

# UI Research Exchange



Unemployment Insurance  
Occasional Paper 92-4

U.S. Department of Labor  
Employment and Training Administration



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Occasional Paper 92-4

U.S. Department of Labor  
Lynn Martin, Secretary of Labor

Employment and Training Administration  
Roberts T. Jones  
Assistant Secretary for Employment and Training

Unemployment Insurance Service  
Mary Ann Wyrsh, Director

1992

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. Wander. The editor of this issue is Rosalind Y. Thomas. 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 ninth issue contains eight contributed papers: Linkages and Coordination by Jon Messenger and Stephen Marler; Coordination and Linkages Between Unemployment Insurance, Job Service, and the Job Training Partnership Act Network by Ruth Thompson; Employment Development Department Single Client Data Base by Martha Lopez; UI Quality Control Program Improvement Study by Robert A. Comfort and Janet C. Peck; Utah Quality Control Program-Improvement Study: Abstract prepared by Janet C. Peck; 1990 Utah Quality Control Program Improvement Study by Robert A. Comfort; DUA Expert System as Developed by the Texas Employment Commission by Howard R. Hageman and Ted Swindle; and An Essay on Short-Time Compensation by Wayne Vrcman. Descriptions of UI research projects--both in progress and completed--conducted and sponsored by the State agencies and the Unemployment Insurance Service are also included. Research data and information sources, methods and tools are discussed. This issue also contains a variety of other research information. There are announcements and reports on seminars, UI personnel, and recent legislative and financial developments.

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

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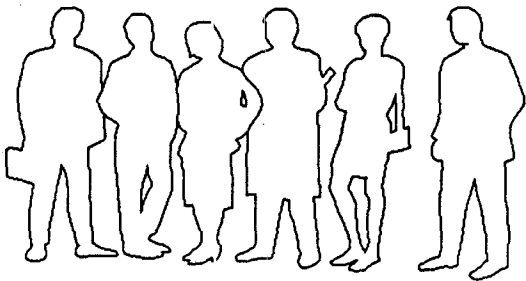
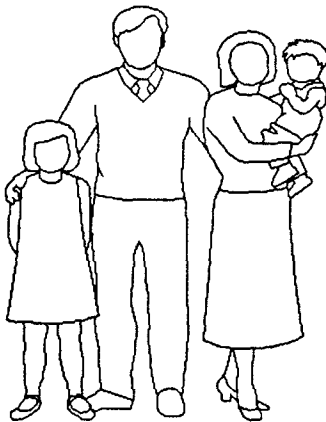
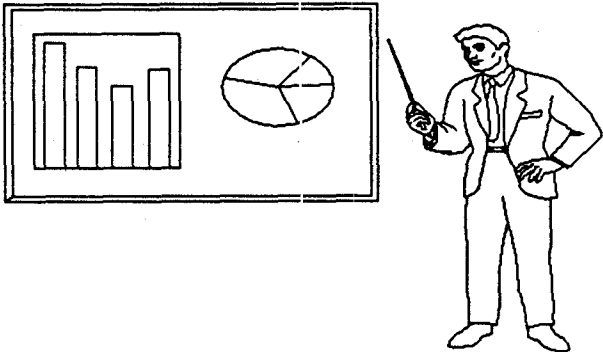
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**I. CONTRIBUTED PAPERS**

**A. LINKAGES AND COORDINATION:  
USING TEAM WORK TO ASSIST THE DISLOCATED WORKER**

# LINKAGES AND COORDINATION



## USING TEAM WORK TO ASSIST THE DISLOCATED WORKER

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## *FORWARD*

In St. Petersburg Beach, Florida, during December 11-12, 1990, the Employment and Training Administration's Regional Office in Atlanta Georgia sponsored a JTPA/UIS/ES Coordination and Linkages Workshop. Jon Messenger of the Unemployment Insurance Service's (UIS) National office made a presentation to the attenders. Mr. Messenger's presentation focused on the importance of linkage and coordination mechanisms and the key elements necessary for establishing such mechanisms. The first section of this paper is a summary of Jon Messenger's presentation.

Every year States submit a Program and Budget Plan (PBP) to the National Unemployment Insurance Service. States were asked to provide the National office, in the Fiscal Year (FY) 1991 PBPs, with a description of: whether and, if so, how the Unemployment Insurance (UI) system is being used to identify potential dislocated workers in need of Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) services; procedures for referring dislocated UI claimants to the EDWAA program; and information exchange mechanisms between UI and the EDWAA system. Stephen Marler of UIS national office summarized the States' responses found in the PBPs. The second section of this paper is Mr. Marler's summary of the FY 1991 PBPs. In some cases, potential system components have not been utilized or described by the State agencies and examples of these components were not provided. The Linkage/Coordination structure used in this section is the same as in the prior section.

The purpose of this analysis is to provide State agencies and others with an understanding of what coordination and linkage programs the individual States have implemented, what are the components of such systems, and how these components fit together as a system.

The Unemployment Insurance Service plans to update this document with FY 92 PBP data. The revised document will be made available to interested parties upon completion.

## I. INTRODUCTION

Since the mid-1970's, intensified international competition and rapidly changing technologies have caused a major change in the nature of U.S. unemployment. Older, established industries--especially in the manufacturing sector--have declined, while service and information industries have grown. Permanent mass layoffs and plant closings in declining industries as a result of structural changes in the economy have caused structural unemployment. Individuals unemployed due to these changes--"dislocated workers"--will not return to the same or similar jobs--their jobs no longer exist.

Dislocated workers still need the income support provided by Unemployment Insurance (UI) to sustain themselves and their families. However, income support is often not enough since similar jobs are unavailable upon exhausting their UI benefits. Without additional reemployment assistance, many of these workers will likely exhaust their UI benefits and become long-term unemployed, resulting in great costs to themselves, government, and society. These dislocated workers need reemployment assistance to help them make the transition to new jobs. Several programs are designed to provide these types of reemployment assistance: the Employment Service (ES); the Job Training Partnership Act (JTPA), especially JTPA's Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) program; and the amended Trade Adjustment Assistance (TAA) program authorized by the Omnibus Trade and Competitiveness Act.

According to a Bureau of Labor Statistics (BLS) survey<sup>1</sup>, 81 percent of those dislocated workers who are still unemployed after five weeks received UI benefits during their spell of unemployment--81 percent. Considering that such a vast majority of the dislocated worker population comes through the UI system, this system can be used as a vehicle to identify dislocated workers, early in their spell of unemployment, and refer them to needed reemployment services.

In order to take advantage of this opportunity, States need to establish "linkages" between their UI, ES, and JTPA programs. Talking about coordination in general is vague--"we coordinate with this program" or "we coordinate with them." Linkages are specific--they can be defined as "exchange relationships that facilitate the coordination of two or more organizations." Linkages go beyond coordination in general and focus on establishing the processes and procedures necessary to implement coordination between program agencies in their day-to-day operations.

EDWAA, the amended TAA program, and the Worker Adjustment and Retraining Notification Act (WARN) all emphasize interprogram coordination, early intervention to accelerate the delivery of reemployment services, and the return of dislocated workers to

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<sup>1</sup> Displaced Worker Supplement to the Current Population Survey (CPS), January 1988.



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accelerate the delivery of reemployment services, and the return of dislocated workers to productive employment. EDWAA specifically requires coordination between the UI system and the EDWAA program for the purpose of better serving dislocated workers (Section 314(f)). EDWAA also requires UI claimants who are dislocated workers to be enrolled in training by their 13th week of unemployment benefits, in order to be eligible for extended income support payments.

The Department is committed to encouraging linkages between the UI, ES, EDWAA, and TAA programs and has demonstrated this commitment through a number of its actions. In January 1990, ETA issued a joint Unemployment Insurance Program Letter (UIPL) and Training and Employment Information Notice (TEIN) describing possible approaches for successfully linking the UI, ES, and JTPA programs, such as the "New Jersey Model" developed in the New Jersey UI Reemployment Demonstration Project. ETA's FY 1991-92 planning guidelines for State UI Program and Budget Plans (PBP) for FY 1991 emphasize the improvement of linkages between UI and ES, EDWAA, and TAA as an area of program emphasis. ETA's planning guidance and instructions to EDWAA grantees for the development of State plans for PY 1990 also required a description of: whether and, if so, how the UI system is being used to identify potential dislocated workers in need of EDWAA services; procedures for referring dislocated UI claimants to the EDWAA program; and information exchange mechanisms between UI and the EDWAA system.

## **II. KEY ELEMENTS OF UI-ES-JTPA LINKAGES**

How can these linkages be established? There are five key elements necessary for establishing interprogram linkages between UI, ES, and JTPA for identifying and serving UI claimants who are dislocated workers. These five key elements are:

- (A) a procedure for identifying those claimants who should be targeted to receive reemployment assistance ("profiling");
- (B) a mechanism in the UI program to refer targeted claimants to ES and/or JTPA;
- (C) a mechanism in ES and/or JTPA for accepting the referrals made by UI;
- (D) reemployment services appropriate for targeted claimants that are available on a timely basis; and
- (E) a mechanism for exchanging information on the current status of targeted claimants among the UI, ES, and JTPA programs.

While each of these elements is critical for establishing UI-ES-JTPA linkages, there are a number of options that States can use for implementing each of these elements. The remainder of Section II will review each of these elements in more detail, and take a look at some possible options that States might consider for implementing linkages between their UI, ES, and JTPA programs.

### **(A) Identification of the Target Population**

The first key element for establishing linkages between UI, ES, and JTPA involves creating a process for identifying these claimants who are in need of and benefit from reemployment assistance out of the general population of UI claimants. These claimants who are likely to be dislocated workers, generally represent only about 10-20 percent of the total UI claimant population. ES and JTPA do not have the resources to receive and screen all UI claimants. Therefore, there needs to be a profiling procedure that identifies and refers those UI claimants who have high probability of being dislocated workers and needing reemployment assistance. UI can provide profiling at a relatively low cost, thus allowing ES and JTPA to focus only on those claimants who are likely to need reemployment services.

Creating a workable profiling procedure essentially involves three steps:

- (1) developing a set of profiling criteria that can be used to determine which claimants meet the definition of a "dislocated worker" (i.e., a dislocated worker profile);
- (2) identifying and/or developing data sources that will provide the specific data items required to operationalize the dislocated worker definition; and
- (3) developing a procedure for selecting claimants who meet the dislocated

worker profiling criteria out of the general population of UI claimants.

A number of possible criteria exist that can be used to determine which claimants are likely to be dislocated workers. Some possible profiling criteria include:

- (1) permanent separation of the worker from their pre-layoff job or the absence of a definite date of recall to that job (e.g., Maryland uses an indicator of whether or not the claimant is job attached under their Fast Track program);
- (2) the tenure of the worker in the pre-layoff job as an indicator of substantial attachment to that job (e.g., the Florida Training Candidate Program, which operated on a pilot basis, used 18 months of tenure with the pre-layoff employer. Florida is proposing to implement a statewide Training Investment Program based on the results of the Training Candidate Program);
- (3) the fact that the worker's separating employer was in a declining industry, based on that employer's SIC code;
- (4) whether or not the worker's pre-layoff job was in a "demand occupation," based on the claimant's DOT code (e.g., New York uses a classification of claimants according to occupation and labor market demand for that occupation); and
- (5) the fact that the worker was laid off as part of a identifiable plant closing or mass layoff.

Sources of data for determining whether claimants meet the dislocated worker profiling criteria include the UI initial claims form (either with or without additional data items); supplementary intake forms developed specifically to gather additional data items; and the BLS Mass Layoff Report, which could be used to identify individuals who are impacted by employer layoffs of generally 50 or more workers. The UI initial claims form is often a particularly rich source of information for profiling dislocated workers, and is used by a number of States for that purpose.

The procedure for selecting claimants who meet the dislocated worker profiling criteria out of the general UI population can be implemented one of two ways. One option is to automate the selection procedure, so that a selection program running on the State's mainframe computer will generate a list of profiled claimants. Kansas uses its State mainframe computer system for profiling dislocated workers. Given the volume of UI claims in most States--especially as unemployment increases--this might be a particularly cost-effective option.

Alternatively, this selection procedure can be handled manually. Possible options for handling this procedure manually include having UI claims takers identify claimants who meet the dislocated worker profile at the time of initial claim filing or having in-person

interviews with claimants at some point in the claims series, perhaps as part of the early eligibility reviews under the Eligibility Review Program (ERP). Idaho uses ERP interviews to identify individuals appropriate for dislocated worker services.

### (B) UI Referral Mechanism

The second key element for establishing linkages between UI, ES, and JTPA is the mechanism that UI will use for making systematic referrals of profiled claimants to ES and/or the JTPA substate grantee that administers the EDWAA program. There are several possible mechanisms that the UI program can use for making those referrals.

Possible options involve automating the referral process, these include: include: producing an automated listing of profiled claimants that is transmitted to ES and/or EDWAA staff, and sending a computer-generated referral letter directly to profiled claimants to inform them of when and where to report to find out about reemployment service options. In Nebraska, UI provides weekly and monthly reports to JTPA based on claim information identifying individuals who are potential dislocated workers, which JTPA then uses to contact those claimants.

Other options involve incorporating an in-person referral process into the first payment or initial claims procedures. Some possibilities include: having UI claims takers send profiled claimants to an interviewer, who would then explain available reemployment service options to them and make the referral, or making referrals as part of the Benefit Rights Interview. Arkansas determines whether or not claimants are permanently laid off at the Benefits Rights Interview (BRI), and if so, refers them to ES. Another option would be to build the referral process into an existing in-person interview, such as interviews conducted by States under the ERP.

### (C) ES/EDWAA Referral Acceptance Mechanism

The third key element in the linkage process is the mechanism by which the JTPA Agency that administers the local EDWAA program accepts the referrals of dislocated claimants made by UI. This linkage is particularly critical because this is often the point at which claimants tend to "slip through the cracks" between programs. They are referred but the connection is never made.

Again, there are several possible approaches that ES and EDWAA substate grantees can use for ensuring the systematic receipt of referrals from UI. Perhaps the simplest option for acceptance of referrals from UI is to have profiled claimants report to a designated staffer in the ES office and/or the EDWAA substate grantee's office.

This staffer would serve as the initial point of contact for profiled claimants, would provide claimants with information about available reemployment services, conduct an

assessment of the claimant's employability needs, and help them choose an appropriate service option. In Rhode Island, UI refers eligible dislocated workers to ES, where an interviewer explains service options, conducts an initial assessment, and refers the individual to EDWAA (if necessary). Other possible mechanisms include incorporating a review of reemployment service options into the ES work registration process or conducting a group orientation session for all profiled claimants referred during a particular time period.

The acceptance of referrals from UI is typically an easier process for ES than for EDWAA. Local ES offices tend to be located in same building with, or nearby, local UI offices; EDWAA substate grantees' offices are generally not located in close proximity to local UI offices. If either the EDWAA or ES offices are not located near the UI office, some claimants may never get to those offices to receive services.

The likelihood that referrals will be successfully completed can be increased significantly through one of two options: collocation of UI, ES, and JTPA, or outstationing an EDWAA or ES staffer at the local UI office. The co-location of UI, ES, and EDWAA offices provides a one-stop facility where claimants can go to meet their employment and training needs. In South Dakota and Washington State, staff from the UI, ES, EDWAA, and TAA programs are co-located in the Job Service offices around the State. (New York is also in the process of co-locating its offices as well). With either of these options, the referral can be completed before the individual leaves the office.

#### (D) Reemployment Services to Profiled UI Claimants

The fourth key element in the linkage process is the reemployment services that are made available to profiled UI claimants from the EDWAA, ES, and TAA programs. Obviously, the type(s), quantity, quality and timeliness of available reemployment assistance will have a major impact on the success of any effort aimed at establishing interprogram linkages.

