonstration for the period ending December 2005. ETA requires these quarterly reports from each demonstration state. The analysis is limited in two key respects:

- The data are not complete in that they reflect activity up to this point, not through the full account cycle of one-year for all accounts, so the picture may change dramatically before the end of the evaluation period.
- Unlike individual-level data, aggregate data cannot be manipulated to ensure that the data elements have been constructed in the same way across the states, so for some measures (e.g., average expenditures on services) findings cannot be presented for all the states in the same terms.

From this early analysis, it is evident that the patterns and level of use of PRA funds are very different from state to state. Some degree of variation may be attributed to differences in PRA policies, targeted populations, and implementation practices (e.g. format and content

of orientation sessions) that cannot be determined here, but that may become clearer in the final analysis.

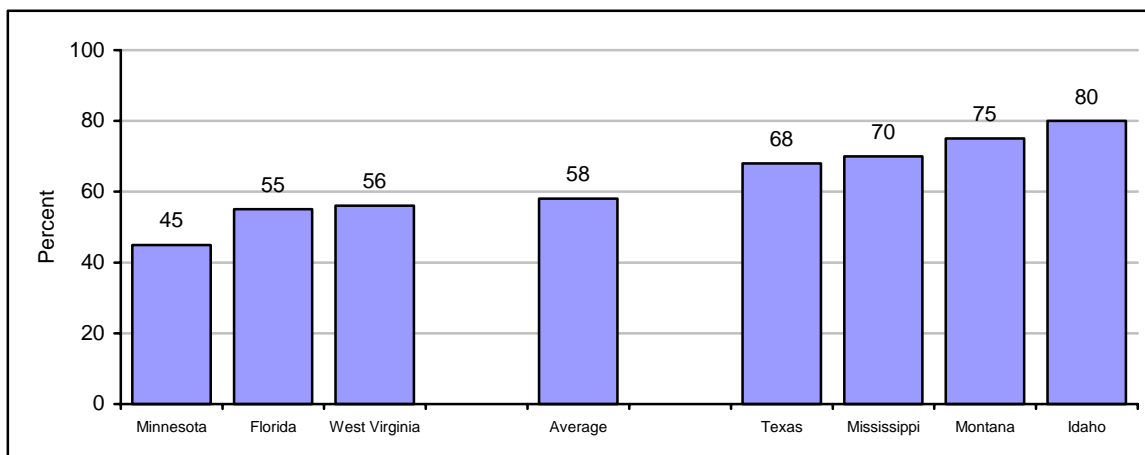
A. ACCEPTANCE RATE

Before the PRA demonstration, there was not enough information to estimate the rate of acceptance of PRA offers that combine the financial support for reemployment services with lump sum bonus payments. Looking exclusively at the bonus component, Illinois had the only early bonus experiment similar to the PRAs in requiring an acceptance of the bonus offer; the acceptance rate there was 80 percent (Woodbury and Spiegelman 1987). Focusing on the account as a means of purchasing services leaves only the ITA experiment on which to base an acceptance estimate. Among individuals in select experimental sites who were required only to attend an orientation to gain access to an ITA—the approach most similar to the process for accessing PRAs—74 percent completed the orientation to pursue training funds (Perez-Johnson et al. 2004).

Because PRAs act as both incentive payments and service purchase accounts, the decision to accept the offer may be more complex than it was in earlier initiatives. Individuals who believe they can find a job quickly with little or no need of intensive reemployment services may be likely to accept the PRA offer because of the reemployment bonuses. Others may choose to weigh the relative risks and benefits associated with PRAs compared to other forms of reemployment assistance from within or outside the One-Stop system and make an acceptance decision based on their specific needs and interests. Specifically, because individuals must forgo other routes of reemployment assistance in order to accept the PRA, lower acceptance rates than those experienced under previous strategies might be expected.

The early aggregate data indicate that the majority of potential account holders did accept the PRA offer in six of the seven demonstration states, but the rate at which they did so varied from state to state (Figure V.1). Acceptance rates range from 45 to 56 percent in Florida, Minnesota, and West Virginia. Then there is, at a minimum, a 12-percentage-point difference between the rates in these states and the other four states in which acceptance rates were higher, ranging from 68 to 80 percent in Idaho, Mississippi, Montana, and Texas.

At this time, it is not possible to assess the relative importance of factors that can influence PRA acceptance. In the final analysis, which will draw on individual-level data, this decision will be explored in more detail. Because the PRA is a voluntary program, personal preferences that cannot be observed are likely to play into the acceptance decision. However, certain observed characteristics, conditions, and service delivery factors may also contribute to this decision. For example, prevailing economic conditions may affect an individual's assessment of his or her chances of finding work quickly and receiving the bonus; by the same token, the financial standing of the potential account holder may influence his or her level of interest in accessing the account. Service factors that affect the acceptance decision could include (1) the timing of the PRA offer relative to the initial UI claim and the total duration of UI eligibility, (2) the claimant's UI weekly benefit amount, (3)

Figure V.1. PRA Acceptance Rates

Source: Calculations based on state quarterly activity and expenditure reports on the PRA demonstration, as of December 2005.

the structure of the PRA, such as bonus ceiling amounts, (4) the format of the PRA orientation (group and/or individual meetings), (5) the content of the PRA orientation—such as PRA policies and procedures, an overview of One-Stop services, and the relative risks and benefits to PRA acceptance, (6) the quality and accessibility of labor market information, (7) the availability and accessibility of other intensive WIA services in the One-Stop Center,¹ (8) the availability and ceiling amount of ITAs, and (9) the availability and accessibility of other reemployment services in the community.

1. Reasons for Declining an Offer

All that is known about the acceptance decision at this point is based on anecdotal information from demonstration staff who make the offers and speak with potential account holders. This information is not comprehensive by any means; many of the sites receive limited to no direct feedback from potential account holders about why they did or didn't accept the offer because the individuals just never responded. But even so, the staff's experience provides some sense of why individuals do not accept the PRA offer.

According to demonstration staff, potential account holders decline the offer for three reasons: (1) personal circumstances, (2) a negative perception of the PRA itself, and (3) the attractiveness of other options. In terms of personal circumstances, a handful of individuals told staff directly that they did not need the assistance and that the offer should go to others

¹ For example, in Minnesota, where the acceptance rate is currently the lowest among the states, they have a state as well as a federal dislocated worker program so funds for training are not in short supply. An individual interested in longer-term training may be more likely to take the dislocated worker program route over the PRA because of the availability of a higher amount of financial support.

who have greater financial needs. Others who receive the offer are not intending to or are not ready to return to work because they are pregnant, or older and are approaching retirement age, or they are seasonal workers who would rather ride out their full UI benefits. While a handful of potential account holders have indeed provided these examples to staff, much of this information is based solely on staff assumptions rather than individual report; these reasons could disqualify the individual from UI receipt and presumably would prevent any direct report to staff. Last, a couple of staff felt that some long-term workers may still be in shock over the loss of their job when they are offered a PRA and so are not in the right frame of mind to make any relatively quick decision about the best course of action in a job search.

In just about every site, staff believe some portion of offerees get a negative perception of the PRA and therefore do not accept the offer. Just about every staff person involved in the orientation process reported that the individuals who are obviously skeptical of the PRA offer express their opinion either overtly or indirectly through questions, side-comments to other orientation attendees, or simply through body language. Some offerees make it clear that they do not trust the offer, saying, for example, that “if it is too good to be true, then it is.” Some level of discomfort with the offer becomes apparent in such questions as: Is the PRA a form of public assistance, and what is the government getting out of this?

Beyond this basic skepticism is some degree of confusion that may motivate the decision to decline the offer, again communicated largely through questions during the orientations. Must it be paid back, and will it truly not affect UI benefits? At the end of one observed orientation, an individual simply stated, “not interested,” and walked out. Three staff members tried to intervene to determine whether there were questions in this person’s mind that remained unanswered or if there was something in particular that the person was considering. The individual would not provide any further comment, repeating “not interested.” Lastly, staff in at least two sites reported that a “group-think” mentality can permeate a PRA orientation, swaying the attendees toward acceptance or refusal, the latter being more likely.

The last reason perceived by staff as the reason for refusing an offer, pursuing other options precluded by the PRA, is the most clear-cut. Individuals particularly interested in training or education programs are often encouraged to learn more about the WIA dislocated worker program and the availability of ITA funds. Some portion of these individuals then, presumably, opt for WIA over the PRA.

2. State Progress to PRA Targets

Despite lower acceptance rates, Florida, Minnesota, and West Virginia have not had trouble meeting their targeted number of accounts (Table V.1). In fact, by the end of December 2005, Minnesota and West Virginia had established accounts in excess of their initial targets because they started to recycle funds from partially and/or fully unused accounts into new accounts. Mississippi would have achieved its target of 233 accounts by December 2005 had operations not been disrupted by Hurricane Katrina. Only the Tunica

site has made offers since September 2005, and the number of eligible individuals per week in this site is very low.

Table V.1. Progress in Achieving Targeted Number of PRAs

	Target (Minimum Number of Established PRAs)	Current Number of Established PRAs	Current PRAs as Percentage of Target
Montana	158	49	31%
Idaho	200	118	59%
Texas	625	380	61%
Mississippi	233	186	80%
Florida	495	479	97%
Minnesota	363	373	103%
West Virginia	196	237	121%
Total	2270	1822	80%

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

The three remaining states had not reached their account target by the end of 2005. Idaho and Texas have had fewer-than-anticipated PRA eligible individuals each week. Both apply PRA eligibility criteria beyond the probability to exhaust UI benefits, which decrease the size of its eligible pool (discussed in Chapter IV). Both are also likely to hit their initial targets late in 2006. The slow progress in Montana is partly a result of the size of the eligible pool, which is capped at three per week for each of four sites, but more influential are the administrative challenges and structural changes occurring within the state's workforce services delivery system. The initial confusion over the selection of participating sites and the administrative entity responsible for PRA implementation slowed start-up in Montana (see discussion in Chapter II). Then, because of the recent elimination of local boards and the subsequent restructuring of the One-Stop administration, no new PRA offers were made from January through at least April of 2006. It is feasible that Montana could reach the target of a total of 158 established accounts by the end of 2006 if offers resume soon, continue with consistency, and the acceptance rate remains high.

B. USES OF PRA FUNDS

The flexibility and breadth of potential uses of PRA funds presents the recipient with a range of choices. He or she must weigh the relative value of a large lump-sum payment for early employment against purchasing services that can make him or her more marketable. In deciding how to use PRA funds, account holders consider the likelihood of finding a job within 13 weeks (or a shorter period as specified by some states), their level of interest in

education and training programs, and their need for assistance in purchasing supportive services to bolster their reemployment efforts.

1. Bonus Receipt and Average Bonus Payments

In comparison to the earlier bonus experiments, the PRA bonus provides a higher financial incentive for employment and earlier access to a substantial portion of the total bonus. The bonuses in experiments conducted in the late 1980s in Washington, Pennsylvania, New Jersey, and Illinois ranged from about \$300 to \$1,000. Even after adjusting for inflation, the current PRA bonus is at least twice as large as the most generous bonuses of 1989 (Decker and Perez-Johnson 2004). Also, 60 percent of the PRA bonus is received immediately upon employment, while in the earlier experiments, recipients had to remain continuously employed for 16 weeks in order to qualify for the bonus.

The maximum PRA bonus is based on an account balance of \$3,000 regardless of an individual's weekly benefit amount (except in Minnesota), so the dollar amount of the bonus can be the same while its size relative to weekly UI benefits can vary across recipients. Therefore, the incentive offered by the PRA bonus can be greater for lower-income individuals (with low weekly benefit amounts) and can vary across states based on the maximum weekly benefit amount.

