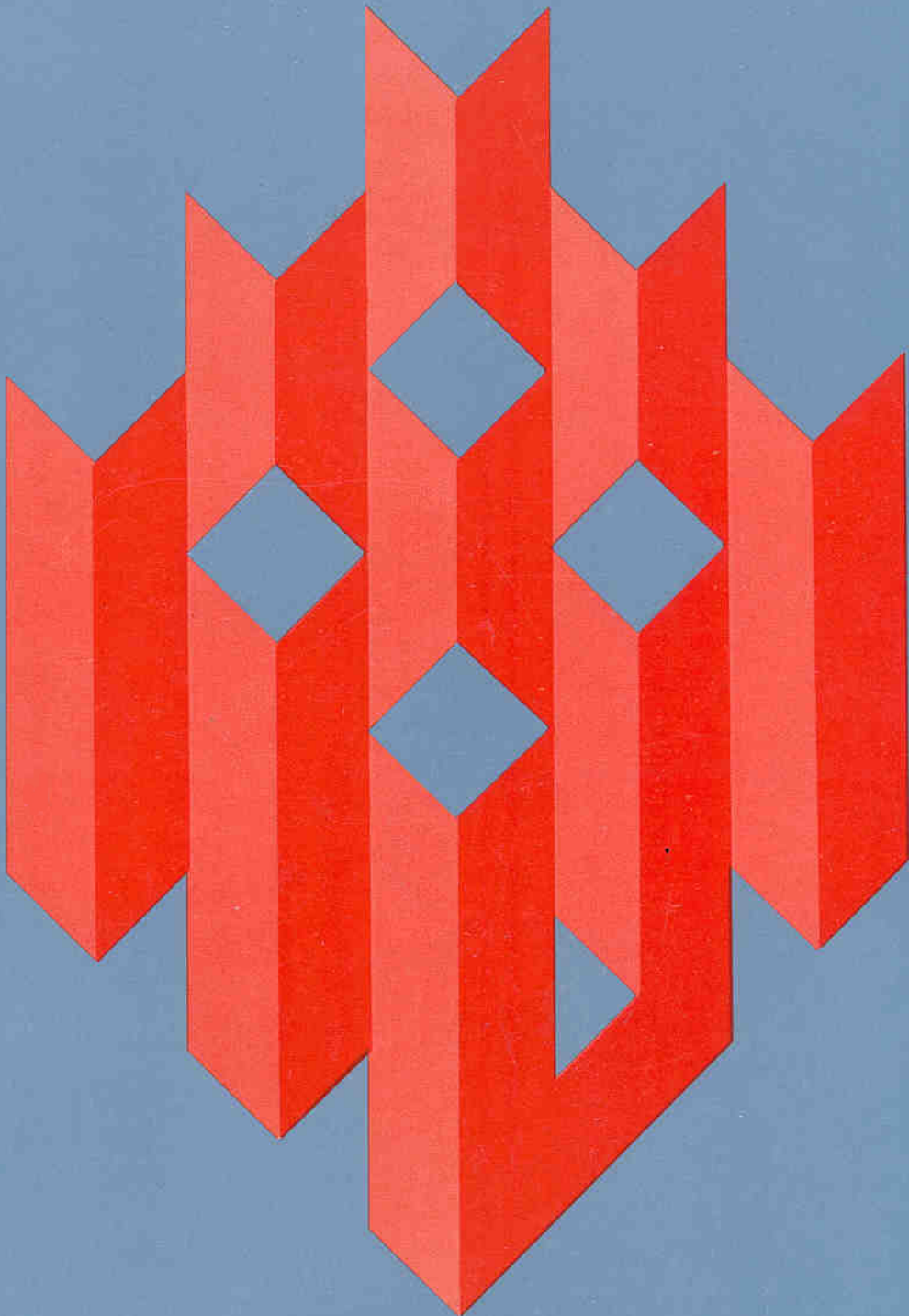


# UI Research Exchange



Unemployment Insurance  
Occasional Paper 90-4

U.S. Department of Labor  
Employment and Training Administration



# UI Research Exchange



Unemployment Insurance  
Occasional Paper 90-4

U.S. Department of Labor

Employment and Training Administration  
Roberts T. Jones  
Assistant Secretary of Labor

Unemployment Insurance Service  
Mary Ann Wyrsh, Director

1990

This publication was prepared by the Division of Actuarial Services, Office of Legislation and Actuarial Services, Unemployment Insurance Service, under the direction of Stephen A. Wandner. The editor of this issue is Amelia B. Lopez. The material in this document was contributed by the Unemployment Insurance Service and State employment security agency staff and does not necessarily represent the official position or policy of the Department of Labor.

## INTRODUCTION

The UI Research Exchange is published by the Unemployment Insurance Service to increase the effectiveness of research throughout the UI program. To achieve this goal, the Exchange provides a means of communication among researchers and between researchers and policymakers. The Exchange is designed to be an open forum for all UI researchers.

This eighth issue contains a variety of research information. There are announcements and reports on seminars, UI personnel, and recent legislative and financial developments. Descriptions of UI research projects--both in progress and completed--conducted and sponsored by the State agencies and the Unemployment Insurance Service are included. Research data and information sources, methods and tools are discussed.

Two contributed papers are included in this issue. The first paper, contributed by Lloyd S. Williams of the State of Washington Employment Security Department, is a summary of findings from the Alternative Work Search Experiment. The second paper, contributed by James Hanna and Zina Turney of the Nevada Employment Security Department, discusses the economic impact of the Nevada Claimant Employment Program.

Thanks to those who contributed to this eighth issue. We look forward to broad based participation in the future. For a description of the format in which material should be submitted, see the Appendix.

Material for publication should be submitted to

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Division of Actuarial Services  
Office of Legislation and Actuarial Services  
Unemployment Insurance Service  
Employment and Training Administration  
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## CONTENTS

	<u>PAGE</u>
I. SEMINARS, MEETINGS AND SIGNIFICANT ACTIVITIES	
A. 1990 Quantitative Methods Seminar.....	1
B. Benefit Financing Seminar.....	2
II. RESEARCH PROJECT SUMMARIES.....	3
A. Research Projects Planned and in Progress.....	4
B. Research Projects Completed.....	44
III. RESEARCH DATA AND INFORMATION SOURCES; RESEARCH METHODS AND TOOLS	
A. Reporting Systems Update.....	60
B. Benefit Financing State Model Status.....	61
IV. RECENT FINANCIAL AND LEGISLATION DEVELOPMENTS	
A. Financial Developments - Loan Status of States...	63
B. Economic Conditions/Financial Status.....	64
C. Recent Legislative Developments.....	66
D. Changes in Unemployment Insurance Legislation During 1989.....	67
V. CONTRIBUTED PAPERS	
A. Summary of Findings from the Alternative Work Search Experiment.....	73
B. The Economic Impact of the Nevada Claimant Employment Program.....	78

VI. INDEXES

A. Index of State Employment Security Agency  
Contributors..... 93

B. Research and Analysis Chiefs/Other Key Individuals  
Involved in UI Research in State Employment  
Security Agencies..... 95

C. Unemployment Insurance Service National and  
Regional Directory..... 102

VII. UI OCCASIONAL PAPER SERIES..... 112

APPENDIX

Instructions for Submittal of Items..... 121

## I. SEMINARS, MEETINGS AND SIGNIFICANT ACTIVITIES

### A. QUANTITATIVE METHODS SEMINAR

A four and one-half day Unemployment Insurance (UI) Quantitative Methods Seminar for selected State Employment Security Agency (SESA) staff was held in Tempe, Arizona during the week of September 10-14. The primary focus was on regression methodology as applied in the Unemployment Insurance Program. The seminar was taught by Robert D. St Louis and Richard K. Burdick of Arizona State University.

The subtopics discussed were descriptive data analysis, basic sampling methodology, regression diagnosis, and binary dependent variables. At the end of each day the seminar participants worked on computer projects using the SAS statistical software. The computer projects were examples of how the lecture material might be applied to UI projects.

There were eighteen participants representing fourteen States and two representing the National office:

Region IV	Earl McCranie Jim Henry Calvin McWhorter	Florida Alabama South Carolina
Region V	Karla Kelekoveich Judy Gibson Daljit Rangi	Wisconsin Minnesota Michigan
Region VI	Terrie Sais Mary J. Carmichael Cheryl Horsley	New Mexico Oklahoma Oklahoma
Region VII	Tammy Berg Garold Wilson	Missouri Iowa
Region VIII	Brad McGarry	Utah
Region IX	Don Davignon Dennis Doby Chris Hedin Elizabeth Clingman	Arizona Arizona Arizona California
Region X	Robert McMahon Lloyd Williams	Washington Washington
National Office	Steve Marler Tom Stengle	Washington, D.C. Washington, D.C.

## B. BENEFIT FINANCING SEMINAR

A Benefit Financing Seminar was held August 21-24, 1990 in Leesburg, Virginia. The four days of concentrated activity in benefit financing and cost estimating covered such topics as econometric forecasting, tax structure, experience rating, etc. The seminar, including evening hands-on lab sessions, was conducted by National Office Unemployment Insurance professionals in the Benefit Financing unit of the Actuarial Division augmented by relevant outside speakers. The seminar was similar to ones conducted every 1-2 years in the past. Those participants for the seminar were:

Region I	Roger Therrien Winifred Malia Rick Wakefield Joseph Barron	Connecticut Maine Massachusetts Rhode Island
Region II	Jonathan Waldman Stephen Dybas	New Jersey New York
Region III	Marilyn Green Ann Lang Patricia Watson	Pennsylvania Virginia West Virginia
Region IV	James Henry George Womack	Alabama Tennessee
Region V	Paul Rafac Timothy Lawhorn Chioma Ariwodo Gretchen Fossum	Illinois Indiana Michigan Wisconsin
Region VI	Owen Boothe Terrie Sais Roger Jacks	Louisiana New Mexico Oklahoma
Region VII	Tammy Berg	Missouri
Region VIII	Ginny Helfert Margaret Noh	Montana Utah
Region IX	Sally Chun Elizabeth Clingman	Hawaii California
Region X	Thomas Wylie	Alaska

## II. RESEARCH PROJECT SUMMARIES



**A. Research Projects Planned and in Progress**

<u>Study Title</u>	<u>Affiliation of Investigator</u>	<u>Page</u>
Geographic Shifts in the Incidence of Unemployment and Implications for Worker Adjustment Policy	The Urban Institute	7
Study of Cyclical Effects of Unemployment Insurance (UI) Program	Metrica, Inc.	8
BLS Mass Layoffs Survey (MLS)	DOL/BLS/Local Area Unemployment	9
Standard Industrial Classification (SIC) Computer Assisted Coding System	Utah Department of Employment Security	10
History of Unemployment Insurance Legislation in the United States and New York State, 1935-1989	Bureau of Research and Evaluation - Albany, New York	11
Micro Computer Based UI Financial Forecast Model	Bureau of Research and Evaluation - Albany, New York	12
Unemployment Insurance Tax Rates, 1989, New York State	Bureau of Research and Evaluation - Albany, New York	13
Unemployment Insurance Beneficiaries in New York State, Benefit Year Ending in 1989	Bureau of Research and Evaluation - Albany, New York	14

<u>Study Title</u>	<u>Affiliation of Investigator</u>	<u>Page</u>
Receipt of Employment Services Among Unemployment Insurance Claimants	New Jersey Department of Labor	15
Forecasting the Distribution of Taxable Wages Among Tax Table Reserve Ratio Categories	New Jersey Department of Labor	16
New Jersey Unemployment Insurance Reemployment Demonstration Project: Follow-up Study	Mathematic Policy Research	17
Survey of Previous Benefit Experience of New Jersey Unemployment Insurance Beneficiaries Filing Claims in 1988	New Jersey Department of Labor	18
Workplace Literacy Assessment	U.S. Department of Labor ETA/UI	19
Unemployment Insurance (UI) Quality Control (QC) Program Improvements Study	U.S. Department of Labor ETA/UI	20
UI Quality Control Telephone Pilot Project	U.S. Department of Labor ETA/UI	21
Initial Claim Options for Filing (ICOFF) Expert Systems Application	Oregon Employment Division	22
Contingency and Disaster Recovery Planning (DRP) Technical Assistance Guide (TAG)	U.S. Department of Labor ETA/UI	23
Performance Measurement Review (PMR) Project	U.S. Department of Labor ETA/UI	24

<u>Study Title</u>	<u>Affiliation of Investigator</u>	<u>Page</u>
Expert Systems Demonstration Projects	U.S. Department of Labor ETA/UIS	25
UI Exhaustee Study	Mathematica Policy Research	27
New Jersey Follow-up Study	U.S. Department of Labor ETA/UIS	28
Pennsylvania Reemployment Bonus Demonstration	U.S. Department of Labor ETA/UIS	29
Washington Reemployment Bonus Demonstration Project	U.S. Department of Labor ETA/UIS	30
Texas Nonmonetary Expert System Project	Texas Employment Commission	31
Maine Nonmonetary Expert System Project	Maine Department of Labor	32
Missouri Covered Employer Expert System Project	Missouri Division of Employment Security	33
Washington Self-Employment Demonstration (SEED) Project	U.S. Department of Labor ETA/UIS	34
Massachusetts Self-Employment Demonstration Project	U.S. Department of Labor ETA/UIS	36
Current Population Survey (CPS) Supplemental Questions	U.S. Department of Labor ETA/UIS	38
Alternative Work Search Experiment	U.S. Department of Labor ETA/OSPPD	39
An Evaluation of the Trade Adjustment Assistance Program	U.S. Department of Labor ETA/OSPP	40
TAA Wage Supplement Demonstration	U.S. Department of Labor ETA/OSPPD	41
Florida Training Candidate Pilot Program	U.S. Department of Labor ETA/Atlanta, Georgia	42

Study Title

Geographic Shifts in the Incidence of Unemployment and Implications for Worker Adjustment Policy

Problem to be Studied

The Urban Institute is conducting a study of the geographic shifts in the incidence of unemployment and determining the implications for future regional unemployment trends for worker adjustment policy. A multiregional econometric model will be adopted to make projections of state unemployment in the year 2000. Estimates will be made of the worker adjustment services needed by state activity levels for the UI, ES, and JTPA programs to meet the reemployment and training needs of the unemployed in the year 2000.

Methods

The Urban Institute will estimate behavioral relationships at the state level linking total state unemployment to unemployment-related measures used in ETA allocation formulas. They will also examine state-level budget data and measures of service delivery in the JTPA, ES and UI programs. Multiregional economic models will be reviewed, and one model selected, adapted and used to make projections of state unemployment in the year 2000. Alternative projection scenarios will be investigated and for each one the allocation of financial resources across states and state activity levels in the JTPA, ES and UI programs will be projected.

Expected Completion Date

April 30, 1991

Name of Investigator

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Study Title

Study of Cyclical Effect of Unemployment Insurance UI Program

Problem to be Studied

The purpose of this study is to conduct an indepth analysis of the cyclical effects of the UI program. The objective of the study is to answer the question: How effective is UI as an economic stabilizer in today's economy?

Methods

Three types of estimating models will be used to analyze UI as an automatic stabilizer: (1) a DRI economic model of both the national economy and selected state models, (2) a vector autoregressive model especially designed to examine the effect of UI, and (3) a single model that will analyzed the difference between full employment GNP and actual GNP as the dependent variable to estimate if the countercyclical effectiveness of the UI program has changed over time.

Expected Completion Date

November 1990

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Study Title

BLS Mass Layoffs Survey (MLS)

Problem to be Studied

Section 462(e), Public Law 97-300 of the Job Training Partnership Act (JTPA) provides that the Secretary of Labor shall develop and maintain statistical data relating to permanent layoffs and plant closings and to issue a report annually. The purpose of the "Mass Layoffs Survey" study is to determine the duration and permanency of mass layoffs and the recall practices of establishments experiencing mass layoffs.

Methods

BLS is conducting a standardized automated approach to identifying and describing the impact of major permanent job cutbacks. BLS is utilizing telephone contacts and existing Unemployment Insurance records.

Expected Completion Date

September 30, 1990

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Study Title

Standard Industrial Classification (SIC--Computer Assisted Coding System)

Problem to be Studied

The SIC Computer Assisted Coding System will assist the SIC coding process by providing immediate access to possible SIC codes, by quickly displaying narrative descriptions, exceptions, and alphabetic index items, by facilitating efficient selection of SIC codes, and by improving control over final SIC code selection. It is envisioned that state agencies that use the SIC Computer Assisted Coding System for filing and refiling processing will receive the following benefits: (1) improved staff productivity in SIC coding, (2) enhanced accuracy of SIC coding, (3) improved consistency and reliability of SIC coding, (4) reduced time required for filing and refiling processing, and (5) decreased number of subjective judgments required in selecting SIC codes.

Methods

Funded by the Bureau of Labor Statistics (BLS) and under a contract agreement with the BLS, the System Research and Development Section of the Utah Department of Employment Security is developing microcomputer software that assists SIC coders in selecting SIC codes.

Expected Completion Date

September 1990

Contact Person

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Study Title

History of Unemployment Insurance Legislation in the United States and New York State, 1935-1989.

Problem to be Studied

This is an extensive compilation (in narrative format) of all the legislated changes that have been made to the Unemployment Insurance Program on a national level and in New York State.

