

**REPORT TO CONGRESS ON FY 2009 APPROPRIATION
FOR REEMPLOYMENT AND ELIGIBILITY ASSESSMENTS**

SUBMITTED BY:

**US Department of Labor
Employment and Training Administration
Office of Unemployment Insurance**

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Reemployment and Eligibility Assessments Report to Congress on FY 2009 Appropriation

Introduction

Title I of the Omnibus Appropriations Act, 2009, Public Law 111-8, Division F, State Unemployment Insurance and Employment Service Operations, contains the following language:

“In addition, \$40,000,000 from the Employment Security Administration Account of the Unemployment Trust Fund shall be available to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews: *Provided*, That not later than June 30, 2010, the Secretary shall submit an interim report to the Congress that includes available information on expenditures, number of individuals assessed, and outcomes from the assessments: *Provided further*, That not later than June 30, 2011, the Secretary of Labor shall submit to the Congress a final report containing comprehensive information on the estimated savings that result from the assessments of claimants and identification of best practices.”

The interim report under this provision was provided to the Committees on Appropriations on June 30, 2010. This report satisfies the requirement for a final report by June 30, 2011.

Reemployment and Eligibility Assessments (REAs)

The Department of Labor’s (DOL) Employment and Training Administration (ETA) implemented the REA initiative in FY 2005 to help address two of ETA’s highest priorities: 1) to enhance the rapid reemployment of Unemployment Insurance (UI) claimants; and 2) to reduce erroneous payments. A third objective was to realize cost savings for the state UI trust funds. A number of studies had found that attention to UI beneficiaries’ efforts to find new jobs and attention to their reemployment service needs result in shorter claim durations and fewer erroneous payments. The REA initiative provided funds for states to focus their efforts by bringing claimants into the One-Stop Career Centers to provide in-person assessments and referrals to reemployment services, as appropriate. In addition to requiring that the participant report in-person to the One-Stop Career Center for staff-assisted services, each individual REA provided to a UI claimant must contain four specific elements:

- A review of continued eligibility.
- The provision of labor market information.
- Development of an individualized reemployment plan.

- A referral to reemployment services provided by One-Stop Career Centers (such as job search assistance workshops, job placement services, and instruction on resume writing) or to occupational or skills training, when appropriate.

Within this framework, states were given considerable flexibility in implementing their REA programs. Except for the requirement that REAs not be given to claimants with a return to work date, to claimants who are being served under the Worker Profiling and Reemployment Services (WPRS) program, or to claimants receiving extended benefits, states are free to choose the target group for REAs. About half of the states target claimants who are likely to exhaust but have not been referred to services under the WPRS program. Other states target claimants with a lower likelihood of exhaustion, claimants in high demand occupations or industries, or all claimants not job-attached. States also vary on the timing of the REA within a claimant's UI spell, whether claimants receive a single REA or receive multiple REAs if they continue to claim UI, and whether the initiative is operated statewide or just in specific areas.

Conduct of Analysis and Summary of Findings

DOL contracted with IMPAQ International to study the effectiveness of REAs in achieving the program's goals of reducing UI duration and saving UI trust fund resources by helping beneficiaries find jobs faster and eliminating payments to ineligible individuals. The study focused on REA program impacts for new claimants during the period of July 2009 through December 2009. It included process and impact analyses of REA programs in four states: Florida, Idaho, Illinois, and Nevada. Using a rigorous experimental design based on a treatment and control group in each state, IMPAQ measured the net impact of the REA initiative in these study states as well as examining the best practices in a sample of other REA states.

Estimated Savings

As detailed in the attached study, IMPAQ found that the REA program was effective in three of the four study states (Florida, Idaho, and Nevada).¹ Specifically, the study indicated that the REA programs: (1) assisted claimants to exit the UI program earlier than they would have otherwise and (2) helped claimants to avoid exhausting regular UI benefits, which, in turn, reduced the likelihood that these claimants would receive Emergency Unemployment Compensation (EUC) benefits. IMPAQ also found that the combined impacts of reducing both program exhaustion and receipt of EUC benefits led to shorter UI durations and lower benefit payouts. Furthermore, IMPAQ calculated that the reductions in benefits substantially exceeded the per-participant REA cost in these states.²

¹ Results in Illinois were mixed most likely because REAs were targeted to workers in high demand occupations and because of inconsistent implementation of the program.

² The experimental design employed examined the impact of requiring REA participation of treatment group members and giving them access to reemployment services (which could result in training). Some of the benefits of REAs, therefore, could stem from reemployment and services and training. Although costs were incurred for these services, the funds that pay for them are appropriated separately. As such it should

On average, in Florida, REA claimants received 1.74 fewer weeks of UI and EUC benefits compared to the control group. The REA program reduced total regular UI benefits by \$101 and EUC payments by \$294. This combined \$395 reduction in benefit amounts received per treatment group member greatly exceeded the estimated \$54 cost per treatment group member, though in all but one state the calculated costs excluded the cost of reemployment services.