Two recent analyses provide estimates of the rate of bonus receipt that might be expected under PRAs. The first analysis, based on the earlier reemployment bonus demonstrations and reemployment rates among UI recipients targeted for WPRS, estimated that 32 percent of individuals offered a \$3,000 PRA would qualify for and receive at least the first installment of the reemployment bonus (Decker and Perez-Johnson 2004). Another analysis of employment services records and UI claims in Georgia estimated that 40 percent of targeted UI claimants would qualify for the employment entry bonus by getting a job within 13 weeks (O'Leary and Eberts 2004).²

Current state aggregate data show that the rate of PRA bonus receipt for finding a job (the first 60 percent of the account) is lower than these estimates, but the data are not complete. Receipt rates range from a low of 10 percent in Montana to a high of 39 percent in Florida (Table V.2). By the end of 2005, a total of 508 account holders received a bonus for securing a job within 13 weeks, reflecting an average receipt rate of 24 percent of all established PRA accounts.³ However, the aggregate data underestimate the bonus receipt rate because the qualification period is truncated for the accounts established in the most recent quarter. (There were 517 accounts established in the last quarter of 2005, representing 28 percent of all established accounts.) In addition, there may be a delay in the

² Based on a simulation analysis of the top 30 percent of the WPRS distribution of UI claimant scores in Georgia who entered reemployment services between July 1, 2000 and September 30, 2001 (the first five quarters of WIA program operation).

³ The bonus receipt rate in Mississippi is well within the range of the other states despite the disruption in services in Gulfport due to Hurricane Katrina.

submission of the bonus request relative to the start date of employment. It is expected that the rate of bonus receipt will be higher in the final analysis, as that analysis will be based on the full qualification period for all PRA recipients.

Table V.2. PRA Bonuses, as of December 2005

State	Employment Bonus (First Bonus)				Retention Bonus (Second Bonus)	
	Total Number	Receipt Rate	Percentage in High Growth Occupations	Average Amount	Total Number	Average Amount
Florida	188	39%	44%	\$1,683	16	\$1,159
Idaho	32	27%	N/A	\$1,608	6	\$1,133
Minnesota	93	25%	5%	\$1,461	17	\$1,102
Mississippi	51	27%	78%	\$1,800	0	N/A
Montana	5	10%	0%	\$1,769	0	N/A
Texas	72	19%	21%	\$1,654	2	\$1,200
West Virginia	67	28%	10%	\$1,458	3	\$887
Total	508	24%	25%	\$1,616	44	\$1,117

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

N/A = Not applicable

As can be expected, the number of employment retention bonuses (the remaining 40 percent of the account) is quite low at this time. Few first bonus recipients could meet the six-month retention qualification period by the end of 2005. Because PRA offers began in March and April of 2005, even the earliest PRA recipients would have had until mid-June to gain employment to qualify for the first bonus.

PRA account holders also make decisions that determine the size of their bonus (within established ceilings of \$3,000 or less, depending on the state); any services purchased will draw down the total amount available for bonus payments. Existing analyses suggest that PRA recipients will restrict spending on services early in their UI benefit period (i.e., within the first 13 compensable weeks) in order to maximize the potential amount of a reemployment bonus (O'Leary and Eberts 2004; Perez-Johnson and Decker 2003). The current aggregate data appear to support these predictions in that the average amount of the bonus reflects spending of less than \$400 on services before employment. Specifically, the average \$1,616 first bonus payment is based on an account balance of \$2,694 (Table V.2). In

Mississippi, all 51 bonus recipients saved their full accounts for bonus payments and in Montana, four of the five recipients spent nothing on services.⁴

2. Spending on Services

Account holders have broad discretion over which services to select. Before the PRA demonstration, a number of assumptions could be made based on existing research about the purchase of services with PRA funds. First, as mentioned, account holders were expected to limit PRA outlays for services within the first 13 weeks in order to “save” the money for the largest possible bonus payments. However, when account holders become disqualified for a bonus for not finding a job within the 13-week compensable UI benefit period, they were expected to spend their PRA funds on supportive services or training (Perez-Johnson and Decker 2003). Second, it was predicted that when PRAs are used for services within the first 13 weeks, those would be services not currently covered and/or available through other avenues within the One-Stop system, primarily supportive services because intensive and training services can be covered by other WIA-funded activities. Third, findings from the ITA experiment suggested that few PRA recipients would be likely to use funds for intensive counseling available from the One-Stop Centers regardless of the time period (before or after the bonus qualification period), but recipients interested in training are likely to pursue it (Perez-Johnson and Decker 2003).⁵

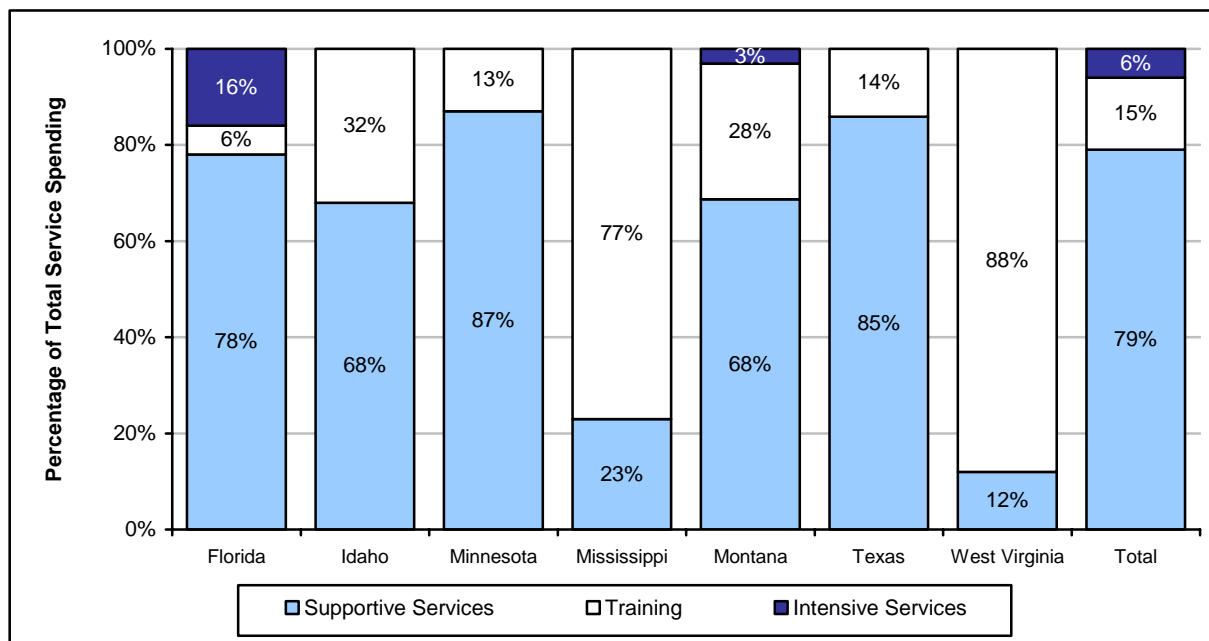
The data now available suggest that some predictions seem likely. The current analysis is limited because it cannot distinguish spending in the first 13 weeks from spending thereafter, but it is evident that recipients spend a good deal of funds on supportive services, very little (if any) on intensive services, and often little but certainly a noticeable amount on training.

a. Supportive Services

PRA recipients in five of the seven demonstration states spent more on supportive services than on any other service (Figure V.2). In Florida, Idaho, Minnesota, Montana, and Texas, a minimum of \$2 of every \$3 dollars spent by PRA recipients on services went to supportive services. In contrast, recipients in Mississippi and West Virginia spent less than \$1 in every \$4 service dollars on supportive services. Spending on supportive services could be expected to be particularly low in West Virginia, given the restrictions on supportive service payments (discussed in Chapter III). The same could be expected in Mississippi relative to the other five states because of its PRA policies, but the disruption from Hurricane Katrina is the more likely explanation for the very low overall rate of spending on services (less than \$5,000).

⁴ Based on the high average level of the first bonus payment and confirmed with demonstration staff in Montana.

⁵ In contrast to requirements under ITAs, PRA recipients seeking training do not need to first meet with a counselor and do not need to select from approved training courses and providers.

Figure V.2. PRA Spending on Services, by Service Type

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

Average supportive service withdrawals per transaction (i.e. one withdrawal request) are \$704 across Florida, Idaho, Minnesota, Montana, and West Virginia (Table V.3). While these states report transaction level detail, it is highly likely that several supportive services requests (e.g., mileage reimbursement and child care expenses for a full month of job search activities) are bundled in some transactions. Average supportive services expenditures per customer were \$1,178 in Texas; Mississippi has only had one customer make use of the PRA for supportive services totaling \$910 (Table V.4).

Beyond the wide range of uses for supportive service discussed in Chapter III, some examples of the more unusual uses of PRA funds include purchasing prescription medications, fixing a chipped tooth to improve one's appearance for interviews, and printing business cards for networking purposes. Across the board, the sites reported low rates of denying any supportive service requests. Those requests that were denied were deemed inappropriate because they were for luxury items, or for items or services that were unrelated to obtaining employment.

Table V.3. Service Payments Per Transaction (5 states)

State	Intensive Services		Training		Supportive Services		Total	
	No. of Transactions	Average Amount	No. of Transactions	Average Amount	No. of Transactions	Average Amount	No. of Transactions	Average Amount
Florida	107	\$526	34	\$685	370	\$762	511	\$707
Idaho	0	0	22	\$772	70	\$522	92	\$582
Minnesota	2	\$717	49	\$908	461	\$664	512	\$688
Montana	5	\$300	10	\$1,245	28	\$1,077	43	\$1,026
West Virginia	1	\$27	26	\$1,020	6	\$602	33	\$914
Total	115	\$515	141	\$878	935	\$704	1191	\$706

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

Table V.4. Service Payments Per Customer (2 states)

State	Intensive Services		Training		Supportive Services		Total	
	No. of Customers	Average Amount	No. of Customers	Average Amount	No. of Customers	Average Amount	No. of Customers	Average Amount
Mississippi	0	0	3	\$1,039	1	\$910	4	\$1,007
Texas	2	\$122	27	\$1,050	142	\$1,178	144	\$1,361
Total	2	\$122	30	\$1,049	143	\$1,176	148	\$1,351

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

b. Training

Spending on training makes up the majority of service spending by PRA recipients in Mississippi and West Virginia and about one-third in Idaho and Montana (Figure V.2). Total spending on training programs ranges from 6 to 14 percent of the total spent on services in Florida, Minnesota, and Texas.

Average spending on training per transaction (i.e. one withdrawal) ranges from a low of \$685 in Florida to a high of \$1,245 in Montana (Table V.3); per-customer spending on training averages \$1,049 in Mississippi and Texas (Table V.4). According to site staff, training requests run the gamut in length and type. PRA recipients use funds to purchase, or assist with expenses for, the following:

- Online training on topics such as real estate, medical transcription, accounting, and website design

- Short-term training or specialized courses in areas such as medical billing and coding, real estate, interior design, bartending, professional certification for manufacturing managers, Spanish classes, surface mining, and for such positions as a manicurist, administrative assistant, certified medical technicians aide, and nursing home activities director
- Two-year certification programs for electronics technology, welding, and teaching
- College and/or university degrees that are in progress in majors such as business and chemistry.

c. Intensive Services

By the end of 2005, account holders in six of the seven demonstration states used little if any of their PRA funds to purchase intensive services even while only one of these states (Idaho) did not set prices for intensive services purchased within the One-Stop Center (Figure V.2).⁶ Only in Florida have PRA recipients spent at least \$1 of every \$10 spent on services to purchase intensive services.⁷ This finding corroborates expectations based on interviews and site-visits, given that Region 3 requires all PRA recipients to purchase the intensive services package and that Region 5 heavily markets the package during orientation.