Expected Completion Date

November 1990

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Study Title

Micro Computer Based UI Financial Forecast Model

Problem to be Studied

New York State currently uses a UI financial simulation model developed in 1977 by Mercer Inc. and installed on the Department of Labor Mainframe computer. This system no longer reflects all aspects of New York's amended UI laws and also lacks the flexibility and portability needed during the legislative negotiation process.

Methods

Through contract with Data Resources Inc., a model is being developed utilizing EPS/PC programming language. When complete, this model will operate on a micro computer and may even be installed on a "Lap-top" micro computer.

Expected Completion Date

December 1990

Contact Person

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Study Title

Unemployment Insurance Tax Rates, 1989, New York State

Problem to be Studied

Details the Unemployment Insurance Law and provides detailed assigned tax rates on both a current and historical basis.

Methods

Utilizes tax rates tape and ETA 204 data. The study provides a rationale for differences between industries - differences which can affect tax rates and yield to the Unemployment Insurance Fund.

Expected Completion Date

November 1990

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Study Title

Unemployment Insurance Beneficiaries in New York State, Benefit Year Ending in 1989

Problem to be Studied

This is a comprehensive study of benefit duration and benefit amounts in relation to the socio-economic characteristics of beneficiaries. Comparisons are also made with prior years.

Methods

This is a 100 percent sample, utilizing the computerized files of the New York State Department of Labor.

Expected Completion Date

December 1990

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Study Title

Receipt of Employment Services Among Unemployment Insurance Claimants

Problem to be Studied

To determine the extent to which New Jersey Unemployment Insurance claimants are registered with the Employment Service and the receipt of services by those registered.

Methods

The study is based on a randomly-selected sample of approximately 5,000 new unemployment insurance claims filed between July 1988 and June 1989. A one-year sampling period was used to avoid any biases due to seasonality that could have resulted from use of a shorter timeframe. In addition to the unemployment insurance claim information, Employment Service records were also accessed for registration and service receipt data for the sample claimants.

The report will include statistical tables showing the number of claimants registered and the number receiving other types of employment services, such as counseling, testing, job referrals and placements. Cross-tabulations based on claimant characteristics such as sex, race, age and education level will also be produced.

Expected Completion Date

Fall 1990

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Study Title

Forecasting the Distribution of Taxable Wages Among Tax Table Reserve Ratio Categories

Problem to be Studied

The purpose of this paper is to develop a model for forecasting the distribution of taxable wages among the reserve ratio categories in the New Jersey unemployment insurance employer tax table.

Methods

This study has two purposes. The first is to develop a model to forecast the shift in the distribution of taxable wages among the rate categories of a given tax table when it is known that they will remain unchanged in the rate year for which a forecast is required. The second is to develop a model for forecasting this shift when it is known that the tax rate categories will change.

Expected Completion Date

December 1990

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Study Title

New Jersey Unemployment Insurance Reemployment Demonstration  
Project: Follow-up Study

Problem to be Studied

This is a follow-up to a demonstration project completed in 1988 that was designed to test the effectiveness of three service packages to assist unemployment insurance (UI) employer claimants likely to experience reemployment difficulties: (1) job search assistance (JSA), (2) JSA plus training or relocation assistance, and (3) JSA plus a reemployment bonus.

Methods

The follow-up study will utilize data from the New Jersey wage records and UI databases to determine employment, earnings and UI receipt during the three-year follow-up period. Difference-of-means tests, regression analysis and other standard econometric methods will be used in analyzing the data. If long-run program impacts are observed, the cost-benefit analysis in the original study will be revised to incorporate these effects.

Expected Completion Date

December 1990

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Study Title

Survey of Previous Benefit Experience of New Jersey Unemployment Insurance Beneficiaries Filing Claims in 1988

Problem to be Studied

Very little information exists in New Jersey or other states on the issue of UI repeater characteristics and dynamics. This survey will collect claimant characteristics data, including industry attachment information, on a sample of 1988 claimants, tracing UI claims, benefit payments and exhaustions related to initial claims filed between January 1, 1984 and December 31, 1988.

Methods

This project is in the early design stages. Output tables, sample size and sampling techniques are being evaluated. Closed case files will be surveyed. Descriptive statistics will be compiled and evaluated.

Expected Completion Date

July 1991

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Study Title

Workplace Literacy Assessment

Problem to be Studied

In an effort to improve our understanding of the literacy problem facing America, the Department of Labor has commissioned the Educational Testing Service (ETS) to conduct a two-phase workplace literacy assessment project. The first phase involves assessing and profiling the literacy proficiencies of the ETA client populations of the JTPA program, and the combined UI/ES beneficiaries/applicants. During the second phase, ETS will develop a test instrument to evaluate the literacy proficiencies of individuals in various DOL client populations.

Method

Between October 1989 and July 1990, ETS collected data from a sample of approximately 8,000 individuals from the JTPA and ES/UI populations across the United States. Each sample participant was administered a set of ETS developed literacy assessment questionnaires. The products of the projects are: (a) a report profiling the literacy proficiencies of the JTPA, UI/ES population and some sub-populations, (b) a literacy test instrument usable for individual evaluation of literacy. The framework for collecting these data is modeled after the approach used by the National Assessment of Educational Progress (NAEP) which profiled the literacy proficiencies of America's young adults, ages 21 through 25.

Expected Completion Date

June 29, 1991

Contact Persons

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Study Title

Unemployment Insurance (UI) Quality Control (QC) Program  
Improvements Study

Problem to be Studied

This study is to determine the extent of non-sampling error of QC data. It will explore how consistently: (1) SESA QC investigators interpret data in coding the Data Collection Instrument and in investigating QC cases, (2) Federal staff code exceptions while conducting reviews and rereviews, and (3) QC methods and procedures are applied. This study is to measure this inconsistency and develop procedures or measures to reduce or eliminate it to the greatest extent possible.

Method

QC cases were collected from middle 1989 to early 1990 and were investigated and coded using either current QC methodology or the alternate methodology developed for the study. The purpose of this element of the study design is to determine whether a potential alternative investigation and coding procedure would produce more consistent results than the currently used procedures. Staff from Region IV, V, VI, and National Office also used either current or alternate methodology and procedures to assess the correctness of the QC cases.

Expected Completion Date

September 30, 1990

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## Study Title

UI Quality Control Telephone Pilot Project

## Problem to be Studied

This project is to ascertain the accuracy and the cost implications of doing UI Quality Control verifications of paid claims by telephone. Official QC procedures now require SESA QC investigators to complete these verifications in person. The object of this pilot is to assess in varied environments how thoroughly QC cases in general, and their various aspects (e.g., monetary eligibility versus separation eligibility), can be done by telephone, and the relative costs of the two approaches.

The project basically replicates in four States with widely differing environments--California, Colorado, Florida, and Maryland--a similar study done in Idaho during 1986-87. The Idaho project found that phone investigations discovered the same overall error rate as in-person methods at half the cost; but some operational weaknesses in the pilot, plus Idaho's apparently highly favorable environment for use of the phone, made it questionable whether this would be the result in most States.

## Method

In each pilot State, the weekly sample of cases selected for QC investigation is split into telephone (treatment) and normal in-person (control) subsamples. Investigators are to complete the phone cases entirely by phone if possible; if not, they have been given rules for deciding when certain portions of the investigation must be done by an alternative method (fax, mail, or in-person). Investigators record the cost of completing both phone and in-person cases; in addition, every quarter the QC unit completes a "time ladder" accounting for all their time during one week. The experiment should produce enough data to enable the overall thoroughness of phone investigations, their relative advantages in certain aspects of the investigations, and the costs of both approaches.

## Expected Completion Date

September 1991

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Study Title

Initial Claim Options for Filing (ICOFF) Expert Systems Application

Problem to be Studied

Is it possible to more accurately, using less time, determine the appropriate unemployment insurance claim filing options through an Expert Systems application? Can an Expert Systems application avoid manual calculations and physically leafing through the Interstate Handbook?

Method

ICOFF replaces the manual claim choice process. Oregon currently uses a worksheet form, Interstate Handbook and calculator whenever a new claim is filed and base period wages are available in more than one state. The form documents the wages, the potential monetary claim available in each state, combined wage claim possibilities and is signed by the claimant and claimstaker indicating the claimant's choice of filing options.

Through ICOFF, claimstakers answer system required questions and key wage and other pertinent claim information for each of the states involved. All formulas for a valid claim and other states' rules are programmed into the Expert Systems knowledge base. These include all fifty states and three other jurisdictions. ICOFF identifies the potential claims available, explains the available choices and any reasons why claims are not valid, and prints the results for signatures and filing.

The current manual process consumes fifteen to thirty minutes for all but the easy situations. ICOFF permits processing even the most difficult ones in less than five minutes.

Expected Completion Date

September 30, 1991

Contact Persons

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Study Title

Contingency and Disaster Recovery Planning (DRP) Technical Assistance Guide (TAG)

Problem to be Studied

Program reviews of several SESAs which were conducted by the Federal Government have revealed that many SESAs have no viable contingency and disaster recovery plans in effect. Furthermore, the reviews found that existing plans in some SESAs are inadequate to meet actual or posed threats of disasters affecting automation capabilities. A generic Technical Assistance Guide, for the SESA use in developing their own Contingency/Disaster Plans is expected to help ensure successful continuation and survivability of SESA Automated Data Processing (ADP) operations in the event of a disaster.

Method

Onsite reviews of a "representative" (cross-section) group of six States were made by the contractor to study State operations and assess UI disaster recovery needs. Nine additional SESAs were sent a questionnaire to gather the same kind of assessment data obtained during the onsite visits. Data sources include: organizational charts; previous SESA survey results; previously developed internal security contingency plans or DRPs; emergency planning guides and evaluation plans; computer documentation scheduling and equipment configuration for SESAs; overviews of computer applications processed by SESAs; and other relevant documents.

Expected Completion Date

September 29, 1990

Contact Person

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Study Title

Performance Measurement Review (PMR Project)

Problem to be Studied

The PMR project is being undertaken to ensure that the Secretary of Labor's statutory responsibilities for the administration and oversight of the Unemployment Insurance (UI) program are being carried out effectively. The project is part of the Employment and Training Administration's (ETA) ongoing efforts to increase the financial and operational flexibility of States in managing their UI programs.

This phase of the project will (1) examine linkages between various components of the UI oversight program, (2) identify and justify alternative methods of reviewing performance, (3) examine alternative methods for using the measurements to encourage UI program improvement and (4) scrutinize where benchmarks constituting minimum levels of performance may be appropriate. The PMR project will also examine the components of the UI oversight system to assure there is a comprehensive system in place sufficient to meet the Department of Labor's (DOL) legal responsibilities.

Method

Contractor study complemented with Federal and State input.

Expected Completion Date

September 1993

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## Study Title

### EXPERT SYSTEMS DEMONSTRATION PROJECTS

## Problem to be Studied

Artificial intelligence and expert systems holds the promise of greater efficiency and better service for certain unemployment insurance applications. The Kansas Nonmonetary Expert System Project, recently completed, has shown enough promise to warrant additional examination of this relatively new technology.

Four expert system demonstration projects were funded in FY 1989. These four, which started in September 1989, are:

- o Texas-- a nonmonetary expert system which will enlarge upon the work done in Kansas by adding complexity to what the expert system can handle; and a DUA (disaster unemployment assistance) expert system for use in taking DUA claims and making decisions regarding eligibility.
- o Missouri-- a covered employer expert system to assist in making decisions regarding whether the employer is a covered employer under the law or an independent contractor. This has application in the UI tax arena.
- o Maine-- a nonmonetary application which will attempt to expand the scope of decisionmaking to include employer input as well as claimant input; a different type of expert system software (KES II) will be used.

## Method

The same basic methodology is being used in the above projects as was used in Kansas. The approach is essentially the structured expert system development method in which the knowledge engineer works closely with the domain expert or experts to initially develop a prototype that can handle one or more cases. Additional complexity is added piece by piece until a much larger number of cases can be accommodated and the system rules established. After review of the prototype and the rules, the expert system is field tested and the results evaluated.

Expected Completion Date

March 1991 for all projects

Contact Person

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Study Title

UI EXHAUSTEE STUDY

Problem to be Studied

The UI exhaustee is a component of the gap between the insured unemployment insurance rate (IUR) and the total unemployment rate (TUR). This relationship is of important policy concern during recessions and economic slowdowns because it is used for legislation extending the duration of unemployment insurance benefits. Current information is needed on the characteristics of exhaustees, their labor market experiences before and after exhaustion, their UI program experiences, and the factors contributing to their continued unemployment. All of these factors must be compared and related to non-exhaustees.

Method

A representative national survey will be conducted to ascertain the information described above. The sample frame consists of individuals who received a first payment during a one-year period. A total of 2,000 exhaustees will be selected from a sample of 20 states. The states are selected randomly with probabilities of selection proportional to their number of exhaustees during 1987. States with more than 1/20 of the country's exhaustees are sampled with certainty and allocated a self-weighting sample of individuals exhaustees.

Data on exhaustees will come from agency records and from a supplemental telephone survey. The supplemental questionnaire is needed to obtain information not available from agency records and includes items such as reasons for exhaustion, job search efforts, use of education and training programs, post-claim employment, spouse earnings, and demographic information.

Expected Completion Date

September 1990

Contact Persons

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## Study Title

NEW JERSEY FOLLOW-UP STUDY

## Problem to be Studied

Results from the New Jersey Reemployment Demonstration Project showed the job search assistance (JSA) plus training treatment to be less cost-effective than JSA treatment alone. Because training impacts are likely to take longer to occur, a follow-up study is needed in order to measure the long-term effects on those participants who received training. Three issues are to be examined in the New Jersey Follow-Up Study: (1) Did the New Jersey Reemployment Demonstration participants receive increase earnings past the initial one-year time period? (2) Did the treatment decrease the rate and amount of UI benefits received after the benefit year which made claimants eligible for the New Jersey Reemployment Demonstration Project? (3) Did individuals who received training experience the impacts described above?

## Method

Wage record and UI program data will be extracted from the records of the New Jersey Department of Labor on individuals who participated in the New Jersey Reemployment Demonstration Project. The data will include earnings and weeks worked. In addition, data on the UI experiences of the participants will also be obtained including date of claim, benefit amount and related data for any benefit year subsequent to the benefit year of the demonstration project.

An analysis of these data will then be conducted. The analysis will include variables that describe and explain quarterly employment and earnings of the sample claimants; estimates of treatment impacts on earnings and receipt of UI by project participants; and a benefit-cost analysis of the demonstration treatments.

## Expected Completion Date

December 1990

## Contact Persons

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Study Title

PENNSYLVANIA REEMPLOYMENT BONUS DEMONSTRATION

Problem to be Studied

This demonstration is studying the effects of offering selected claimants a reemployment bonus in combination with a job search workshop. The basic research question is whether a bonus and workshop will induce the claimant to seek and obtain work faster than would otherwise occur. This study is a variant of the demonstration recently completed in New Jersey and of the ongoing reemployment bonus demonstration in Washington State.

Method

The demonstration is being conducted in twelve local offices in Pennsylvania. A random sample of claimants is being offered variants of a bonus payment and a job search workshop. The variants, or treatments, consist of different combinations of bonus amount using a multiple of the weekly benefit amount and bonus qualification periods of either six or twelve weeks. The job search workshop component is voluntary and claimants can receive the bonus without participating in the workshop. A control group of claimants is used so that a valid statistical evaluation can be made. A pilot study was used to validate procedures and the automated tracking system. A follow-up survey is being conducted to collect data needed for evaluation purposes and which are not available from normal operations.

Expected Completion Date

June 1991

Contact Persons

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Study Title

WASHINGTON REEMPLOYMENT BONUS DEMONSTRATION PROJECT

Problem to be studied

The purpose of the Washington Reemployment Bonus Demonstration Project (WREB) is to test the effect of offering selected claimants a cash incentive--a "bonus"--for early reemployment. Different variations of a bonus are being tested: two, four or six times the claimant's weekly benefit amount. The WREB project replicates and extends similar studies completed by the States of Illinois and New Jersey which found that the services provided were cost effective in motivating claimants' return to work faster than would have otherwise occurred. Another bonus demonstration project is also underway in Pennsylvania.

Method

The WREB project focuses on a claimant bonus, measuring the effects of varying bonus amounts and durations of bonus eligibility. The bonus will be available to project claimants who find work within the specified time and retain the new job for at least four months. Claimants are randomly assigned to six treatment groups and a control group. Three bonus levels are being tested: two, four and six times the weekly benefit amount. Two durations for the return to work period are being tested.

Expected completion date

December 1990

Contacts

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## Study Title

TEXAS NONMONETARY EXPERT SYSTEM PROJECT  
AND DISASTER UNEMPLOYMENT ASSISTANCE EXPERT SYSTEM PROJECT

## Problems to be studied

There are two expert system projects underway in Texas. The Texas nonmonetary project will build upon the experience gained in the Kansas effort (see Final Report Kansas Nonmonetary Expert System Prototype, Unemployment Insurance Occasional Paper 90-1). Additional complexity will be included in the Texas design to determine how far an expert system can be utilized in nonmonetary decision making. In comparison to the Kansas model, Texas will use different expert system software to ascertain whether there is any significant improvement.