Reemployment services provided by ES and JTPA should aim to provide a variety of different options for profiled claimants, in order to meet their varied employability needs. At a minimum, reemployment services will need to include both:

- (1) job search and placement assistance, to provide individuals who have marketable skills with the tools and support that they need to find suitable employment, and
- (2) job training programs, to assist individuals who lack marketable skills to acquire new skills (or upgrade their existing skills) in an occupation that is in demand in their local labor market.

Nevada, for example, has implemented an early intervention program, the Claimant

Employment Program (CEP) to focus counseling and placement services provided by ES, and training programs provided by JTPA, on UI claimants by their fourth week of UI benefits.

Other types of reemployment assistance can also be provided to profiled claimants. These include such services as allowances for out-of-area job search, relocation assistance, educational programs, and entrepreneurship assistance to help individuals to become self-employed.

#### (E) Information Exchange Between UI, ES, and JTPA

The fifth and final key element in establishing interprogram linkages is the process by which information on profiled claimants will be communicated between the UI, ES, and JTPA programs. At a minimum, ES and JTPA staff will need the names of profiled claimants, contact information (e.g., addresses and phone numbers), and possibly background information (e.g., previous occupation), so that they can contact those claimants to provide them with information about available reemployment services. At a minimum, UI staff will need feedback from ES and JTPA on the current status of those claimants referred to the EDWAA program--those claimants who enter employment, participate in job search activities, or are enrolled in State-approved training programs--in order to make accurate determinations regarding their continuing eligibility for UI benefits.

There are a wide variety of options that can be used to facilitate the exchange of information between UI, ES, and JTPA. These options generally fall into two categories: manual processes and automated processes.

The manual approach relies on standard forms that provide information on profiled claimants. Typically this approach includes two forms:

- (1) a UI referral form sent to ES/JTPA that provides names and contact information for profiled claimants (and, possibly, claimant background information as well, e.g., previous occupation); and
- (2) an ES/JTPA feedback form returned to UI on a periodic basis that provides the current status of profiled claimants (e.g., entered employment, enrolled in training) and a record of the services that claimants have received to date.

The automated approach relies on one or more computer systems to provide the same types of information. Some options build on existing computer systems, such as State UI benefit systems, while others create new systems specifically for the purpose of tracking dislocated workers. For example, Minnesota has developed a statewide dislocated worker tracking system that is part of the UI initial claims/benefit payment system; the

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state job training office database is transferred into this database on a monthly basis, which provides information on dislocated worker services. Some options allow for a common database, which can be accessed by all agencies, while others provide for the transmission of specified data between separate computer systems. For example, Illinois has recently implemented an initiative which simply provides JTPA Substate Area staff with on-line access to the state benefit information system.

There are any number of possible alternative mechanisms for information exchange between UI, ES, and JTPA. The most important point is to make certain that each program has timely access to the information that it needs to carry out the activities that it needs to perform to promote the reemployment of dislocated UI claimants.

### *III. MANAGEMENT LINKAGE MECHANISMS AND FUNDING*

In Section II, the five key elements in the UI-ES-JTPA linkage process are reviewed. In addition to these key elements, there are a number of other linkage mechanisms that, while not absolutely necessary to promote interprogram linkages, can be used to strengthen the overall management of interprogram efforts aimed at profiling, identifying, and serving dislocated UI claimants. Of course, there is the issue of how to fund linkage program efforts.

There are a number of possible options for strengthening the overall management of linkage efforts. These management linkage mechanisms include: establishing a common intake process, including a common form that can be used by all agencies (e.g., Utah is currently developing a common intake form); cross-training of staff (several States have cross-trained UI and ES staff); a central program coordinator or coordination team (with UI, ES, and EDWAA program coordinators) that has overall responsibility for the linkage effort; and rapid response teams (with staff from each program) that respond to plant closings and mass layoffs.

An important consideration for establishing UI-ES-JTPA linkages to identify and serve dislocated UI claimants is the source of funding that will be used to support the linkage effort. Possible sources of funding include: EDWAA funds; TAA administrative funds (where services are being provided to TAA-eligible workers); Wagner-Peyser funds; special UI funds, such as state penalty and interest (P&I) funds or funds from special payroll taxes; and state general revenue funds.

Some examples of how states have funded linkage efforts include: Rhode Island, which taps a variety of funding sources, including EDWAA and TAA funds; Nevada, which funds its Claimant Employment Program (CEP) through a .05 percent payroll tax; and Colorado, which has set aside 10 percent of its Wagner-Peyser funds for staff who are providing dislocated worker assistance. Massachusetts also funded a reemployment assistance program for UI claimants, called Employment Express, through an employer surtax targeted for this purpose.



#### *IV. CONCLUSION*

There are a number of alternative options for implementing each of these key linkage elements, as well as for funding these efforts. States should carefully consider their own environments when determining which option(s) would work best for implementing each of the elements necessary for establishing effective UI-ES-JTPA linkages.

Whatever options States decide to use, it will be important to ensure that all of the pieces fit together into a workable whole. That way, when linkages between UI, ES, and JTPA are successfully implemented, what the dislocated UI claimant will see is not a confusing variety of different programs, **but a single, comprehensive system**--one that is working to provide them with assistance to meet their individual employability needs, so that they can return to productive employment.

*I. IDENTIFICATION OF THE TARGET POPULATION*

**A. Profiling Criteria**

**1. Permanent Separation/Recall Date**

**RI:** Claimants with no date of return to pre-layoff employer, after receiving 12 weeks of Unemployment Insurance are given a menu of services provided through the Economic Dislocation and Worker Adjustment Assistance program.

**FL:** All claimants who are on a permanent layoff and worked for their separating employer for 18 months or more are flagged in the tracking system as possible candidates for Economic Dislocation and Worker Adjustment Assistance training program.

**NE:** Unemployment Insurance provides weekly and monthly computer reports to JTPA based on claim information identifying those claimants with a recent lack-of-work separation, and those who have received benefits for eight or thirteen weeks.

**NC:** Claimants with layoff notices are screened to determine Economic Dislocation and Worker Adjustment Assistance eligibility.

**NY:** As part of the Employment Review program (ERP) claimants are classified according to criteria such as, the occupation and labor market demand for that occupation, and the likelihood of claimants' rehire by a former employer.

**2. Tenure on Pre-Layoff Job**

**FL:** Claimants who worked for their separating employer 18 months or more.

**3. Pre-Layoff Occupation/Dictionary of Occupational Titles (DOT) Codes**

**NY:** Under the ERP program, an employment registration is created by the Employment Service through the Assignment and posting of claimant DOT codes. Claimants are also classified according to occupation and the labor market demand for that occupation.

**4. Unemployed Due to a Plant Closing/Mass Layoff**

#### EXAMPLES OF STATE LINKAGES AND COORDINATION PROGRAMS

**NJ:** The State response team provides onsite claims taking and registration/certifications services to workers unemployed due to plant closings.

**MD:** Rapid Response Team tries to avert or moderate the closure or layoff with the assistance of various units within the Maryland Department of Labor.

**OH:** Unemployment Insurance provides on-site registration or mail-in options to help facilitate the filing of initial applications.

**VA:** Opportunities are provided for convenient and expedient registration of workers affected by plant closings and layoffs.

#### 5. Declining Industry (SIC Code)

### B. Sources of Profiling Data

#### 1. Unemployment Insurance Initial Claims Form

**GA:** Unemployment Insurance identifies potential dislocated workers through use of occupation and industry codes. Claimants are then coded for entry into the Unemployment Insurance claim file.

#### 2. Supplementary Form

**MD:** The "Fast Track" program uses data from a supplemental form that is filed with the individual's initial claim. UI staff use information regarding the claimant's work history to determine whether or not the individual is job attached. Claimants who are coded as "not job-attached" are identified as potential dislocated workers and referred to reemployment services immediately upon filing for benefits.

**OK:** All Unemployment Insurance claimants complete a referral questionnaire that essentially asks what training or other services they either need or are interested in receiving.

**WY:** The form WYO 109 Registration Record is also used to forward Unemployment Insurance claimants applying for benefits to Employment Service for appropriate services.

#### 3. BLS Mass Layoff Report

4. In-Person Questioning/Interviews

C. **Identification and Selection Process**

1. Automated Selection by State Mainframe Computer

CT: The Unemployment Insurance system identifies any worker who has collected ten weeks of unemployment insurance benefits.

AL: Employment Service has been provided inquiry capabilities permitting access to Unemployment Insurance files for purposes of referring eligible JTPA applicants to JTPA programs.

MT: A system to identify claimants who are on permanent layoff or unemployed 15 weeks or longer will be implemented.

FL: All claimants who are flagged as on permanent layoff that report to claim their first compensable week are identified as potential training candidates and placed in a file to be read weekly by the local SDA.

2. Unemployment Insurance Claims Takers Identify at Initial Claims Filing

FL: Claimants filing for Unemployment Insurance who are on a permanent layoff and worked for their separating employer for 18 months or more are flagged in the system as possible candidates for an Economic Dislocation and Worker Adjustment Assistance training program.

KS: A set of dislocated workers criteria from the State's UI initial claim form are used to prescreen claimants to determine which ones are potential dislocated workers based on the eligibility criteria for the EDWAA program. Key criteria include unemployment as a result of plant closings or mass layoffs without recall. Claimants who meet these or other EDWAA criteria (e.g., dislocated farmers and ranchers) are referred to the Job Service for registration and an orientation about dislocated worker services available under the EDWAA program.

3. Individual Interview (e.g., Eligibility Review Program Interviews (ERPs))

NY: The Periodic Eligibility and Employment Review (PEER) program provides for the classification of claimants according to such

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criteria as occupation and labor market demand for that occupation, and the likelihood of claimants' rehire by a former employer. Frequency of scheduling for ERP and call-in was set according to occupational demand, and claimants' previous efforts to seek work.

- VI: Unemployment Insurance Eligibility Review Coordinator refers claimants unemployed for ten weeks to JTPA. —
- DC: Unemployment Insurance local office staff who conduct ERP interviews also identify individuals who appear to be eligible for the Dislocated Worker Program.
- DE: Unemployment Insurance refers unemployed workers to the Employment Service via the ERP.
- FL: If a claimant is referred to Job Service, the automated system will return the claimant to the ERP and schedule an in-person report in three weeks to follow-up on the results of the Job service visit.
- OK: Unemployment Insurance claimants are scheduled for an Eligibility Review after exhausting 50% of their unemployment insurance benefits.

#### 4. Regularly Generated Reports

- CT: Data Processing unit in central office generates weekly and monthly reports on employer, employee labor data to aid JTPA in identifying dislocated workers. This includes a master list of individuals who have collected ten weeks of benefits, which is used to call in claimants to discuss possible JTPA services and benefits.
- NM: The Unemployment Insurance will produce a listing of those individuals who have reached their fifteenth week of unemployment.
- KS: The Unemployment Insurance automated system generates weekly reports identifying claimants who have received Unemployment Insurance benefits for 15 consecutive weeks or longer.

**II. MECHANISMS FOR UNEMPLOYMENT INSURANCE REFERRAL OF TARGETED CLAIMANTS**

**A. Automated Referral Listing Sent to Employment Service or Economic Dislocation and Worker Adjustment Assistance Staff**

**CT:** Lists of workers who have collected ten weeks of Unemployment benefits are provided to both Unemployment Insurance and Job Service, by the data processing unit, so that they can be called in to discuss possible JTPA Title III services and benefits.

**MA:** The Department of Employment and Training provides the Industrial Service Program with lists of claimants from specific plant closings for marketing and outreach purposes.

**DC:** A weekly list of Unemployment Insurance claimants who have collected their tenth week of benefits is forwarded to the Job Service.

**FL:** Training Candidate Program for dislocated workers project identifies Unemployment Insurance claimants who meet the definition of a dislocated worker and direct these claimants to the local SDA's by the third week of their unemployment claim. The program is an automated process requiring little manual intervention.

**TN:** The Tennessee Department of Employment Security provides the Tennessee Department of Labor with a weekly listing of claimants certifying for their 13th week of Unemployment Insurance benefits.

**NM:** Unemployment Insurance will produce a listing of those individuals who have reached their fifteenth week of unemployment. The listing will be provided to the Employment Service.

**OK:** A weekly list is generated for each local office Unemployment Insurance coordinator in Employment Service that gives the SSN, name and occupation code for any claimant that files for his/her first week of benefits. A weekly list is generated for the Employment Service's Veterans Representative on UCX Claimants that file and receive their sixth week of benefits.

**MO:** The Department of Employment Security will provide a list of claimants who have claimed 15 weeks and a list of claimants age 55 or older. These monthly lists will be forwarded to the Employment Service staff person assigned to the SDA, who is funded by the State job training

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office.

- KS: Unemployment Insurance can generate weekly reports identifying employers against which 25 or more initial claims have been filed during a given period, and identifying claimants who have received Unemployment Insurance benefits for 15 consecutive weeks or longer.
- CO: Unemployment Insurance provides a listing to JTPA, upon request, of clients involuntarily unemployed for 15 weeks or longer.
- NE: Unemployment Insurance provides weekly and monthly computer reports that are sent to JTPA, based on claim information identifying those claimants with a recent lack-of-work separation, and those who have received benefits for eight or thirteen weeks.
- DC: A weekly listing of claimants who have collected their tenth week of benefits is forwarded to Job Service.

**B. Automated Referral Letter Sent to Claimants**

- FL: Data systems prepare a notice, for selected UI claimants, advising them of the services offered by the SDA and an appointment time to report for an orientation meeting.
- KS: The Unemployment Insurance automated system can produce follow-up letters to all claimants who are prescreened as potential dislocated workers to ascertain if they have availed themselves of the services. Letters referring claimants who are potential dislocated workers to the available services can also be produced.
- SD: A notice of employment and training opportunities under Economic Dislocation and Worker Adjustment Assistance program is sent to all Unemployment Insurance recipients who have drawn fourteen weeks of benefits.

**C. In-Person Referral at Group Orientation Session  
(e.g., Benefit Rights Interview)**

- VI: Claimants are advised at the Benefit Rights Interview of the services provided by JTPA and Job Service. Those claimants who have been unemployed for ten weeks and have been unable to find suitable employment will be referred to JTPA.

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- RI:** An orientation workshop conducted by staff from the Employer Relations Unit, Job Service, Unemployment Insurance, and a representative of the Service Delivery Area provides information regarding delivery of services and to facilitate transition to reemployment.
- TN:** The Tennessee Department of Employment Security (TDES) increases workers' awareness of the Economic Dislocation and Worker Adjustment Assistance program through the Unemployment Insurance BRI. Workers found to be job ready at the time of their initial interview with TDES are offered intensive reemployment assistance which includes a prepared job application, appropriate responses to job interviews, and a structured work search, all contracted services provided through TDES to further the efforts of the TDOL administering the EDWAA program.
- AR:** Unemployment Insurance claims interviewers, during the initial BRI interview, will determine whether claimants have been permanently laid off. If so, and they are interested in training, they will be referred to ES.

**D. In-Person Referral at Initial Claim/First Payment**

- MA:** Dislocated workers are referred to the Worker Assistance Center by the Department of Employment and Training local office.
- MS:** When individuals report to the local Unemployment Insurance office to file a Trade Readjustment Allowance claim, they are referred to the Employment Service to apply for TAA services.
- KS:** Upon completion of the initial claim application, individuals identified as potential dislocated workers are referred to Job Service for registration.
- SD:** Workers identified by Unemployment Insurance representatives as dislocated workers are referred to the appropriate Economic Dislocation and Worker Adjustment Assistance or Trade Adjustment Assistance representative.
- IL:** Illinois Department of Employment Security staff refer claimants directly to SDA/SSA. The SDA/SSA may also identify and contact claimants through automated access to IDES Unemployment Insurance administrative data.