The average amount of spending on intensive services per transaction in Florida has been \$526, at least twice the cost of the intensive services packages in Regions 3 and 5, suggesting that PRA recipients are purchasing services in excess of these packages (Table V.3). As reported by staff, a handful of PRA recipients in Montana used their funds to attend specialized job search-related workshops given by providers outside of the One-Stop system.⁸ The two intensive services transactions in Minnesota reflect the purchase of counseling from WIA staff in Dakota, and that recipients in West Virginia and Texas (Texoma) used funds to purchase resume-development assistance from within the One-Stop Center.

3. The Bonus Versus Service Spending

The limited data available at this time (based only on data from three states) suggest that few account holders use the PRA to purchase services *and* receive a bonus. As shown in Figure V.3, among recipients who have used their PRA funds at all, only 3 and 9 percent have purchased services and received a bonus in Montana and Texas, respectively. PRA

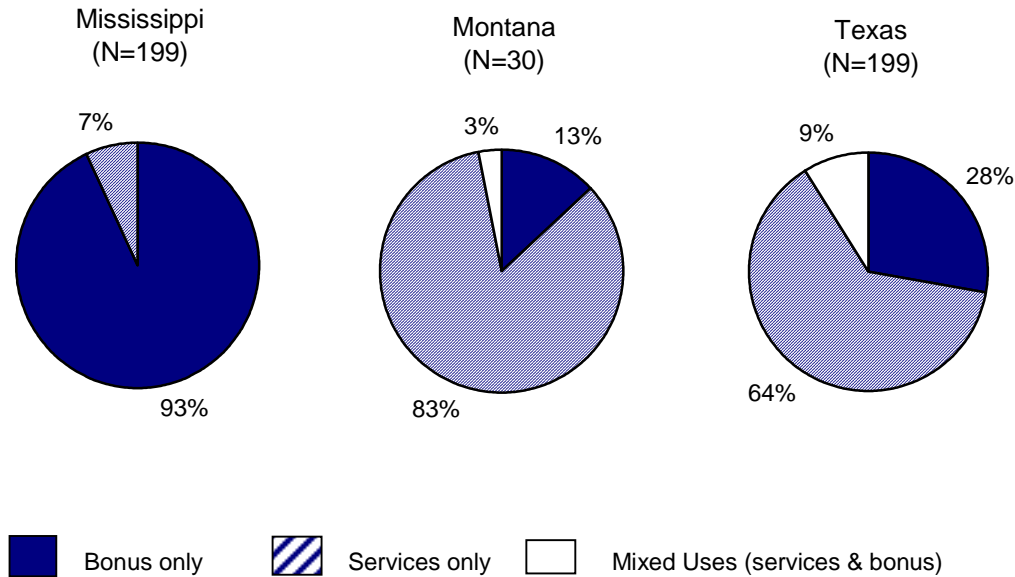
⁶ Spending on intensive services was less than one percent of services spending in Minnesota and West Virginia.

⁷ This spending occurs only in the 3-Region consortia of Regions 3, 4, and 5; there was no purchase of intensive services in Region 14.

⁸ Montana did not price One-Stop Center services.

recipients in Mississippi have thus far gone after one or the other. While some recipients may begin making purchases from the start with no intention of pursuing the bonus, this early finding is also consistent with a strategy that delays spending while trying to qualify for the maximum bonus and then purchasing services only if employment entry does not occur by the 13th week.

Figure V.3. Uses of the PRA Among Recipients with Disbursements (percentages)



Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

Note: Percentages may not sum to 100 due to rounding.

Total PRA expenditures through the end of 2005 throughout the seven demonstration states were about evenly split between bonus payments and purchased services (Table V.5). So while the level of spending for supportive services is generally high, it is not far outpacing bonus payments overall. However, service spending has been more than four times higher than bonus payments in Montana, and more than double that of bonus payments in Minnesota. In addition, a substantial majority of PRA expenditures in Texas have been service-related payments. In contrast, in Mississippi bonus payments have far exceeded service spending (where total service spending is thus far less than \$5,000).

The average per-recipient spending on bonuses and various services, the balance of spending across categories, and the timing of certain spending patterns (e.g. before and after the 13th compensable UI week) will be closely examined in the final analysis of the evaluation.

Table V.5. PRA Expenditures through December 2005

State	Service Spending		Bonus Payments		Total Expenditures	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Florida	\$361,384	52%	\$334,944	48%	\$696,328	100%
Idaho	\$53,538	48%	\$58,248	52%	\$111,786	100%
Minnesota	\$352,251	69%	\$154,629	31%	\$506,880	100%
Mississippi	\$4,027	4%	\$91,800	96%	\$95,827	100%
Montana	\$44,113	83%	\$8,846	17%	\$52,959	100%
Texas	\$195,940	62%	\$121,477	38%	\$317,417	100%
West Virginia	\$30,153	23%	\$100,091	77%	\$130,505	100%
Total	\$1,041,406	54%	\$870,035	46%	\$1,911,702	100%

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

C. EXTENT OF PRA USE

There is only limited information at this time about the percentage of account holders who have used their PRA for any purpose at all through the end of 2005. The data available, which is for only three states—Texas, Idaho, and Montana—indicate that 52, 59, and 61 percent of account holders, respectively, have accessed their funds for any purpose.⁹ However, looking at total expenditures as a proportion of estimated current active funds,¹⁰ it is clear that there is a wide range in the rate of PRA spending across the states (Table V.6). Spending is lowest in Mississippi, as expected because of Hurricane Katrina. Spending is also relatively low in West Virginia, where just over 30 percent of active funds have been disbursed. The rate of spending is highest in Florida at 72 percent of active funds; spending in Texas and Minnesota is just a few percentage points lower.¹¹

⁹ Data available for Mississippi reflect a 30 percent rate of usage among all account holders, but this is low because of disrupted access in Gulfport due to Hurricane Katrina.

¹⁰ Calculated using obligations for accounts established through September 2005 less funds that are reserved for second bonus payments among recipients of the first bonus.

¹¹ These spending rates are overestimates because all expenditures through the end of 2005 are included while only obligations for accounts established through September 2005 are calculated. This is based on the assumption that account holders curtail services spending in order to maximize the bonus so that the majority of the service expenditures in the last quarter of 2005 are incurred by accounts that were open prior to this

Table V.6. Estimated Level of PRA Expenditures Relative to Active Funds

	Total Obligations for Established Accounts through September 2005 ^a	Funds Frozen for Second Bonus Payments ^b	Estimated Total Active Funds ^c	Total Expenditures through December 2005 ^d	Estimated Usage Rate of Active Funds
Florida	\$1,155,000	\$192,985	\$962,015	\$696,328	72%
Idaho	\$246,000	\$27,868	\$218,132	\$111,786	51%
Minnesota	\$864,000	\$74,039	\$789,961	\$506,880	64%
Mississippi	\$525,000	\$61,200	\$463,800	\$95,827	21%
Montana	\$93,000	\$5,897	\$87,103	\$52,959	61%
Texas	\$558,000	\$77,180	\$480,820	\$317,417	66%
West Virginia	\$474,000	\$62,211	\$411,789	\$130,505	32%
Total	\$3,915,000	\$500,029	\$3,414,971	\$1,911,702	56%

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

^aBased on the number of accounts established through September 2005 multiplied by the total account amount of \$3,000.

^bCalculated by multiplying the number of first bonus recipients who have yet to receive the second bonus by the estimated average amount of the second payment (based on the average amount of all first bonus payments).

^cTotal obligations less frozen funds.

^dAssumes that all expenditures are associated with accounts open by the end of September 2005. This will overestimate expenditures relative to obligations.

Another method of gauging the extent of account use is to look at the rate at which PRA recipients are exhausting their accounts. At this time, the exhaustion rate is low; no accounts have been fully used in Idaho or Mississippi, three to four percent of all accounts have been fully used in Montana, Texas, and West Virginia (Table V.7). Only in Florida and Minnesota were more than one in every 10 accounts closed because they were exhausted by the end of 2005. At this point, the majority of exhausted accounts have been used for services; only about one-quarter of exhausted accounts have been depleted as the result of both bonus payments (data not shown). However, worth reiterating here is that the timeframe in which most recipients could qualify for the second bonus payment has not yet been reached. The number of accounts closed because of exhausted funds is expected to rise in the coming quarters when second bonus payments are possible.

(continued)

quarter. Similarly, it is assumed that the majority of bonus payments made in the last quarter of 2005 are linked with accounts that were open prior to the last quarter.

Table V.7. Account Closures, Exhausts, and Average Expenditures

State	Account Closures		Accounts Exhausted (Used in Full)			Average PRA Expenditures Per Recipient	
	Number	Percentage of All Accounts	Number	Percentage of All Accounts	Percentage of All Closures	Among All Closed Accounts	Among Closed Accounts with Remaining Funds
Florida	70	15%	63	13%	90%	\$2,753	\$527
Idaho	0	0%	0	0%	0%	N/A	N/A
Minnesota	90	24%	63	17%	70%	\$2,100	\$0
Mississippi	0	0%	0	0%	0%	N/A	N/A
Montana	4	8%	2	4%	50%	\$2,249	\$1,498
Texas	20	5%	10	3%	50%	\$2,034	\$1,067
West Virginia	61	26%	6	3%	10%	\$295	\$0
Total	245	13%	144	8%	59%	\$1,834	\$172

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

N/A = Not applicable

Last, examining the average level of spending among closed accounts can provide information about the extent of use. Before PRA implementation, estimates of the extent of PRA use per participant ranged from \$1,452 to \$2,519 (O’Leary and Eberts 2004; Decker and Perez-Johnson 2004).¹² Unused PRA funds were expected to result from (1) recipients of the first reemployment bonus not qualifying for the second bonus and thus not using the remaining funds in their account¹³ and (2) individuals not qualifying for any bonus and not using the full amount of PRAs on services.

Average expenditures per recipient for all closed accounts as of the end of 2005 exceeded \$2,000 in Florida, Minnesota, Montana, and Texas (Table V.7). Usage was highest in Florida, where 15 percent of all accounts had closed with an average expenditure of

¹² The O’Leary and Eberts simulation that predicted average spending of \$1,452 was based on linked data on employment services and UI claims in Georgia; the Decker and Perez-Johnson analysis that predicted average spending of \$2,519 was based on preliminary results from the ITA Experiment that took into account the PRA structure.

¹³ Individuals who receive the first bonus but who do not qualify for the second retention bonus due to lack of work can use their remaining PRA funds on services. Individuals who do not meet the “lack of work” criteria must forfeit any remaining balance.

\$2,753 per recipient. In contrast, 9 out of every 10 closed accounts in West Virginia were closed for lack of use within the first six months (based on the state's first disbursement policy discussed in Chapter III). As a result, average expenditures in closed accounts were exceedingly low—\$295 per recipient. No accounts have closed for any reason in Idaho or Mississippi. It is difficult to assess at this point whether these patterns will hold.

Other than funds being exhausted, the main reason for account closure is lack of use within the first disbursement or inactivity periods. In fact, in Minnesota and West Virginia, all accounts that were closed with funds remaining (27 and 55, respectively) had zero disbursements, indicating accounts closed for lack of use. In Florida, seven accounts closed with funds remaining for various reasons including prolonged periods of inactivity, death, or incarceration. Two accounts closed in Montana with funds remaining; in one case, the full \$3,000 was recovered because the individual returned to his previous employer, and in the other case, less than \$5 remained after the account holder moved out of state for a job. In Texas, accounts with funds remaining were closed because of inactivity, the account holder not qualifying for the second bonus, and the account holder found to be eligible for TAA.

Planned analyses for the final report include examining the factors that are associated with the likelihood of exhausting a PRA as well as the factors that are associated with non-use of the account.

D. FUND MANAGEMENT AT THE STATE LEVEL

One year into PRA implementation, the intricacies of fund management at the state level are coming to light. ETA disbursed funding for the PRA demonstration with the understanding that all funds slated for direct use by account holders would be fully expended by the demonstration states. And while funding for accounts was based on a target number of PRAs, implicit in this target was a minimum number of accounts, given the expectation that not all recipients would fully spend down their accounts. States were expected to recycle funds remaining in closed accounts in order to extend offers to additional eligible individuals.