In addition, the Texas agency will develop a prototype Disaster Unemployment Assistance (DUA) expert system to determine to what extent an expert system can be used in processing and determining initial, monetary and nonmonetary DUA claims. The intent is to build a DUA expert system that can be exportable to other States.

## Method

Testing of the first nonmonetary prototype confined to the suitable work module was conducted in the Fort Worth and Arlington local offices during March and April 1990. Report from Regional office staff (and from David Balducchi of the Office of Regional Management who visited the Arlington office on March 21, 1990) indicate that the prototype performed as designed. The second module confined to the voluntary quit segment is currently being developed and tested.

In mid-summer 1990, it was determined in a mutual decision by the U.S. Department of Labor and the Oklahoma agency that Oklahoma withdraw from the DUA expert system effort. At that time, the Texas agency assumed responsibility for development of the DUA expert system prototype. The Texas agency will develop the DUA expert system utilizing the same software that is currently being employed in its successful nonmonetary expert system experiments. The Regional office has been requested to closely monitor the projects' progress.

## Expected completion date

March 1991

## Contact

Wayne D. Zajac  
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U.S. Department of Labor  
ETA/UIS 202-535-0222

Study Title

MAINE NONMONETARY EXPERT SYSTEM PROJECT

Problem to be studied

The purpose of the Maine expert system project is to build upon the Kansas expert system project and determine the potential use of expert system technology in the nonmonetary process. A key feature of the Maine experiment is the provision for developing and testing expert system-assisted interaction between the claimant and employer during the fact gathering interview.

Method

Maine has established a Steering Committee to provide guidance and to oversee development of the expert system. The project's knowledge engineer has completed extensive training in building expert systems. The Regional office has been requested to closely monitor this effort. On August 10, 1990, the Maine agency transmitted to the National office a progress report. ETA staff reviewed the report. Overall, ETA officials were pleased with the Maine agency's progress. A letter, dated August 27, 1990, was sent to the Executive Director of the Maine agency providing comments, suggestions and questions resulting from ETA's review.

Expected completion date

March 1991

Contact

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Project Officer  
U.S. Department of Labor  
ETA/UIS  
202-535-0222

Study Title

MISSOURI COVERED EMPLOYER EXPERT SYSTEM PROJECT

Problem to be studied

The purpose of the Missouri project is to build a prototype expert system to be used to determine whether a claimant is an employee, an employer or an independent contractor. Determining these types of issues arises frequently and requires considerable time and effort to unravel. An expert system designed to assist agency staff in this complex area could prove helpful in providing consistent decision making.

Method

On July 27, 1990, Missouri agency officials demonstrated the covered employer expert system prototype to ETA staff in Washington, D.C. ETA staff were favorably impressed with Missouri's preliminary version of the expert system prototype. On August 7, 1990, a letter was sent to the Missouri project officer providing comments and suggestions based on ETA staff review of the Missouri expert system. At this time, the Missouri agency is in the process of selecting expert system software which can be adapted to personal computers. Field testing of the prototype will begin soon after permanent software is built. The Regional office has been requested to monitor the project's progress.

Expected completion date

March 1991

Contact

Wayne D. Zajac  
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## Study Title

### WASHINGTON SELF-EMPLOYMENT DEMONSTRATION (SEED) PROJECT

## Problem to be Studied

The Washington Self-Employment Demonstration (SEED) Project is one of two projects being conducted under the Unemployment Insurance (UI) Self-Employment Demonstration. The purpose of this demonstration project is to test the feasibility of using the UI system to provide a self-employment option for UI claimants who have no immediate prospects for reemployment in wage and salary jobs. The demonstration will provide UI recipients with information that will assist them in determining whether they should undertake a business venture, and if so, provide them with the knowledge, skills, and resources necessary to start their own microbusinesses.

## Method

The early intervention strategy that will be tested in this demonstration will be self-employment allowances plus business development services. Participants will be provided with self-employment allowances--equal to the remainder of their UI entitlement--in a single, lump-sum payment to provide them with business startup capital. The payments will come from a Federal grant rather than the State UI Trust Fund. Participants will also receive business development services, including training seminars on business start-up issues, counseling, peer support groups, and technical assistance.

Targeted UI recipients will be provided with information on the risks and rewards of self-employment, to help them decide if they want to undertake a business venture. Interested claimants will then be randomly assigned to treatment and control groups. Participants in the treatment group will receive the business development services mentioned above. Those participants who meet a series of milestones for business start-up (e.g., preparing a business plan) can qualify to receive a lump-sum payment.

The demonstration will follow these participants for two years. Data sources used for the analysis will be the State UI benefit payment system, a project-specific management information system, the State Business Assistance Center ADP system, the State Department of Revenue ADP system, and two follow-up telephone surveys. The final evaluation will include process, impact, and benefit-cost analyses.

Expected Completion Date

The final report on this project is due in August 1993.

Contact Persons

Jon Messenger (Department of Labor)  
(202)-535-0208

Judy Johnson (Washington State)  
(206)-753-3809



## Study Title

### MASSACHUSETTS SELF-EMPLOYMENT DEMONSTRATION PROJECT\*

## Problem to be Studied

The Massachusetts Self-Employment Demonstration Project is one of two projects being conducted under the Unemployment Insurance (UI) Self-Employment Demonstration. The purpose of this demonstration project is to test the feasibility of using the UI system to provide a self-employment option for UI claimants who are likely to exhaust their UI benefits and have difficulty becoming reemployed in similar wage and salary jobs. The demonstration will provide targeted UI recipients with information that will assist them in determining whether they want to undertake a business venture, and if so, provide them with the knowledge, skills, and resources necessary to start their own microbusinesses.

## Method

The early intervention strategy that will be tested in this demonstration will be self-employment allowances plus business development services. Participants will be provided with biweekly self-employment allowance payments, equal to their regular UI benefits, to provide them with an income stream while they are planning and establishing their new businesses. Participants will also be provided with business services, including training seminars on business start-up issues, counseling, peer support groups, and technical assistance.

Targeted UI recipients will be provided with information on the risks and rewards of self-employment, to help them decide if they should undertake a business venture. Interested claimants will then be randomly assigned to treatment and control groups. Participants in the treatment group will receive the biweekly self-employment allowances and business development services mentioned above.

The demonstration will follow participants for two years. Data sources for the analysis will be the State UI benefit payment system, a project-specific management information system, and two follow-up telephone surveys. The final evaluation will include process, impact, and benefit-cost analyses.

Expected Completion Date

The final report on this project is due in December 1993.

Contact

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\*Note: The States of Minnesota and Oregon also participated in the design phase of this demonstration project, but decided not to proceed with implementation.

Study Title

Current Population Survey (CPS) Supplemental Questions

Problem to be studied

During the 1980s, the proportion of unemployed workers who receive UI benefits fell to an historical low. Previous studies have suggested that many people do not apply for benefits, but there is little information available on the application rate or on reasons for not applying.

Method

Several UI-related questions were asked as a supplement to the monthly Current Population Survey in four separate months in 1989 and 1990. Unemployed workers were asked whether they had applied for and received UI benefits in their current spells of unemployment and, if not, why not. An initial analysis of the data is being done by Wayne Vroman of the Urban Institute under a grant from the Ford Foundation.

Expected completion date

October 1990 -- Public-use data tape

December 1990 -- Vroman report

Contact Person

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Study Title

Alternative Work Search Experiment

Problem to be Studied

This experiment tested the effectiveness of various work search requirements in returning UI recipients to employment.

Method

Claimants from the Tacoma Job Service Center were randomly assigned into four treatment groups receiving different interpretations of the work search requirement. The four treatments were: 1) Warrant Certification -- payments were made automatically every two weeks with the signature on the warrant as the only certification, 2) Standard Work Search -- this group represents the work search policy which has been in effect in the State of Washington for many years, 3) New Work Search Policy -- work search requirements and timing of services were tailored to individual circumstances and occupations, and 4) Jobfinders -- an intensive four week program to teach job finding techniques. The effectiveness of the four treatments was assessed based on duration, exhaustion rates, subsequent employment, total benefit cost and administrative cost.

Expected Completion Date

August 31, 1990

Contact Person

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Study Title

An Evaluation of the Trade Adjustment Assistance Program

Problem to be Studied

The project will provide a comprehensive process and impact evaluation of the trade adjustment assistance program. It will include examination of the implementation and affects of amendments to the TAA program contained in the Omnibus Trade and Competitiveness Act of 1988.

Method

The process and implementation study will entail comparisons among States focussing on their ability to provide readjustment services to TAA participants. Such comparisons will be made on the basis of both aggregate data on service receipt and information collected through unstructured interviews with Federal and State staff. The impact analysis will focus on the effects of training and other services on employment and earnings. It will entail collecting administrative and interview data on benefit receipt, service receipt, and employment and earnings. Comparison groups will be drawn from UI recipients.

Expected Completion Date

December 19, 1991

Contact Person

Daniel Ryan, OSPPD

Study Title

TAA Wage Supplement Demonstration

Problem to be Studied

The Omnibus Trade and Competitiveness Act of 1988 specified that a wage supplement demonstration project be conducted to determine: 1) the attractiveness of wage supplements to various categories of workers eligible for trade readjustment allowances, 2) the effectiveness of wage supplements in facilitating the readjustment of workers adversely affected by imports, and 3) whether a supplemental wage allowance should be an option under the trade adjustment assistance program.

Method

Trade affected workers who are eligible for Trade Readjustment Allowances (TRA) will be randomly assigned into three treatment groups or a control group. Treatment group members will have the option of receiving their TRA in the form of wage supplements. Each treatment group will be eligible for a different combination of wage supplement amount and duration. Control group members will continue to be eligible for all existing benefits and services available under TAA, but will not be eligible for wage supplements. Demonstration participants will be tracked for approximately two to three years following random assignment through administrative records and interviews.

Expected Completion Date

May 21, 1995

Contact Persons

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## Study Title

Florida Training Candidate Pilot Program

## Problem to be Studied

Since May 1990, Florida has been in the process of planning a training program for dislocated workers. This project will be participated in by the Division of Unemployment Compensation, Division of Labor, Employment and Training and the Service Delivery Areas (SDA's) in Leon and Hillsborough Counties and the City of Tampa. The pilot project will be implemented September 4, 1990 and expanded October 1, 1990.

## Method

This project will identify UC claimants who meet the definition of a dislocated workers and direct these claimants to the local SDA's by the third week of their unemployment claim. The program will be an automated process and require little manual intervention.

Basically the program will operate as described below:

1. All claimants filing for unemployment compensation who are on a permanent layoff and worked for their separating employer for 18 months or more will be flagged in the system as possible candidates for an EDWAA training program.
2. All flagged claimants who report to claim their first compensable week will be identified as potential training candidates and placed in a file to be read weekly by the local SDA. The file will contain the claimant's name, address, phone number, social security number, race, sex, a three (3) digit occupational code and name and address of the las employer.
3. The SDA will determine how many claimants they wish to see in a given week and select those they wish to see from the file. Sufficient information will be in the file to allow the SDA's to meet any EEO requirements or quotas and determine if they possibly served the claimant through employer contacts prior to the layoff.

4. Data Systems will read the file for selected candidates and prepare a notice advising the claimant of the services offered by the SDA and an appointment time to report for orientation.
5. The SDA will be responsible for notifying UC of the claimants placed in training, referring to Job service for placement and the no shows. This will all be done through the automated program. If a claimant is placed in training, nonmonetary determination will automatically be generated. If the claimant is referred to Job Service, the system will return the claimant to the Eligibility Review Program and schedule an in-person report in three weeks to follow-up on the results of the Job Service visit. Those claimants who fail to report for the appointment with the SDA, will be flagged and forced in to the claims office to determine if there is an availability issue. If the claimant reported for the appointment but no services were offered, the system will restore the claimant to the Eligibility Review Program.
6. The system will produce reports to allow management to evaluate the effectiveness of the program.
7. If desired, the capability will exist to tract a claimant from the filing of a claim for unemployment through the training program to placement as a result of the training.

Expected Completion Date

April 1991

Contact Person

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## B. Research Projects Completed

<u>Study Title</u>	<u>Affiliation of Investigator</u>	<u>Page</u>
An Evaluation of the Feasibility of Substate Area Extended Benefit Program	Mathematica Policy Research, Inc.	45
Kansas Nonmonetary Expert System Prototype	Evaluation Research Corporation	48
October 1986 Health Insurance and Life Insurance Coverage of New Jersey Unemployment Insurance Claimants	New Jersey Department of Labor	50
Potential Agricultural Worker Survey	Mathematica Policy Research	52
Contested Unemployment Insurance Claims	Kansas Department of Human Resources	54
Alaska's Combined UI Workload and Benefit Financing Models	Alaska Department of Labor	55
Meeting the Needs of Today's Unemployed (Extension of Unemployment Insurance Benefits to Claimants Enrolled in Training)	Research & Evaluation	58
Expanding Schedule I of the Kansas Employment Security Law	Labor Market Information Services	59

Study Title

An Evaluation of the Feasibility of Substate Area  
Extended Benefit Program

Prepared by: Mathematica Policy Research, Inc.

Date of Publication

July 31, 1989

Results

There do not appear to be gains in targeting that might be achieved by focusing the EB program on local labor markets. These gains are most substantial during non-recessionary periods and cannot be secured without incurring significant implementation and operational costs.

DETAILS OF STUDY RESULTS

- o Only at high threshold levels does substate triggering begin to produce greater eligibility than Statewide triggering. With a TUR trigger Mathematica (MPR) observed small differences below a 9.0 percent threshold.
- o A substate trigger could produce markedly greater targeting efficiency than a State trigger during non-recessionary years, but the potential improvement during recessionary years appears to be small.
- o With finer geographic disaggregation, substate programs concentrate fewer of their benefit payments in recessionary years.
- o The performance of a substate program can be affected by the pattern of a recession. Longer, relatively shallow recessions are likely to generate large numbers of EB first payments under a substate program than statewide program. Short steep recessions, such as the one in 1982-83, produce only slight differences between substate and State programs.

- o There is a significant gap between what the current EB trigger measures and what a theoretically appropriate trigger would have to measure to maximize the effectiveness of EB triggering. Improved targeting could be obtained by closing this gap, which need not entail substate triggering. However, existing labor market data, whether State or substate, offer fairly limited potential for improvement.
- o Because of the longer preparation time, a substate program will respond less rapidly to changing economic conditions than does the current State program; MPR estimates the additional lag at 6-8 weeks.

Administrative impact would be substantial. MPR estimates that the operation of a substate program with a monthly, LAUS-based TUR trigger, substate areas defined as MSAs and balance of State areas, and eligibility by place of residence would have added almost \$150 million (in 1990 dollars) to the cost of administering the EB program from 1981 to 1986. The implementation costs are estimated at \$200 million. This implies that the "price" for each additional first payment under a substate EB program would be about \$380 per claimant.

- o Substate programs produce more frequent status changes than Statewide programs, raising the administrative costs.
- o Identification and notification of potential claimants who met the geographic requirements would become more burdensome with the complexity of the eligibility determination and the frequency with which the program triggered on and off.
- o Determination of each claimant's eligibility would be made more difficult by the need to verify residence or former place of work (or both) at the substate level.
- o Processing of interstate claims would be made more complex by the need to identify and determine the EB status of the substate area in which the claimant lived or worked.

### Purpose

To assess the feasibility of developing and operating a program of extended Unemployment Insurance benefits at the substate level.

- o Congress has expressed interest in "better targeting" extended benefits since the late 1970s.
- o DOL submitted a report to Congress in May 1984 which concluded that "while implementation of substate programs may be technically feasible if proper lead time and resources are made available, many major issues remain to be dealt with and answered before implementation may be considered."
- o Congressional interest has continued and as a result DOL asked for proposals in 1987 with Mathematica selected for the study.

Scope of the study: A three phased study was planned and carried out.

- o A survey of States and theoretical development of options.
- o Missouri and Florida were selected for detailed analysis of monthly data for use in simulations. Ohio administrative procedures for EB were analysed.
- o Computer simulations were run and the various options evaluated.

### Availability

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Study Title

Kansas Nonmonetary Expert System Prototype

Authors

Geoffry L. Hopwood, Evaluation Research Corporation

Date of Publication

Summer, 1990 (UI Occasional Paper 90-1)

Results

An expert system can make accurate and consistent decisions on selected nonmonetary issues. The Kansas Unemployment Insurance Law was used in building and evaluating this expert system prototype. Accuracy of the decisions made by the expert system was over 90 percent, which compares very favorably with that of actual claimstakers and adjudicators. The use of expert systems for nonmonetary factfinding and decisionmaking is thus feasible and practical for at least a portion of nonmonetary issues.

Other positive features of using the expert system prototype that resulted from this test included:

- o Consistent, accurate, in-depth factfinding specific to the potentially disqualifying issues was achieved.
- o Claimant interviews were structured, which resulted in only relevant information being gathered.
- o Factfinding documentation that met state and Federal requirements was obtained.
- o Decisions made were consistent with state law and precedents.

Method

A structured expert system development approach was used in building this prototype. First, the expert system knowledge engineer gathered facts relating to the Kansas Unemployment Insurance Law and claims processes. Next, the subject matter experts, or domain experts, were interviewed to ascertain what

rules--formal and informal--were used in determining claimant eligibility for UI benefits. These rules were then written in an expert system developmental package or "shell." This resulted in a first prototype which was reviewed by the domain experts and adjustments made as necessary. After three prototypes were reviewed, the prototype was tested in two local offices.