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**ID:** Claimants are verbally informed of Economic Dislocation and Worker Adjustment Assistance, TAA, and employment services during the initial claims process. The Unemployment Insurance system notifies potential clients of all Department of Employment services and assists claimants in filing applications for TAA.

**E. In-Person Referral at Individual Interview**

**DC:** Unemployment Insurance local office staff who conduct ERP interviews also identify individuals who appear to be eligible for the Economic Dislocation and Worker Adjustment Assistance Program.

**WY:** The ERP is used as a tool for referring claimants to Employment Service for additional services.

**F. Data Base Query Capabilities**

**AL:** The Employment Service has been provided inquiry capabilities to access Unemployment Insurance files for purposes of referring eligible JTPA applicants to JTPA programs.

**IL:** SDA/SSAs have automated access to Illinois Department of Employment Security's unemployment insurance administrative data.

**ID:** Economic Dislocation and Worker Adjustment Assistance staff have access to automated reports from the Unemployment Insurance system they use for outreach purposes to identify dislocated workers.

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**III. MECHANISMS FOR EMPLOYMENT SERVICE (ES)/ECONOMIC DISLOCATION AND WORKER ADJUSTMENT ASSISTANCE (EDWAA) ACCEPTANCE OF UNEMPLOYMENT INSURANCE REFERRALS**

**A. Employment Service Registration Process**

MI: The Michigan Employment Security Commission provides on-site Job Service applications and/or Trade Readjustment Allowance applications, Employment Service reemployment assistance and information on available resources to aid dislocated workers.

MI: All Unemployment Insurance claimants file a Job Service application before benefits can be paid.

OK: The Employment Service or JTPA receives a referral questionnaire submitted by Unemployment Insurance.

**B. Group Orientation Session**

WA: Economic Dislocation and Worker Adjustment Assistance counselors are a part of the Unemployment Insurance group application process and make presentations on the Economic Dislocation and Worker Adjustment Assistance program.

**C. Co-Location of UI with ES, JTPA and other Service Providers  
(Taken from the 1989 Compendium of State Unemployment Insurance Operation, Organizations, and Relationships)**

1. The following State UI offices are Co-located with the Employment Service only:

Alabama, Alaska, California, District of Columbia, Georgia, Hawaii, Maryland, Michigan, Mississippi, New York, Ohio, Puerto Rico, Rhode Island, Tennessee, Virginia, West Virginia, Wisconsin, and Wyoming.(19)

2. The following State UI offices are Co-located with the Employment Service and JTPA only:

Delaware, Florida, Idaho, Indiana, Kentucky, Louisiana, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Dakota, Oklahoma, South Carolina, Utah, and Vermont.(17)

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3. The following States UI offices are Co-located with the Employment Service and other service agencies:

Arizona, Connecticut, Illinois.(3)

The following States UI offices are Co-located with the Employment Service, JTPA and other service agencies:

Arkansas, Iowa, Kansas, Maine, Massachusetts, Minnesota, New Hampshire, North Carolina, Oregon, Pennsylvania, South Dakota, Texas, and Washington.(13)

**D. Outstation EDWAA/ES Staffer at Unemployment Insurance Office**

MO: One Employment Service technician to be outstationed in each of 15 SDAs.

PR: One JTPA staff member is located on site in Unemployment Insurance/ Employment Service offices.

**E. Designate EDWAA/ES Staffer as Initial Point of Contact**

*IV. REEMPLOYMENT SERVICES FOR TARGETED CLAIMANTS*

**A. Job Search and Placement Assistance**

MD: "Fast Track" Eligibility Review Program provides services through Unemployment Insurance that include registration with Job Service, advice on job hunting, referrals, job development, and follow-up.

WI: The "ES Services to UC Claimants" project provides for a 6-hour workshop on reemployment services and job-seeking skills conducted by Job Service staff for selected UC claimants identified and referred by local UC staff.

**B. Job Training Programs**

NH: The Department of Employment Security (DES) will assess each initial unemployment insurance claim to determine a claimant's eligibility for services as a dislocated worker. Dislocated workers determined to be "not job ready" will be assisted by DES in developing a realistic job goal and training plan.

**C. Other Reemployment Services**

ID: The AFL-CIO's I-WON program offers job search assistance workshops, vocational counseling, classroom training, on-the-job training, out-of-area job search and relocation assistance, supportive services and job development and placement services to dislocated workers.

WA: The Claimant Placement Project targets new claimants who have immediate prospects for employment for intensive, specialized employment services. Participants are provided with assistance in developing an individualized plan for seeking employment along with workshops teaching job search skills, assistance in contacting employers for unadvertised job openings and screening, and referral to available job openings.

CT: Unemployment Insurance assists JTPA in supplying documentation that dislocated workers need to apply for financial aid under the Federal Higher Education Act.

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V. **INFORMATION EXCHANGE MECHANISMS**

A. **Unemployment Insurance Benefits Data Sharing**

DE: The Unemployment Insurance Division cross matches automated claimant files between Unemployment Insurance and Employment Service to verify claimants' work registration status.

IL: At the beginning of each month, the Illinois Department of Employment Security provides the Department of Commerce and Community Affairs (DCCA) with an extract of all unemployment insurance claims filed during the prior 12 month period. DCCA reformats this data and transfers it to a separate disk for each Substate Area(SSA)/SDA.

B. **Shared Databases**

AZ: Job Service and JTPA are provided with access to the Unemployment Insurance computer files. They use these files for assessing the value of placement and training services provided.

IL: SDA/SSA staff identify and contact individuals through automated access to the Illinois Department of Employment Security Unemployment Insurance administrative data. IDES and DCCA are working with a few SDAs/SSAs to develop a pilot project which will give IDES local offices on-line access to the state JTPA management information system. IDES will give the SDAs/SSAs limited on-line access to the Benefit Information System, specifically to the Monetary Determination and Wage Inquiry screens, which are useful in determining a claimant's eligibility for EDWAA services, and the Employer Name Inquiry function, which will help to verify the identity of a company from which the client was dislocated. IDES is working on utilization of its employer and claimant databases to assist DCCA with special mailings on EDWAA and WARN.

C. **Claimant Tracking Databases**

IL: IDES and DCCA are working with a few SDAs/SSAs to develop a pilot project which will give IDES local offices on-line access to the state JTPA management information system for purposes of tracking IDES referrals to JTPA service providers. DCCA is developing a longitudinal dislocation event tracking system. The IDES Employment Tracking System is a longitudinal database that draws on the wide range of work-related data collected and stored for the administration of the Unem-

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ployment Insurance and Job Service programs.

**MN:** A State-wide tracking system that was designed as part of the Initial Claims/Benefit payment system allows for a permanent record of services provided to each dislocated worker identified in Minnesota. Once a month the PC data base of the State Job Training Office is dumped into the Initial Claims/Benefit Payments data base to identify the services provided to dislocated workers by contracted vendors.

**NY:** On-line reporting systems have been installed which permit monitoring PEER program data and accomplishment by individual UI offices, regions and the State as a whole.

**D. Use of the Bureau of Labor Statistics (BLS) Mass Layoff Survey (MLS)**

**IL:** IDES produces a monthly mass layoff report listing all employers with 20 or more unemployment insurance claims filed against them in the past thirty days.

**VA:** The Displaced Worker Unit notifies the appropriate Unemployment Insurance staff whenever there is a mass layoff or plant closing affecting 50 people or more within 48 hours of receiving notification.

**ID:** The Idaho Department of Employment (IDOE) produces a monthly mass layoff report listing all employers with 20 or more Unemployment Insurance claims filed against them in the past 30 days.

**E. Electronic Mail Systems**

**AZ:** Electronic mail is used to advise Unemployment Insurance, Job Service, and JTPA staff statewide of plant closures, layoffs and other Economic Dislocation and Worker Adjustment Assistance/Rapid Response activities.

**F. Employer Service Participation Database**

**IL:** IDES utilizes its employer and claimant databases to assist Department of Commerce and Community Affairs (DCCA) with special mailings on Economic Dislocation and Worker Adjustment Assistance and WARN.

**G. Reports**

**CT:** The Research and Information Unit provides weekly and monthly

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reports on the number of dislocated workers and local labor market conditions, as well as the number of claims filed, paid and exhausted. The Data Processing Unit in the Central Office generates weekly and monthly reports on employer and employee labor data to aid JTPA in identifying dislocated workers. The report includes numbers of dislocated workers and local labor market conditions, as well as the number of claims filed, paid, and exhausted.

- IL: IDES will experiment with releasing new employer data collected by its Revenue Division and stored in the Contributions Tax System. IDES will provide this information to DCCA on a monthly basis for use by SDAs/SSAs for job development and other employment-generating activities.
- OK: A weekly list is generated for each Local Office Unemployment Insurance Coordinator in the Employment Service that gives the SSN, name, and occupation code for any claimant that filed for his/her first week of benefits. This allows ES to update their files with claimant data and help in file searches for job referrals.
- KS: The Unemployment Insurance automated system uses initial claims data to generate weekly reports identifying employers against which 25 or more initial claims have been filed during a given period of time. This information is used to assist JS, JTPA, and the Dislocated Worker and Rapid Response Unit in processing dislocated workers.

**VI. MANAGEMENT LINKAGE MECHANISMS**

**A. Common Intake Form/Common Intake Process**

**VI:** The "Employment and Training Application" will be used jointly by Job Service and JTPA as an initial link.

**TN:** The Tennessee Department of Employment Security provides joint intake of Unemployment Insurance claims, registration with Employment Service, and as a contracted service, certification under the Economic Dislocation and Worker Adjustment Assistance program.

**B. Central Program Coordinator/Team**

**IA:** Each department director or designee appoints a staff liaison to facilitate communication and cooperation between the departments.

**ND:** Job Service North Dakota administers the EDWAA, Employment Service, TAA, Unemployment Insurance and various other federal programs. Therefore, all selection, referral and coordination of program services is an internal function of each local office, working under the administration of a single agency administrator.

**AZ:** Unemployment Insurance special programs unit staff work closely with Job Service staff in processing payments for TAA training, job search and relocation allowances. Unemployment Insurance staff at the local office and central office level have participated with Job Service/JTPA staff in meetings and conferences involving planning, discussing, or training on Economic Dislocation and Worker Adjustment Assistance activities, procedures, and issues.

**NV:** Claims offices are staffed by both Employment Service and Unemployment Insurance personnel under the direction of mutually-funded managers who report to both Employment Service and Unemployment Insurance administrators.

**ID:** The Idaho Department of Employment (IDOE) is the state's Dislocated Worker Unit and the state JTPA administrative entity. The IDOE is also responsible for administration of the Unemployment Insurance system, the Employment Service labor exchange function, labor market information, veterans programs, and the TAA program.

**NH:** The Department of Employment Security/Dislocated Worker Unit



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coordinator's prime responsibility will be to coordinate Unemployment Insurance and Employment Service and serve as a liaison with all other appropriate agencies.

**C. Cross-Trained Staff**

**NY:** All field personnel are being cross trained to provide both Unemployment Insurance and Employment Service labor exchange services.

**IL:** Illinois Department of Employment Security and SDA/SSA staff who actually perform referral functions will be cross-trained.

**SD:** Local Job Service office staff receive training for both the Unemployment Insurance and Employment Service programs, and in some offices, staff are cross trained for full delivery of each program.

**ND:** All staff are cross-trained on EDWAA, Employment Service, TAA, and Unemployment Insurance programs.

**D. Rapid Response Teams**

**CT:** Affected companies are contacted by a member of the Rapid Response Team via WARN procedures.

**MA:** The Department of Employment and Training and the Industrial Services Program jointly sponsor a system of localized Rapid Response Teams which intervene whenever significant layoffs occur.

**MD:** The Rapid Response Team will try to avert or moderate plant closure or layoff with the assistance of various units within the Department such as the Office of Technology, Business and Industrial Development, various financing programs or other State and local economic development agencies. If the layoff cannot be prevented, the DWU coordinates services with various State and local organizations to offer training, counseling, educational remediation and a variety of other services. Unemployment Insurance and Employment Service representatives are included on this team.

**DE:** The Rapid Response team includes Unemployment Insurance and Employment Service staff.

**AL:** A position has been established in Unemployment Insurance to provide a liaison with the rapid response team and the Economic Dislocation

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and Worker Adjustment Assistance program.

- OH:** Unemployment Insurance will provide on-site registration or mail-in options to help facilitate the filing of initial applications.
- TX:** Through membership and participation in the Texas Rapid Response Unit, the Texas Employment Commission is able to coordinate from State and local levels Employment Service and Unemployment Insurance activities with the programs of JTPA and Trade Adjustment Assistance at the State and local levels.
- NE:** Local Unemployment Insurance staff provide JTPA with any available advance information concerning layoffs, and provide the actual Unemployment Insurance involvement in the rapid response as appropriate.
- UT:** The State Dislocated Worker Unit will support and coordinate rapid response activities with: dislocated worker survival workshops; job search workshops; counseling for referral and for participant advocacy; establishment of joint labor/management layoff work force reduction committees, where appropriate; and technical assistance to businesses and communities affected by closings or major layoffs.
- MT:** Rapid response services are provided by Job Service in 23 local offices. Job Service, Unemployment Insurance and/or JTPA Title III program specialists identify and refer dislocated workers to these services.

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**VII. FUNDING SOURCES**

**A. Economic Dislocation and Worker Adjustment Assistance Funds**

In general EDWAA funds can be used for administrative activities involving coordination with the UI program.

**B. TAA Funds**

RI: The Department of Employment and training will use TAA funds to provide suitable training for Trade-eligible individuals. The Service Delivery Areas and Project STEADY will co-mingle their sources of funding, where feasible.

**C. Special Unemployment Insurance and other Funds (e.g., P&I Funds, Special Payroll Taxes)**

NV: The Claimant Employment Project is funded through a .05% payroll tax.

WA: Claimant Placement Program funding is provided through a special tax of 0.02 percent on employer payrolls, with an offsetting reduction in unemployment insurance tax rates of 0.02 percent for most employers.

**D. State General Revenues**

RI: In instances where intake, assessment and other related activities have taken place through the SDAs prior to a company being "trade certified", the Department of Employment and Training agrees to pick up the additional cost of training.

**E. Other**

CO: The Colorado Department of Labor and Employment (COLE) has set aside 10% Wagner-Payser funds for COLE's staff who will be involved in providing layoff assistance.

**B. COORDINATION AND LINKAGES BETWEEN UNEMPLOYMENT  
INSURANCE, JOB SERVICE, AND THE JOB TRAINING  
PARTNERSHIP ACT NETWORK**

by Ruth M. Thompson  
Region IV

Coordination and Linkages  
Between Unemployment Insurance, Job Service, and the  
Job Training Partnership Act Network

Over the years, the Department of Labor has encouraged coordination among the human service delivery systems of Unemployment Insurance (UI), Job Service (JS), and the Job Training Partnership Act (JTPA) network, in order to obtain optimal benefit from in-place delivery systems.

Particularly now, due to the requirements of EDWAA (Economic Dislocation and Worker Adjustment Assistance) legislation which the Department sponsored, there is considerably more focus on the issue.

EDWAA is legislation under Title III of the JTPA designed to provide assistance to workers displaced from declining industries or occupations whose skills have become obsolete.

The EDWAA program provides skill assessment, job search assistance, counseling, retraining, and relocation assistance to targeted individuals.

The legislation is strong on coordination in order to facilitate the exchange of information between agencies, increase referrals and avoid duplication of services.

Understandably, the UIS is viewed as the potential hub of any service activity for dislocated workers because the claims office sees them first.

Creative utilization of the UIS offers great potential to reach displaced workers as they flow through the UI system.

Although linkages exist, they are weak because goals of agencies are different.

UI views its role to process claims, make payments timely and accurately, and to collect employer tax due to Federal mandates for performance in these functions. Significantly lower priority is given to helping claimants leave UI rolls; referring them to reemployment services or training; evaluating barriers to reemployment or establishing linkages between other agencies.