In managing PRA funds, states must be vigilant in monitoring acceptance rates and level of use, including inactivity, bonus receipt rates, and average expenditures per recipient. Acceptance rates provide information about the front-end of the process—i.e., how many offers have to be made to achieve a certain number of established accounts. Identifying inactive accounts can help states “clean up” accounts that are lingering, particularly for states and sites with first disbursement policies in place. As funds are recovered from inactive accounts, states can, as expected, make these funds available to new account holders.

Monitoring the rate of first bonus receipt helps a state gauge the level of “frozen funds,” or funds in reserve for possible second bonus payments. But it is equally important for states to assess the rate of receipt of the second bonus, as this element can impede the timely use of funds and or promote account closure. PRA funds are available to recipients of the first bonus only if they qualify for the second bonus or if they lose the new job through no fault of their own. So, three situations could result: (1) recipients hold their job

for six months and receive the second bonus, (2) they are laid off from the new job and can access the funds remaining in their account to purchase reemployment services again, or (3) they found but did not hold a job for six months, *and* they played some role in the reason for the loss of the job, in which case they should lose access to all remaining funds in their account. From a state's perspective, the first situation is clear cut: the account is exhausted and therefore closed. But the second and third scenarios could result in long periods of account inactivity and eventual closure with funds remaining, but possibly not until the one-year cycle is complete. Unless states are proactive in following up with first bonus recipients who do not submit requests for the second bonus, some portion of these accounts will close at the one-year point with, potentially substantial funds (up to \$1,200) remaining.

Last, if states regularly update average expenditures per recipient, they will have information about fund usage as more and more accounts close, putting them in a better position to know how many more individuals can be offered a PRA. The average expenditures per recipient presented in Section C are based on a small percentage of closed accounts. As the first bonus recipients approach the six-month job retention point, states may see a dramatic increase in the rate of fund exhaust that will increase average expenditures. However, as states look at fund management from a broader perspective, it is possible that many inactive accounts will be identified and possibly closed with low expenditure levels, thus reducing average expenditures. In the second quarter of 2006 (April through June), a substantial number of accounts will reach their one-year anniversary, particularly in Florida, Minnesota, and West Virginia. At this point, states will have much more complete information on average expenditures.

Using what is now known about acceptance rates and average expenditures, a basic analysis can provide an example of how these two elements can help states manage and, ultimately, exhaust their demonstration grants by increasing the number of individuals served through PRAs (Table V.8). Florida, which has a high level of average expenditures, can serve 539 PRA recipients—a 9 percent increase over the state's target—in order to fully exhaust the PRA demonstration grant. Minnesota, Montana, and Texas can serve 43, 33, and 47 percent more account holders than set by initial targets. The situation in West Virginia is unusual. In that state, levels of inactivity are high, with nearly 25 percent of all established accounts closing with the full \$3,000 remaining. The bonus receipt rate in West Virginia—at 28 percent—is within the range of most of the other states but is still not particularly high, so the exhaustion of funds as a result of bonus receipt will increase average expenditures, but possibly not by much. Use of the PRA to purchase supportive services is most restricted in West Virginia relative to the other demonstration states, so unless purchases of intensive and training services increase and/or the bonus receipt rate increases, West Virginia will need to do a tremendous (and unrealistic) volume of additional outreach to eligible individuals in order to fully spend down the PRA demonstration funds.

Table V.8. Estimated Total Number of Eligible Individuals Served through PRAs to Fully Expend PRA Demonstration Grants

	Acceptance Rate	Average Expenditure Per PRA Recipient ^a	Total Funding For Accounts ^b	Estimated Number of:		Current Accounts as Percentage of Estimate	Increase of Estimates Over Original Targets
				Offers	Accounts		
Florida	55%	\$2,753	\$1,485,000	981	539	89%	9%
Minnesota	45%	\$2,100	\$1,089,000	1,152	519	72%	43%
Montana	75%	\$2,249	\$474,000	281	211	23%	33%
Texas	68%	\$2,034	\$1,875,000	1,356	922	41%	47%
West Virginia	56%	\$295	\$588,000	3,559	1,993	12%	917%

Note: Average expenditure per PRA recipient cannot be calculated for Idaho and Mississippi because no accounts have closed. These states are excluded from the analysis.

Source: Calculations based on State Quarterly Activity and Expenditure Reports on the PRA demonstration, as of December 2005.

^aBased on closed accounts only.

^bExcludes funding for administrative costs.

CHAPTER VI

MOVING AHEAD WITH PRAS: LESSONS, CONSIDERATIONS, AND REMAINING QUESTIONS

The seven PRA demonstration states assumed responsibility for testing this new strategy in reemployment services and have accomplished a great deal in the first year of implementation. They decided how to administer PRAs within their existing administrative and staffing structures, formulated PRA policy and procedures, and developed processes to identify eligible individuals, make them offers, and manage their accounts. The states had a relatively short planning period (just a few months from the first federal announcement to the time the first offers were made), and they knew that many of the questions and details surrounding the initiative would have to be addressed through implementation rather than planning. Though each state has faced challenges in PRA implementation, program administrators and staff agree that the experience has been worthwhile and rewarding.

This final chapter discusses some of the more significant challenges and successes experienced by the demonstration states as well as the lessons they learned in this first program year. Also presented are considerations for the future of PRAs based on the states' experiences. The report concludes with a discussion of the questions about PRAs that remain open, how the final report will attempt to answer them, and what questions can be addressed only through future research.

A. KEY IMPLEMENTATION CHALLENGES, SUCCESSES, AND LESSONS LEARNED

The value of site-specific experiences notwithstanding, the challenges and successes common to several states and/or local sites may reveal more about what is necessary to consider if PRAs, or similar strategies, are to be a continued, and possibly expanded, component of workforce development services. The challenges and successes discussed in this section are not presented in any particular order. But because it is easier at this stage in the demonstration to identify the challenges than the successes, the latter seem fewer, relatively speaking. Nonetheless, the states and sites look at the demonstration as being generally successful, though their optimism is tempered by the fact that outcomes for recipients are not yet evident.

1. Challenges to PRA Implementation

Policy Ambiguity. PRAs were intended to be “self-managed” and therefore, controlled by each recipient, not limited by extensive policies and procedures. Broad federal guidance freed up the demonstration states and sites to determine the appropriate uses of the funds. While the idea of the demonstration—and self-determination in particular—clearly motivated the states to participate, the reality of addressing the range of requests for PRA funds and distinguishing the “reasonable” from the “unreasonable” was startling at times. While every state and site thought very carefully about developing some basic policy guidelines, it was impossible to anticipate the various requests they received. As one administrator stated, it seemed that each new PRA recipient “added a new wrinkle.” In the first few months of implementation, the number of policy questions spawned by these requests exploded, and “Q&A” documents were developed at the federal and, often, at the state level to clarify policies and procedures. But the situation was not without the proverbial silver lining, which, in this case, was a great deal of communication between local sites and coordinating state staff, and between state and ETA staff.

Policy development and clarification was not limited to the use of PRA funds, showing up also in the specifics of the selection process of profiled individuals, in the connections between PRA and UI, in the workings of administrative entities for PRAs, and in the relationship between PRA and WIA, TAA, and other One-Stop services. Ultimately, the states and participating sites seem to have achieved some level of satisfaction with current policy and implementation practices. In the words of one state-level staff person, “PRA threw some chaos into the system, but it was relatively short-lived.”

The PRA-Profiling Model Interface. Four states faced fundamental learning issues related to the use of the worker profiling model in identifying candidate account holders. Most significantly, the state workforce agency in Idaho was in the midst of modifying the profiling model just as PRAs were getting off the ground. Although the process was underway before PRAs, the sheer magnitude of the changes prompted a number of iterations before the profiling model was ready to go.¹ As the two systems converged, Idaho found itself in an administrative “perfect storm” that added pressure to an already intense process. Not surprisingly, the number of PRA eligible individuals was very low throughout the early months of implementation in the state, when the intricacies of the model were still being worked out.

In the three other states, the implementation process brought the model into focus—at the particular time or for particular staff—that otherwise might not have occurred. The state workforce agency in Mississippi had no doubts about the performance of the profiling model before the PRA implementation, but as the one was piggy-backed onto the other, some flags were raised. PRA implementation has since encouraged the state to examine the

¹ The most significant modifications to Idaho’s profiling model included incorporating detailed localized labor market information and switching from a ranked probability to exhaust to a binary outcome (yes/no) model.

model more closely and determine if any refinements are necessary at this time. When the PRA planning process started in Texas, state workforce agency staff found that the worker profiling process was sorely misunderstood—not because it is a difficult process, but because some key staff involved in the process had recently retired, taking with them a large body of institutional knowledge. As a result of this loss, staff responsible for PRA planning and implementation felt as if they were starting at square one in terms of understanding the history and use of the profiling process. State staff responsible for coordinating PRAs in Minnesota faced a similar learning curve in having to understand the details of the UI side of the shop.

PRA Entry. Different aspects of the PRA entry process presented challenges to some of the states and sites. First, getting enough eligible individuals has been a challenge in Idaho, Texas, Montana, and Mississippi. Idaho had trouble with its profiling model as discussed above, but the downturn in UI claims associated with the seasonal employment cycle early in the PRA implementation period also siphoned off otherwise eligible individuals from the process. Similarly, the level of UI claim activity in Texas dropped significantly in early 2005. As a result, the state workforce agency had to expand the PRA eligibility criteria in order to increase the numbers of UI claimants who could receive the offers.² In Montana, state staff had not considered the effect of National Emergency Grants, which are targeted to individuals laid off from certain industries, on PRA; they were focused instead on the choice between PRA and the WIA dislocated worker program. But the state received a substantial amount of NEG funds in 2005, which lowered the number of individuals eligible for PRA. The disruption in PRA implementation in Gulfport meant that Tunica was the only site in Mississippi making PRA offers after August 2005, and this rural area just did not have the profiling numbers to make consistent progress toward the state’s PRA target.³

Although local staff are often frustrated when individuals decline the PRA offer, they continue to refine their processes in the hopes that the adjustments may alter the response. Staff in Gulfport, for example, felt that the dynamic in group orientation sessions was often steering people away from accepting the PRA offer. So they modified the presentation and added follow-up one-on-one meetings in order to address individual questions or concerns. In West Virginia, state coordinating staff were concerned with the wide variation in acceptance rates across local offices, so they facilitated a “re-training” session that focused on the PRA orientation. Despite their best efforts, however, local staff in the large majority of sites reported that some portion of offerees will just not accept the offer, whatever the reason.

² Eligibility was expanded from claimants with 17 to 21 weeks of UI eligibility and a minimum profiling score of .61 to claimants with 17 to 26 weeks of eligibility and a minimum score of .50.

³ In addition to serving a rural area, the profiling list in Tunica is extremely small because very few individuals employed by the gaming industry (the largest industry in the area) are eligible for UI due to reasons of separation, and interstate workers are excluded from the profiling model and this eliminates many out-of-state workers who live in the Tunica area.

Staff Time and Administrative Costs. Most of the states have had trouble meeting the administrative demands of the PRA demonstration within the resources provided. The states and participating sites have discovered that the time required for front-line staff to offer and manage accounts is much more than anticipated. Because the accounts are “customer managed” accounts, staff do not (and cannot) devote any time to counseling account holders on the use of funds or to directing the job search, but they have discovered that, in and of themselves, the offer process, account creation, and account management require a substantial amount of time. This was a particular problem for sites in which account holders purchase a large volume of supportive services. Staff in Region 3 and 14 in Florida, in the two Texas sites, and in the Minnesota sites sometimes felt besieged by calls, emails, or office visits from, or deluged simply by the paperwork generated by, PRA recipients who withdraw funds to purchase supportive services. In general, staff report that these PRA recipients tend to make many small requests, which take more time to process than bonus payments; and that these recipients often call to get requests approved before they submit them and to track the progress of requested disbursements. From the start, state administrators in Minnesota recognized that administrative funding would be an issue, and this contributed directly to its decision to administer PRAs through the state workforce agency because the state knew that its boards would not respond well to a demand to absorb some administrative costs. Now that the process has played out and administrative costs were higher than expected, state administrators feel vindicated in their choice.