Testing was done in local offices to gather data needed for evaluation. The facts of each case were collected along with the decisions rendered by the expert system and by actual claimstakers using the same information. Each case was followed through the review process, including the appeal procedure. The Kappa statistic was used to validate the reliability of the differences observed between the expert system and actual claimstakers.

#### Availability

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Study Title

October 1986 Health Insurance and Life Insurance Coverage of New Jersey Unemployment Insurance Claimants

Author

Donald Diefenbach

Date of Publication

March 1989

Results

A survey of 2,135 unemployment insurance claimants was conducted during the week ending October 25, 1986. Information was collected on health insurance and life insurance coverage status.

Health Insurance Findings - Approximately half (48%) of all unemployment insurance claimants in New Jersey reported that they were without health insurance coverage during the survey week. Fifty-two percent reported that they had basic health insurance protection, such as Blue Cross/Blue Shield or a comparable HMO plan.

The lack of health insurance coverage also affects a substantial number of employed persons. Approximately one of four survey respondents (24%) reported that he/she did not have health insurance coverage when employed in his/her most recent job. Twenty-nine percent of survey respondents lost health insurance coverage after they became unemployed.

Life Insurance Findings - Fifty-eight percent of survey respondents reported that they had no life insurance coverage as of the survey week. Among those who had employer plan life insurance coverage when most recently employed, the average amount of insurance was \$31,400 per worker.

Policy Implications.- This survey contributes valuable complementary information to state and national public policy debates and evaluations regarding the issue of health insurance coverage. This survey confirms findings from other sources that the health insurance coverage problem is concentrated among minorities, the young and the unemployed.

Method

Descriptive statistics, including comparative coverage profiles by age, race and sex.

Availability

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Study Title

Potential Agricultural Worker Survey

Author

Mathematica Policy Research, Inc.

Date of Publication

March 1990

Results

Completed. Final Report dated February 1990. Results were used in the U.S. Department of Labor's estimates of potential agricultural workers. UI recipients' willingness to accept farm jobs was sensitive to wage rates and fringe benefits. Four and one-half percent of the respondents said they were willing and available to accept farm field work at \$4 or less per hour on jobs that included fringe benefits. At \$6 per hour or less this rose to 26 percent. Without fringe benefits, like health insurance, willingness to do farm field work fell to 3 percent at \$4 or less per hour and 19 percent at \$6 or less per hour.

Method

The Immigration Reform and Control Act of 1986 requires the Secretary of Labor to assess the potential availability of rural and/or low skilled domestic (as opposed to alien) unemployed workers for farm work at various wages and under varying working conditions. This survey is to assist the Secretary in this task by assessing the attitude about farm work from a sample of unemployment insurance recipients who live in counties with significant agricultural activity.

The basic methodology is a telephone survey of a random sample of UI recipients residing in rural, agricultural counties. Based on the 1982 Census of Agriculture, 633 counties were chosen as the universe of "agricultural" counties. The criteria for inclusion was that a county had to have an annual payroll of at least \$750,000 in SIC codes 016, 017, and 018 (vegetables, fruit, and horticulture) as reported in the 1982 Census of Agriculture.

Next, "rural" UI recipients were defined as UI recipients who were from these 633 counties. A sample of 15 States was chosen with probability proportional to their importance in terms of fruit, vegetable, and horticultural payroll. Sample sizes of UI recipients for each of these 15 States were selected so as to be proportional to their "rural" UI recipient population during calendar year 1988. The total sample size is 2500 individuals who had received UI during calendar year 1988.

Availability

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Study Title

Contested Unemployment Insurance Claims

Author

Labor Market Information Services

Date of Publication

May 1990

Results

No correlation was found to exist between the granting of claims through the appeals process, and the size of an employer's reserve fund ratio or the Employment Security Trust Fund.

Method

The percentage of appeals favoring employers was studied for a span of several years. A study of selected characteristics was made for these employers in a single year.

Availability

William H. Layes, Chief  
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## Study Title

Alaska's Combined UI Workload and Benefit Financing Models

## Author

Michael Hurst, Alaska Department of Labor

## Date of Publication

August 1990

## Results

Alaska has developed a comprehensive, modular, interdependent set of PC-based forecasting models that have multiple uses for UI analysts. The models are used to forecast future changes in UI workload items, which are used in Alaska's Cost Model for staffing and budgeting. They are also used to project changes in variables of Alaska's UI benefit financing system and to analyze the effect of modifications in UI statutes and regulations, and cyclical and structural fluctuations in Alaska's economy.

## Method

Initially the models rely upon the key input of UI covered employment, derived from forecasts of non-agricultural wage and salary employment. These forecasts are produced by economists in the Alaska Department of Labor. Forecasts are produced for each of several common industry groupings, and currently extend to the year 2000.

Forecasts of covered employment are used as the primary exogenous variables in two separate modules. The "payroll" module produces projections of employment of taxable employers, average annual wages (requiring an estimate of changes in the Anchorage CPI), and payroll (total covered, taxable employers, and taxable payroll). The "weeks claimed" module produces projections of UI statewide weeks claimed by quarter (in-state plus interstate liable, minus interstate agent).

Forecasts of weeks claimed become primary exogenous variables in two other modules. The "workload" module projects key statewide UI workload items by quarter and by in-state vs. interstate, including initial claims, nonmonetary determinations, appeals, and extended benefit claims. The "benefits" module projects key UI benefit financing variables, including weeks compensated, average weekly benefit amount, and benefit dollars paid.

Once the key output variables are produced, they are entered into two spreadsheet models. The "UI Workload Projections Model" further disaggregates the projections of UI workload items into greater detail, and by month and by local office. Several reports are produced. Alaska's "Trust Fund Model" computes UI benefit financing variables, including trust fund reserves, employer and employee tax rates, benefits, and revenues, as well as several subsidiary variables. Multiple reports can be produced from this model, and the analyst can modify any of the variables to examine the effects of changes to the system or to the assumptions used.

Methodologies vary between the modules. Most rely heavily upon multivariate linear regression. Forecasts of weeks claimed use the "combining forecasts" technique, combining several forecasts produced through regression and through time series methods including univariate and multivariate Box-Jenkins ARIMA, Winters Smoothing, and/or State Space. Some of the intermediate variables, such as the Anchorage CPI, as well as the primary variable of covered employment, rely on judgmental forecasts.

All of the models and modules are produced on IBM-compatible microcomputers. Modules producing the exogenous variables utilize various forecasting software, including Forecast Pro, Forecast Master, Forecast Plus, and Autobox, although all are not necessary. Spreadsheet portions use Lotus 1-2-3, Version 3, although other spreadsheet programs can be used.

Operations of the models requires manual updating of data elements, and occasional manipulations of the programs that project individual variables. Familiarity with spreadsheets and databases, and understanding of basic statistical concepts, and a working knowledge of statistical tests are required. It is not necessary to know programming languages. The models are set up with several batch files so that they can be run virtually automatically.

If run automatically, the forecasts can be produced in a matter of a few hours (on a 386 computer), once the experience is updated. However, as the data changes over time, or as cyclical or structural changes in the economy or changes to the state system occur, relationships between variables are often altered. This system is designed for maximum flexibility, allowing the analyst

to examine each calculation as it is being made and make changes easily if needed to improve the forecasts. The analyst can make modifications according to his or her personal judgment at any point in the process. Finally, the system is designed to be continuously evolving, so that improvements to the models can be made if new or better relationships are found or new methodologies are developed.

Availability

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Study Title

Meeting the Needs of Today's Unemployed (Extension of Unemployment Insurance Benefits to Claimants Enrolled in Training)

Author

Research and Evaluation

Date of Publication

April 1990

Results

Provides a socio-economic analysis of beneficiaries who collected up to 13 weeks of Unemployment Insurance benefits beyond their basic 26-week entitlement if they were enrolled in approved vocational training.

Method

Internal Unemployment Insurance computerized files were utilized, supplemented by a questionnaire mailed to over one-third of participants.

Availability

Norman A. Steele  
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State Office Building Campus  
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Albany, New York 12240

Study Title

Expanding Schedule I of the Kansas Employment Security Law

Author

Labor Market Information Services

Date of Publication

August 1989

Results

Following this study, the number of rate groups in Schedule I of the Kansas Employment Security Law was expanded from 21 to 51. This allows an employer's tax rate to more nearly reflect the relationship of such employer's experience rating to the experience rating of other positive eligible employers.

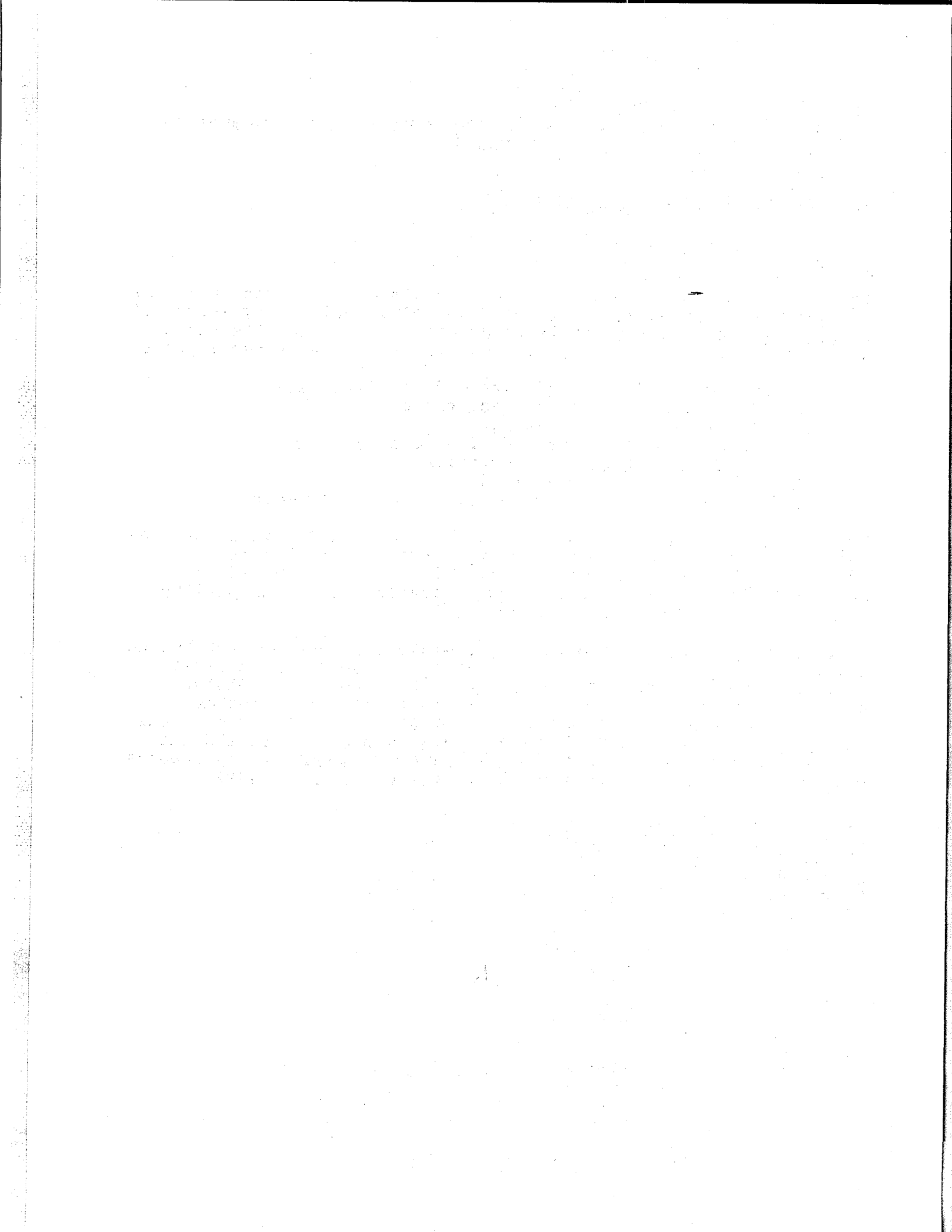
Method

The study centered on the effects of increasing the number of rate groups from 21 to 33, 41, and 51. Rate schedules were developed for the three proposed expansions. Tax rates for positive eligible employers for 1989 were recalculated using each proposed schedule. Resultant changes in rates were analyzed.

Availability

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### III. RESEARCH DATA AND INFORMATION SOURCES; RESEARCH METHODS AND TOOLS

#### A. REPORTING SYSTEMS UPDATE

##### ELECTRONIC REPORTING

From March through June of this year, SESAs were brought up on the Unemployment Insurance Data Base (UIDB) electronic entry system of UI required reports (RR) on their Artecon equipment. The first application involves the reporting of the following seven reports.

- ETA 539, Weekly Claims and Extended Benefits Data
- ETA 5159, Claims and Payment Activities
- ETA 5130, Benefit Appeals Report
- ETA 207, Nonmonetary Determination Activities
- ETA 218, Benefit Rights and Experience
- ETA 581, Contribution Operations
- ETA 586, Interstate Arrangement for Combining Wages

While there are still a few SESAs with technical difficulties, the vast majority are using the electronic system for submittal of these reports. The UIDB will ultimately encompass, Benefits Quality Control data, Revenue Quality Control data, and Quality Appraisal data as well as the RR data.

Because of a change in the data base management system, further RR screens will be developed in a different system than the first seven. Therefore, new screens will not be exported to States piecemeal to avoid the confusion of working in two different systems. Further screens which are developed will be used in the National Office for entry until all have been developed and the original seven redone. This entire system of about thirty reports will be downloaded to SESAs sometime in the spring of 1992.

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## **B. BENEFIT FINANCING STATE MODEL STATUS**

The State Benefit Financing Model has been in use for over ten years. It was developed as a tool to help state analysts project the condition of their UI trust funds several years into the future and to quickly assess the impact of various economic scenarios and possible law changes. It is maintained by the Division of Actuarial Services in the Unemployment Insurance Division of the U.S. Department of Labor for the free use by any State so desiring.

Since it's inception numerous additions have been made to the State Benefit Financing Model. Entirely new programs have been written for the inclusion of both benefit wage and benefit ratio states. Additionally, an entire loan program has been added in order to simulate the amount of borrowing and repayment that takes place when a state becomes insolvent. In the past year much work has been done on specifically tailoring the model to the benefit financing systems of several states. New variables and subprograms are added in order to better model each State and follow any law changes they may have implemented.

Also several new statistics are being added to the Financial Forecast Output of all states in order to help states better gauge their benefit financing situation. Two of these new statistics are: the tax risk per employee, and in Insolvency Rate, which is a measure of the Insured Unemployment rate that would cause insolvency over a one year and two year period.

Several States have inquired about the model's use on a Personal Computer. There is not yet a PC version which is available to send out on diskette. However with a modem and communication/emulation software you may access the model through your PC. Any emulation software such as ProCom will allow your terminal to interact with the Boeing system, while any communication package such as EM220 will allow you to transmit data back to your printer.

The Benefit Financing Model is written in Fortran and runs on a mainframe computer in Vienna, Virginia through the Boeing Computer Service. Many States have found this model to be an

extremely useful tool, especially in times of changing economic conditions. It is available to any State without charge through an 800 number. Any state wishing to access the model or having any questions concerning its use may contact:

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#### IV. RECENT FINANCIAL AND LEGISLATION DEVELOPMENTS

##### A. FINANCIAL DEVELOPMENTS - LOAN STATUS OF STATES

When States are unable to pay unemployment benefits due to insufficient funds in their account in the Unemployment Trust Fund, they may request Title XII advances to fund these benefits. These Title XII advances are made to States from the Federal Unemployment Account. Alaska, Michigan and Pennsylvania borrowed funds for benefits in the mid to late 1950s and all repaid before the end of the 1960s. Borrowing began again in 1972 and became heavy in the mid 1970s (23 States borrowed in 1976) and early 1980s (31 States had outstanding loans in 1983 with total outstanding indebtedness by States exceeding \$14 billion in 1984).

Prior to April 1, 1982 all Title XII loans had been interest free. Beginning April 1, 1982 all Title XII loans became interest bearing. The interest rate charged is the lower of 10 percent or the rate paid by the Secretary of Treasury in the last quarter of the preceding calendar year on the State accounts in the Unemployment Trust Fund. The interest rate that would be charged in 1990 if a State borrows is 8.70 percent.

Due to the improved economy and the imposition of interest on Title XII loans, States have made a concerted effort to repay. Only one State, Michigan, had an outstanding loan on November 10, 1989 and that loan was interest free. Michigan's outstanding loan amounted to \$603 million. On November 10 each year, a letter is sent to the Secretary of Treasury concerning a reduction in Federal Unemployment Tax Act (FUTA) offset credits (additional taxes) for employers in those States having outstanding Title XII loans as of that date. In the case of Michigan, employers did not have a reduction in offset credit because the State paid the dollar equivalent from their trust fund.