JS, on the other hand, is concerned about placement credit, of which none is received for JTPA referrals. There is a lack of effective referral due to the absence of staff training in the types of JTPA programs available and eligibility requirements for these programs. In addition, there are no procedures for testing clients to identify training needs.

Each agency has a tendency to sell its own services, with a lack of a coordinated system to provide a mix of services or for assessing the needs of clients.

There have been attempts to foster coordination through provision for coordination in agency plans. They have been addressed in the JTPA program's State Job Training Plan or Governor's Coordinated Special Services Plan, UI's Program Budget Plan, and JS's State Employment Security Plan. Generally, these plans contain statements for interagency agreements for reciprocal services on a statewide basis or require that local agencies enter into financial or non-financial agreements for services to each other (for outreach, cross referral, recruitment, direct reemployment or training services or placement).

Unfortunately, these agreements are largely statements of intent, and fail because they are: 1) not strictly enforced or monitored, by either Federal or State officials; 2) they don't address the underlying problems of a) competing priorities and goals of agencies involved, b) concern about placement credit and performance standards and competition to recruit and place clients and c) they do not make it easier for clients to gain access to a variety of services (there are no provisions for cross training of staff of the services or eligibility requirements of the other agency's programs).

Admittedly, attempting collaboration in this type of network can be complex; however, there are systems that show promise of making a difference.

For example, Washington State has a Claimant Placement Program which offers rapid reemployment services in 20 of 42 Job Service Centers. They help claimants with developing work search plans, assist them in developing skills for effective job search, assist in resume preparation and various other services. The State Employment and Training System assists workers facing barriers in 23 of 42 Job Service Centers by stationing staff who are cross trained about JTPA services in UI/JS offices.

New Jersey completed a demonstration project involving the identification of claimants likely to need additional reemployment services or training by information obtained during the claims process. After identification, claimants were screened and referred to appropriate training services.

This year the Florida State Employment Security agency approached DOL with a project proposal to identify and refer dislocated workers to reemployment and training services through an integrated automated system.. Initiated by UI, the program is seeking to test the assumption that UI is a good source of training candidates, and a viable means to identify and refer eligible individuals to training.

The program involves the joint participation of the UI, JS, and the JTPA network.

This program allows for the early referral of claimants who are not job ready and provides the JTPA network with an opportunity to place more individuals in training. Ultimately, it strengthens the linkages between UI, JS and the JTPA program.

There are variations of such programs all over the nation, but all programs seem to have basically similar components for improving coordination: 1) an integrated system (one-stop or monitored referral); 2) in-depth assessment and 3) a strategy for early intervention and continuous tracking.

The long-term benefits are obvious: better placements resulting in less recidivism and therefore producing a cost savings to the UI Trust Fund; and additional revenue from the earnings of reemployed workers.

There are many remedies that can be undertaken to accelerate earnest coordination attempts. The role of the governor can be critical in providing political support and resources. However, each level of government can be instrumental in facilitating better cooperation. State leaders can influence the direction of activities in this area by providing high-level support for initiatives encouraging coordination efforts; strengthening state coordinating committees (SJTCs); providing localities with technical assistance and problem resolution in their coordination attempts, promoting compatibility and integration of automated information systems and providing for the cross-training of staff.

Consideration can be given to modifying existing state legislation in order to promote coordination and reduce barriers. Collaboration can be effectively legislated by mandating joint planning and coordination in agencies; providing flexibility in sharing credit, and making geographical boundaries coterminous.

Funding can be provided for innovative coordination projects and efforts made to document and evaluate them.

At the Federal level, decision makers could set an example of regional and national coordination, document, communicate, support and encourage coordination efforts and benefits, increase efforts to encourage the use of state and local bodies with the coordination mission, provide technical assistance and problem resolution, and conduct national studies of the cost effectiveness of coordination.

Federal legislation can be modified to promote coordination and reduce barriers by mandating coordination for human service programs, and developing common definition of terms.

Finally, the Federal funding should continue to be available for demonstration projects and Federal officials should strive to increase the flexibility of states in using funds to coordinate.

The dislocated worker problem is such that employment, education and social service activities are naturally a part of the overall effort. This is an issue around which genuine cooperation can take place in order to create major opportunities for change and for program success.



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C. EMPLOYMENT DEVELOPMENT DEPARTMENT  
SINGLE CLIENT DATA BASE

by Martha Lopez  
Deputy Director  
Legislative Liason Office  
State of California/ Health and Welfare Agency

## **EMPLOYMENT DEVELOPMENT DEPARTMENT**

### **SINGLE CLIENT DATA BASE**

#### **Single Client Data Base Defined**

The California Employment Development Department (EDD) is in the process of moving all unemployment insurance claims onto its Single Client Data Base (SCDB). The SCDB is an integrated data base designed to more efficiently handle EDD's client-related programs, Unemployment Insurance (UI), Disability Insurance (DI) and the Job Service (JS).

#### **How SCDB Works**

The SCDB will contain all UI and DI Claim and payment information including the Benefit Accounting System. It also includes JS client information. This will allow the various systems to share information that previously was stored redundantly in each system. Once a user accesses the SCDB, he or she may move easily from screen to screen between the JS, UI and DI on-line automated systems. This sharing of data in the automated environment will allow staff to concentrate on the most effective delivery of services possible to clients.

#### **Building the SCDB**

The DI program was converted onto the SCDB beginning in July of 1988. Statewide DI conversion was completed in February 1989. Job Match (EDD's automated job placement system) was implemented between September 1988 and March 1991 and is part of the SCDB. UI conversion to the SCDB began in August of 1991 and will be completed September 8, 1992.

Once the SCDB is fully implemented, it will house nearly a billion records and handle 2.5 million daily on-line transactions. It will be the second largest data base of its kind in the United States.

#### **Benefits of the SCDB for EDD**

The SCDB is an important step in the automation of services to clients. Having EDD's three client-oriented programs sharing the same data base will help staff solve several operational problems. The SCDB maintains one record for each client requesting EDD's Services. The client's social security number, name, sex, and birth date are shared by all three programs. This eliminates the time and errors associated with entering the same information several times. This information is also available when the client comes in to request future services. The single client record also allows staff to ensure that only one client uses each social security number by submitting numbers for which there is contention to the Social Security Administration for verification.

EDD can also keep better track of UI and DI claimants. For example, the DI system will alert a UI office when a client files for DI. This will help eliminate claim overlaps. When clients refuse offers of work made through the Job Match system, payment on the UI claim will automatically be stopped until the issue is resolved.

### **Benefits for the Client**

Having both UI and JS information available to all field offices allows UI interviewers to better assist claimants in their search for work. The automated appointment scheduling system, implemented as a part of Job Match, also makes it easier for staff to schedule clients for counseling, workshops, testing and other appointments.

Ensuring that only one person is requesting services under each social security number also benefits the claimant by ensuring that the rightful owner of a number has sole use of it.

### **Benefits to the Employer Community**

Employers will also benefit from the SCDB. All UI charges to employer accounts come directly from payments made on UI claims on the SCDB. New processes will also help the Department to improve the accuracy of rulings (i.e., requests for noncharging) and will eliminate issuing duplicate rulings.

Automatic stop payment flags when claimants refuse offers of work or fail to attend Job Search Workshops will also help the Department to better apply the UI work test.

D. UI QUALITY CONTROL PROGRAM IMPROVEMENT STUDY

by Robert A. Comfort  
and  
Janet C. Peck

**UI Quality Control Program Improvement Study**

**ES/UI LINK STUDY**

**(Original Title: Improving Feedback From  
ES on Claimants Referred on Job Orders**

**Robert A. Comfort, Supervisor  
Janet C. Peck, Data Analyst  
Utah Quality Control Program  
June 1990**

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## ES/UI LINK STUDY

### INTRODUCTION & BACKGROUND

The Department's Quality Unemployment Insurance Project (QUIP) Committee and the National Office approved this study. The intent of the study was to assess the relationship between ES and UI in two disparate local offices, with possible inferences for overall local-office operations.

More specifically, answers were sought for some basic ES/UI questions: (1) To what extent is ES serving claimants? (2) To what extent is ES placing claimants? (3) Is claimant information being correctly recorded on job orders and work applications? (4) Is there a proper communication flow between ES and UI? (5) Is the information on job orders concerning referral results of claimants complete and accurate? (6) Are non-monetary issues and hires (and claimant earnings) being reported?

The QUIP committee selected Richfield, a small rural office and Ogden, a large urban office, as the local offices to be studied. Closed job orders (514s) for January and February 1990 were used as the basic document/printout to begin the study. In addition, Applicant Referral Histories (ARHs), Benefits Transcripts (BENS), and Work Applications (511s) were obtained for each claimant referred on the job orders.

### PROCEDURE

The study consisted of two phases. The first phase included counts and reviews of the printouts referred to above. This was intended to provide some measure of the extent of service to claimants.

In addition, the 514s and 511s were reviewed to determine if the claimant status was indicated for all claimants. Also, BENS were reviewed to determine whether ES-supplied information had been posted.

The second phase consisted of contacts made by Quality Control (QC) investigators (usually by telephone) on all the job orders from which one or more claimants were referred. Employers were asked to check their records carefully concerning these claimants. Since this was a second contact with each employer concerning the results of job applicants (the local office having previously made contact on the referral results), the reason for the call was briefly explained to each employer.

Previously undetected issues and hires (including earnings reports) were resolved by the QC investigators.

## STUDY PHASE ONE - REVIEW OF HISTORY

Much of the study consisted of examining the Department printouts of the selected closed job orders (514), Benefit Records (BEN), Job Applications (511), and Applicant Referral Histories (ARH). Table 1 shows the proportion of the job orders which had claimants referred from each local office. Included in the study were all Richfield job orders closed between the first of January and the third week of February 1990. As for Ogden, the study included all job orders closed in the final two weeks of January 1990. The intent was to obtain an adequate and comparable number from both offices without using some selection criteria which could screen out certain types of job orders. The final sample consisted of 170 Ogden job orders and 102 Richfield job orders.

TABLE 1

### CLAIMANT/NON-CLAIMANT MIX ON JOB ORDERS

<u>Claimant/Non-Claimant Mix</u>	<u>Richfield</u>	<u>Ogden</u>
Job Orders with claimant(s) referred	42 (41%)	44 (26%)
Job Orders w/out claimant(s) referred	60 (59%)	126 (74%)
Total Job Orders	102 (100%)	170 (100%)

The initial subject addressed was the extent of service to claimants. Table 1 shows that well half of the job orders from both local offices had no claimants referred.

Of the total number of applicants referred on all job orders--Table 2, claimants comprised about two out of ten applicants from both local offices. Claimants accounted for about 10% of the total applicant file in Richfield and about 13% in Ogden. The state average was about 12%. This indicated that claimants were receiving their fair share of referrals on job orders.

TABLE 2

## CLAIMANT/NON-CLAIMANT MIX ON REFERRALS AND HIRES

	<u>Richfield</u>	<u>Ogden</u>
<u>Claimants</u>		
Referrals	97 (20% of applicants)	106 (19% of applicants)
Hires	8 (8% of referrals)	29 (27% of referrals)
<u>Non-Claimants</u>		
Referrals	396 (80% of applicants)	441 (81% of applicants)
Hires	42 (11% of referrals)	181 (41% of referrals)
<u>Total</u>		
Referrals applicants)	493 (100% of applicants)	547 (100% of
Hires	50 (10% of referrals)	210 (38% of referrals)

The referral-to-hire ratio for Richfield claimants (also Table 2) was low--only 8%. Richfield's referral-to-hire ratio for non-claimants was scarcely better at 11% (combined, it was 10%). The low ratios may reflect poor economic conditions in the Richfield labor market area.

The Ogden referral-to-hire ratio was considerably higher, 27% for claimants and 41% for non-claimants (combined, it was 38%). The higher referral-to hire ratio for both claimants and non-claimants, as compared with Richfield, may also be a reflection of economic conditions (more favorable), but is, in any event, a credit to the Ogden local office ES staff.

For a different perspective, see Table 3. Hires from the Richfield orders were 16% claimant and 84% non-claimant. For the hire and non-hire figures for claimants and non-claimants, it can be seen that the "efficiency" in getting claimants placed is similar to that of non-claimants for both offices.

TABLE 3

SUCCESS IN OBTAINING HIRES--CLAIMANTS AND NON-CLAIMANTS

	<u>Richfield</u>	<u>Ogden</u>
<u>Hires</u>		
Claimants	8 (16%)	29 (14%)
Non-Claimants	42 (84%)	181 (86%)
<u>Non-Hires</u>		
Claimants	89 (20%)	74 (22%)
Non-Claimants	354 (80%)	260 (78%)

Many factors affect the level of service which ES provides to claimants, such as: economic growth, the unemployment rate, the season of the year, characteristics of the local office staff, local office management emphasis, and the ratio of claimants to non-claimants in the local-office applicant file. But in any case this study provides some measure of the claimant service level provided by a relatively typical small and large local office.

**STUDY PHASE TWO - VERIFICATION OF REFERRALS**

The second phase of the study was to assess the accuracy of the claimant information on UI and ES documents and printouts. Specifically, the job order, ARH, 511 and BEN were examined for accuracy, and also for communication between ES and UI. After this was accomplished, detailed telephone (and in some cases written) re-verification of referral results on the job orders was conducted by QC investigators. The results are presented below in three major categories: (1) the proportion of claimant referrals with QC-discovered problems Table 4; (2) claimant referral problems, but not directly causing significant consequences (no measured cost to the Trust Fund, no lost adjudication decision credit, no lost hire credit) Table 5; and (3) claimant referral problems of a more serious nature (having an actual or potential negative effect on the Trust Fund, ES hire credit or adjudication decision credit) - Table 6.

TABLE 4

PROBLEM/NO PROBLEM MIX ON REFERRAL RESULTS

	<u>Richfield</u>	<u>Ogden</u>
Claimants referred	110	106
Claimant referrals with no discovered problems	50 (45% of clmts referred)	35 (33% of clmts referred)
Claimant referrals with one or more problems	60 (55% of clmts referred)	71 (67% of clmts referred)

TABLE 5

MINOR\* PROBLEM CATEGORY FINDINGS ON REFERRALS

<u>Code</u>	<u>Description</u>	<u>Richfield</u>	<u>Ogden</u>
(20)	Incorrect information on ARH	5	15
(25) & (26)	No clmt status on 511 when referred <sup>a</sup>	39	26
(31)	No clmt indicator on 514 due to deferral	11	9
(32)	No clmt indicator on 514--not deferred <sup>b</sup>	26	31
(42)	Hire rcrd'd on 514, no notation on UI rec-not mat.	1	19
(65)	Hire noted on UI record, no UI act.taken-not mat.	0	1
TOTAL		82	101

<sup>a</sup>Generally a 511P, deferred claimant, or new claim in system

<sup>b</sup>Included some clmnts not in current filing status at time of job referral

\*Not having a direct effect on the trust fund, adjudication-decision credit or ES hire credit.