The difficulty in Idaho was not as much about processing requests as about the time-consuming offer and “clean-up” processes. Staff put more effort into getting potential PRA account holders to attend orientation sessions than they do for other profiled individuals. For example, staff first try to contact PRA-eligible individuals by phone—repeatedly if necessary—before sending a letter notifying them of the orientation. On the back end, staff recently began to close out inactive accounts as a result of the state’s 24-week first disbursement policy.

There is also a “random factor” in PRA implementation for many local-level staff in that they cannot predict the number of PRA-eligible individuals from week to week. That much uncertainty in such a basic variable can make it difficult to manage workload and schedules. For example, local staff who conduct one-on-one PRA orientations (in Montana, West Virginia, Idaho, Gulf Coast, Texas, and Region 4 in Florida) estimate that they spend, on average, two hours on each PRA entry, which covers notification, the orientation, and account establishment. Given that the number of eligibles could be anywhere from none to five, the time to “enter” them could range from no hours to 10 hours. With that much variation, the attempt to balance the PRAs with other responsibilities can be a difficult juggling act.

Supportive Services. Beyond the administrative cost of managing accounts from which customers draw funds for supportive services, staff have had to grow accustomed to a new approach to service delivery in which they reserve judgment on the merit of a request for funds. Local demonstration staff report that PRA requires a significant change in their mindset. On the positive side, PRA has forced them to “think outside the box” by not being restrictive or prescriptive in the use of the accounts. On the downside, staff are

frustrated by what they perceive as an irresponsible use of funds by customers who view the PRA “as a bank account” and who “take advantage” of access to the funds. Staff tend to view supportive-service payments as current costs, which, though helpful in the present, will offer no extended value to the recipient in the future. Staff find it challenging to maintain a hands-off approach and to approve requests that they believe are “unauthentic” and do not make the best use of the account for reemployment purposes. This staff response can be expected to some degree because when individuals are left to make their *own* choices, their decisions are likely to reflect a broad spectrum of needs and interests and not necessarily be within the scope of choices that One-Stop counselors would make *for* individuals.

Some front-line staff find it particularly difficult to refrain from counseling recipients on career choices and training options, and they believe they can help some individuals make a better up-front choice between the PRA and WIA. For example, in Region 3 in Florida, staff expressed concern that the dollar amount of the bonus available through the PRA makes individuals turn a blind eye to training options (through WIA or the PRA). They believe that some individuals who accept the PRA could benefit from additional guidance in making the best use of the funds. Similarly, in Coeur d’Alene, staff would like to feel free to encourage some PRA recipients to purchase training.

Local staff have a couple of theories as to why some recipients use their accounts primarily for supportive services. First, staff report that the ITA is generally more generous so that the PRA is not a comparable option for those who are serious about training. Second, because the bonus is taxable, recipients may choose to maximize the full real value of the account by spending down the full amount by purchasing supportive services rather than receiving the lump sum bonus payments with an effective value of less than \$3,000. (This was particularly true in sites with the broadest supportive services policy.)

Data Tracking. The data tracking and reporting requirements of the PRA demonstration presented a challenge to the states, not necessarily because the requirements themselves were overwhelming, but because the short pre-startup planning period required states to rapidly develop or modify data tracking systems. State administrators in Minnesota, Mississippi, and Texas all struggled to move PRA data collection needs up the priority list of already stretched information technology staff. In Florida, state administrators were concerned that the data collection and reporting requirements would be cumbersome for the local boards, ultimately curbing their enthusiasm for the demonstration.

Noteworthy State-Specific Challenges. As discussed throughout this report, Montana and Mississippi, have had some particular difficulties in implementing PRAs but for very different reasons. In Montana, the implementation challenges to PRA were wrapped up with organizational issues in the workforce investment system. This affected how, where, and the total number of PRA offers that were made by the end of 2005.⁴ In Mississippi, the implementation challenge came from an external, rather than an internal

⁴ Montana’s One-Stop system is currently undergoing changes in oversight and administration. Refer to Chapter II for further discussion.

force, when Hurricane Katrina disrupted every facet of life along the Gulf Coast in the state. To its credit, Mississippi has carried on with the PRAs with remarkable stamina and commitment. State workforce administrators and the local One-Stop Center staff in Gulfport are dedicated to bringing PRAs back to life in Gulfport in 2006.

2. Successes of PRA Implementation

Quick Start-Up and Good Communication. Many of the state and local administrators involved in PRA planning and implementation felt a tremendous sense of accomplishment in getting the PRAs up and running in the relatively short timeframe from the federal request-for-proposals in September 2004 to the onset of offers in March and April of 2005. State administrators were grateful to local boards and/or One-Stop operators for their quick and enthusiastic response to PRAs and their commitment to trying this new approach in reemployment services. Local administrators and staff all commented that state coordinating staff were very helpful in the planning stage and responsive to the many questions that arose in the early implementation period. Communication from the top-down and the bottom-up was excellent and greatly improved implementation and communication between sites within each state facilitated early problem solving. Overall, administrators and staff within each state and participating site acknowledge that PRA implementation has been a learning process, but one that they have navigated well as a team.

Improvements to Profiling and/or One-Stop Services. The use of the profiling process to target individuals for the PRA has provided a benefit to profiling services in general in a number of the states and/or participating sites. For example, in Texas, PRAs created a focus on who UI claimants are and how they are acting regarding reemployment (e.g. intensity of service use and timing of reemployment). The state workforce agency in Texas wants to apply the lessons learned through PRA to improve services for the broader population of those UI claimants who are most likely to exhaust benefits throughout the state.

In some of the participating sites, the PRA process has helped improve services. Specifically, in Gulfport, PRA implementation forced a focus on the depth, breadth, and quality of information provided during the orientation. Local demonstration staff believe that with refinements implemented as the result of the PRAs, individuals now receive more comprehensive information on services available within the One-Stop Center and this will be a long-term benefit, whether the PRA continues or not. Similarly, in Region 5 in Florida, staff of the local board and the One-Stop Center staff believe that PRA has heightened the general awareness and use of One-Stop services. PRA customers learn what the One-Stop Center has to offer and they tend to share this information more broadly with friends and relatives. Additionally, staff report that PRAs have heightened the level of connection to intensive reemployment services for the profiled population. Prior to PRA, staff felt that there was little time or opportunity to get involved with each customer but that through the intensive services package offered to PRA recipients (for those who opt to take it), the PRA case manager can customize services to the needs of the individual and connect him/her with services within the One-Stop Center or in the community. This experience is unique to

this region (and Region 3) in Florida; PRA recipients have made little use of their accounts to purchase intensive services in all the other sites.

Satisfaction of PRA Recipients. Without exception, staff in the participating local sites report that individuals who use the PRA are generally enthused by it and are either motivated by the bonus incentive or grateful for the ability to purchase services. The same staff who are often frustrated by the level of supportive service purchases, also recognize the value of the PRA in providing flexibility to the user and access to services and supports that are not available through any other One-Stop Center programs. Staff believe that PRA recipients are pleased with the ability to make their own decisions and “decide their own fate.” For those recipients who pursue supportive services, the PRA often helps them address some underlying needs to maintain their financial and emotional well-being in order to focus on their job search. Some recipients tell staff of the tremendous sense of relief that the PRA has afforded them and report to staff that they do not know how they would have gotten by without the use of PRA funds to make supportive service payments.

Acceptance and Bonus Receipt Rates. Local staff often considered success in terms of the rate of PRA acceptance and/or the level of use of the bonus. For example, staff in both the Idaho sites have been very encouraged by the high rate of acceptance. Staff in other sites are encouraged by the level of bonus receipt and believe that the bonus is producing an improvement in employment entry (specifically reported in Gulfport and Texoma). Some staff who were initially skeptical of the ability of the bonus to motivate recipients into quick reemployment have changed their minds. In one site, the staff person knew of at least one example in which an individual aggressively, but diplomatically, pushed an employer to get the hire paperwork completed in time for him to qualify for the bonus. A number of staff have been pleasantly surprised by thank-you notes received from bonus recipients; they have never experienced this level of appreciation from customers before.

3. Lessons Learned

In light of the successes and challenges, the states and participating sites have some ideas about how they may have done things differently in hindsight, or looking ahead, how others can learn from their experience. Some of the key lessons learned include:

- Bring all the key players into the planning process early, including staff from across disciplines (UI, ES, and WIA) and levels (state and local).
- Build strong lines of communication between state level administrators and local implementation sites to facilitate planning and implementation.
- Establish clear communication and coordination across UI, WIA dislocated worker program staff and PRA staff (if they differ) in the One-Stop Center to effectively make PRA offers and manage accounts.

- Develop a supportive services policy that (1) keeps requests within scope, and (2) sets a cap (either in terms of number, monetary amount, or even timeframe—i.e. specific period in the life of the account).
- Enter PRA implementation with an open mind; requests will stretch the limits in terms of their relation to job search and employment needs, but a restrictive mindset will hamper the intent of the PRA.
- Maintain the “honest broker” role and adhere to the philosophical underpinnings of the PRA that limit staff roles in case management (i.e. let individuals make their own choices).
- Plan for enough time and resources to cover account management at the local and state level.

B. CONSIDERATIONS BASED ON CURRENT KNOWLEDGE

This report has detailed the PRA implementation process and highlighted that despite the relatively straightforward concept of PRAs as customer-managed accounts, there are many decisions that states and sites need to make and processes to put in place (or refine) in order to make them a reality. How PRAs affect customer choices with regard to services and responses in terms of employment cannot yet be determined. However, the early implementation period does provide insights into some key elements to the PRAs and highlights areas for future consideration.

This section begins by connecting back to the intended goals of PRAs—specifically, to provide an incentive for rapid reemployment and to provide job seekers with choice and control over the type of reemployment services they pursue—in order to examine what the course of implementation so far implies about achieving these goals. It then turns to some considerations regarding the specific mechanics of PRA implementation.

1. What are the Incentives in PRAs?

Whether PRAs motivate rapid reemployment remains an open question at this time, but it is possible to glean something about the incentives inherent in PRAs through the information collected from staff and the early patterns in account use. The structure of the PRAs contains a number of incentives that may at times, conflict. First, there is the bonus, available in two installments, rewarded on the basis of employment outcomes—entry and 6-month retention. The advantage to the bonus is that it is unrestricted cash for the individual to use as they so desire. The disadvantage is that it is taxable income, so the effective value of the PRA to bonus recipients is less than the full \$3,000. Second, there is the service purchase component. The advantage to this purchase component is that recipients can use PRA funds to cover the cost of intensive, training, or supportive services. The disadvantage is that these account deductions will lower the amount available for a bonus. Earlier research predicted that account holders would “save” PRA funds in order to maximize the amount of the bonus because the purchase of services was unlikely to lead to the earnings

gains or earlier reemployment that would increase the net present value of the PRA over the bonus route (O’Leary and Eberts 2004).

What earlier analyses could not fully account for was the response of account holders to broad supportive services policies. The breadth of supportive services uses in the majority of the sites essentially gives PRA recipients an additional \$3,000 to spend on important, but everyday expenses such as car repairs, clothing for interviews, room and board, etc. The account may be creating an income effect through the perception of an increase of “cash on hand.” A recent analysis of UI recipients found that, among those who have limited financial resources, the length of UI receipt is influenced by “cash on hand” rather than lifetime resources (Chetty 2005). If the PRA is perceived to add to liquidity during unemployment through its use on supportive service purchases, it may have the unintended effect of decreasing the pressure for some recipients to gain employment. And, in contrast to the bonus, recipients can realize the full \$3,000 value of the PRA by purchasing supportive services.