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## B. ECONOMIC CONDITIONS/FINANCIAL STATUS

The seven and one-half years of economic growth since the end of the last recession in late 1982 has had a significant positive effect on the financial status of the Unemployment Trust Fund, both State accounts and Federal accounts. In March 1983, 31 States had outstanding Title XII loans totalling \$14 billion. These numbers have been steadily reduced over the years by a combination of low unemployment and legislative action by many of the borrowing States. Currently, Michigan is the only State with an outstanding loan (approximately \$600 million) and even that State has a fund balance that exceeds its loan balance. The total of all State fund balances (after subtracting loans) has increased from \$-5.8 billion in 1983 to \$29.8 billion in March, 1989. Although a number of States could not withstand a severe recession without borrowing, and two States are expected to borrow fairly soon even under current conditions, the State trust fund accounts, as a whole, are healthier than at any time since the early 1970s.

The Federal accounts -- the administration account (ESAA), the extended benefit account (EUCA), and the loan account (FUA) have also done well. EUCA and FUA had a combined debt to the Treasury general fund of \$20.7 billion in 1983. EUCA made its final repayment in May 1987 and FUA did the same in August 1989. ESAA was forced to borrow for a short period of time in 1984, but its balance has exceeded the statutory ceiling each of the last four fiscal years.

The administration's recently released Midsession Review economic forecast (see table) shows a continuation of the economic expansion after a slight slowdown. The total unemployment rate (TUR) rises to 5.7% in 1991 before declining again. The rate has been around 5.3% for the last eighteen months. In addition, insured unemployment has been rising as a percent of total unemployment. This combination of factors produces sharp increases in benefit outlays (\$3.2 billion in 1991, \$1.5 billion in 1991). State trust fund balances, in absolute dollars, continue to build throughout the 5-year projection period, but, as a percent of wages, decline gradually until 1993, then resume slow growth.

Federal account balances continue to grow, even after the removal of the .2% FUTA surcharge in 1991. ESAA exceeds its ceiling in every year, as does EUCA, starting this year. FUA, however, does not reach its ceiling during the projection period.

### Midsession Review Projections

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
TUR (%)	5.3	5.4	5.7	5.6
IUR (%)	2.1	2.3	2.4	2.3
Real GNP Growth (%)	3.0	1.8	2.9	3.3
CPI Increase (%)	4.7	4.7	4.2	4.0
State UI Outlays (\$B)	13.5	16.7	18.2	18.6
State Revenues (\$B)	17.3	16.2	16.2	17.2
State Balances (\$B)	36.7	39.2	40.2	42.0
Federal Balances (\$B) (ESAA+EUCA+FUA)	8.2	11.5	14.0	16.2

Since the administration forecast was made, Iraq invaded Kuwait and added a great deal of uncertainty to the economic outlook. Even before that, there were concerns among many economists of an impending recession. Although the Commerce Department's composite index of leading economic indicators registered a net gain in the first half of the year, consumer demand and business investment have been weak and the unemployment rate jumped to 5.5% in July. Increased oil prices caused by the Mideast crisis may push a fairly weak economy into recession, while also increasing inflationary pressures which would inhibit the Federal Reserve's ability to increase the money supply as a recession-fighting measure. Of course, it is important to remember that economists have never been very successful at predicting recessions and that there have been a number of false alarms in the past few years.

Current data on State fund balances, benefit payments, unemployment rates, etc., is available in UI Data Summary, published quarterly. National projections based on the administration's economic assumptions are published twice a year in UI Outlook. To receive either of these publications or to get additional information, please contact:

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**C. RECENT LEGISLATIVE DEVELOPMENTS**

December 1989 (P.L. 101-239, Approved 12/19/89). Omnibus Budget Reconciliation Act of 1989.

There are two provisions in this law extending certain employment tax provisions which had expired for taxable years beginning after December 31, 1988. The two following provisions are effective for taxable year beginning after December 31, 1988, and will expire for taxable years beginning after September 30, 1990.

- Amounts paid for or incurred by the employer for educational assistance provided to the employee (with certain limits).
- Amounts contributed by an employer to a qualified group legal services plan on behalf of an employee (with certain limits).

For both provisions, for taxable years beginning in 1990, the exclusions are limited to amounts paid by the employer on or before September 30, 1990.



# Changes in unemployment insurance legislation during 1989

*Alaska and Nevada established temporary training programs for unemployed claimants; elsewhere, changes generally involved increasing benefits, qualifying wages, and tax rates*

Diana Runner

A few States have recently experimented with programs to provide enhanced assistance and training to unemployed claimants. For example, Alaska and Nevada have enacted legislation and Nebraska is conducting a study on the feasibility of implementing a job training program for individuals receiving unemployment benefits.

In Alaska, a 2-year pilot project program was established to finance and award grants to employment assistance and training entities to help prevent future unemployment claims, foster new jobs, and increase training opportunities for workers severely affected by fluctuations in the State economy or technological changes in the workplace. The project will be financed through a portion of employee taxes at the rate of 0.01 percent. The Alaska Job Training Coordinating Council must annually provide the Alaska Employment Security Division with a report on the financial and performance activities of the program and recommendations concerning continuation of funding.

The Nevada Unemployment Compensation Law was amended to establish and administer a temporary employment training program (until June 30, 1991) that must foster job creation, minimize unemployment costs of employers,

and meet the needs of employers for skilled workers by training claimants. The training program will be funded from the special revenue fund, which will consist of a temporary tax on all contributing employers of 0.05 percent. There are no performance requirements or recommendations for continuation of the program.

Alaska, Arkansas, Illinois, Michigan, North Carolina, Ohio, Oregon, West Virginia, and Wyoming amended their laws to allow access, on a reimbursable basis, to records on wage and benefit information by the U.S. Department of Housing and Urban Development and by public housing authorities. The access was authorized by the Stuart B. McKinney Homeless Assistance Amendments of 1988.

Arkansas, California, Delaware, Georgia, New Hampshire, New York, and Tennessee amended their laws so as to prohibit information obtained in the administration of the unemployment insurance law from being used as evidence in any proceeding between a person and the employer that is brought before an arbitrator, court, or judge of the State in question or of the United States.

Following is a summary of some significant changes in State unemployment insurance laws during 1989.

## Alabama

*Financing.* The 1.0-percent employee tax has been repealed. The following provisions will be effective January 1, 1991: (1) The benefit-wage ratio formula will be replaced with a benefit-ratio formula under

which an employer's unemployment insurance contribution rate will be based on the ratio of actual benefits paid during a 3-year period to the employer's workers to the employer's total taxable payroll during that same period. (2) The fund requirements for the benefit ratio system under the most favorable contribution schedule must equal at least 125 percent of the desired level of the fund, with rates ranging from 0.2 percent to 5.4 percent; under the least favorable schedule, fund requirements are less than 70 percent of the desired level, with rates ranging from 0.65 percent to 6.8

percent. (3) The fund's desired level will be  $1\frac{1}{4}$  times the product of the payrolls of any 1 of the most recent 3 years and the highest benefits-payroll ratio for any 1 of the 10 most recent fiscal years. (4) An assessment, which will be determined by dividing the net shared cost by the Statewide total of taxable wages on which contributions have been paid, will be added to an employer's contribution rate to recover shared or socialized costs. (5) Deleted is the emergency surcharge rate of 25 percent of the basic rate when the trust fund balance was below 70 percent of the minimum normal amount.

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Diana Runner is an unemployment insurance program specialist in the Office of Legislation and Actuarial Services, Employment and Training Administration, U.S. Department of Labor.

**Benefits.** On January 7, 1990, the maximum weekly benefit amount will increase from \$145 to \$150. To qualify for benefits, an individual must have base-period wages equal to 1½ times the high-quarter wages. The \$774.01 wage requirement for the base period was repealed.

#### Alaska

**Financing.** Nonprofit organizations or a group of nonprofit organizations which are reimbursing employers will be billed for extended benefits that are not reimbursable by the Federal Government.

**Disqualification.** An individual will not be denied benefits for unavailability for work, failure to seek work, or refusal of work if he or she is in training approved under the Job Training Partnership Act. An individual discharged for commission of a felony or theft in connection with work will be disqualified from benefits for 1 to 51 weeks, or until he or she earns 20 times the weekly benefit amount. Also, the individual will be ineligible for extended benefits until he or she earns 20 times the weekly benefit amount. The disqualification for misrepresentation to obtain or increase benefits was changed from 6 to 52 weeks to the week the misrepresentation was made and an additional period of 6 to 52 weeks. The length of disqualification for an individual pursuing an academic education was changed to the first full week in which the individual no longer pursues an academic education. An individual will not be disqualified if (1) he or she pursued an academic education for a school term and worked 30 hours a week during the school term, (2) the academic schedule did not preclude full-time work in the individual's occupation, and (3) the worker became unemployed because of layoff or because his or her job was eliminated.

**Administration.** Wage and unemployment claims information may be disclosed to the U.S. Department of Housing and Urban Development and public housing authorities.

**Penalties.** The penalty for delinquent contributions was changed from 10 percent of the amount due to the greater of 10 percent of contributions due or \$10. A penalty was added for misrepresentation to obtain or increase benefits in an amount equal to 50 percent of the fraudulently received benefits.

#### Arkansas

**Financing.** The taxable wage base will increase to \$7,800 on January 1, 1990, and to \$8,000 on January 1, 1991. Employers with a negative balance for 2 years or less

will pay a contribution rate of 5 percent. A sixth-tier stabilization tax of 0.8 percent was added to take effect if the fund's assets are less than 0.25 percent of total payrolls. An employer's voluntary payment to the fund is no longer limited to the amount of benefits charged to his or her account in the preceding calendar year.

**Benefits.** The wages needed to requalify for benefits in a succeeding benefit year were reduced from 6 times the weekly benefit amount to 3 times the weekly benefit amount. The law was amended to provide that any employer classified as a seasonal employer may request not to be treated as a seasonal employer.

**Administration.** Wage and benefit information now may be disclosed to the U.S. Department of Housing and Urban Development and public housing authorities. Any information obtained in the findings and conclusions made in unemployment insurance cases will not have a preclusive effect in any non-unemployment insurance action or proceeding.

#### California

**Coverage.** If not subject to the Federal Unemployment Tax Act, services performed by an officer of a corporation who is the sole shareholder, or the only shareholder other than a spouse, are now excluded from coverage. Services performed by persons in the employ of any other State or its political subdivisions will be excluded from coverage.

**Financing.** A seventh contribution rate schedule was added which changed the range of rates in the most favorable schedule to 0.1 percent to 5.4 percent. Also changed were the fund requirements for the least favorable schedule, from less than 1.0 percent of payrolls to less than 0.8 percent of payrolls. When the fund balance is less than 0.6 percent of payrolls, an emergency solvency surcharge rate will be required. Most contributing employers (excluding new employers, negative-balance employers, and employers with an outstanding liability to the fund), in order to reduce their assigned contribution rates, will be allowed to submit voluntary unemployment insurance contributions.

**Benefits.** Beginning January 1, 1990, the minimum weekly benefit amount will increase from \$30 to \$40. If an individual's wages in the high quarter exceed \$4,966.99, the maximum weekly benefit amount will be 39 percent of these wages divided by 13, but not to exceed \$190. The maximum weekly benefit amount will increase to \$210 on January 1, 1991, and to \$230 on January 1, 1992. To qualify for benefits on and after January 1, 1990, an individual

must (1) have been paid wages during the high quarter of at least \$1,200 (\$1,250 beginning January 1, 1991, and \$1,300 beginning January 1, 1992); or (2) have been paid wages during the high quarter of at least \$900, and total base-period wages equal to 1.25 times the wages in the high quarter.

**Disqualification.** The between-terms denial provisions will not apply to educational employees of federally operated schools. Various procedures to be followed by the California Employment Development Department concerning aliens who have applied for temporary resident status under the Immigration Reform and Control Act of 1986 and whose unemployment benefits are at issue have been extended through September 30, 1990.

**Penalties.** An individual who makes false statements in order to obtain benefits, but does not receive benefits, will be disqualified for from 2 to 15 weeks, but a claimant who makes false statements that result in the payment of benefits will be disqualified for from 5 to 15 weeks.

#### Colorado

**Financing.** An employer's experience rating account will not be charged for benefits paid to an individual who left a construction job to accept a better paid construction job.

**Benefits.** The amount of wages an individual needs to qualify for benefits in a successive benefit year increased from \$1,000 to \$2,000. If the last separation for an employee is one from which a claim determination has been made, then the employee must work a specified number of days before a full award of benefits will be granted on the most recent separation.

**Disqualification.** Benefits will not be awarded after a claimant has left a construction job to accept a different construction job, unless the individual was subsequently separated from the different construction job, under conditions that would result in a full award of benefits. The following provisions of the State law were deleted: (1) requirement that an individual be able to and available for work when filing a claim if the individual was separated due to health reasons; (2) nondenial of benefits to an individual if he or she quit work to participate in a student learner program; and (3) eligibility of an individual for benefits under certain conditions if he or she left work to accept a better job.

#### Delaware

**Financing.** Beginning in calendar year 1990, an employer's tax rate will be in-

creased whenever the trust fund balance is more than \$130 million. The supplemental assessment rate will be based on the employer's earned basic assessment. For example, if the basic assessment ranges from 0.1 percent to 3.9 percent of taxable wages, the supplemental assessment will be 0.9 percent. If the basic assessment is 8.0 percent, the supplemental assessment will be 1.5 percent. If the trust fund balance is less than \$130 million, each employer's basic rate will be increased by a supplemental assessment of from 1.1 percent to 1.5 percent, depending on the basic rate, if the trust fund balance is greater than \$90 million, or from 1.5 percent to 2.5 percent, depending on the basic rate, if the trust fund balance is less than \$90 million.

**Benefits.** Beginning January 1, 1990, an individual's maximum weekly benefit amount will increase from \$205 to \$225 if the trust fund balance is more than \$90 million. However, if the trust fund balance is less than \$90 million, the maximum weekly benefit amount will be \$205.

**Penalties.** A new enactment adds a statutory limit of 5 years for recovery of benefit overpayments. However, the provision that permits the Delaware Department of Labor to write off a benefit overpayment in whole or in part after 3 years still applies.

#### Florida

**Benefits.** The temporary short-time compensation program was made permanent.

#### Georgia

**Financing.** On January 1, 1990, the taxable wage base will increase from \$7,500 to \$8,500. The period needed for an employer to qualify for experience rating was increased from 1 year to 3 years. Deleted was a provision that reduced rates for employers with only 1 year's experience. An employer's contribution rate may increase or decrease by 40 percent or 60 percent (currently 10 percent to 70 percent), depending on the reserve fund balance.

**Benefits.** The maximum weekly benefit amount increased from \$165 to \$175 and will increase to \$185 on July 1, 1990. However, the provision that limits the maximum weekly benefit amount to \$115 if the unemployment trust fund falls below \$175 million still applies.

#### Idaho

**Administration.** The law was amended so as to prohibit information obtained in the administration of the unemployment in-

surance law from being used as evidence in any proceeding between a person and the employer that is brought before an arbitrator, court, or judge of the State of Idaho or of the United States.

#### Illinois

**Financing.** Benefits paid will be charged to the last employer from which the claimant earned wages on each of 30 days and was separated or who, by reduction of work offered, caused the claimant to become unemployed. However, if no employer meets these charging requirements for the benefit year, then no employer will be charged, except that, if no employer meets these requirements for the second of 2 consecutive benefit years and if an employer was charged as a result of benefits paid for the first benefit year, the employer will be charged for any benefits for the second benefit year after the claimant meets the wage requirement for a second benefit year. The last employer's account will not be charged for benefits paid that were due to (1) a disqualification for voluntary leaving if physically unable to work or to accept other bona fide work; (2) discharge for misconduct; (3) a refusal to accept or apply for suitable work; (4) ineligibility due to a between-terms denial; or (5) the claimant's subsequently performing work for at least 30 days for an individual or organization which was not a covered employer. A single employer who pays an individual requalifying wages after disqualification for the three major causes will be charged for benefits paid if the disqualifying event occurred prior to the claimant's benefit year and the requalification occurred after the benefit year began.

**Administration.** The Illinois Department of Employment Security may disclose wage and benefit information to the U.S. Department of Housing and Urban Development with respect to individuals applying for housing assistance. Also, information may be provided to the Federal Parent Locator Service, the U.S. Department of Agriculture, and any food stamp agency.

**Penalties.** The charge for disclosing claimant wage and benefit information without authority changed from a misdemeanor and, upon conviction, a fine of \$100 or imprisonment for 6 months, or both, to a class B misdemeanor.

#### Kansas

**Financing.** Reimbursing employers are required to pay a bond or deposit of 5.4 percent of the taxable payrolls during the four calendar quarters preceding the reim-

bursement election.

**Benefits.** Wages paid in backpay awards will be allocated to the week or weeks as specified in the award. If no specification is made, the backpay award will be allocated to the week or weeks in which it would have been paid.

**Disqualification.** An individual will not be disqualified for voluntary leaving without good cause if he or she left because of the voluntary or involuntary transfer of a spouse from one job to another, for the same employer or a different employer, at a geographic location that makes it unreasonable for the individual to continue to work at the same job. An individual attending school or on vacation from school will not be disqualified from benefits if attending evening, weekend, or limited day classes which would not affect his or her availability for work. The law now disqualifies an individual from benefits for any week for which he or she receives backpay.

#### Louisiana

**Benefits.** To qualify for benefits in a second benefit year, an individual must have had work and earned wages in insured work.