IMPAQ found similar results in Idaho. On average, REA claimants received 1.14 fewer weeks of UI and EUC benefits in Idaho compared to the control group. The REA program reduced total benefit amounts by \$262 per REA participant. This total represented an average decrease of \$97 in regular UI benefits and a decrease of \$165 in EUC benefits. Again, the savings substantially exceeded the average cost per group member which was \$43.

Finally, IMPAQ's study found that Nevada REA claimants received 2.96 fewer weeks of benefits compared to their control group peers. REA participants received, on average, \$526 less in regular UI benefits and \$279 less in EUC benefits than control group members. The average cost per REA participant in Nevada was \$53. The estimated combined cost of providing an REA and reemployment services was \$201 per REA treatment group member. The reduction in total benefit amounts received was \$805 per treatment group member, which greatly exceeded the REA costs as well as the costs of reemployment services.

IMPAQ studied the program in a fourth state, Illinois, but most of the results were statistically insignificant and so there was no conclusive evidence of benefits from this state's REA program. Illinois's sample of workers was smaller than the samples used in other state experiments, however, and this small sample size may have driven the insignificant results. . Furthermore, analysis of Florida, Idaho, and Nevada data finds evidence that REAs reduce unemployment durations, cut UI costs, and generate benefits to the UI system and to UI participants that greatly exceed their costs.

Best Practices

IMPAQ also identified a number of innovative and effective ways that states have adjusted their program implementation. While the practices are diverse in nature, IMPAQ found that a common theme connects them all: each of them is designed to increase the claimants' connection to One-Stop Career Centers, by implementing a

be noted that the cost information in the study, except for Nevada, does not include the cost of providing reemployment services or training. These costs could not be evaluated because they were not tracked for either the control or treatment groups. Nevada differs from the other states in this respect because the State, on its own initiative, decided to track the information to ensure an understanding of both the overall savings and to better understand how REAs assist claimants.

service delivery strategy that facilitates the claimants' use of reemployment services. The practices identified by IMPAQ included:

- Using telephone reminders enhanced the likelihood of REA attendance;
- Sending materials for completion prior to the REA interview helped to streamline the interview;
- Using assessment forms helped to identify barriers to employment so that claimants can be referred to appropriate reemployment services;
- Integrating the UI and Employment Service (ES) data systems helped to increase the efficiency and effectiveness of program operation and data reporting;
- Contacting claimants after the REA interview enhanced program outcomes;
- Strengthening experience requirements and/or training increased interviewer effectiveness; and
- Increasing claimants' connection to the One-Stop Career Center after the REA interview increased the likelihood of positive outcomes.

Department of Labor Review

DOL staff reviewed the report and found that it followed a rigorous, statistically sound approach from which to draw conclusions. The analysis of the study states is robust and provides a wealth of information about various components of an REA. Further, the report reviews all aspects of the REA program, presenting insights about how states operate the program and the challenges they face as well as best practices. The report formally documents much of what states have told DOL staff about the program.

Based on its analysis, IMPAQ concluded that the REA program reduces UI duration of claimants and saves UI trust fund accounts money, especially during periods of high unemployment. This is consistent with anecdotal information provided by states and consistent with similar studies, indicating that the REA program is a good investment. Upon review of the study, DOL staff concludes that it was well designed and statistically valid. Therefore, DOL staff supports the findings.

Details of the analysis are provided in the attached study.

Conclusion

A number of studies have shown that intervention services in the UI program have an impact on benefit durations and reemployment of claimants. For example, two separate studies in New Jersey (one initiated in 1986 and another conducted in the early 1990s) found that claimants provided with: 1) job search assistance, 2) job search assistance combined with training or relocation assistance, or 3) job search assistance combined with a cash bonus for early reemployment all reduced collection of UI benefits and increased employment and earnings during the evaluation period. The Worker Profiling

and Reemployment Services (WPRS) program attempts to target services to unemployed workers who are likely to exhaust benefits. A study completed in 1999 by Social Policy Research Associates found that profiling UI claimants reduced benefit duration by anywhere from one-quarter to a full week. Also, a study conducted in Kentucky (2003) to evaluate the impact of a WPRS program similar in design to the REA program found that participants experienced 2.2 weeks shorter UI duration than their comparison group members.

The REA initiative is an attempt to combine the concepts from past research on what works to find what would be most beneficial for the UI program and claimants. The REA program derives its value from: 1) providing targeted reemployment services to UI claimants to help them return to work faster; and 2) reviewing eligibility requirements to help reduce improper payments. The attached study does not identify the impacts of the individual components of the REAs (eligibility reviews versus reemployment services), because reemployment services costs were not tracked in any state for control group members and only Nevada tracked the cost of reemployment services for the treatment group. In addition, the study's timeframe – during a period of high unemployment when jobs were scarce and workers were eligible for Federal emergency and extended benefits – may affect the impacts found on regular benefit payments. Nonetheless, the findings of the attached IMPAQ study show savings in UI benefits as well as increased earnings for the participants from the REAs – results consistent with previous research. Carefully designed intervention services reduce UI duration and assist unemployed workers return to work faster, which helps improve states' UI trust fund account solvency.