An additional element to the incentive structure is the interaction of graduated bonus scales and the PRA amount in some of the demonstration states (Idaho, Texas, and Minnesota). As discussed in Chapter III, graduated bonus scales that decrease the total amount available for the bonus may have little effect if recipients can then change their usage strategy to still realize the full amount of the PRA. The \$3,000 bonus ceiling may indeed motivate some toward early employment (e.g. by the 8th or 10th week in Idaho and Texas, respectively), but the decrease to a \$2,000 bonus ceiling in the later part of the qualification period (e.g. between the 9th to 13th weeks in Idaho and the 11th to 13th weeks in Texas) while the PRA amount remains at \$3,000 could decrease interest in access to the bonus in favor of service uses for the account.

2. How Much Choice and Flexibility Do PRAs Provide Recipients and How Have Account Holders Responded to this Flexibility?

The sites have generally maintained the highest degree of flexibility and choice in use of the accounts by (1) creating broad supportive services policies, (2) allowing broad access to a range of training providers and programs (beyond eligible provider lists), (3) pricing intensive services for purchase by PRA recipients (in most sites), and (4) not providing directive counseling. A handful of the sites, however, have made decisions that may limit choice to some degree such as not pricing intensive services, limiting training to one-year or less in duration, and restricting supportive service uses.

The implementation experience thus far implies that PRAs do indeed provide a great deal of choice and flexibility in the use of funds, but some implicit and, possibly explicit, factors might be focusing choices into discreet areas. Specifically, PRA recipients tend to focus the use of funds on the bonus payments and/or purchase of supportive services; rarely, do recipients purchase intensive services and, often, the PRA and ITA are seen as different, but not comparable, sources of support for training.

Thus far, recipients have made little use of PRA funds to purchase training or intensive services. This is not out of line with predicted responses based on the ITA Experiment, and largely appears to be related to behavior and individual preferences rather than restricted choice. In the ITA Experiment, customers who did not have to meet counseling requirements in order to access training (most similar to the PRA approach), rarely pursued counseling voluntarily (Perez-Johnson et al 2004). Likewise, a low use of voluntary career counseling might also be expected in PRAs if it is not necessary as a route to training. The other component, however, is how pricing decisions may affect access to intensive services. First, if a site elects not to price intensive services for purchase by PRA recipients, does this limit the choices of account holders? Clearly, they cannot access the services within the One-Stop Center, but the question remains whether comparable services are accessible in the community. Second, if a site prices services, access is granted as a choice to the PRA recipient, but the recipient may find the price too costly in relation to the size of the PRA and what they are willing to spend—as was the concern in a few of the sites.

The generally low use of the PRA for training was not as expected. Early predictions were that those individuals who were already interested in pursuing training would do so immediately, and those who “save” the funds for the bonus and then do not qualify might consider training. One possibility is that the former is indeed true—that individuals interested in training pursue it, just not through the PRA. In all but a couple of sites, the PRA and ITA are not often viewed by staff nor presented to eligible individuals as comparable options. Individuals who express interest in long-term training and education are nearly universally encouraged to get full information about the ITA prior to making a decision to accept the PRA offer—as well they should be in order to make an informed decision. These individuals may then pursue the ITA route and just never respond to the PRA offer. While the intent of PRAs may be to provide a flexible alternative to the ITA (easier access and limited to no restrictions on programs or providers), the reality may be that the flexibility in itself does not outweigh the potential for higher financial support. A possibility with regard to individuals focused on the bonus, may be that they disregard the account if they do not qualify for the lump sum payment. Perhaps, they did not fully understand the range of possible uses at the start or, after 13-weeks they simply forget the full list. In either case, because the account requires initiation by the individual (not follow-up on the part of One-Stop Center staff), it may languish.

The current patterns of use of the PRA appear to indicate a decision to pursue the bonus payments, purchase supportive services, or simply not use the account. The case of West Virginia can illustrate this point. Relative to the other participating states, West Virginia sets the most restrictions in the range of allowable uses of the PRA to purchase supportive services. Specifically, the state does not allow coverage of general support of reemployment efforts, beyond logistical support and for items needed as a condition of employment. This site is experiencing a high level of non-use among account holders

suggesting that even when supportive services are restricted, PRA recipients do not pursue intensive and training services to a high degree.⁵

3. What Has Been Learned About the Mechanics of PRA Implementation?

Beyond the broader questions of meeting the intent of PRAs, come the specific considerations about the mechanics of PRA implementation. This section highlights four key areas of consideration—policy refinement, administrative and staffing structures, administrative costs, and account management.

Policy Refinement. Many of the states and participating sites felt that they could have benefited from more direction or parameters in PRA policies, particularly around supportive services. However, as a demonstration project, ETA's intent was to grant broad discretion. The demonstration has shown that even a relatively straightforward strategy such as the PRA still produces a variety of approaches, policies, and procedures. Whether or what differences may affect the responses of PRA recipients' in terms of the choices they make in using their accounts or the timing of employment entry remains to be seen. While variety can produce innovation in a demonstration, larger-scale implementation of the PRAs specifically or of individually-managed accounts in general, may be a time for consideration of the equity of policies for recipients across different sites.

Administrative and Staffing Structures. PRA implementation has been a catalyst for increasing communication and coordination across the UI, ES, and WIA domains, but PRAs have not substantially altered approaches to service delivery at the local level. The service delivery approaches may have been different if the demonstration was implemented on a larger-scale or for a longer period of time. But, as it is, decisions regarding administering entities and specific staffing structures for the PRA were made with the intent to use existing structures. Specific decisions about which staff should implement PRAs within the One-Stop Centers were not difficult, but some sites struggled with estimating how much staff time PRAs would take to implement. The staff time necessary for PRAs is a factor of: (1) the flow and acceptance of offers, (2) the total volume of accounts, and (3) the extent and type of use of the accounts; none of which could be anticipated prior to implementation. In many sites, these unknowns ended up pushing staff time and resources into the red.

Administrative Costs. ETA approved the use of about 15 percent of each state's PRA demonstration grant to cover the administrative costs of implementation, but most of the states have struggled to keep administrative costs within this budget because the staff time to enroll and manage accounts is much higher than anticipated. However, part of the higher than anticipated costs could be attributed to issues around start-up that would ease during steady-state operations. In addition, given the relatively small-scale of the PRA demonstration, most sites could not devote specific positions to the initiative and staff had difficulty juggling multiple responsibilities. If PRAs were implemented on a larger scale,

⁵ An added caveat, however, is that West Virginia also limits training purchased with the PRA to one-year or less in duration.

devoted staff time and clearer policies and implementation practices might bring administrative costs closer to the 15 percent budget.

Account Management. The demonstration has shown that there are many intricacies to account management from both the local perspective in managing individual accounts, and from the state perspective in managing the PRA demonstration grant as a whole. While the accounts are customer-driven, staff time is still necessary to process requests, to enter data on account updates and trigger payments, and to track account balances. Sites with voluminous supportive service requests feel overwhelmed and have begun to or would like to set policies that would limit these types of uses. Deciding the future course requires weighing the relative benefits of setting account limits to manage administrative time and costs (e.g., capping supportive service requests in some fashion) against maintaining the flexibility and customer direction in the accounts.

The other key consideration—that is important at both the local and state level—is what to do about account inactivity. Overall, there is little to no staff-initiated contact with account holders because account holders are in control of their own accounts. But, the experience of a few states suggests that substantial numbers of accounts may simply languish. For example, two states have already begun a concerted effort to reclaim funds from accounts that have not been accessed within the first six-months (based on first disbursement policies). In West Virginia, nearly 25 percent of all PRAs have been closed due to non-use. States and sites can take three courses to prevent long periods of inactivity and manage PRA funds:

1. *Initiate Contact with Account Holders.* Sites can increase the level of staff initiated contact to gauge employment progress and/or remind account holders of the various uses of the account in an attempt to increase the level of use. Clearly, this option will require increased staff time.
2. *Create Inactivity Policies.* States and/or sites can put in place policies regarding first disbursement, period of inactivity, or both that allow account closures for non-use in the specified timeframes. Such an approach comes at the expense of account holders having a full year to *access* their account. The approach of having a usage plan in place (as in the two Texas sites) can make these policies more palatable to the recipient, but it requires a heightened degree of staff monitoring.
3. *Estimate Total Numbers of PRAs.* States and/or sites can closely monitor acceptance rates and average expenditures among closed accounts to produce educated estimates about the number of *offers* and established accounts that are necessary to expend the full PRA grant (as described in Chapter V). This approach would be most useful in combination with well-implemented inactivity policies otherwise average expenditures will not reflect non-use in a timely manner. Alternatively, states could calculate usage levels by examining the

percentage of accounts with any transactions, bonus receipt rates, and patterns of service expenditures among open accounts.⁶

C. REMAINING QUESTIONS: FINAL REPORT AND DATA ANALYSIS

Interim evaluation reports often raise more questions than they answer. For example, this report discusses the details of PRA policy development and implementation and the differences across the participating states and sites, but leaves one with the question of what do these differences matter? And, while this report has presented an early analysis of the acceptance rate of PRA offers and uses of funds, there is still much to learn about UI recipients' responses to the PRA.

The final report for the PRA demonstration evaluation, to be completed in the fall of 2007, will make substantial progress in addressing the questions that remain about PRAs.⁷ The final report will present findings from an analysis of individual-level data on PRA accounts and on UI receipt and earnings of PRA recipients to answer three of the key research questions:

1. What is the rate of acceptance of PRA offers among eligible UI claimants, and what factors contribute to their decision to accept the offer?
2. To what types of expenditures do recipients direct PRA funds, and what is the average level of per-recipient use of PRA funds?
3. What are the patterns of receipt of UI benefits among PRA recipients, and what are their employment outcomes?

Analysis of individual-level data will allow for reliable comparisons across states because it ensures that variables are defined in the same way from state to state and that analysis methods are standardized. As such, an analysis of the individual-level data can identify variations across the demonstration states in the acceptance rates and uses of PRAs and in the outcomes of PRA recipients. When these data are placed in the context of the qualitative information synthesized in this interim report, it will create a picture of how the structure and implementation of PRAs, and the service environment within the One-Stop Center and the broader community may influence individual choices and preferences in the use of PRAs.

While much of the final analysis will focus on descriptive statistics, current plans are to conduct two specific multivariate analyses in order to better understand the decisions that PRA recipients make. First, these analyses will identify the factors that are associated with the likelihood that an individual will accept the offer. Because PRA acceptance is voluntary,

⁶ Such an analysis cannot be conducted with aggregate-level data and, therefore, was not included in this report.

⁷ Refer to Appendix C for a description of the data analysis plans for the final evaluation report.

personal preferences that cannot be observed are likely to play into this decision. However, it will be useful to program administrators and policymakers to examine the extent to which factors within the control of the One-Stop system can affect this decision. Second, these analyses will examine the factors that are associated with the likelihood of exhausting a PRA (using all \$3,000) as well as with nonuse of the account. This information will expand the descriptive analysis of the uses of PRA funds because it will shed light on the extent to which recipients who seek mostly services or those who seek bonuses are likely to use their account in full and, at the other end of the spectrum, will provide a close examination of the circumstances surrounding accounts that languish. Fund exhaustion or nonuse may also be influenced by PRA policies and the availability and accessibility of services within the One-Stop Center or within the community more broadly.

The critical question that ultimately will address the effectiveness of PRAs is whether the accounts speed reemployment and shorten the length of UI receipt among recipients. Randomized experiments are the best way to estimate program impacts. In the absence of an experimental design, the PRA demonstration evaluation cannot answer this question with certainty. However, the possibility of using nonexperimental methods to produce preliminary impact estimates of the effect of PRAs on employment and UI outcomes in one or two demonstration states is being explored.