**Disqualification.** If an individual is disqualified from benefits for using illegal drugs but requalifies for benefits, the weekly benefit amount will be reduced by 50 percent for the remainder of the benefit year. The between-terms denial for educational employees was extended to school crossing guards, whether employed by the school board or another political subdivision.

**Administration.** The Louisiana Employment Security Law will be administered by the Secretary of the Department of Employment and Training.

**Penalties.** If legal collection efforts are pursued for the collection of overpaid benefits, an individual will be assessed a penalty equal to the greater of \$20 or 25 percent of the overpayment.

#### Maine

**Financing.** An employer's experience rating account will be charged for dependency allowances.

**Benefits.** The weekly dependents' allowance will increase from \$5 to \$10 per dependent, up to one-half the weekly benefit amount.

#### Maryland

**Benefits.** The number of dependents for which an individual may receive a weekly allowance increased from four to five.

## Massachusetts

*Financing.* A temporary excise tax will be added to each employer's account, equal to 0.01 percent of the taxable wages.

## Michigan

*Administration.* The Michigan Employment Security Commission may disclose wage and benefit information, on a reimbursable basis, to the U.S. Department of Housing and Urban Development when an individual applies for housing assistance and to the Federal Parent Locator Service of the child support enforcement program.

## Minnesota

*Coverage.* Insurance agents or real estate agents are not excluded from coverage if the services are performed by a corporate officer.

## Missouri

*Benefits.* The temporary shared-work program was made permanent.

## Montana

*Financing.* Benefits, formerly charged to the principal employer, are now charged proportionately among all base-period employers. An employer's account will not be charged for benefits paid if the employer continues to employ the individual with no reduction in hours or wages.

*Disqualification.* The provision disqualifying an individual for receipt of wages in lieu of notice, separation, or termination allowances was deleted.

## Nevada

*Financing.* A temporary tax of 0.05 percent will be assessed on all contributing employers to fund the employment training program until June 30, 1991. For the period of July 1, 1989, through June 30, 1991, an employer's regular contribution rate will be reduced by 0.05 percent.

*Benefits.* To qualify for benefits between October 1, 1989, through October 1, 1991, an individual needs base-period wages of  $1\frac{1}{2}$  times the high-quarter wages or wages in 3 of the 4 quarters of the base period.

*Administration.* A temporary employment training program (expires June 30, 1991) was established to foster job creation, minimize unemployment costs of employers, and meet the needs of employers for skilled workers by providing train-

ing to claimants.

*Disqualification.* If an individual is receiving a pension, the weekly benefit amount will be reduced by the amount of the pension if the employer contributed the entire amount of the pension, but if the individual made any contribution to the pension, the weekly benefit amount will not be reduced.

## New Hampshire

*Benefits.* The minimum weekly benefit amount was decreased from \$39 to \$35. The maximum weekly benefit amount was increased from \$156 to \$162, and will increase to \$168 on July 1, 1990. The amount of annual wages needed to qualify for benefits was raised from \$1,000 to \$1,100, and will increase to \$1,200 on July 1, 1990.

*Administration.* The law was amended to prohibit information obtained in the administration of the unemployment insurance law from being used as evidence in any proceeding between a person and the employer that is brought before any court or judge of the State of New Hampshire.

## New Jersey

*Disqualification.* An individual will not be unavailable for work or ineligible for benefits if attending the funeral of a family member for a period of 2 days.

## New York

*Financing.* If the fund index is less than 2, all employers will be assessed a supplemental tax of 0.7 percent.

*Benefits.* The maximum weekly benefit amount was increased from \$180 to \$245, and will increase to \$260, effective April 16, 1990; to \$280, effective April 15, 1991; and to \$300, effective February 3, 1992. On April 15, 1991, the minimum average weekly wage necessary to qualify for benefits will be the greater of 21 times the New York general minimum wage or the minimum wage for farm workers in effect on April 16, 1990—whichever applies to the weeks worked in the base period—or \$80. On February 3, 1992, the minimum average weekly wage necessary to qualify for benefits will be the greater of 21 times the New York minimum wage or \$80. The temporary shared-work program was made permanent.

## North Carolina

*Coverage.* A new enactment excludes from coverage services performed by a full-time student in the employ of an organized

camp, if certain conditions are met.

*Disqualification.* An individual will not be disqualified for voluntary leaving due to (1) lack of work caused by the employer's bankruptcy, or (2) a unilateral and permanent reduction in full-time work hours of more than 20 percent or reduction in pay of more than 15 percent. The disqualification for fraudulent misrepresentation will be the 52-week period beginning with the first day of the week following the date on which the notice of determination or decision was mailed. Also deleted from the law was the requirement that a disqualification could be applied up to 2 years after offense. If an individual receives benefits for weeks in which backpay awards are made, an overpayment will ensue, requiring the employer to deduct the award and transmit it to the North Carolina Employment Security Commission to apply against the overpayment. The definition of discharge for misconduct was amended to include, but not be limited to, separation initiated by an employer for reporting to work significantly impaired by alcohol or illegal drugs; consuming alcohol or illegal drugs on the employer's premises; conviction in a court of competent jurisdiction for manufacturing, selling, or distributing a controlled substance punishable under North Carolina law while in the employ of said employer.

*Administration.* The law was amended to prohibit information obtained in the administration of the unemployment insurance law from being used as evidence in any proceeding between a person and the employer that is brought before an arbitrator or court or judge of the State of North Carolina or the United States. The North Carolina Employment Security Commission may disclose wage and benefit information, on a reimbursable basis, to the U.S. Department of Housing and Urban Development when an individual applies for housing assistance and to the Federal Parent Locator Service of the child support enforcement program.

## North Dakota

*Financing.* The maximum contribution rate will be the average required rate multiplied by 3, but not less than 5.4 percent. Beginning January 1, 1990, new employers in the construction trade will pay contributions equal to the greater of 9 percent or the maximum rate. The law was amended to permit partial as well as total transfer of a predecessor employer's experience rating to the successor employer assuming control of an organization. Benefits paid to an individual taking approved train-

ing shall not be charged to the employer's account.

**Benefits.** When computing the weekly benefit amount for partial unemployment, wages in excess of 60 percent of the weekly benefit amount will be disregarded. An individual's benefit year may be extended up to 1 week if there is an overlapping of the same quarter in two consecutive base periods.

**Disqualification.** An individual will not be disqualified for voluntary leaving if he or she left employment which was at least 200 miles from home to accept a job less than 200 miles away with a reasonable expectation of continued employment. A student will not be disqualified from benefits if the major part of his or her base-period wages were for services performed while attending school.

## Ohio

**Financing.** All contributing employers will pay a surcharge of 0.1 percent of taxable wages to meet costs of automation in the Ohio Bureau of Employment Services.

**Benefits.** A spouse may not be claimed as a dependent if his or her average weekly income is in excess of 25 percent of the claimant's average weekly wage. The law was amended to redefine "seasonal employer" as an employer whose operations and business, with the exception of certain administrative and maintenance operations, are substantially all in a seasonal industry.

**Disqualification.** An individual who has been issued a layoff date will not be disqualified from benefits if he or she quits before that date to accept other employment. However, to be eligible for benefits, an individual must work in the new employment for 3 weeks or earn wages of  $1\frac{1}{2}$  times the average weekly wage or \$180. An individual will not be disqualified for voluntary leaving if he or she left to accept a recall from a prior employer, if certain conditions apply; or left to accept other employment while still employed; or commences the employment within 7 days of leaving the prior employer and, subsequent to the last day, worked 3 weeks in the new employment and earned the lesser of  $1\frac{1}{2}$  times his or her average weekly wage or \$180.

**Administration.** The period during which an individual may appeal a referee decision and a board of review decision was increased to 21 days. The law was amended to prohibit information obtained in the administration of the unemployment insurance law from being used as evidence in any proceeding between a person and the employer that is brought before an arbitrator or court or judge of the State of Ohio or

the United States. Up to October 1, 1994, the Ohio Bureau of Employment Services may disclose wage and benefit information, on a reimbursable basis, to the U.S. Department of Housing and Urban Development when an individual applies for housing assistance. The law also now permits disclosure of wage and claim information to the Federal Parent Locator Service of the child support enforcement program.

## Oregon

**Financing.** An employer's experience rating account will not be charged for benefits paid to an individual participating in an approved apprenticeship program.

**Benefits.** An individual's base period may be extended up to four quarters preceding a temporary total disability if the claim was filed within 36 months of the commencement of the illness or injury, and if the claim was filed within the fourth week after termination of illness or injury. The State of Oregon's additional benefits program was made permanent. Holiday pay will be considered wages for determining partial benefits. If the child support enforcement agency in the State of Oregon obtains a court order for collection of child support from unemployment benefits, the maximum amount of benefits to be withheld may not exceed (1) the lesser of  $\frac{1}{4}$  of benefits paid or the amount of the current support, or (2) the lesser of  $\frac{1}{4}$  of benefits paid or the amount of the last ordered monthly child support, if the current child support has terminated.

**Disqualification.** A labor dispute disqualification will not apply if (1) the stoppage of work was due to a lockout, (2) the lockout was not the result of a labor dispute between the bargaining unit and an employer other than the last employer, (3) the employer hired temporary replacements during the lockout, and (4) the employees' bargaining agent announced that the members are ready, willing, and able to work under the current terms and conditions of employment last offered by the employer. Any individual participating in an approved apprenticeship program will not be ineligible for benefits if attendance in the program does not exceed 3 weeks during the benefit year. If an individual is not working due to a designated vacation period, he or she will be ineligible for benefits if (1) the vacation exists due to a collective bargaining agreement; (2) the vacation exists at the individual's request, or (3) for the same period of time in the previous year, work was not available to a work unit of which the individual is a member, work was not available at the worksite where the individual is currently employed, and the employer indi-

cated in both the preceding and present years that the period of time away from work would be a vacation period during which the employee would be eligible to take vacation pay or other paid leave.

**Administration.** The assistant director of the Oregon State Employment Division may provide, on a reimbursable basis, benefit and wage information to the U.S. Department of Housing and Urban Development and to other public housing agencies. Also, information may be provided to the Federal Parent Locator Service.

## Rhode Island

**Disqualification.** An individual will not be disqualified for benefits due to misconduct if a complaint of unfair labor practice has been filed with the National Labor Relations Board or the State Labor Relations Board in relation to the discharge.

## South Dakota

**Financing.** The contribution rate for new employers is 1.8 percent (7.0 percent for employers in construction services) for the first year and 1.3 percent (4.0 percent for employers in construction) if the employer has a positive account balance until experience rated. An employer's account will not be charged for benefits paid to an employee if the employee was discharged for conduct mandated by a religious belief, or if the individual earned total base-period wages of less than \$100 with one employer.

**Disqualification.** If an individual voluntarily leaves work because of a religious belief, the leaving will be considered good cause if the employer did not offer the employee reasonable accommodation that takes the individual's religious belief into consideration and make the offer before the individual left the employment.

**Administration.** The period for appealing an initial claims determination was increased from 9 to 15 days after mailing of the determination.

## Tennessee

**Financing.** The fund balance for the most favorable tax schedule increased from \$300 million to \$500 million and the least favorable from \$100 million to \$150 million. The 7-percent solvency tax on contributing employers, which applied when the trust fund balance was less than \$300 million, was repealed.

**Benefits.** Beginning January 7, 1990, and until January 5, 1992, the maximum weekly benefit amount will depend on which tax table is in effect for the year. For example, the higher the tax rate schedule in

effect, the slower the maximum weekly benefit amount will rise. The average wages needed to qualify for the minimum weekly benefit amount in the two high quarters of the base period increased from \$754.01 to \$780.01. The average wages needed in the two high quarters of the base period for the maximum weekly benefit amount will depend on which tax table is in effect for the year. No individual will be entitled to benefits if the base-period earnings outside the high quarter are less than the lesser of 6 times the weekly benefit amount or \$900. The requirement that no claimant was entitled to benefits if 65 percent or more of his or her base-period earnings were outside the high quarter was repealed.

#### Texas

*Coverage.* A new enactment excludes from coverage services performed by an individual as a licensed real estate broker or salesman.

*Financing.* An employer's account will not be charged for benefits paid to an individual who voluntarily left employment or was discharged from work because he or she was infected with a communicable disease. (See *Disqualification.*) The maximum penalty an employer could be assessed for delinquent contributions increased from 25 percent to 37.5 percent of the amount due. The provision that required employers in a worksharing program to pay tax rates up to 9.0 percent was repealed.

*Disqualification.* The disqualification period for an individual who voluntarily left work rather than provide services within the course and scope of employment to an individual who is infected with a communicable disease, or who was discharged because of a refusal to provide services to an individual infected with a communicable disease will be for the duration, or until the individual returns to work and either works for 6 weeks or earns 6 times the weekly benefit amount. However, an individual will not be disqualified unless the employer made available facilities, equipment, training, and supplies necessary to preclude the person's infection with the communicable disease.

#### Utah

*Disqualification.* In addition to the 51-week disqualification for discharge for gross misconduct, an individual must earn 6 times the weekly benefit amount in covered work before the disqualification can be purged.

*Administration.* The law was amended to specify that findings of fact, conclu-

sions, or final orders made by an unemployment insurance hearing officer or referee will not be binding in a separate action brought in court, regardless of whether the prior action was between the same parties or involved the same facts.

#### Vermont

*Financing.* A part-time base-period employer's account will not be charged for benefits paid to an individual whose employment had not been terminated or reduced in hours.

*Disqualification.* The labor dispute disqualification will not apply if the stoppage of work is due to a lockout, if the employer brought about the lockout in order to gain some concession from employees. Also, excluded from lockout are temporary suspensions of work in response to actual or imminent damage to the employer's property, or a purposeful effort by employees to reduce productivity.

*Administration.* An individual must appeal a referee's decision to the employment security board within 30 days.

#### Virginia

*Financing.* An employer's experience rating account may not be charged for benefits paid to an individual who voluntarily left employment to enter approved training under the Trade Act of 1974.

#### Washington

*Coverage.* On January 1, 1990, the exclusion from coverage for agricultural employers will be amended to apply only to services performed in agricultural labor by individuals who are enrolled as students and regularly attending classes at an elementary or secondary school or any institution of higher education. Also excluded, in the case of corporate farms, not otherwise covered, are services performed by an individual in the employ of his or her spouse and services performed by an unmarried individual under the age of 18 years for his or her parent.

#### West Virginia

*Financing.* The provisions on non-charging of benefits will not apply to reimbursing employers. Debit balance employers and nonexperience-rated foreign corporations engaged in construction will be assessed a 1.0-percent surtax until January 1, 1994.

*Benefits.* The law was amended to permit the Commissioner of the West Virginia Division of Employment to enter into reciprocal agreements with other States and the Federal Government to recover benefit

overpayments.

*Disqualification.* If an individual receives backpay at the same time as benefits, the benefits must be repaid.

*Administration.* The U.S. Secretary of Health and Human Services may obtain wage and unemployment claims information to be used in carrying out the Federal Parent Locator Service of the child support enforcement program. The law now also permits disclosure of claim information to the U.S. Department of Housing and Urban Development and public housing authorities.

#### Wyoming

*Benefits.* The maximum weekly benefit amount is frozen at \$200.

*Disqualification.* A member of a labor organization will be disqualified from benefits if, after 4 weeks of unemployment, the individual fails to apply for or accept suitable nonunion work in his or her customary occupation. This disqualification will last until the individual has been employed for 12 weeks and earns 12 times the weekly benefit amount. In cases of fraudulent misrepresentation, the disqualification may apply the week following the week in which the false statement or misrepresentation was made or the date the notice of overpayment or decision was mailed. If an individual receives sick pay, his or her weekly benefit amount will be reduced by the weekly prorated amount of the payment. A misconduct disqualification will be applied to an individual who was discharged for fraud in connection with a claim for benefits. An individual will be eligible for benefits if he or she is in an 18-month-maximum approved training program that prepares the individual for job skills in occupations with good employment opportunities, and if in training which prepares the individual for entry-level or upgraded employment in a recognized skilled vocational or technical occupation.

*Administration.* The Wyoming Employment Security Commission may provide benefit and wage information, on a reimbursable basis, to the U.S. Department of Housing and Urban Development, public housing agencies, and the Federal Parent Locator Service.

*Penalties.* The monetary penalty for fraudulent misrepresentation to obtain or increase benefits was reduced from \$2,000 to \$750 but the maximum period of imprisonment was increased from 60 to 90 days. If fraudulently received benefits are not repaid within 1 month from notice of mailing of notification, the individual will be charged interest of 1.0 percent per month until repaid. □

**V. CONTRIBUTED PAPERS**

**A. SUMMARY OF FINDINGS FROM THE  
ALTERNATIVE WORK SEARCH EXPERIMENT**

SUMMARY OF FINDINGS FROM  
THE ALTERNATIVE WORK SEARCH EXPERIMENT

by

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Introduction

This experiment randomly selected 11,681 claimants from the Tacoma Job Service Center (JSC) into four treatment groups representing different interpretations of the work search requirement. The claimants remained in the treatment groups throughout the duration of their benefit year. The analysis includes comparisons based on duration, exhaustion rates, subsequent employment, total benefit cost, and administrative cost for each treatment group.

The Washington State Employment Security Department conducted the experiment in the Tacoma JSC. The Battelle Memorial Institute for Human Affairs Research reviewed and monitored the experiment. The W. E. Upjohn Institute for Employment Research provided funds for basic research and some of the Battelle functions. Upjohn plans to publish the final results. The U. S. Department of Labor also provided funds to support the research.