TABLE 6

## MAJOR\* PROBLEM CATEGORY FINDINGS ON REFERRALS

<u>Code</u>	<u>Description</u>	<u>Richfield</u>	<u>Ogden</u>
(41)	Hire recorded on 514 but not noted on UI record and benefits improperly paid, OP est. by QC <sup>a,1</sup>	0	5
(43)	Issue recorded on 514 but not noted on UI record, cleared by QC <sup>2</sup>	0	0
(44)	Issue recorded on 514 but not noted on UI record, disqualified by QC <sup>1,2</sup>	0	0
(51)	Incorrect results on 514, recorded as NH, H per QC <sup>1,3</sup>	1	4
(52)	Incorrect results on 514, recorded as H, NH per QC <sup>4</sup>	0	1
(53)	Incorrect results on 514, recorded as NH, issue per QC, benefits allowed <sup>2</sup>	3	21
(54)	Incorrect results on 514, recorded as NH, issue per QC, benefits denied <sup>1,2</sup>	1	5
(55)	Incorrect results on 514, recorded as H, HDNR per QC, benefits allowed <sup>2,4</sup>	1	1
(56)	Incorrect results on 514, recorded as H, HDNR per QC, benefits denied <sup>1,2,4</sup>	0	0
(61)	Issue noted on UI records but not previously adjudicated, benefits denied by QC <sup>1,2</sup>	0	0
(62)	Issue noted on UI records but not previously adjudicated, benefits allowed by QC <sup>1</sup>	2	0
(63)	Issue noted on UI records but previous decision in error <sup>5</sup>	0	0
(64)	Hire noted on UI record but no prev action taken and benefits paid incorrectly <sup>1</sup>	0	0
	TOTAL	8	37

<sup>a</sup>In most cases were temporary jobs

<sup>1</sup>Actual or potential impact on the Trust Fund

<sup>2</sup>Lost adjudication decision credit

<sup>3</sup>Missed hire credit for ES

<sup>4</sup>False hire credit taken by ES

<sup>5</sup>Incorrect adjudication decision credit

\*Having an actual or potential effect on the Trust Fund, adjudication-decision credit or ES-hire credit.

In Richfield there were few serious problems discovered from this special study. Problems were somewhat more numerous in Ogden. As a high volume, specialist-oriented office, Ogden's time limitations and specializations of job duties in either ES or UI may not lend themselves as readily to handling joint ES-UI matters.

Table 6 shows few or no errors following categories for both local offices: (43), (44), (52), (55), (56), (61), (62), (63), and (64). This is obviously to the credit of the Richfield and Ogden local offices. Considering all the claimant referrals involved in the study, one might have expected higher numbers in these error categories. This, happily, was not the case.

### Problems Discovered Having a Cost Impact

A review of Table 6 shows that the problems of significant magnitude are in primarily one area-lost decision credit (codes 53 & 54), especially in the Ogden office, was the problem of benefits improperly paid [categories (41), (51) and (54)]. This, of course, affects the Trust Fund monies expended.

These findings suggested that smaller local office operations, by their nature, are more inclined to have a more thorough verification process and a closer link between ES and UI. The staff from smaller local offices are also more likely to have job duties in both ES and UI functions. Perhaps this would support the practice of using "generalists" in local office operations. A generalists staff would also have a stake in the referral results of claimants.

Many applicants referred on job orders are claimants who are not in an active filing status or are deferred at the time of the referral. This is apparently by design of the Utah system. It is reflected on two documents: (1) the job order - there is no claimant indicator by the applicant's name; and (2) the 511 - it does not indicate claimant status. Work refusal issues from job orders on these claimants go undetected. Consequently, decision credit is missed. More importantly, improper payment of benefits could happen after reopenings. If the system were changed to indicate claimant status, a work refusal notation could be posted to the benefit record.

A greater concern to the Department may be the incomplete or inaccurate information recorded by local office staff when closing out job orders. Typically, hire credit is accurately obtained for those claimants (and presumably non-claimants) hired. The problem is that all the other claimants (and presumably non-claimants) referred are usually recorded just as "not hired". This is true,

literally; however, sufficient inquiry is usually not made as to whether they properly applied,

refused a job offer, applied at all, or failed to report to work after being hired. As a consequence, non-monetary issues on claimants are being missed. This certainly loses the local office adjudication-decision credit. And, in those cases in which benefits should have been denied, it is a cost to the Trust Fund. Further, it does nothing to detect and thereby discourage violations or work refusal and possibly availability sections of UI law.

Another situation which occurred several times in the Ogden office was the delayed hire. An order would be closed showing the referral claimant as not having been hired. Later it would be determined that, in fact, he was hired. A new order would be written so that the hire credit could be obtained. The date of the hire would show up both on ES and UI transcripts as for the new job order date. Hire credit for claimants may be missed by this procedure if they are no longer claimants. Also, possible unreported benefit-year earnings could go undetected.

#### CONCLUSIONS

1. For the most part, the Ogden and especially the Richfield local office staff are reasonably accurate in recording information when claimants are referred on job orders.
2. The function most in need of attention on Ogden, and to a lesser degree in Richfield, is that of obtaining more complete information from employers when verifying referral results on claimants. This problem appears to have a significant impact on the adjudication-decision credit counts. It also may be a cost to the UI Trust Fund [in those cases in which 5(c) or possibly 4(c) denials would have been assessed had the issues been detected].
3. Claimants are referred on job openings reasonably often by each local office, considering their proportion of the total applicant file. There seems to be no evidence, however, that claimants are a concern of high priority to either local office staff. This may be because the referral-to-hire ratio for claimants was slightly lower than non-claimants in each local office. There may remain a lingering bias against claimants by some local office ES staff.
4. Ogden was more successful than Richfield in getting their referred applicants hired, whether claimant or non-claimant.



5. Staff in both local offices were conscientious in recording hire credit, and there were few cases of hire credit erroneously taken in either local office.

#### RECOMMENDATIONS

1. Remind local offices of their responsibilities. This would include instructing local office ES staff to obtain complete information on job order results for claimants. Both from this study's results and from discussions with ES personnel, it is apparent that this simply had not been a high priority, nor typically of great concern, to most local office ES staff. Their over-riding concern has been with the number of hires, the referral-to-hire ratio, ES programs, and employers. Some of the consequences of not being thorough on claimant referral results are missed issues and missed hire credit.
2. Provide ES/UI cross-training in Ogden. The goal would be to have the local office ES staff who works with job orders to become more knowledgeable and aware of the needs of UI, particularly in regard to job referrals and other ES services for claimants. It is possible that cross-training would be appropriate to other large local offices as well.
3. Indicate claimant status on the 511 and the job order until benefit exhaustion or the benefit-year-ending date, whether or not the claimant is in current filing status or is deferred. Hire and issue notations would then appear on the benefit transcript for resolution on deferred claimants and non-deferred claimants who later reopen. Also, possible unreported earnings could be detected. Finally, claimant-hire information for all claimants would be recorded for data tabulation.

(It is recognized that recommendation #4 below is a sweeping one and may be considered beyond the scope of this study)

4. Raise the priority of providing ES services to claimants. Nationally, the Employment Service Division has, in recent years, become vulnerable, with its future existence called into question. Its role as a labor exchange is considered unnecessary by some powerful forces--a task perceived to be performed better and more appropriately by the private sector exclusively.

If ES were successful in placing far more claimants, its survival could be enhanced, possibly assured. This would require some restructuring of ES, with more priority toward the claimant population. This could include: (a) soliciting more high-paying job openings, (b) changing the approach of placement interviewers toward claimants, (c) providing incentives to claimants for using ES, and (d) having better detection and resolution of job refusal and availability issues. Perhaps Utah's ES Division could be a pilot state in such an effort.

The Congress requires that UI paid through public employment offices [303(a) (2), Social Security Act], presumably so claimants would be exposed to a viable labor exchange. To the extent claimants are not so serviced, at their negative behaviors are not documented and dealt with, the necessity of ES as an adjunct to UI is weakened.

E. UTAH QUALITY CONTROL PROGRAM IMPROVEMENT STUDY  
ABSRTACT

prepared by Janet C. Peck

**UTAH QUALITY CONTROL  
PROGRAM-IMPROVEMENT STUDY  
ABSTRACT**

**EFFECTS OF DIFFERING WORK-SEARCH  
REQUIREMENTS ON UI CLAIMS**

**Prepared by:  
Janet Peck  
QC Data Analyst  
May 1991**

## ABSTRACT

Non-deferred claimants who filed initial claims in the Salt Lake local office on preselected days during the year of 1989 were included in this study. The claimants were given different instructions as to the number of employer contacts they would be required to make and report on their weekly claim cards in an attempt to determine the effects of differing claimants' work-search reporting requirements. The claimants were assigned to one of the following four groups:

Group 2C (the control group)--were required to make and report two employer contacts on their weekly claim cards. This was considered the control group because its members were issued the customary work-search requirements.

Group 2V--were required to make and report two contacts each week and were advised that the employers reported would be contacted to verify that the contacts had been made.

Group 04--were required to make and report four contacts each week.

Group 0Z--were advised to seek work, but were told that they would not be required to report the contacts on their claim cards and would not be asked at a later time to identify the actual contacts they had made.

The total sample consisted of 2,089 monetarily eligible claims. These claims were monitored for that portion of 1989 which remained at the time the claim was filed, and continued through August of 1990. By that point the vast majority of the claimants were no longer filing.

Each of the four groups described above was evaluated on the basis of the average number of weeks of benefits paid for each group and the percentage of benefits used including rates of exhaustion of benefits. The numbers of those who had returned to work in each group were also evaluated. In addition, an attempt was made to determine whether the differing work-search requirements tended to affect filing rates for claimants who did not secure work.

Results of the study showed that the claimants in Group 0Z were paid an average of approximately two more weeks of benefits than those in Group 04 and Group 2V. Group 2C claimants were paid an average of approximately one more week than the claimants in Groups 04 and 2V, and more than a week less than those in Group 0Z. Similar results were found in the average percent of remaining balance for the groups: Group 04 and Group 2V both had an average

remaining balance of 62 percent; and Group OZ had an average of remaining balance of 56 percent. ANOVA showed these differences among means for the groups to be statistically significant at well above the .001 level for both the above measures.

Comparing the claims in which benefits were exhausted with those in which benefits were not exhausted showed a statistically significant difference among the groups using X ; 25 percent of the Group OZ exhausted benefits, compared to 19 percent for the Group 2C and 17 percent each for the Groups 2V and 04.

A comparison of the claimants who returned to full-time work within three weeks of when they stopped filing with those who did not show that all three groups required to report work-search contacts (2C, 2V, and 04) had a higher percentage BTW than the group not required to report work-search contacts (OZ): Fifty-three percent of the Group OZ were BTW compared to 57 percent for the Group 2V, 58 percent for the Group 2C, and 59 percent for the Group 04. This difference is statistically significant at above the .05 level using x .

An attempt was also made to determine if the type of reporting requirements had any effect on why the claimants stopped filing when they did. Although the groups with the more demanding reporting requirements showed a somewhat higher percentage of unexplained claim closures, the difference was not statistically significant.

The conclusion of this study is that a work-search reporting requirements provides a savings to the Trust Fund because claimants are paid fewer weeks of benefits and have a higher remaining balance when they have a reporting requirement. The percent of those who return to work is also higher for the groups required to report their work-search contacts. The data collected in this study do not support the conclusion that a specific type of reporting requirements causes claimants to discontinue filing for benefits.

F. 1990 UTAH QUALITY CONTROL PROGRAM IMPROVEMENT STUDY-  
EXECUTIVE SUMMARY

by Robert A. Comfort

1990 Utah Quality Control Program Improvement Study

Executive Summary

Review and Analysis of the UI Deferral Program in Utah

Statement of the Problem and Study Purpose

The Department's deferral program has been an integral part of UI, fulfilling the useful function of the relief of ES registration and a work-search requirement for selected claimants. The use of the deferral is extensive and has grown in recent years. The study was undertaken to examine the deferral process, rules, and procedures in order to determine how effectively it is operating and, if indicated, how to improve it.

Procedure

All claims identified as having seasonal, job-attached, union and/or three-week back-to-work deferrals from the 1989 Quality Control data base were reviewed in evaluating the deferral program. The UI rules, procedures, and practices regarding deferrals were factored in when assessing the program. Benefit transcripts and microfilmed documents were reviewed to determine: (a) the correctness of the deferral, and (b) the adequacy of the documentation in the record.

Findings

Fact-Finding and the Rules

Initial Deferrals

A substantial majority of the claim records did not show adequate documentation for the original deferral (67.7 %). Deferral procedures were considered correct only if there was some information in the records to establish a basis for the deferral and that the rule requirements for that kind of deferral had been met. Based on information in the record, 71.4% were considered inadequate with regard to the correct application of the rules.

Extensions

Deferral extensions were also reviewed using similar criteria: Eighty-seven percent were considered inadequate with regard to documentation and the same 87% inadequate as to the application of the rules.



### By Type of Deferral

Seasonal deferrals and extensions of seasonal deferrals were considered adequate far more often than for other types of deferrals (93% and 100% respectively). This is partly because seasonal deferrals require less documentation than do other types of deferrals. In contrast, job-attached deferrals and extensions of job-attached deferrals were least often found adequate (8% and 9% respectively). The primary deficiency with this type of deferral is the lack of information to show expected date of recall. Union deferrals were rated inadequate in 60.6% of the sample for the initial deferral and 81.3% of the extensions. Three-week back-to-work deferrals were considered inadequate in 33.3% of the cases. There were no extensions for this type of deferral.

### Effect of the Deferral Program on Duration and Reemployment

Deferred claimants on the average, filed for fewer weeks than claimants in general (16.7 vs 20.7). Concerning benefits exhaustion, 26.8% of the deferred claimants drew out their entire claim as opposed to 22.6% for all claimants.

### Conclusions

Documentation to justify deferrals was considered an essential component of the deferral process by this study team. It was considered to be adequate in only 32.3% of the initial deferrals and in only 13% of the deferral extensions.

Significantly, deferral use has increased considerably since Quality Control has been gathering the data. Also, one quarter of the deferred claimants had exhausted their claims in 1989; in addition, deferred claimants filed for only a slightly shorter period, on average, than non-deferred claimants.

Lack of documentation is considered to be a serious deficiency needing attention by Department management. The wording in portions of the UI Rules is part of the problem; the present format and design of some Department UI forms add to the problem; and the UI (Part V) Procedures Manual section on deferrals, as presently written, also contributes to the deficiency. Finally, there is a need for training of local office claims personnel on fact-finding and documentation procedures for granting and extending deferrals.

## Recommendations

Below is a list of the primary recommendations resulting from the study:

### Policy (UI Rules)

- Lower the base-period wage requirement for union deferrals from 100% to a more equitable figure.
- In the 4(b) rule, specify the maximum length of the job-recall deferral to be fourteen weeks and eliminate the reference to two 7-week deferrals.
- Add a description of the seasonal and recall deferrals to the union deferral discussion in the 4(c) availability rule.

### Procedures

- Outline the documentation requirements for deferrals in the Part V claims manual.
- Revise selected agency forms to elicit documentation for deferrals.
- Require some communication with employers and unions prior to granting or extending deferrals.
- Provide training for local office claims personnel on proper deferral procedures.
- Have deferral-ending dates automatically removed (with claimant notification) at that time, unless extended.

G. DUA EXPERT SYSTEM AS DEVELOPED BY THE  
TEXAS EMPLOYMENT COMMISSION

by Howard R. Hageman  
&  
Ted Swindle

**DUA EXPERT SYSTEM**  
**as developed by**  
**The Texas Employment Commission**

**by Howard R. Hageman**  
**&**  
**Ted Swindle**

The Texas Employment Commission and the Department of Labor entered into a synergistic working relationship between project personnel that built on their experience, training, knowledge, and expertise. That cooperative relationship became a workshop for constructing an expert system for Disaster Unemployment Assistance that could cope with difficulties associated with a Federal program that is called to action infrequently and that requires a rapid and expert response from the employees (sometimes temporaries) who are unfamiliar with complex laws containing factors that are easily overlooked. The need was for a mechanism that would bring state employees up to speed quickly following a disaster while utilizing all the right criteria contained in the legislation and in DOL directives.

Our initial understanding of the overall goal of the DUA expert system was an exportable version that improved operational efficiency and comprehension of DOL directives and guidelines. As the project progressed, we began to speak most often of developing an expert system that helps those who use it to make consistent and accurate decisions when they determine DUA monetary eligibility. The goal, then, has been to create a dynamic instrument that contains the desired consistency and accuracy in making monetary determinations of entitlement to DUA benefits.