Many questions about PRAs will still remain, even upon the completion of this demonstration project and the accompanying evaluation. Future research that uses rigorous, experimental methods is necessary to fully explore the effectiveness of PRAs in shortening unemployment spells and decreasing UI receipt, and determining whether PRAs are cost-effective (i.e. they produce UI savings greater than the cost of the accounts and their administration). Analyses that make use of a randomized control group to compare against the outcomes of PRA recipients could also explore the effect of PRAs on training outcomes (e.g. extent of training and types of training providers), on UI application rates (e.g. whether PRAs create an incentive to apply for UI—an entry effect), and on job retention. Rigorous research methods could also be used to vary the components of the PRA, such as timing of the offer in UI receipt and bonus levels, to explore the differences of the variations on employment outcomes in an effort to determine the optimum structure of PRAs.

Nonetheless, the current demonstration evaluation that makes use of the qualitative information on PRA implementation and the quantitative analysis of individual's responses to the PRA will provide a rich understanding of this new strategy in reemployment services.

REFERENCES

- Chetty, Raj. "Why Do Unemployment Benefits Raise Unemployment Durations? Moral Hazard vs. Liquidity." Working Paper 11760. Washington, DC: National Bureau of Economic Research, November 2005.
- Decker, Paul T., and Christopher J. O'Leary. "Evaluating Pooled Evidence from the Reemployment Bonus Experiments." *Journal of Human Resources*, vol. 30, no. 3, 1995, p. 534-550.
- Decker, Paul T., and Irma Perez-Johnson. "What Can We Expect Under Personal Reemployment Accounts? Predictions and Procedures." ETA Occasional Paper 2004-04. Washington, DC: Mathematica Policy Research, Inc., and U.S. Department of Labor, January 2004.
- Dickinson, Katherine P., Suzanne D. Kreutzer, Richard W. West, and Paul T. Decker. "Evaluation of Worker Profiling and Reemployment Services: Final Report." Research and Evaluation Report Series 99-D. Washington, DC: U.S. Department of Labor, 1999.
- Employment and Training Administration (ETA), U.S. Department of Labor. "Personal Reemployment Accounts—Questions and Answers." Washington, DC: DOL, February 2003. Available at [www.doleta.gov/reemployment/final_qa.cfm].
- Employment and Training Administration (ETA), U.S. Department of Labor. "Planning Guidance for Reemployment Services Allotments for Program Year (PY) 2004 and Announcement of an Impending Personal Reemployment Accounts (PRAs) Demonstration." Training and Employment Guidance Letter No. 5-04. Washington, DC: DOL, September 24, 2004.
- Levine, Linda. "Personal Reemployment Accounts: Results from Bonus Experiments." Washington, DC: Congressional Research Service, 2005.

- O'Leary, Christopher J., Paul T. Decker, and Stephen A. Wandner. "Cost-Effectiveness of Targeted Reemployment Bonuses." *Journal of Human Resources*, vol. 40, no. 1, 2005, p. 270-279.
- O'Leary, Christopher J., and Randall W. Eberts. "Personal Reemployment Accounts: Simulations for Planning Implementation." ETA Occasional Paper 2004-08. Washington, DC: U.S. Department of Labor; Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, May 2004.
- Perez-Johnson, Irma, Sheena McConnell, Paul Decker, Jean Bellotti, Jeffrey Salzman, and Jessica Pearlman. "The Effects of Customer Choice: First Findings from the Individual Training Account Experiment." ETA Occasional Paper 2005-03. Washington, DC: Mathematica Policy Research, Inc., and U.S. Department of Labor, March 2005.
- Perez-Johnson, Irma, and Paul T. Decker. "What Can We Expect Under Personal Reemployment Accounts? A Discussion Based on Preliminary Analysis of Data from the ITA Experiment." Princeton, NJ: Mathematica Policy Research, Inc., October 2003.
- United States Government Accountability Office (GAO). "Workforce Investment Act: Substantial Funds Are Used for Training, but Little is Known Nationally about Training Outcomes." Washington, DC, June 2005.
- Woodbury, Stephen A., and Robert G. Speigelman. "Bonuses to Workers and Employers to Reduce Unemployment: Randomized Trials in Illinois." *American Economic Review*, vol. 77, no. 4, 1987, p. 513-530.

APPENDIX A

OVERVIEW OF THE WORKER PROFILING AND REEMPLOYMENT SERVICES SYSTEM¹

A. PURPOSE

The Worker Profiling and Reemployment Services (WPRS) system is a tool which facilitates the identification of the potentially longest-term claimants and the allocation of services, such that those claimants most likely to exhaust UI benefits are given priority in receiving available reemployment services.

B. TARGETING UI CLAIMANTS FOR REEMPLOYMENT SERVICES

The target population of WPRS as specified in P.L. 103-152 is claimants who are “likely to exhaust” their UI benefits. To identify claimants who are likely to exhaust their UI benefits, states may use either characteristic screens or a statistical model. Both methods seek to identify characteristics common to recent exhaustees and target current claimants who share these characteristics. Although neither method can target exhaustees with complete accuracy, both screens and models have been found considerably more accurate than less-systematic and less-scientific processes such as random selection. Most states have chosen to implement statistical models, since they offer both greater accuracy and greater procedural flexibility than do characteristic screens.

Specific elements to WPRS models vary across the states as each state has developed an independent system for assessing the likelihood of UI claimant benefit exhaustion. The use of personal characteristics (e.g. gender, age, race, and ethnicity) is prohibited under Federal Equal Opportunity legislation. Minimum requirements, based on legislation, are that each state’s WPRS model must *exclude* several categories of workers for reasons of job attachment (e.g. claimants with a work recall date or who use a union hiring hall) and must *include* either

¹ Information adapted from Schlauch, Kurt and Marisa Puglisi, “Worker Profiling and Reemployment Services. Profiling Methods: Lessons Learned.” Report prepared for the U.S. Department of Labor. Full report available from UI Information Technology Support Center. Internet address for full report is provided at the end of this Appendix.

industry or occupation. Most state WPRS models use several years worth of historical UI claims data to capture the patterns and trends in benefit exhaustion and include a core set of variables such as job tenure, education, and local unemployment rate.

Some states include additional variables in their WPRS models such as weekly benefit amount or wage replacement rate (which serves as a proxy for the financial hardship involved in remaining unemployed), base year wage (a proxy for the two income-related factors of job skill level and reservation wage), potential duration of benefits (which is used to control for claimants whose short duration of eligibility for UI benefits has essentially ensured exhaustion of their benefits), delay in filing for UI benefits (because those who do not expect to have reemployment difficulty may not immediately file for UI benefits), ratio of high quarter wage to base year wage (which targets intermittent or seasonal workers), number of base period employers, and variables to capture seasonality, control for dominant labor markets or provide for sub-state or industry-specific models.

C. LINKING TARGETED UI CLAIMANTS TO REEMPLOYMENT SERVICES

Once the probabilities of exhaustion are computed for each claimant, states must decide how to use this information. If a statistical model is used, claimants are ranked, highest to lowest, in order of their probability of exhaustion of benefits. If characteristic screens are used, the result is simply a list of claimants considered likely to exhaust benefits. In some cases, states have set probability thresholds based on existing service capacity under which anyone who scores above a certain probability would be referred for services (applies to statistical models only). In other cases, the state forwards all claimants (with probabilities) and leaves it to the local office to decide whom to target. In still other cases, the state may not use a threshold at all but simply call in the number of people for whom they have service capacity.

Selected claimants are notified by UI or Employment Service (ES) staff that they have been identified as likely dislocated workers, why reemployment services are being offered, and when and where to report. Claimants are also informed that continuing eligibility for unemployment benefits is contingent upon the claimant's participation in reemployment services. After compulsory participation in an orientation session, claimants may be referred to a number of available staff assisted services including, assessment, counseling, job search assistance services, or to job search workshops or job clubs, to specific employers, to education and training programs, or to enroll in a self-employment program (available in a limited number of states). The appropriate mix of reemployment services is tailored to meet the needs of the individual claimant. Some claimants only participate in the required orientation session, choosing to take personal responsibility for their reemployment plan, while others receive multiple services from ES and the One-Stop Career Center System.

D. SOURCES FOR ADDITIONAL INFORMATION ON WPRS

The most current survey of WPRS models and operations can be found at the UI Information Technology Support Center (ITSC) web site:

http://www.itsc.state.md.us/prog_info/wpr.asp

The most current formal assessment of WPRS was the Evaluation of Worker Profiling and Reemployment Services Policy Workgroup: Final Report and Recommendations: http://www.workforcesecurity.doleta.gov/dmstree/misc_papers/misc_research/other_research_papers/wprsreport_final.pdf

APPENDIX B

**OVERVIEW OF WPRS SYSTEMS IN THE PRA
DEMONSTRATION STATES**

Table B-1. Characteristics of WPRS Systems in the PRA Demonstration States

State	Timing of Profiling Score Determination	Exclusions from the Profiling Pool	Data Elements Included in Profiling Model	Selection Criteria for Reemployment Services
Florida	After first UI payment	Claims with less than 26 weeks of eligibility; interstate claimants; transient workers; on recall with a specific return to work date; seasonally unemployed (e.g. crops, schools); partially unemployed; first pay more than 42 days after BYB	Tenure of most recent employment; education level; total unemployment rate (TUR) in the local labor market; last occupation is one of the occupations most in decline (ONET); first digit of Standard Industry Code	Local offices specify capacity limits ^a Locally determined screening process as well; not uniform across the state.
Idaho	After first UI payment	On recall with a specific return to work date; union hall attached; exempt from job search (e.g. enrolled in approved training)	County of residence; weekly benefit amount; NAICS code for principal employer; maximum benefit amount; month initial claim established; number of base period employers; tenure of most recent employment (in months); education level; potential duration of entitlement (18 weeks or more)	Local offices specify capacity limits ^a
Minnesota	At UI claim	On recall with a specific return to work date	15 factors (waiting for specification from the state)	Thresholds set for four separate profiling models (as of August 2005): Model 1 (26 weeks): .329 Model 2 (23-25 weeks): .286 Model 3 (19-22 weeks): .333 Model 4 (11-18 weeks): .413 Local offices specify capacity limits ^a

Table B.1 (continued)

State	Timing of Profiling Score Determination	Exclusions from the Profiling Pool	Data Elements Included in Profiling Model	Selection Criteria for Reemployment Services
Mississippi	At UI claim	On recall with a specific return to work date	High school diploma; industry, occupation, job experience, weekly UI benefit amount; and, potential duration of the claim	Local offices specify capacity limits ^a
Montana	After first UI payment	On recall with a specific return to work date; union hall attached	Base period wages; number of weeks of UI eligibility; number of employers during the base period; length of employment at last employer; previous year's unemployment rate in claimant's resident county; last employer was in a growth industry; level of education; month of filing (seasonal factor)	Cap of 3 per week per local site (23 sites)
Texas	After first UI payment	On recall with a specific return to work date; exempt from job search due to participation in approved training	Education level; length of time at last employer; industry and occupation of worker; local total unemployment rate	Local offices specify capacity limits ^a
West Virginia ^b	After first UI payment typically	Interstate claims; on recall with a specific return to work date; union hall attached	WBA; base period wages/1,000; job tenure on most recent job; UI claim file lag; number of reopens on claim; occupation; industry of primary recent employer; educational level; BYB month; indicator for pension or other income amounts	Probability to exhaust of 30% or higher Local offices specify capacity limits ^a

Source: Interviews with state workforce administrators, June through September 2005.

^aMust select individuals based on profiling score, from highest to lowest.

^bWest Virginia has made several modifications to its profiling process that are specific to the PRA demonstration. Refer to Table B-2 for details.