Study Methods

The Tacoma Job Service Center was selected as the site for the experiment. This site was chosen as typical of all local offices in terms of claimant demographics, urban and rural populations, local office organizational structure, and UI/UCFE/UCX claimsload mix. Claimants filing a claim at the Tacoma JSC between July 6, 1986 and August 30, 1987 participated in the experiment. All claimants monetarily eligible during this period were included in the sample. This produced a sample of 11,681 claimants of which 8,394 were beneficiaries.

Claimants were randomly assigned to four treatment groups based on the last digit of their social security number. Once an eligible claimant was enrolled in a treatment, he or she remained in that treatment for the remainder of the experiment, regardless of employment experience or change of UI status. For example, if a UI beneficiary enrolled in the experiment, became employed, lost his or her job, and then became unemployed and filed an additional claim within the benefit year, that individual remained in the same treatment to which he or she was originally assigned.



New beneficiaries were monitored for the duration of their claim through their benefit year ending dates. Duration of unemployment was calculated for each beneficiary in the sample. Significance testing was done to determine differences among the treatment groups. Pair-wise comparisons between treatment groups were performed. Multivariate regression techniques were applied to reduce variance due to factors other than work search policy.

### Treatment Groups

The four treatments tested in the experiment were:

Warrant Certification was designed to test exception reporting. Claimants were given all eligibility requirements and asked to report only exceptions to eligibility. They were given no specific instructions on work search methods and there was no routine review of eligibility. Payments were made automatically every two weeks, with the signature on the warrant as certification.

Standard Work Search issued a blanket directive to claimants to make three in-person employer contacts and report them on the continued claim form. An eligibility review was scheduled at the average duration of benefits, about 14 weeks. This group represents the work search policy which has been in effect in the State of Washington for many years. It is a common interpretation of the work search policy by many States.

New Work Search Policy tested a new policy developed by local labor markets to specify work search requirements and timing of services to individual circumstances and occupations, making maximum use of referral to other Employment Security placement and training programs. An employability plan was developed at eligibility review, with follow up.

Jobfinders was an intensive four-week program offered early in the claim and designed to teach job-finding techniques. A two-day job search workshop was followed by twice-weekly sessions on phone banks making employer contacts. Claimants followed up on these contacts the same week.

### Summary of Major Findings

Listed below are the statistically significant findings from the experiment.

- o The Warrant Certification group received benefit payments for two to three weeks longer than any other treatment group. Those in the Jobfinders treatment drew about one-half of a week less than those in the Standard or New Work Search treatments.
- o For the adjusted weeks paid measure (total dollars paid divided by the weekly benefit amount) the Warrant

Certification group received one and one-half to two weeks longer than any other treatment group. Those in the Jobfinders treatment drew about one-half of a week less than those in the Standard or New Work Search treatments.

- o Women in the New Work Search treatment drew one week less than those in the Standard Work Search treatment.
- o Blacks in the Jobfinders treatment drew over two weeks less than those in the Standard Work Search treatment.
- o Claimants in the Jobfinders treatment that were employed in clerical processing or structural occupations drew fewer weeks than claimants having the same occupations in the Standard Work Search treatment.
- o Claimants employed in benchwork occupations and who were in the New Work Search treatment drew about two and one-half weeks less than similarly employed claimants in the Standard Work Search treatment and five weeks less than those in the Jobfinders treatment.
- o For the New Work Search treatment, the regression analyses showed decreased duration for benchwork and processing occupation and for retailing industries.
- o The regression analyses also showed decreased duration for the Jobfinders group in retail, construction, service, and transportation industries; processing, machine, and professional occupations; and black claimants.
- o In terms of administrative cost, the Jobfinders treatment was more costly than any other. The Jobfinders cost was over twice that of the Standard Work Search. The Warrant Certification treatment was the least costly, though it was not much less than the Standard Work Search treatment.
- o The Warrant Certification group had significantly higher exhaustion rates than any other treatment group.
- o Claimants in the New Work Search treatment were more likely to have a subsequent benefit payment within fifteen weeks after the end of the benefit year.
- o Claimants in the Warrant Certification treatment had twice the number and amount of overpayments compared to the other treatment groups.
- o Those in the Jobfinders treatment had significantly lower overpayment amounts than those in the Standard Work Search treatment.

- o Claimants in the Jobfinders treatment were most likely to return to work at higher earnings than any other treatment group.

### Conclusion

The experiment produced clear evidence that a work search requirement can be a real help and a real incentive in returning people to work. Almost all treatment effects noted were between Warrant Certification and the other treatments. There was very little difference between the Standard Work Search treatment and the two more intensive treatments.

**\*B. THE ECONOMIC IMPACT OF THE  
NEVADA CLAIMANT EMPLOYMENT PROGRAM**

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\*Revised version of the "Nevada Claimant Employment Program"  
published in the Reemployment Services To Unemployed Workers  
Having Difficulty Becoming Reemployed (Occasional Paper 90-2).

**THE ECONOMIC IMPACT  
OF THE  
NEVADA CLAIMANT EMPLOYMENT PROGRAM**

**By**

**James Hanna and Zina Turney  
Nevada Employment Security Department**

**September, 1990**

## Executive Summary

■ The Nevada Claimant Employment Program (CEP) tested the idea that intensive services to unemployment insurance claimants are cost effective. The CEP program started on July 17, 1988 and was operational through June 30, 1989.

■ The findings from this effort fully support the value of additional expenditures to accelerate the return to work. For the 1,300 claimants receiving intensive employment and unemployment insurance services, CEP reduced the average number of weekly UI payments by 2.1 weeks. This resulted in savings to the Nevada UI Trust Fund of \$2.39 for every dollar spent. These findings are in line with a similar project conducted in the late 1970s.

■ The CEP program also provided for or facilitated skill training for participants with obsolete or deficient skills. Of the 130 individuals who participated in training, 63 were eligible for existing public training programs at no cost to CEP. The Program funded the remaining 57 participants in training provided by Job Training and Partnership Act (JTPA) service providers.

■ Although the research design did not allow for the development of hard estimates of the financial impact of training, available evidence supports the notion that such expenditure are cost effective. For training to justify itself from a UI standpoint, it would have to result in an annual reduction of weekly payments of about 2 weeks. Based on related studies, such reductions do not seem to be out of order.

■ Since employer taxes fund the Nevada Unemployment Insurance Trust Fund, future programs which replicate CEP should reduce UI payout and ultimately employer taxes.

## THE ECONOMIC IMPACT OF THE NEVADA CLAIMANT EMPLOYMENT PROJECT

In 1987, the Nevada Employment Security Department instituted a special project to increase services to unemployment insurance (UI) claimants. The Department conducted a similar effort, the Nevada Claimant Placement Project, in the late 1970s.<sup>1</sup> The earlier federally funded project was extremely successful in reducing the UI duration of claimants served and concurrently Trust Fund payments. In spite of its success, the project did not receive additional federal funding.

The recent experience of several states, including California's Employment and Training Program, with similar types of projects renewed interest in this type of activity. Rather than relying on federal monies, however, funding for these new efforts was primarily from state legislatures or special employer taxes. With this in mind, Executive Director Stan Jones instructed staff in early 1988 to develop a pilot project. Project funding of \$400,000 came from Department's UI Penalty and Interest fund. The intent was to present the results to the 1989 session of the Nevada Legislature. Director Jones hoped the results of the pilot would convince the Legislature to enact a permanent employment and training program.

The new design was similar to the earlier project with one major change--that being the introduction of a training module. The project earmarked one-half of the funding for training (on-the-job/classroom training) and the other half for project staff. Participation in the training phase of the project was for claimants who did not otherwise qualify for public programs. The intent was to break the employment/unemployment cycle that some claimants experience. To avoid duplication, training was the sole responsibility of the local JTPA service delivery entities.

The program officially began operation on July 17, 1988. Scheduled to run for one full year, it was necessary to compile preliminary results when the Legislature went into session in January of 1989. The preliminary results were enough to convince the Legislature to enact a special tax of five-one hundredths of one percent (.05 percent) on payrolls subject to the Nevada Unemployment Compensation Program. While this funded the continuation of the project, the legislation contained a "sunset" provision. Without specific action to extend it, the program will expire July 31, 1991.

This paper has two goals. The first is to provide a description of the Claimant Employment Program (CEP) and its activities over the

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<sup>1</sup> For details see, John P. Steinman, The Nevada Claimant Placement Program, The Nevada Employment Security Department, June, 1978.

12-month period. The second is to detail its financial impact.

### **Program Design and Activities**

The basic concept behind the CEP program was simply to provide normal ES and UI services (e.g., taking of claims, testing, job development and referral, etc.) by a team that had adequate time to deal with claimants. Quality, not quantity, was the hallmark of the project. Additionally, CEP Project teams had resources to fund training through programs operated by the local JTPA service delivery entity. Targeted for training were claimants facing educational/skill deficiencies that prevented them from finding adequate employment.

The program operated out of the Sparks and North Las Vegas local Employment Security Department offices. Each office had one CEP team consisting of an ES interviewer and an UI claims examiner. Once assigned to a team the claimant received all future ES and UI services, except adjudication, from these individuals. Unlike the earlier project, the regular UI adjudicators were responsible for all adjudication issues. Program administrators believed this function could be done more efficiently by regular adjudication staff.

Each team had access to the Department's mainframe computer via a terminal. In addition to being able to access the regular ES and UI applications, several special screens were available that allowed the teams to schedule and adjust their caseloads and to collect data on program activities. The additional computer support reduced time consuming paperwork.

An integral part of the project was the use of an experimental design which employed the use of "test" and "control" groups. The test group consisted of CEP participants and the control group individuals who received regular ES and UI services. Selection into the two groups was by random procedures from a pool of "eligible" claimants and was initially on a one-to-one basis.<sup>2</sup> To be eligible a claimant had to be no more than four weeks into his/her benefit year. Additionally, all interstate claimants or claimants with any pending nonmonetary issues were not eligible. The logic of the experimental design is that the random selection procedures will ensure the two groups are identical with the one exception that the test group received the experimental service (CEP) and the control group did not. Consequently, CEP can take credit for any positive impacts on desired outcomes such as reduced UI duration.

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<sup>2</sup> This rule was modified later in the project when the demands of the teams for participants precluded it from being followed. The implications of this change are discussed further in the evaluation section.



## **Training Component**

The Teams worked with each participant with the goal of getting them reemployed and off of UI. For most individuals, this effort consisted of normal ES and UI activities. For some participants, however, it was clear that immediate placement was not the answer. As noted earlier, these individuals had serious education or skill deficiencies that prevented them from finding adequate employment. Furthermore, there was a high probability they would soon return to the UI system if simply placed in a job. Training was the most viable option for these claimants.

The two JTPA service deliverers, Job Opportunities in Northern Nevada (JOIN) and Nevada Business Services (NBS) in the southern part of the state, provided the training. The contracts provided \$105,500 for each entity to train approximately 35 individuals. This worked out to \$3,000 per training slot. The training period was not to exceed six months in duration. Given limited training monies, the emphasis was on placing CEP participants in regular public training (e.g., JTPA Titles II and III programs, Job Corp, etc.). When this was not possible, the teams referred the individuals to JTPA with the commitment to pay for the training.

The documentation prepared by the teams (the Employment Development Plan) contained a recommendation about the preferred occupational area for training. However, this was not binding on the JTPA service deliverers. Additionally, the JTPA service deliverers were free to determine the training method (e.g., classroom, on-the-job, etc.). Both the teams and their JTPA counterparts participated in the placement of training program graduates.

## **Program Activities**

During its twelve months of operation, the CEP program served 1,424 claimants. Except for adjudication, the two teams provided the participants with the full range of ES and UI services. Following is a summary count of some of the key activities.

**CEP Activities\***

Total Enrollees . . . . .	1,424
<b>Unemployment Insurance</b>	
Complete Eligibility Review . . . . .	748
Denied eligibility . . . . .	360
Refused suitable work . . . . .	70
Refused job referral . . . . .	27
Not Available for work . . . . .	66
Did not report as scheduled . . . . .	25
Voluntary quit . . . . .	61
Discharged . . . . .	23
Other . . . . .	88
<b>Employment Service</b>	
Completed Employment Development Plan . . . . .	124
Completed job search workshop . . . . .	38
Job development . . . . .	13
Referred to counselor . . . . .	31
Referred to Veterans rep. . . . .	33
Job referral . . . . .	1,238
ES placement . . . . .	136
Found own job . . . . .	785
<b>Training activities</b>	
Placed in Dislocated Worker Program . . . . .	43
Placed in Job Corp . . . . .	0
Placed in JTPA (non-CEP) . . . . .	24
Placed in JTPA (CEP funded) . . . . .	63

\* Except for the "Placed in JTPA (CEP funded)," all of the data were from the regular ES/UI reporting systems or from input provided by CEP staff. The CEP funded training data was from reports provided by the two JTPA service deliverers.

Slightly over half of the participants completed an Eligibility Review Interview. This was the standard UI form designed to identify and remove any barriers to employment. The teams' primary emphasis was to develop, with the claimant, a realistic plan to gain employment. Team members excused job ready participants from the interviews. Examples included individuals on temporary layoff or active union members.

The nonmonetary issues are interesting in that an initial condition for eligibility was that the claimant did not have any pending issues. As such, the 360 cases of denied eligibility for nonmonetary reasons were for issues that occurred since assignment to the teams. Denials ranged from one to thirteen weeks.

The ES statistics indicate that the teams completed 124 Employment Development Plans (EDPs). These are intensive plans designed for individuals facing severe barriers to employment. They referred all 124 of these individuals to some type of public training.

The remaining ES activities reflect the normal types of services ES provides. The placement to referral rate of about 11 percent is about the same as occurs in the regular system. That most (785) found their own jobs is also normal.

The training statistics show that the CEP teams were unable to fill their allotted training slots (70 in total). This was largely due to the unexpected success in placing claimants in the regular JTPA Title II programs. Funding for claimants placed in regular Title II programs was from that source, and not from CEP. While hard data is lacking, anecdotal evidence supports the idea that the regular system makes few Title II referrals.

Data from the two JTPA service deliverers reveal that as of June 30, 1989 (the ending date of the program), they placed 58.6 percent of all enrollees (JTPA and CEP funded and excluding JTPA Title III) who completed their training in employment. The average wage at placement was \$7.35.

#### Program Impact

A key part of the initial CEP design was an evaluation mechanism. As noted earlier, the selection program randomly assigned claimants to a control group at the time it selected CEP participants. Initially, the design called for a one-to-one ratio; however, at certain points in the program, CEP workloads dictated a smaller ratio. This resulted in a later decision to put any claimants remaining in the selection pool after assignment to the test and control groups into the control group. The outcome was one of "overkill" in that the final count for the control group contained 243 more individuals than the test group. Since averages are the basis for all measurements, this alone presents no problem.

Preliminary comparisons, however, revealed an unexpected statistically significant difference for age and sex between the two groups. The test group was 1.2 years older on average (41.4 versus 40.2) and contained a higher proportion of females (38.2% versus 34.7%). This apparently resulted from a procedure that occurred before the running of the selection program which ordered the social security numbers (SSNs) in numerical sequence (i.e., the lowest numbers were first). This meant that any remaining SSNs in the pool, which would be higher numbered, automatically went into the control group. Presumably, there was a tendency for higher numbered SSNs to be older males. One possible explanation is that SSNs with the first three digits higher than 530 (indicating issuance in Nevada) would exclude individuals having their cards issued in Nevada. Consequently, SSNs with the first three digits

higher than 530 would have migrated to Nevada. If there is a tendency for migrants to be older males, this would explain the situation. In any event, researchers randomly removed 120 older males from the control group to try to solve the problem. The results follow:

**Claimant Characteristics--Test versus Control**

	MEAN VALUES		<u>Difference</u>	<u>t Statistic*</u>
	<u>Test</u>	<u>Control</u>		
Age	41.4	40.6	0.8	1.7
Percent nonwhite	17.4	17.0	0.4	0.3
Percent female	38.2	37.4	0.8	0.5
Years of education	12.4	12.4	0.0	0.5
Potential UI duration	23.6	23.5	0.1	0.5

\* This statistic tests the hypothesis that the means of the two groups are identical. Values (t statistics) greater than 1.96 reject the equality hypothesis with a 95 percent level of confidence.

The new tests reveal that the two groups are essentially the same for the measured characteristics. While the test group is still slightly older than the control group (0.8 years), the difference is not statistically significant at the 95 percent level of confidence. For analytical purposes, the two groups are identical with the exception that the test group participated in the CEP program and the control group did not.

**Services Provided**

The existence of a control group allows testing to determine any significant differences in types of ES and UI services provided to the two groups. Tests for the major services follow:

**Services Provided--Test versus Control**

	MEAN VALUES		<u>Difference</u>	<u>T Statistic</u>
	<u>Test</u>	<u>Control</u>		
No. ES file searches	1.8	0.6	1.2	14.9*
No. of referrals	1.3	0.6	0.7	9.7*
Percent placed	10.5	4.9	5.6	5.8*
No. do not pay codes	0.2	0.3	0.1	0.5

\* Statistically significant at the 95 percent level of confidence.