**SYSTEM STRUCTURE**

The DUA expert system was written using the AION software. It is a rule based system as well as a system using objects to achieve its goals. Object processing is used for developing the storage of data in files. The object processing or class structure is also used to store and accumulate data internally that would be used later in the program. Both backward and forward chaining rules were used in the development of the system. Rather than developing large states in the system, more small states were used. The rules were constructed largely by using functions. All of these factors made the system modular so that it can easily be enhanced and updated as modifications are needed.

Throughout the system basic information on the disaster is used repetitively. The disaster incident period, disaster number, declaration date, state specific information as the state minimum

and maximum benefit amount and the state average weekly benefit amount are entered by the office manager or person in charge that knows the password. Counties and their announcement dates are also entered on a separate screen; the counties can be added as they are announced. This base information is saved into two files: a file containing the administrative information and a file containing the information on the counties. When the consultation is loaded, this base information is read from the files and held in memory throughout the consultation. This saves the user from having to re-enter this basic information each time the consultation is loaded.

The overall system is composed of one vocabulary, eight classes, one independent state, and thirty-three states. The large number of modules used in this system make it more flexible and easy to update. Data entry screens, menus, and boolean type questions are used to direct the consultation.

#### **DEPLOYMENT STATUS AND RESULTS**

The DUA Determiner's Assistant has been developed for use in Texas. With the potential for a nationwide use in mind; some work toward a system for Louisiana has been completed. Since DUA is administered largely by federal legislation, it is an ideal application for exporting to other states with only a minor amount of adjusting of the "state specific formula for computing the weekly benefit amount." The major changes for state specific information would occur in paragraph (a)(1) of 20 CFR 625.6. The system can be built to compute the weekly benefit amount for any state.

We have tested the system in Texas. This testing has resulted in some minor changes in the expert system and some major changes in the collection of data from the applicants. The system has caused the fact finding and collection of wage information to improve. An awareness of the existence of the system and the recognition of the need for complete information to produce a determination using the system has already begun to have an affect on the DUA claims taking process.

H. AN ESSAY ON SHORT-TIME COMPENSATION

by Wayne Vroman

## **AN ESSAY ON SHORT TIME COMPENSATION**

by

**Wayne Vroman\***

October 1990

\* Senior Research Associate, the Urban Institute. This paper is taken from Chapter 2 of a February 1990 report to the National Commission for Employment Policy (NCEP) entitled "Alternatives for Managing Production Cutbacks." That report, prepared with Douglas Wissoker, was written under terms of a contract with NCEP. Helpful comments on drafts of this paper were received from Everett Crawford, Casey Koziol, John Matzner, Barbara Oakley, Carol Romero and Steve Wandner. The usual caveat regarding responsibility for remaining errors applies.

"Worksharing" or short time compensation (STC) represents an alternative to layoffs as a way for firms to reduce labor inputs in periods of slack demand. Currently the standard procedure for reducing work hours is to lay off the least senior employees. This action concentrates the reduction in hours narrowly among a small number while leaving other workers unaffected. An alternative procedure for reducing labor input is to retain all employees by reducing weekly hours for a much larger fraction of the firm's work force. Those who work shorter hours experience a reduction in weekly earnings, but part of the reduction is compensated by partial unemployment insurance benefits. This latter arrangement is termed worksharing or short time compensation. Recently the unemployment insurance (UI) programs in several states have been modified to facilitate the use of worksharing arrangements.

Worksharing STC programs are still comparatively new in the U.S. and, as such, the literature evaluating STC programs is rather limited. Three of the most relevant contributions are an evaluation conducted by the State of California (1982) of its own program, a book edited by MaCoy and Morand (1984) and a congressionally mandated study of STC completed in 1985 by Kerachsky et al. (1986) of Mathematica Policy Research, Inc. For many of the topics to be discussed empirical evidence will be taken from one or more of these three sources.

Several analytic and policy issues arise in reference to worksharing. A later section of the paper discusses four: (1) the types of unemployment risks to be covered, (2) the distribution of worker sacrifices, (3) effects on employer costs, and (4) administrative



feasibility of STC. The first two sections are devoted to a description of worksharing programs and a discussion of two important facts about worksharing.

Before proceeding to any of these topics, however, it may be appropriate to note the two principal conclusions of this paper. (1) Experiences with worksharing short time compensation programs in selected states have shown them to be administratively feasible and to be viewed favorably by participating workers and employers. (2) If worksharing is to reduce the volume of layoffs to a noticeable extent, however, many more workers and employers must participate in STC than have done so to date. Four ways to increase use of worksharing can be recommended. The number of states with STC programs and the number of employers participating within states should both be increased. Employers with STC should use worksharing more (in preference to layoffs) and eligible unemployed workers should be encouraged to participate in worksharing.

### **A Description of Short Time Compensation Programs**

Short time compensation programs existed in 14 states in 1989. STC programs are authorized within each state's UI statute and they provide a framework of rules and procedures for individual employers to follow when they create STC plans for their workers. Employers submit STC plans to the UI agency when they foresee the need to make a substantial reduction in hours of work for a temporary period. Typically hours must decline by at least 10 percent and the plan must be approved by the local union if the firm is unionized. The plan indicates how much weekly hours will be reduced (usually by 20 to 40 percent), which units within the firm will be affected and which workers will be affected. An

STC plan will usually cover a 52-week period with affected workers receiving a prorated share of the weekly UI benefit for total unemployment. The most common use of STC by employers is to place employees on a four-day week, reducing work hours by 20 percent. If affected workers are eligible and apply for UI benefits, they receive one-fifth of their weekly UI benefit for the day when they are not at work. Plans allow affected persons to receive STC for a limited period, e.g., 26 weeks in a 52 week period, and benefit payments are deducted from their UI benefit entitlements. Thus, someone otherwise eligible for 26 weeks of UI benefits would only be eligible for 23 weeks if he or she had already been paid benefits for 15 weeks at one day per week under the STC plan.

Payments of STC are financed like regular UI benefit payments, i.e., deductions are made from the employer's UI trust fund account in reserve ratio states or added to other liable benefit charges in benefit ratio states.<sup>1</sup> Trust fund balances are subsequently replenished by higher employer taxes under UI experience rating formulas. Since an individual employer's account balance (total past taxes plus interest less total past benefit charges) may already be low (or possibly even negative) at the time the STC plan is approved, concerns have been voiced that some participating firms might abuse the system. To guard against possible abuses, special tax provisions have been included in the STC legislation of several states. Firms with low and/or negative balances that adopt an STC plan are subjected to additional taxes through a tax schedule that is added to the state's normal UI tax schedule. For example, the range of 1989 employer tax rates in Arizona was from .1 to 5.4 percent of taxable wages while the special STC taxes could add as much as 2.0 percent.

Thus, a negative balance employer whose reserve ratio was smaller than -15 percent that adopted an STC plan would face a total tax rate of 7.4 percent.

To implement an STC program a state has to modify the provisions of its existing UI statutes. Several important areas of change are as follows.

- (1) The partial benefit schedule. State programs typically allow beneficiaries to work small amounts and collect partial UI benefits. The permissible earnings amounts are so low, however, anyone working three or four days per week would be ineligible for partial UI benefits. These provisions are overridden for STC beneficiaries. STC workers are allowed to collect the same percentage of their weekly UI benefit as the percentage reduction in weekly hours. Thus someone entitled to \$150 in weekly UI benefits but working four days under an STC plan would collect \$30 of UI for the fifth day.
- (2) Availability for work requirements. Someone collecting regular UI benefits must demonstrate his or her availability for work as a condition for continued benefit eligibility. Although individual states have differing availability provisions they generally require that the beneficiary be available for work and actively search for alternative employment. Since those receiving STC are already employed (albeit at reduced weekly hours) they are exempted from engaging in active job search for that part of the week when partial UI benefits are being received.
- (3) The waiting period. Workers who are laid off typically must wait one week before starting to receive UI benefits. If one week were interpreted to mean five days in benefit status, this would imply much longer waiting periods for STC recipients. States typically have defined the STC waiting period to be the first week when the person is working shorter hours under worksharing.
- (4) Entitlement to regular UI benefits. Although STC plans are supposed to cover temporary reductions in hours there is a realistic possibility of a subsequent layoff for affected workers. The states deduct dollars of STC from the worker's total entitlement for regular UI benefits.
- (5) Financing. Benefits for STC are deducted from employer UI trust fund balances (or, in benefit ratio states, added to the employer's benefit ratio) like other benefit payments. Employers with low and

negative balances may be subjected to additional taxes after an STC plan is adopted.

California was the first state to establish a worksharing program with STC workers initially eligible to receive benefits in August 1978. Arizona and Oregon then followed suit in 1982. At least one state adopted STC in each year between 1983 and 1988, and only one program (in Illinois) has been discontinued. (The Illinois program is discussed below.) As of 1989 14 states have STC programs. Because employers and workers seem to have had generally positive experiences with worksharing, there is active interest in STC in several other states which currently do not have programs. Federal legislation sponsored by Representative Patricia Schroeder of Colorado and enacted in 1982 (PL 97-248) mandated that the Secretary of Labor develop model legislative language to be used by states when adopting STC programs. The model language was made available to the states in July 1983.<sup>2</sup>

Important provisions of STC programs in the 14 states that have them are summarized in Table 1. Although their provisions are quite similar it is obvious from the table that the STC programs have their differences, even among those enacted after the Labor Department's model language was made available in 1983. The table shows when the programs were established in each state, the maximum duration of individual STC plans and some information on important benefit provisions and tax provisions in each state.

The plan must indicate how the fringe benefits of participating workers will be affected. In most states the employer is not under a statutory obligation to fully maintain the fringe benefits of STC workers. Table 1, however, shows that five states (Arkansas, Louisiana, Massachusetts, New York and Washington) required the full maintenance of

Table 1. Short-Time Compensation Worksharing Programs in 1989

State	Initial Year of Program	Maximum Duration of Plans (weeks)	Maximum Weeks of STC Benefits	Range of Reduction in Hours (percent)	Maintenance of Fringe Benefits?	Special STC Tax Rate?	Maximum STC Tax Rate (percent)
Arizona	1982	52	26	10 to 40	Optional	Yes	2.0
Arkansas	1985	52	26	10 to 40	Required	No	
California	1978	26	26	10 or more	Optional	No	
Florida	1984	52	26	10 to 40	Optional	Yes	1.0
Kansas	1988	52	26	20 to 40	Optional	No	
Louisiana	1986	52	26	20 to 40	Required	No	
Maryland	1984	26	26	10 to 50	Optional	No	
Massachusetts	1986	26	26	10 to 60	Required-a	No	
Missouri	1987	52	26	20 to 40	Optional	Yes	3.9
New York	1986	20	20	20 to 60	Required	No	
Oregon	1982	52	26	20 to 40	Optional	Yes	3.0
Texas	1986	52	26	10 to 40	Optional	Yes-b	3.0
Vermont	1986	26	26	20 to 50	Optional	No	
Washington	1983	52	26	10 to 50	Required-a	No	

Source: U.S. Department of Labor (1987) and Commerce Clearing House summaries of State UI laws.

a- Only health insurance benefits must be fully maintained starting in 1990.  
 b- STC tax discontinued after 1989

fringe benefits in 1989. During 1989, two of the five (Massachusetts and Washington) changed their law so that only health insurance benefits had to be maintained fully starting in 1990. In practice, over 90 percent of affected workers continue to receive full fringe benefits even in states where employers theoretically could reduce, say, health insurance coverage or pension accruals by the same percentage (or more) as the percentage reduction in weekly hours of work.<sup>3</sup>

Benefit provisions in STC programs are quite similar. Weekly hours in an acceptable plan typically may be reduced from 10 to 20 percent to 40 or 50 percent. California, Massachusetts and New York permit even larger percentage reductions. All states deduct STC benefits from the worker's entitlement for regular state UI benefits. All states but Maryland have an STC-waiting week requirement of one week, which is the same as in their respective regular UI programs. This is interpreted to mean one week in STC benefit status and not five days of STC benefits. Once it has been served, the worker does not have to serve another waiting period should he or she subsequently experience full time unemployment. All states with STC programs exempt beneficiaries from the provisions of the partial benefit schedule and from the able and available work requirement.

Benefit payments to STC workers affect employer UI reserve balances and individual employer experience rating measures in the same way as other UI benefit payments. Particularly in the early years of STC programs, however, there were concerns that STC could have adverse effects on overall UI trust fund balances, balances which were already low due to recessions. These concerns help explain why the first STC programs all included special financing provisions. In the years from 1982 through 1984 STC employers in

Arizona, California and Oregon were taxed under special tax schedules which could add a surtax of up to 3.0 percent to their rates vis-a-vis other covered employers.<sup>4</sup> Concerns about possible adverse effects on state trust funds inhibited the adoption of STC in states that were experiencing UI financing problems in the early 1980s.

As UI trust fund balances have grown in the mid to late 1980s and as experiences with STC have accumulated, concerns about the effects of STC on fund balances have receded. Table 1 shows that only four states have special tax rate schedules in 1989 and the number declines to four in 1990. California has completely eliminated its special schedule and the maximum STC rate in Arizona is now only 2.0 percent. Texas, a state that had UI trust fund debts as recently as 1987, had a special STC tax from 1987 to 1989 but eliminated the tax for 1990. The majority of states adopting STC programs in recent years have not included special STC tax provisions. For most STC employers STC benefit payments now affect subsequent UI taxes (through experience rating) in exactly the same way as other UI benefits.

### **STC Program Experiences**

Two facts about STC program experiences in the U.S. deserve particular attention: the low utilization of worksharing and the continued heavy reliance on layoffs by worksharing employers. Table 2 helps to illustrate the low utilization of STC. States submit reports to the UI Service of the U.S. Department of Labor that summarize STC claims and benefit activity. The table shows equivalent weeks of STC claims by state for years from 1982 to 1988. Equivalent weeks refer to five day weeks that are equivalent to claims by regular UI applicants, e.g., five workers each with one day of STC would represent one equivalent week

Table 2. Short-Time Compensation Utilization, 1982 to 1988

State	Year	STC Equiv. Weeks Claimed (000s)	Regular UI Weeks Claimed (000s)	STC Weeks/ Reg. Weeks (percent)
Arizona	1982	24.3	2089.5	1.163
	1983	15.2	1615.4	0.941
	1984	3.8	1004.4	0.378
	1985	21.1	1075.7	1.962
	1986	7.7	1282.4	0.600
	1987	3.3	1307.9	0.249
	1988	1.7	931.9	0.183
	Arkansas	1985	0.8	1419.1
1986		0.6	1430.4	0.042
1987		1.3	1384.7	0.095
1988		1.0	1299.2	0.079
California	1982	156.0	26869.0	0.581
	1983	83.6	24291.3	0.344
	1984	28.5	18102.4	0.157
	1985	105.8	20245.6	0.523
	1986	62.0	20368.5	0.304
	1987	28.8	17613.7	0.163
	1988	25.1	16600.4	0.151
	Florida	1985	4.6	2941.6
1986		9.3	3068.1	0.303
1987		1.8	2690.4	0.065
1988		1.4	2618.9	0.055
Louisiana	1986	0.7	4215.7	0.017
	1987	1.2	3155.8	0.039
	1988	0.3	2205.0	0.014
Maryland	1985	8.6	1885.5	0.456
	1986	7.2	1851.8	0.389
	1987	4.1	1583.7	0.256
	1988	3.0	1402.0	0.212
Missouri	1988	0.5	2323.9	0.022
Oregon	1982	7.5	3488.3	0.215
	1983	8.0	2610.3	0.306
	1984	1.9	2062.6	0.092
	1985	3.6	2263.0	0.159
	1986	2.6	2189.7	0.119
	1987	0.3	1859.2	0.015
	1988	0.2	1634.7	0.013
	Texas	1986	5.3	8512.2
1987		4.2	7652.9	0.055
1988		1.6	5812.2	0.028
Washington	1985	7.3	3575.6	0.204
	1986	8.2	3365.2	0.244
	1987	2.6	3132.8	0.083
	1988	1.6	3141.3	0.049

Source: U.S. Department of Labor, UI Service. Data are not shown for Kansas, Massachusetts, New York or Vermont because equivalent weeks claimed were essentially zero. Equivalent weeks claimed and weeks claimed measured in thousands.



of STC claims. The largest volume of equivalent weeks claimed occurred in California in 1982--156,000 weeks.