Table B-2. Differences Between the WPRS and PRA Process in Selecting Eligible Individuals for Reemployment Services in West Virginia

	Regular Profiling Model	PRA Model
Timing of Profiling Score Determination	After first UI payment	At UI claim
Differences in Exclusions from Profiling Pools	Could be TAA/TRA eligible	Must not be potentially TAA/TRA eligible
Selection Criteria for Reemployment Services	Probability to exhaust of 30% or higher; local offices specify capacity limits	All ranked claimants are added to the pool for possible selection, but statewide cap set at 8 per week (selected from highest scores)
Length of Time in Pool	Four weeks	One week

Source: Interview with state workforce agency administrators, August 2005.

APPENDIX C

DATA ANALYSIS PLANS FOR THE FINAL EVALUATION REPORT

We will collect and analyze individual-level data in the early spring of 2007 in preparation for the final report on the PRA demonstration. This appendix provides an overview of our analysis plan for these data.¹

There are three levels of analysis of individual-level data. Each level expands the universe of analysis and the data sources necessary to complete the analysis (Table 1). The first level focuses only on PRA recipients—those individuals who have been offered a PRA and have had an account established. This level of analysis will be conducted in all seven demonstration states. Level 2, which covers all PRA offers—both recipients and refusals, will allow us to determine differences in WIA service use and employment outcomes. We would like to conduct this analysis for all seven demonstration states, but whether we do or not will depend on the feasibility of obtaining the additional data required. In the Level 3 analysis, we propose a nonexperimental method to determine the impacts of PRAs on employment outcomes and UI receipt; more specifically the outcomes of individuals who received PRA offers will be compared with outcomes for a similar group of individuals who did not receive offers. At this time, the Level 3 analysis is considered to be purely exploratory with one or two states.

¹ Adapted from the quantitative data collection and analysis plan for the PRA demonstration evaluation that was submitted to ETA in April 2005.

Table 1: Levels of PRA Data Analysis

Level	Universe	Data Sources	Coverage	Time Period
1	PRA recipients	PRA data	All PRA activity	March 2005–March 2007
		UI data	Quarterly earnings data and benefit records for PRA recipients	January 2005–December 2006
2	PRA (recipients & refusals) offers &	PRA data	All PRA activity	March 2005–March 2007
		UI data	Prior employment characteristics and quarterly earnings data and benefit records for PRA recipients and refusals	January 2005–December 2006
		WIA data	Individual characteristics and service receipt data for PRA refusals	March 2005–March 2007
3	PRA eligibles (offers and non-offers)	PRA data	Individual and prior employment characteristics for PRA recipients	March 2005–March 2007
		UI data		
		WPRS data		
		WIA / UI data	Individual characteristics for PRA refusals and non-offers (other eligibles)	March 2005–March 2007
		UI data	Prior employment characteristics, UI benefits, and quarterly earnings data for PRA refusals and non-offers (other eligibles)	January 2005–December 2006
		WPRS data	Profiling elements and scores for all potentially eligible individuals	March 2005–March 2006

A. LEVEL 1: ANALYSIS OF PRA RECIPIENTS

Level 1 includes all the core analyses that will help to answer the key research questions that involve the acceptance rate of PRA offers, the uses of PRA funds, and the outcomes of PRA recipients. For this reason, we will conduct the Level 1 analysis for all seven demonstration states. For the most part, the Level 1 analysis will produce descriptive statistics on a wide variety of topics related to PRA receipt. We will conduct one multivariate analysis to examine the factors that are associated with the likelihood that a PRA recipient will exhaust his or her funds.

1. Descriptive Data Analysis

Our analysis of individual-level data on PRA recipients will cover the six areas listed below.

PRA Entry. Because the Level 1 descriptive analysis is based on PRA receipt, we will begin the analysis by examining the data elements pertinent to PRA entry—the offer date,

the amount of the PRA offer, and the accept date. Determining the rate at which PRA offers are accepted is a critical part of this analysis.²

PRA Recipient Characteristics. We will examine the personal characteristics of individuals who establish a PRA (those who accept a PRA offer). The basic elements in this analysis include age, gender, race/ethnicity, educational attainment, and UI receipt. Other elements may include marital status, whether the recipient has children under 18, whether the recipient is disabled, and recent history with public assistance programs. Because the latter elements may not be available in all the study states, we will present these data to the extent that they are available and complete.

Uses of PRA Funds. To examine the uses of PRA funds, we will analyze bonus payments and service requests separately. We will determine the receipt rate, the average amount, and the timing of requests for the first and second bonus payments. In calculating the bonus receipt rate, we will first use a base of all PRA recipients and then a base of all potentially eligible individuals (identified through an analysis of UI benefits data).³ In analyzing service requests, we will look at all requests to determine the total number of requests, the average amount, and the percentage of all PRA recipients who make requests by service category—intensive services, training, and supportive services—and by subcategory within these three areas, as appropriate. For the training requests in particular, we will determine both the primary occupations for which training requests are made and the duration of training. We will also examine the types of providers by service category to determine any patterns of service provision.

To complete our analysis of the uses of PRA funds, we will examine average PRA account expenditures by category (first and second bonuses, intensive services, training, and supportive services) for all PRA recipients to determine the average composition and the average total expenditure of a PRA. We will also calculate the bonus-to-service-expenditure ratio and the average number of requests by category. We will examine each of these elements for the first 13 weeks of PRA receipt and for the period after 13 weeks to discern any differences in the patterns of PRA use from one period to the next. We will also examine these elements for recipients who exhaust their PRA funds and those who do not in order to discern any differences in the patterns of PRA use between these two groups of recipients.

Employment Characteristics and Outcomes. We will analyze PRA data to describe the characteristics of employment before PRA receipt, at the time of employment reentry (the first bonus), and at six months of employment retention (the second bonus).

² The offer date is a key element of each state's PRA data system. We can use this date to determine the base of total offers that is needed to calculate the acceptance rate even while this level of analysis is focused only on PRA recipients.

³ PRA recipients potentially eligible for the reemployment bonus will include those who claimed fewer than 13 weeks of benefits.

Characteristics will include industry and occupation, average hours worked per week, and levels of pay. We will also examine the duration of prior employment and the reason for leaving the last job held before PRA receipt. At the point of employment reentry and at the point of retention, we will look at the percentage of recipients employed in high-growth industries. To examine the employment outcomes of PRA recipients, we will determine the rate and timing of employment reentry and the rate of retention as reported in both PRA and UI data. Using PRA data, we will analyze significant differences in employment characteristics (industry, occupation, hours, and pay) from one period to the next. Using UI data, we will examine patterns of employment entry, retention, and earnings for up to four quarters following PRA receipt.⁴

PRA Closure. Finally, we will analyze the date of and reason for account closures to determine the average length of active PRA accounts and the relative percentages of accounts that were closed as a result of one of the following: funds were exhausted, accounts expired after one year, the recipient requested that the account be closed, and other reasons.

2. Multivariate Data Analysis

We will conduct a multivariate analysis, using a logit model, as part of the Level 1 analysis of PRA recipients. Specifically, we will examine the factors that are associated with the likelihood of exhausting a PRA (using all funds up to the ceiling amount). This information expands the analysis of the uses of PRA funds because it sheds light on the extent to which recipients who seek mostly services or those who seek mostly bonuses are likely to use all of their PRA funds. Fund exhaustion could also be influenced by the availability and accessibility of services within the One-Stop Center or within the community more broadly.

The dependent variable in the model will be a binary outcome that represents PRA exhaust or not. The independent variables will cover the following areas: (1) the bonus-to-service expenditure ratio, (2) timing of reemployment, (3) the availability, accessibility, and pricing of WIA intensive services in the One-Stop Center, and (4) the availability and accessibility of other reemployment services in the community. The other independent variables—gender, age, race/ethnicity, and cost of living—will be included as controls. We expect the qualitative data we collect to greatly enhance to our ability to specify and construct the model variables in a consistent and reliable manner across the implementation

⁴ Given its aggregated quarterly data format, we cannot accurately assess employment reentry within 13 weeks of PRA receipt or employment retention at six months using UI data. We will need to begin our analysis with the quarter immediately following PRA receipt (the quarter of PRA entry could include employment or earnings prior to UI receipt). Therefore, the period of employment entry and retention will be equal to or slightly longer than the defined 13 weeks or 6 months, respectively.

sites⁵ We also expect that our qualitative data collection efforts will further inform our model specification by identifying additional independent variables.

B. LEVEL 2: ANALYSIS OF PRA OFFERS

The Level 2 analysis expands the universe of individuals to those who are offered a PRA offer, including individuals who accept the offer (recipients) and those who do not (refusals).⁶ The purpose of this analysis is to examine potential differences between PRA recipients and refusals as well as the factors that would make an individual more likely to accept a PRA offer.

1. Descriptive Data Analysis

Our descriptive analysis of individual-level data on PRA recipients and refusals will compare the two groups in terms of the following four areas: (1) individual characteristics, (2) characteristics of employment before UI receipt, (3) WIA service receipt, and (4) employment and earnings outcomes, and UI receipt. We will test for statistically significant differences between recipients and refusals with respect to the data elements analyzed in each of these areas. We are particularly interested in any differences between recipients and refusals with regard to patterns of WIA service receipt. Beyond direct comparisons on the use of core and intensive WIA services, we will also look at PRA refusals' use of WIA services that cannot be offered to PRA recipients. Specifically, we will examine the PRA refusals' use of ITA vouchers for training. Differences found between PRA recipients and refusals, particularly in the areas of WIA service receipt and the timing of reemployment, may provide some insight into the factors that have the potential to influence the decision to accept a PRA offer.

2. Multivariate Data Analysis

To further explore the decision to accept a PRA offer, we will conduct a multivariate analysis using a logit model to identify the factors that are associated with the likelihood that an individual will accept the offer. The dependent variable for the model will be a binary outcome that represents a PRA acceptance or refusal. The independent variables of interest will cover such areas as (1) the timing of the PRA offer relative to the initial UI claim and the total duration of UI eligibility,⁷ (2) the claimant's UI weekly benefit amount, (3) the

⁵ It will be critical to this analysis to be able to distinguish PRA recipients by specific implementation sites within states because some of the independent variables will be site- not state-specific. We expect this will be possible.

⁶ Refusals will include individuals who clearly communicate his or her desire to decline the PRA offer, as well as those who never respond to the offer and, therefore, never have an account established.

⁷ There could be a wide variance in the number of weeks of UI that individuals have remaining at the time of a PRA offer because the states were allowed to set their own thresholds on UI benefit duration eligibility. An individual with 26 weeks of eligibility may be less motivated to accept a PRA offer than someone with 15 or 18 weeks of UI benefit eligibility.

specifications of the PRA, such as bonus ceiling amounts (to the extent there are any differences across the states), (4) the characteristics of the PRA orientation—such as coverage of specific categories of information including how to access labor market information, the policies and procedures of PRAs, other service options, and so on, (5) the quality and accessibility of labor market information, (6) the availability and accessibility of other intensive WIA services in the One-Stop, (7) the availability and ceiling amount of ITAs, and (8) the availability and accessibility of other reemployment services in the community. We may also determine that additional variables are pertinent to the model. Other independent variables representing gender, age, race/ethnicity will be included as controls.

C. LEVEL 3: ANALYSIS OF PRA ELIGIBLES

Although the proposed study is primarily a process and outcomes analysis, there may also be an interest in estimating the impact of the PRA strategy on outcomes such as reemployment and job retention. Although randomized experiments are the best way to estimate program impacts, nonexperimental methods—like the one we propose for the Level 3 analysis—can, provide preliminary impact estimates.

Using propensity score methods, for example, we could create a hypothetical randomized experiment by matching individuals who were offered a PRA with comparison individuals who were not offered a PRA but who are similar in terms of all background covariates to the individuals offered a PRA. The propensity score is defined as the probability of receiving the treatment (a PRA offer), conditional on the observed covariates, and is used to select the group of comparison individuals. Although being offered a PRA is generally determined by observed covariates (through the WPRS model), sites may have some discretion in selecting the individuals to whom offers are actually made. This course of action may lead to unobserved differences between those who are offered a PRA and those who are not, limiting this analysis in a way that randomized experiments are not limited.