The finding is that the only differences in services provided between the test and control group was in the ES area. CEP participants had automated job searches done for them (1.8 searches per participant) three times as often as non-participants and had twice as many job referrals and placements. In contrast, there was no significant difference between the test and control groups for UI disqualifications. This means that the 360 nonmonetary disqualifications recorded by the teams were essentially the same amount as would have occurred in the regular system. So any reductions in duration resulting from CEP are probably the result of ES related activities, and not from increased UI activity.

**Net Impact of CEP on Duration**

The CEP program potentially impacts both the UI Trust Fund and the claimants themselves. The intended impact on the Trust Fund results from (1) getting claimants back to work sooner than they would otherwise, and (2) keeping them off of UI in the future. The evaluation approach assumed that the accelerated return to work produced short-term savings. In UI vernacular, this means the savings occur in the claimant's benefit year.

On the other hand, training has an assumed longer impact. Training represents an investment, both by society and the individual, in his/her human capital. This investment should result in a long-term increase in earning ability and a decrease in joblessness. The latter impact translates into fewer UI benefits. Unlike the return to work activities discussed above, however, training has a tendency to increase UI duration in the short run. This occurs as claimants in training are normally not available for re-employment.

The test which assessed the non-training impact on duration

excluded the 130 CEP claimants who received training from the test which assessed the non-training impact on duration. Difficulty in determining training status (i.e., programming, files residing in other agencies, etc.) coupled with the belief that the numbers were small, resulted in the decision to attempt similar exclusions from the control group. This probably introduces a slight upward bias in both the control group's duration and the impact of the CEP program in reducing duration (i.e., the difference in duration between the test and control groups).

The following table clearly demonstrate that the CEP program consistently reduced average duration for all groups of claimant.

**Impact on Duration  
Test versus Control Group**

	AVERAGE DURATION		<u>Difference</u>	<u>t Statistic</u>
	<u>Test</u>	<u>Control</u>		
Excluding trainees	11.9	14.0	- 2.1	7.2*
Males	11.9	13.6	- 1.7	4.7*
Females	11.8	14.6	- 2.8	5.5 *
Age				
22-44	12.0	13.6	-1.6	4.6*
45-54	12.9	13.5	-0.6	1.0
55+	13.5	16.3	-2.8	3.4*
Including trainees	12.4	14.0	-1.6	5.4*

The total test and control group were 1,424 and 1,538 respectively. Excluding the trainees dropped the number in the test group to 1,309.

\* Statistically significant at the 95 percent level confidence.

For the major group which excluded trainees, the program reduced average weekly duration by 2.1 weeks and the impact was greater by nearly one week for females than it was for males. It also had a positive impact for the three age-groups considered, though the finding for individuals age 45 to 54 was not statistically significant. While the CEP program had a positive impact on all groups, it had the greatest impact on females and claimants over 55 years of age.

Including the 130 trainees in the calculation increased the average duration of the test group by one-half week to 12.4 weeks. The average CEP claimant participating in training drew 18.4 weeks of benefits, compared to 11.9 for those not participating. While much of this increase is due to being in training, some part probably stems from the criteria used to select trainees. A condition for

participation in training was that the claimant face serious barrier to employment. As such, it is reasonable to assume that those selected for training would draw benefits longer than average.

### Financial Impact

The key variable used in assessing the financial net impact of the CEP program is UI payout. The reason for choosing this measure is that employers are, at least in the current CEP program, financing the program through their UI taxes. As such, positive impacts in the form of reduced UI duration will directly reduce payout and ultimately result in lower UI tax rates. This does not mean there are not other benefits that result from speeding up the return to work or from enhancing claimant skills (e.g., increased self esteem, reductions in crime, reduced job turnover, less dependence on welfare, a more skilled workforce, etc.). However, methodological difficulties prevented any attempt to put dollar values on these measures.

The technique employed to assess the financial impact of the CEP program was cost/benefit analysis. This approach compares the present value of a future income stream to the present cost of producing that income stream.<sup>3</sup> Future income values are discounted by an appropriate rate of interest (e.g., what the individual or entity could obtain in alternate investments). At a five percent interest rate, \$100 payable one year in the future has a present value of \$95.25. Conversely, an investment of \$95.25 at five percent produces \$100 (principle plus interest) in one year. If the cost of achieving the income stream goes beyond one year (e.g., a college education), then the cost is also discounted to produce a "present value" cost measure.

Once discounted, the analysis compares the present value of benefits to the present value of the associated costs. Ratios of benefits to costs that are greater than one represent a positive contribution. For example, a program that cost a million dollars and produced a present value benefit of \$1.5 million would have a benefit/cost ratio of 1.5. That is, the program in question returned \$1.50 for every dollar invested.

The benefit/cost calculations for the non-training portion of the CEP program are straightforward since the benefits and cost are both assumed to occur during the first year. This eliminates the need for discounting and reduces the benefit/cost analysis to a simple calculation. This is not the case with the training part of

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<sup>3</sup> The formula for computing present values sums the terms  $A_i/(1+r)^i$ , where A is the amount received in the ith year and r is the discount rate.

the project since the costs occur today, while benefits should continue well into future years. Unfortunately, the short time elapsed since the end of the program and the research design prevent the development of supportable estimates on the impact training has on future UI activity.<sup>4</sup> A prior study of the Nevada Job Training Partnership Act's Title II program ( the same program which trained the CEP participants) showed that training increased the annual incomes of male participants between \$1,400 and \$1,700, while females experienced an increase of \$600 to \$900.<sup>5</sup> While this doesn't directly translate to a reduction in UI payout, it makes sense there is a high correlation between increased earnings and reduced UI payout.

The total cost of the CEP project was \$312,948. It was less than the \$400,000 budgeted due primarily to the difficulty in filling CEP funded training slots. Of the \$211,000 budgeted for training, actual expenditures amounted to \$141,743.

For the non-training portion of the CEP program, the estimated cost of serving the 1,309 participants was \$171,205. This is the total cost of the project less the \$141,743 spent on training. Some of the \$171,205 represents staff-costs associated with training; however, there was no way to quantify and remove this amount. As such, the estimate of the cost of serving the non-trainees has a slight upward bias. This should serve to offset the previously mentioned bias resulting from the presumed inclusion of some individuals receiving training in the control group.

The dollar saving to the UI Trust Fund resulting from the reduction of duration of 2.1 weeks for the 1,304 non-trainees, at an average check of \$150, was \$409,500 (i.e., 1,304 x 2.1 x \$150). Dividing this amount by the cost of producing this benefit (\$171,205), produces a benefit cost ratio of 2.39. Or, for every dollar spent on providing enhanced services to claimants, excluding training, the CEP program reduced UI payout by \$2.39.

For the reasons mentioned earlier, training considerably increases the complexity of any financial analysis of the CEP program. In terms of benefit/cost calculations, training impacts both benefits and costs. The denominator of the calculation, reflecting costs, must be modified to reflect the estimated 6.5 weeks of increased duration that results from training. At \$150 per week this amounts to \$61,425 in increased payout for the 63 claimants who participated in CEP funded training. Since the increased payout,

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<sup>4</sup> The research design did not incorporate a control group for the CEP trainees.

<sup>5</sup> James Hanna and Zina Turney, The Net Impact of the Nevada JTPA Title II Program, The Nevada Employment Security Department, February, 1988.



as well as the direct costs of training, occurred during the one year life of the project, there was no need to discount.

The assumed reduction in future UI benefits produced by training presents a more complicated problem. A very simplistic way of dealing with it is to make the unrealistic assumption that training produces no impact on future UI usage. This approach drops the benefit/cost ratio considerably from 2.39 to 1.09 as the following table reveals.

#### **Revised Benefit/Cost Calculations**

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Costs		\$374,373
Staff, etc.	\$171,205	
Training	\$141,743	
Increased UI duration	\$ 61,425	
Benefits (calculated as before)		\$409,500
Benefits/cost	(\$409,500/\$374,373)	1.09

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While highly unrealistic, this approach provides a floor for measuring the net impact of the CEP program. Since it is reasonable to conclude that a program that increases participant incomes rather substantially will reduce UI usage, the "true" benefit cost ratio must be greater than 1.09. Even very modest reductions in UI payout would result in an increased benefit/cost ratio.

One means of assessing the impact of training within the benefit/cost framework is to estimate what the reductions in future UI usage would have to be for the benefits of training to equal the direct and indirect costs of \$203,168 (i.e. direct training cost plus the cost of increased UI duration). This analysis required three seemingly reasonable assumptions: (1) the trainees will remain in the Nevada labor force for 10 more years, (2) UI benefits will increase by five percent per year, and (3) the discount rate is five percent.<sup>6</sup> Under this scenario, if training reduces future UI duration by 2.1 weeks per year, then the resulting present value of benefit savings will equal the cost.<sup>7</sup> Discount rates higher

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<sup>6</sup> Under these assumptions the effects of the increasing average check and the discount rate canceled themselves out. Consequently, each week of reduced UI duration produces present value savings of \$1500 per trainee.

<sup>7</sup> The estimate was arrived at by determining the reduction in future UI duration for the 120 trainees required to produce a present value of \$141,743. That is, 120 trainees x 10 years x \$150

than five percent require larger reductions in UI duration. Reductions in the area of 2.1 weeks do not seem out of the question, especially in view of the previously mentioned impacts on annual income produced by the JTPA Title II program. If this reduction was to occur, then the benefit/cost ratio would increase from 1.09 to 1.64.

### Conclusion

The overall evidence strongly suggests that the CEP program was highly successful and cost effective. The findings were dramatic and unambiguous for the non-training portion of the program. For every dollar spent on intensive ES and UI services, the resulting acceleration in the return to work yielded \$2.39 in reduced UI benefit payout. The data also suggest that the accelerated return to work stemmed from ES activities rather than UI.

While hard cost/benefit estimates of the impact of training are not available due to both the research design and the timing of this report, what evidence that is available supports the idea that this activity will also prove to be cost effective. Additionally, policy makers should not overlook the non-UI benefits to both the individuals and to the employer community (e.g., better jobs, a skilled labor pool, etc.), that result from training calculations.

Even with the assumption that training produces no future impact on UI usage, the overall CEP program yielded a positive benefit/cost ratio. This was due to the significant impact the intensive ES and UI services had on accelerating the return to work for claimants not participating in training. This element should be the cornerstone of any future CEP related program.

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per weekly benefit x necessary reduction = \$141,743.

VI. INDEXES

A. INDEX OF STATE EMPLOYMENT SECURITY AGENCY CONTRIBUTORS

<u>Region and State</u>	<u>Page</u>
<u>Region I</u>	
Maine.....	32
Massachusetts.....	36 37
<u>Region II</u>	
New York.....	11-14 58
New Jersey.....	15-19 28 50
<u>Region III</u>	
Pennsylvania.....	29
<u>Region VI</u>	
Texas.....	31
Georgia.....	42 43
<u>Region VII</u>	
Kansas .....	54 59
Missouri.....	33
<u>Region VIII</u>	
Utah .....	10

Region X

Oregon .....	22
Alaska .....	55
Washington.....	30
	34
	35

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State Legislation	Tom Joyce	535-0204
State Legislation	Frances Lowenstein	535-0204
State Legislation	Vacant	535-0204
State Legislation	Jeannette Walters-Marquez	535-0204



DIVISION OF ACTUARIAL SERVICES

DIVISION CHIEF: James Manning  
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BENEFIT FINANCING

GROUP CHIEF: Ronald Wilus  
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SECRETARY: Vacant  
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Programatic & Key

Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
Trust Fund Sovency, Workload Forecasting, National Model (Ben/Rev.)	Michael Miller	535-0630
Office Automation, Internal Data Processing	Sheila Woodard	535-0630
System Administration, Internal & External Data Processing	Jean O'Donoghue	535-0644
Internal Data Processing, Programming	John Levy	535-0640
State Benefit Financing Models	Robert Pavosevich	535-0640
State Benefit Financing Models	Tuan Nguyen	535-0640
Program Analysis	Francis Leslie	535-0630

BUDGET

GROUP CHIEF: Darla Letourneau  
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SECRETARY: Marguerity McPhaul  
Phone: 535-0210

Programatic & Key  
Activity Assignments

<u>Activity Assignments</u>	<u>Name</u>	<u>Telephone No.</u>
Budget Formation	Vacant	535-0210
State Allocations, Contingency, FUBA	Tim Felegie	535-0210
UCFE/X Billing	Wanda Drew	535-0213
UCFE/X Billing, Financial Reports, Budget Formulation	Chuck Lauber	535-0210
UIS Spending Plan, SBRS, AAPP	Jim Gulley	535-0213

ACTUARIAL STUDIES

GROUP CHIEF: John Robinson  
Phone: 535-0222

SECRETARY: Vacant  
Phone: 535-0222

Programatic & Key  
Activity Assignments

<u>Activity Assignments</u>	<u>Name</u>	<u>Telephone No.</u>
Research, Special Studies	Norman Harvey	535-0222
Research, Special Studies	Jon Messenger	535-0208
Research, Special Studies	Wayne Zajac	535-0222
Research, Special Studies	Steve Marler	535-0208
Research, Special Studies	Douglas Scott	535-0208
Research, Special Studies	Amelia B. Lopez	535-0222
Workload Validation, Reporting	Cynthia Ambler	535-0222
Reporting and Data Base	Louis Lapidés	535-0222

OFFICE OF QUALITY CONTROL

DIRECTOR: Charles Atkinson  
Phone: 535-0220

SECRETARY: Marsha Hickman  
Phone: 535-0220

Programatic & Key

Activity Assignments

Name

Telephone No.

QC Evaluations, Policy  
Design, and Pilot Support

Burman Skrable

535-0220

DIVISION OF SYSTEM OPERATIONS AND ANALYSIS

GROUP CHIEF: John Sharkey  
Phone: 535-0656

SECRETARY: Lenora West  
Phone: 535-0656

Programatic & Key

Activity Assignments

Name

Telephone No.

QC Benefits Design,  
NQC Training Center, Pilots

Diana Wood

535-0656

Statistical Analysis,  
Design and Reports

Andy Spisak

535-0637

Statistical Analysis,  
Design, and Reports, ADP  
User Group

Gordon Mikkelson

535-0637

Statistical Analysis, Design,  
and Reports, QC Annual  
Report

Ivette Sasseen

535-0638

QC Benefits Design,  
Correspondence and  
Handbook 400

Susan Makara

535-0656

QC Benefits Design,  
Pilots, and Automated  
Management Systems

Catherine Jackson

535-0656

ADP Contract Representative,  
Systems Analyst

Winfred Chan

535-0656

	<u>Name</u>	<u>Telephone No.</u>
Reports, ADP Users Manual and Assistance	Paul Hraber	535-0650
ADP Applications, ADP Equipment, ADP Inventory	Renee Speight	535-0650

DIVISION OF CORRECTIVE STRATEGIES AND TECHNIQUES

GROUP CHIEF: Vacancy  
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SECRETARY: Tammy Guajardo  
Phone 535-0604

Programatic and Key Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
QC Training Coordinator and Desk Officer - Regions V and IX	Leslie Thompson	535-0634
Program Improvements and Desk Officer - Regions VI and X	William Rabung	535-0604
Training, QC Requirements Desk Officer - Region I and IV (Temp.Assign)	Robert Johnston	535-0607
Regional Reporting and QC Requirements	Curt Gatlin	535-0604
QC Review Oversight and Desk Officer - Regions II & III	Julius Green	535-0607
Consistency Study Project Officer and Desk Officer - Regions VII & VIII	Kari Baumann	535-0607
QC Requirements & Training	Jorge Figueroa	535-0607

QC REVENUE WORKGROUP

DIRECTOR: Janet Sten  
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SECRETARY: Tammy Guajardo  
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	<u>Name</u>	<u>Telephone No.</u>
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QC Revenue Design	Robert Timms	535-0634
QC Revenue Design	Gail Eulenstein (IPA)	535-0634
QC Revenue Design	Gerald Smart (IPA)	535-0639
QC Revenue Design	Robert Whiting (Temp. Assignment)	535-0604
QC Revenue Design	Robert Fogt (IPA)	535-0639
QC Revenue Design	Darlyne Herring (IPA)	535-0634
QC Revenue Design	Mary Prowitt	535-0634

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- Phillip Richardson, Albert Irion, Arlen Rosenthal and Harold Kuptzin, Referral of Long-Term Unemployment Insurance (UI) Claimants to Reemployment Services. Second Edition. Systems and Mathematica Policy Research. 89-2  
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Unemployment Insurance Recipients and Exhaustees:  
Findings from a National Survey. Mathematica Policy  
Research, Inc.  
Available Soon at NTIS.

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## APPENDIX

### Instructions for Submittal of Items for UI Research Exchange

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For research projects planned or in progress, the descriptions should include the following (not exceeding one single-spaced typewritten page):

Study title

Problem to be studied

Method

- Any hypotheses to be tested
- Sampling design
- Data sources
- Method analysis

Expected completion date

Name, address and telephone number of investigator/contact person for project

For completed research projects, the description should include the following (not exceeding two single-spaced typewritten pages):

Study title

Author

Date of report or publication (if published)

Results, including findings and any conclusions and policy implications

Method

- Any hypotheses tested
- Sampling design
- Data sources
- Methods of analysis

Availability (name, address, phone number of provider)