Relative to regular UI claims activity, however, STC claims are very small. The table shows regular weeks claimed (i.e., 52 times average weekly insured unemployment) and then STC equivalent weeks as a percent of regular weeks. Across all 13 programs STC equivalent weeks exceeded 1 percent of regular weeks claimed only two times between 1982 and 1988 (in Arizona in 1982 and 1985). For the 44 state-year observations shown in Table 2 the percentage exceeded .3 percent 13 times and it fell below .2 percent 25 times.

Note also in Table 2 that STC utilization within individual states declined between 1982 and 1988. To some extent this may be merely a reflection of the business cycle (i.e., much higher unemployment in 1982 and 1983 than in later years), but the cycle also affects regular UI claims as well. This pattern suggests that the existence of worksharing provisions in state UI programs for longer numbers of years does not necessarily lead to increased utilization of STC.

In California where some data extend back to 1979 it is clear that STC utilization is highly cyclical, but there is no discernable upward trend in the STC share of weeks claimed. To some extent the absence of an upward trend may simply reflect the effects of declining unemployment. Better evidence on this question will be available when unemployment increases during the next recession.

International data show STC programs to be much larger in other countries. For example, between 1973 and 1983 STC claimants in the Federal Republic of Germany ranged from 2.3 percent to 16.3 percent of UI claimants.<sup>5</sup> A comparison of data from California

with Canadian data for 1982 and 1983 suggests that the numbers of workers covered by STC plans in the two jurisdictions were similar (150,000 to 200,000) but that about three to five times as many unemployed Canadians claimed STC benefits.<sup>6</sup>

In light of the cross country evidence, three separate factors that contribute to low STC claims activity in U.S. states with STC programs can be suggested: (1) a smaller proportion of U.S. employers participate in STC; (2) participating U.S. employers make less use of STC and more use of layoffs than their Canadian and West German counterparts; and (3) application rates among U.S. workers placed on STC are low, perhaps half the rates for workers on layoff.<sup>7</sup> Later in the paper ways to increase worker and employer utilization of STC in the United States will be discussed.

The second fact about STC programs in the U.S. is that participating employers continue to make extensive uses of layoffs. One estimate made in the congressionally mandated study conducted by Mathematica Policy Research, Inc. (MPR) was that STC employers reduced worker hours about eight times as much through layoffs as they did through worksharing.<sup>8</sup> It appears that worksharing typically represents a rather small part of the total cutback in hours made by participating employers in periods of slack demand.

That employers with worksharing plans should continue to make extensive use of layoffs is probably the most surprising finding of the MPR research study. It raises questions about how worksharing plans are structured and how wide is STC coverage in firms with worksharing. Perhaps only narrow classes of workers are covered by the plans, e.g., engineers and other technical specialists, rather than the majority of workers. Perhaps the firms in the MPR sample were unusual in a way not captured by the project's sampling

plan.<sup>9</sup> Perhaps the layoff data refer to substantial time periods when the worksharing plans were not in effect. Whatever the explanation may be, this is an important question that merits further research.

If only narrow classes of workers are covered under employer-initiated STC plans, then there may be a need to require broader coverage. As it stands, the widespread use of layoffs by worksharing employers severely limits the amount of employment stabilization that could be expected from STC.

### **Some Analytic and Policy Issues**

#### **Short-Run versus Long-Run Unemployment**

Worksharing is an institutional arrangement intended to address situations of short-run reductions in labor input. In practice, the ability of employers to distinguish short-run from longer run situations is quite limited, particularly at the start of recessions.

Time series data from Table 2 show that the use of STC follows the business cycle. In Arizona, California and Oregon where experiences extend back to 1982, the years of highest usage (both the level of STC weeks claimed and STC weeks as a percent of weeks claimed in regular UI) were 1982 and 1983, the years of highest unemployment and years when unemployment was rising. Unemployment rose again in Arizona in late 1985 and early 1986.<sup>10</sup> Thus the STC claims data from Arizona are consistent with the idea that STC is used in the early stages of a downturn before the extent of the recession is known.

The data in Table 2 also suggest that utilization of STC declines in the later stages of a downturn. Note that in California that between 1982 and 1983 weeks claimed fell by nearly

half, while the state's unemployment rate fell by only .2 percentage points, from 9.9 percent to 9.7 percent. Similarly, in Arizona STC usage in 1986 was only about one-third of 1985 usage despite the fact that the state's unemployment rate actually increased from 6.5 percent in 1985 to 6.9 percent in 1986. There is a clear suggestion in the data of Table 2 that STC employers place less reliance on worksharing and greater reliance on layoffs once they accurately perceive the extent of the cyclical workforce adjustments that are needed.

Although worksharing may not have a large effect on the volume of layoffs in recessions, it can help in maintaining worker eligibility for UI benefits. Consider, for example, an STC plan that becomes effective on January 1, 1989. Although no one is laid off on that date, suppose that several workers start to collect partial UI benefits. For those workers weekly benefits are computed on base period earnings, typically the twelve-month period ending on September 30, 1988. Filing for partial UI benefits under worksharing activates a benefit year that runs from January 1, 1989 to December 30, 1989. If the person draws some STC early in 1989, he or she continues to accumulate covered earnings that are used to determine monetary eligibility in the next benefit year that could start as early as January 1, 1990.

Even if the STC participant is subsequently laid off, say, on July 1, 1989, delaying the layoff helps to prolong UI benefit eligibility. The delay allows one to accrue more earnings that help establish benefit eligibility for the next benefit year. This would help prevent the fall-off in insured unemployment (relative to total unemployment) that is observed to occur in the later periods of recessions. Although the quantitative importance of this effect is not

obvious, it clearly would help to reduce the volume of UI exhaustions that occur late in recessions.

When reductions in hours become more severe than originally anticipated under an STC plan, questions (particularly in nonunion firms) arise as to precisely which workers are to be laid off. If some are older workers, they may find it difficult to secure other jobs in the local labor market and may be unwilling or unable to relocate to other labor markets. Because the cutbacks in hours become larger as a recession deepens, a displaced worker problem could arise among employers adopting STC plans. To date only Maryland's STC law has considered this issue.

When an employer submits an STC plan to the State of Maryland, there must be included a reemployment assistance plan showing the measures to be taken to assist those who are to be permanently laid off. The details of the reemployment assistance plan are developed in cooperation with the Maryland Secretary of Employment and Training. Services provided to affected workers can include: (1) information on job vacancies listed with the Employment Service, (2) attendance at a job-finding workshop, (3) retraining through a local JTPA Service Delivery Area, and (4) enrollment in courses at a local community college. The state's motivation is to identify the workers at the time of their permanent layoff in order to facilitate their reemployment. Maryland's STC program began in July 1984 and the state has had a strong labor market since that date (with an unemployment rate below 5.0 percent in every year since 1984). To date the state has had no experience with this aspect of its STC program.

For most states STC will be directed towards workers with good long term employment prospects with their present employers. Since even STC employers use worksharing much less than layoffs, we need to know the reasons for the low utilization. The low utilization was established by the MPR study (Kerachsky et al., 1986), but they did not investigate how extensive were the worksharing units covered by an STC plan relative to total employment at individual plants. If worksharing is only made available to small worker units (presumably more skilled or specialized groups) and not to the bulk of production workers, this could explain the low utilization. The low utilization could be examined by an analysis of STC plan applications. The affected units and individual workers are required to be identified in the applications. Research into this issue would help in assessing the potential of work sharing as an alternative to layoffs.

### **The Distribution of Worker Sacrifices**

It seems likely that STC programs produce a much different distribution of worker sacrifices when compared to workforce reductions accomplished through layoffs. The reduction of work hours is much smaller for affected workers under worksharing but the number of affected workers is much higher. Five times as many are affected by an STC reduction of from five to four days of work per week vis-a-vis reductions accomplished through layoffs. Layoffs typically affect the least senior workers in nonunion firms as well as in unionized companies. Thus an STC plan will affect proportionately more of the senior workers who also are the more highly paid employees. In short, STC and layoffs cause different patterns of earnings losses.

State UI programs typically limit maximum weekly benefits to a modest proportion (half to two-thirds) of the state's average weekly wage. These maximums ensure that UI benefits replace a lower fraction of lost wages for high wage workers than for low wage workers.<sup>11</sup> Thus, on average, the UI benefits paid under an STC plan will replace a smaller fraction of lost earnings than under layoffs. Because more of the affected workers are senior, highly paid employees, a lower average wage loss replacement occurs even though a larger fraction of UI recipients are paid the maximum allowable benefit. Under an STC plan, then, the cutback in work hours has three clear consequences: (1) more wage loss (because more senior workers are affected); (2) a lower degree of wage loss replacement (because more workers are affected by the UI benefit maximum); and (3) higher total UI benefit payments (because more beneficiaries receive the maximum benefit). Other things equal, UI benefit outlays increase when an STC plan replaces layoffs as the vehicle for reducing hours of work.

Because it can result in increased UI benefit outlays, adoption of STC was inhibited in several states that had UI debts owed to the U.S. Treasury in the early 1980s. Pennsylvania, which had outstanding loans until 1988 considered but never adopted an STC for this reason. Of the large northern industrial states with substantial debts, only Illinois (in 1984) enacted an STC program, and it was unique in having financing provisions which made STC completely separate from the state's UI trust fund. Apparently because employers had to make prepayments into an escrow account before STC benefits could be received, the program was not used by any Illinois employer over the 1984-1988 period. Lack of use led to the program's discontinuation in 1988.

As noted above, the replacement of layoffs with STC substantially raises the numbers affected by workforce reductions. Evidence from California suggests that the application rate (or take-up rate) for UI benefits among those placed on reduced weekly hours may be considerably lower than among workers who are laid off. To date it is not clear why STC participants exhibit a lower application rate. It is important to try to identify the reason (or reasons). If it is due to a lack of knowledge about benefit eligibility this is a much more serious public policy concern than if workers know about their eligibility but simply do not bother or want to apply for benefits.<sup>12</sup> Some eligible workers may want to save their full entitlement to benefits for a situation of layoff unemployment.

Labor unions have fought successfully to establish the use of seniority as the principal criterion to be used in decisions regarding layoffs and promotions. Since STC programs make a fundamental change in the ground rules surrounding temporary layoffs, all state legislation enacted to date has given unions the ability to veto proposed STC plans by requiring written union assent to such plans. Thus, in unionized firms the union as well as the employer actively participates in decisions to formulate and submit an STC plan to the UI agency for approval.

Adoption of an STC plan also could have equal employment opportunity (EEO) implications for participating companies. On average, two of the classes of workers protected by EEO legislation (minorities and women) have less employment seniority than their white male co-workers. When employment cutbacks occur under an STC plan white males will be relatively more affected while blacks, Hispanics, women and younger workers will be less adversely affected than under seniority-related layoffs. Thus an STC plan may help to more



effectively preserve the sex-race-age composition of a company's work force and preserve the gains resulting from the recent recruitment of minority and female workers.<sup>13</sup>

This issue was examined in the MPR study of STC (Kerachsky et al., 1986, Chapter 7). They found that minority, female and younger employees among comparison employers did not appear to be disproportionately subject to layoffs compared to white males. Among STC employers they found above-average participation in worksharing among women but below-average participation among young workers (findings for which they did not offer explanations). Overall, however, they concluded that worksharing had a largely neutral effect on workforce composition among participating employers.

In summary, adoption of an STC plan has three effects on workers exposed to risks of layoff unemployment:

- (1) It changes risks of unemployment from a narrower to a wider number, from an all or nothing to a more proportionate reduction across more workers and from less senior to more senior workers.
- (2) It increases total UI costs as a consequence of more high-wage workers being subjected to shorter work weeks.
- (3) Theoretically, it helps preserve the sex-race-age composition of a company's work force, but the MPR study's empirical evidence on the point was not definitive.

### **Effects on Employer Costs**

Employers' labor costs may be affected by the adoption of an STC plan. Compared to manpower reductions accomplished through layoffs, the use of STC could have differential effects on a firm's labor costs by affecting one or more of the following: (1) productivity per

employee hour, (2) hourly wage costs, (3) hourly fringe benefit costs, and (4) training costs and other costs associated with employee turnover.<sup>14</sup>

Average output per hour worked (or labor productivity) typically declines in the short run when weekly hours are reduced.<sup>15</sup> One could argue that productivity should be adversely affected under STC because more senior (more productive) workers share in the reduced hours. To the extent that older workers are not more productive or that overall employee morale is improved, the use of STC may not have a differential effect on productivity. Ultimately the question is an empirical one and it has yet to be addressed in a major study.

Although effects of STC on productivity are ambiguous, it clearly causes a reduction in hourly wage costs when compared to layoffs. When STC is used to reduce hours, the composition of more and less experienced workers (who are more and less highly paid) of the affected unit is preserved. This prevents hourly wage costs from rising because senior workers participate proportionately in the reductions in work hours.

The effects of STC on fringe benefit costs will typically be to raise costs. The four most expensive fringe benefit categories are employer-provided pensions, employer-provided health insurance, social security payroll taxes, and pay for time not worked, e.g., holidays, vacations, and sick leave. Of the four, the former two usually have elements of fixed costs per worker, i.e., they do not decline when hours worked decline. Thus, if hours are reduced the per-hour costs of these fringe benefits will rise. In 9 of 14 states with STC programs, full maintenance of fringe benefits is not required (recall Table 1), but, in fact, most employers with STC plans have maintained them.<sup>16</sup> In practice, fringe benefit costs would be higher

under STC compared to layoffs. This cost disadvantage of STC, however, would be outweighed by the savings in hourly wage costs in most firms.

The fourth cost area, training costs, also is lower when employers use STC to reduce manhours. There is less need to train new workers in a subsequent upswing because current workers never leave during the period of slack demand (at a rate above the rate due to normal attrition). Experience in California suggests the savings in training costs can be substantial.<sup>17</sup>

When the preceding four cost elements are considered together, two conclusions are suggested. The effect of STC on productivity per employee hours worked is not known. Until information regarding effects on productivity is obtained there must be a margin of uncertainty in any inference about the effect of STC on costs. Regarding the other three areas of labor costs, it is most likely that employers will experience lower per hour costs of wage payments and training costs but higher per hour costs of fringe benefits. On balance, the former two should be larger than the latter leading to lower labor costs per employee hour. One reason why STC is attractive to participating employers is the savings in labor costs that are realized.

A final cost consideration should be noted that is linked to a controversial finding of the MPR study of worksharing. Most people thinking about the reduction in hours achieved under STC would initially assume the reduction to be the same under STC as under layoffs. In their analysis, however, Kerachsky et al. (1986, Chapter 4) found that workers in STC employment spent 1.45 percent fewer hours on regular UI (layoff) but 2.65 percent more

hours on STC vis-a-vis workers for comparison employers. They concluded that employers reduce hours more under STC than under layoffs.

This finding is controversial and might not be replicated if a new empirical analysis of STC were undertaken.<sup>18</sup> However, for present purposes, suppose the finding is correct (i.e., hours are reduced more under STC than under layoffs). There could be a straightforward explanation, namely that employers have more flexibility in making workforce reductions under STC. If this is the case then, from an employer perspective, STC may be preferred to layoffs because it allows for greater "fine tuning" of reductions in labor inputs. Two consequences of STC would then be larger reductions in labor costs and more days of UI claims. If workers are satisfied with this arrangement (a question for which we do not have direct evidence) and if experience rating is fully operative, then the finding that STC leads to larger reductions in hours (vis-a-vis layoffs) does not mean that STC should not be used.<sup>19</sup>

To conclude, STC probably leads to lower employer costs compared to workforce reductions accomplished through layoffs. STC would also be expected to cause higher UI costs; because UI benefits per hour in benefit status would be higher (i.e., there would be more high wage claimants) and possibly because workers would experience larger total reductions in hours worked and increased hours to claim UI benefits. As long as the extra UI benefit payouts are fully experience rated, this would mean that STC employers would pay for the extra costs.<sup>20</sup> Thus, STC would be expected to reduce labor costs for participating employers, and not to raise costs for nonparticipating employers through higher UI taxes.

## **Administering Worksharing Programs**

Worksharing poses a number of interesting issues for UI programs. Four issues are discussed in the following paragraphs.

**Effects of STC on UI Trust Funds.** The presence of an STC program could affect a state's UI trust fund. This issue was examined by Kerachsky et al. (1986, Chapter 6) who addressed both short-run and long-run effects. STC payments, like other UI benefit payments, act to reduce the UI trust fund in the very short run unless there is a special STC tax which is operative at the onset of an STC plan to provide an offsetting inflow into the trust fund. The question of the short-run effect on the trust fund is more crucial to a state if its present fund balance is viewed as too low. Because many state funds were in this position in the early 1980s, and the earliest STC programs had special taxes to ensure that STC did not pose a short run drain on the trust fund.<sup>21</sup> As trust fund balances have grown in the mid to late 1980s, most of the more recent STC programs have not had special taxes. The existence of special STC taxes in Texas during 1987-1989 undoubtedly reflects that state's funding problems which lasted longer than in most other states. As noted previously, Texas repealed its special STC tax in 1989. The majority of states with STC programs fund the programs in the same way as other UI benefit payments (recall Table 1).

Short-run effects of STC on UI trust funds were examined by the MPR researchers. They noted that added STC benefit payouts in a recession might not be matched by extra taxes for a period as long as 18 months or longer. In this analysis of the "next tax-year recovery rate" (p. 182) they concluded that just 20 percent to 30 percent of extra STC payments were recovered under existing tax rate schedules in Arizona, California and

Oregon. They also concluded that the added tax contributions arising from special STC tax rates would not be sufficient to cause the extra taxes to match the STC benefit payments in the short run. Thus STC would be expected to cause added reductions in a state's UI trust fund in a recession.

STC could also have long term effects on state trust funds. If experience rating provisions operate with insufficient force and if special STC taxes have maximum rates which are too low, STC benefit payouts might not be followed by an equal increment of UI taxes in subsequent years. To date there is no strong empirical evidence on this point. The MPR researchers (p. 184) concluded that through the combined efforts of experience rating and special STC taxes it was not likely that STC would "create a severe long term impact on the solvency of the trust fund."

For now we conclude that STC may have negative effects on state trust funds in recessions, but that long run effects are likely to be small. Since most states by the late 1980s had accumulated substantial UI trust fund balances, trust fund questions should not be an important obstacle to the adoption of STC in the majority of states that presently do not have STC programs.

Use of Mass Enrollments. Initially the STC program in California required each affected employee to file for benefits at the local UI office. Adherence to this procedure in larger firms was inefficient because the list of workers was already assembled at the time the STC plan was submitted to the state for approval. Thus the list of affected workers was known both to the central office of the state agency and to the employer at the time the plan

was approved. Requiring individual workers to then file for benefits at the local UI office represented a needless duplication of effort.

After experience with this procedure had been accumulated, it became obvious to both UI administrators and employers that enrollments could be done more efficiently. Enrollments now occur at the work site rather than at the local UI office. The use of mass enrollments is particularly efficient because many STC plans are utilized by very large employers. In California in 1978-79, for example, only 4 percent of firms that experienced claims for regular UI benefits employed 100 or more persons while 18 percent of firms with STC plans came from this size classification. (See State of California (1982), Table 4.2.)

The MPR analysis (pp. 160-167) noted that there were significant differences in claims processing procedures between Arizona and the other two states (California and Oregon). The Arizona program makes widespread use of initial claims filing at the workplace as well as simpler procedures for filing continuing claims (again at the workplace). By having more efficient application and continuing claims procedures, Arizona is able to offset most of the administrative cost disadvantages of STC (vis-a-vis layoffs) that arise from having to deal with more recipients per equivalent week of compensated unemployment.

**Cost Savings Associated with Claims Processing.** Compared to claims for regular State UI benefits a larger number of claims must be processed under STC. In California the initial evaluation of STC did not estimate the amount of extra costs incurred by the central office and field offices of the UI agency. The program was set up so quickly in mid-1978 that no provision was made for monitoring the costs of providing worksharing benefits. Staff time spent on reviewing STC plan applications in the central office and processing claimant

applications in local offices was charged to the regular UI program.<sup>22</sup> The evaluation of STC conducted by MPR did not include an analysis of UI administrative costs.

Although STC should lead to increased numbers of UI claimants, it is possible that it actually reduces UI administrative costs. Because fewer workers need to enroll in the Job Service of the state's Employment Service these cost savings must be netted out against the extra costs arising from increased numbers of UI claimants. Estimates from Arizona suggest the savings in Job Service costs can be substantial. The savings come from the avoidance of job search requirements among STC recipients. One estimate is that in Arizona in 1982 \$800,000 was saved in reduced job search requirements compared to \$1,500,000 in STC benefit payments.<sup>23</sup> Since the savings in Job Service costs can be large, STC may not cause any net increase in the costs of administering a UI program.

**Understanding Low Application Rates in STC.** Initial data from California suggest that many eligible workers covered by STC do not apply for partial UI benefits. As noted above, their application rate (42 percent) is less than half the rate for workers on layoff. One explanation could be that they consider it too troublesome to apply for STC benefits. As noted earlier, some eligible workers may prefer to save their entire UI entitlement for a situation of layoff unemployment. If they were not fully aware of their benefit rights, however, the UI program must devise effective ways to communicate with workers to inform them of their eligibility. Until research findings have established the reason (or reasons) for the low application rates, this remains a potentially troublesome area in administration of STC programs. Low application rates are one factor leading to the low number of equivalent



weeks claimed by STC workers previously noted in Table 2. Until eligible nonapplicants are contacted, the reason (or reasons) for low application rates will not be known.

### Summary

Worksharing short time compensation has the potential for substantially reducing the number of layoffs and occurrences of layoff unemployment. Experiences with STC programs in the U.S. in the 1980s show that they are administratively feasible and popular with many participating employers and workers. Labor costs are probably reduced for most participating employers. Effects of STC on UI trust funds and UI program administration do not pose important obstacles to the adoption of worksharing. Also mitigating in favor of more widespread adoption of STC is the improved status of most state UI trust funds in the late 1980s.

If worksharing is to realize its potential for reducing layoffs, however, increased numbers of workers must participate in STC. Four factors can contribute to increased use of STC. First, more states would need to create STC programs. At present only 14 have STC. Second, to increase the number of employers offering STC aggressive measures to inform employers and workers about the advantages of STC would need to be undertaken. Third, for employers with STC plans more information would need to be gathered to determine why layoffs continue to be used much more extensively than worksharing. If low usage is related to flaws in STC program design, these should be identified and corrected. Fourth, better understanding of the low worker application rates for STC benefits is needed. If aspects of STC program design are found to inhibit applications they would have to be corrected.

Direct interviews with eligible nonapplicants would be part of this investigation. Increased understanding of the structure and operation of STC programs in other countries may also help to increase the reliance of U.S. employers and workers on worksharing arrangements.

### Notes

1. The reserve ratio and benefit ratio methods of experience rating were used in all but three states in 1989. The main determinant of an employer's tax rate in reserve ratio states is the employer's reserve ratio, i.e., the UI trust fund account balance on a computation date (often June 30th) measured as a percent of covered (taxable or total) payrolls. The reserve ratio on the computation date determines next year's tax rate. In benefit ratio states the employer's benefit ratio (benefit charges against the employer's account as a percent of covered payrolls, often measured over a three-year period) is the main determinant of next year's tax rate. For one description of the various experience rating methods used by states see Vroman (1989).
2. See pages 5-21 of U.S. Department of Labor (1987) for the model language and commentary on the model language.
3. The percentages of plans that provide for full maintenance of fringe benefits (in Oregon) is reported in MaCoy and Morand (1984), p. 103 and (in Arizona, California and Oregon) in the Mathematica Policy Research (MPR) study of short time compensation, Kerachsky et al. (1986), p. 214.
4. The special STC tax schedules were also created to ensure that STC employers did not receive subsidies from other employers in paying for the costs of STC benefits.
5. See Table 2 in Vroman (1985). The estimates are based on work of Gunther Schmid of the Berlin Management Institute.
6. See columns 4 and 5 in Table 2 of Vroman (1985).
7. Evidence on low application rates is provided by Best (1981, p. 116-17). He noted that the STC application rate in California in September 1979 was 42 percent, less than half the application rate for those on layoff.
8. Kerachsky et al. (1986), pp. 106-139.
9. Also there may have been problems in the execution of the sampling plan for the California subsample.

10. The annual unemployment rate in Arizona rose from 5.0 percent in 1984 to 6.5 percent in 1985 and then to 6.9 percent in 1986.
11. This tendency for higher wage loss replacement for low wage workers is reinforced in many states by weighted weekly benefit schedules which provide the highest wage loss replacement rate for the lowest levels of base period average weekly wages.
12. Experiences at Motorola suggest that many senior workers are aware of their eligibility for STC but do not apply for benefits.
13. For one discussion of the implications of STC for company EEO policies see McCoy and Morand (1984), Chapter 10.
14. An evaluation of the effect of STC on employer costs was conducted by Burgoon and St. Louis (1984). This study attempted to quantify the full range of effects of STC on employer costs (vis-a-vis layoffs) at Motorola, Inc.
15. The reason (or reasons) for the procyclical behavior of manhour productivity (output per hour changing in the same direction as changes in output when output expands and contracts over the business cycle) is not well understood.
16. This was examined by Kerachsky et al. (1986). In chapter 8 of their report and table 8.4 they note that more than 90 percent of each of five fringe benefits was fully maintained by STC employers.
17. One estimate of the savings in training costs was made in the State of California (1982) evaluation of its STC program. Chapter 6 of the California report examines financial impacts on firms. The report estimates there are substantial savings in training costs (7 percent of wage costs). In Canada, however, it was estimated that reductions in training costs were of minor importance. For comparison of the California and Canadian estimates, see McCoy and Moran (1984), p. 109. The estimates of training cost savings are very sensitive to assumptions about rehire rates following layoffs. When rehire rates of former employees are low the savings in training costs under STC become more substantial. The California study assumed lower rehire rates than were assumed in Canada. Burgoon and St. Louis (1984) also found that savings in training costs were substantial.
18. Questions about the appropriateness of the control group of employers (particularly in California) and issues of statistical estimation can be raised in reference to the MPR study. Members of an advisory panel for the study did question the validity of this finding.
19. There is evidence that workers find STC attractive; State of California (1982) Chapter 6 and 7 and McCoy and Morand, Chapter 7, p. 104. However, the narrower question at

issue here: would workers approve of STC if they knew that total hours away from work under STC exceeded hours on layoff, has not been investigated. On the question of experience rating Kerachsky et al. (pp. 183-84) advances arguments that STC employers are probably subject to a greater degree of experience rating than other employers because of noncharged benefits are less likely to arise from worksharing employees.

20. In the absence of full experience rating some of the extra UI costs might be socialized, i.e., borne by employers who do not have STC plans, through some form of minimum UI tax or a UI solvency tax.
21. There was also a second reason why the earliest STC programs had special STC taxes, to ensure that employers with large reserves did not provide subsidies to STC employers with low reserves.
22. See State of California (1982), Chapter 9, pp. 9.3-9.4.
23. See Chapter 6, p. 94 in MaCoy and Morand (1984).

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II. RESEARCH PROJECT SUMMARIES

## II. RESEARCH PROJECT SUMMARIES

### A. Research Projects Planned and in Progress

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### Study Title

Washington Self-Employment & Enterprise Development (SEED)  
Demonstration

### Problem to be Studied

One strategy for assisting the long-term unemployed is to promote self-employment. Several foreign countries have programs to encourage the unemployed to create jobs for themselves through the use of financial grants and business assistance. The Washington Self-Employment & Enterprise Development (SEED) Project is one of two USDOL demonstrations testing this strategy here in the United States. SEED tests the alternative use of Unemployment Insurance (UI) as a potential for job creation and economic development.

### Method

Designed to measure the costs and benefits of an early intervention self-employment strategy for UI claimants who don't have immediate prospects for work, the project also improves the linkages between UI and other service delivery entities, and assists identification of likely UI exhaustees.

An automated random sample from 19 local offices selected new UI claimants with no prospects for work. They were invited to attend a one-hour session on the risks and rewards of business ownership so that they could make an informed decision about proceeding with their business idea. Claimants who applied were randomly assigned to a treatment group which received SEED services, or to a control group who continued to receive regular UI services. Random assignment will allow rigorous evaluation of program effectiveness.

SEED tested the strategy of providing a combination of self-employment allowances and the business assistance services deemed necessary to launch a successful business venture. Services were coordinated with the Washington Department of Trade & Economic Development Business Assistance Center. Participants received 20 hours classroom training, on-going business counseling and access to a monthly peer support Entrepreneurs Club. SEED also provided participants with UI benefits while in training and a lump sum payment equal to their remaining entitlement once they met five project milestones. This payment could be used as startup capital or for personal expenses.

A full cost-benefit analysis, a process evaluation, and a net impact analysis will be conducted on the SEED Project. The evaluation will measure a broad range of outcomes from the perspective of participants, of government, and of society as a whole. Impacts on participant earnings, receipt of UI, employment



stability, work satisfaction, and psychological well-being will be examined, using UI administrative records from Employment Security, business tax records from the obtained from two telephone follow-up surveys.

Expected Completion Date

Sampling ended - October, 1990

Process Analysis - September, 1991

Final Report - August, 1993

Contact

Judy Johnson, SEED Director  
Washington Employment Security  
212 Maple Park Drive MS/KG - 11  
Olympia, WA 98504  
(206) 753-3809

Jon Messenger, Project Officer  
U.S. DOL/ETA/UIS  
200 Constitution Avenue, N.W. Room  
S-4519  
Washington, D.C. 20210  
(202) 535-0208

### Study Title

Washington Timber Retraining Benefits (TRB) - Evaluating  
A Sub-State Area Additional Benefits Program

### Problem to be Studied

Washington State passed legislation to provide retraining benefits (TRB) to dislocated timber workers. This is not a true additional benefits program as not all claimants who exhaust regular benefits are entitled to TRB. It is the first additional benefits program with sub-state triggers by county and the first to target specific industries. Additionally, TRB is the first program designed to support training and increase its effectiveness by getting workers into training early in the UI claim series. This early intervention is unlike other UI workload activities, requiring substantial staff involvement long before any actual benefit payment is made.

Several features of the Timber Retraining Benefits Program are being considered at the national level, warranting close observation and evaluation of this first operational approach to sub-state triggers for additional benefit programs.

### Method

At the time of writing, the scope of this evaluation is not yet determined. It is expected that this study will be designed to measure the costs and potential benefits of a sub-state area additional benefits program. State administrative records will be used to conduct process and net impact analyses.

### Expected Completion Date

Final Report expected in 1994 with interim reports earlier

### Contact

Wm. Eric Jordan or Wendell Wilson  
Washington Employment Security  
UI Program Analysis  
212 Maple Park Drive MS/KG-11  
Olympia, WA 98504  
(206) 753-3809

## OPTICAL DISK IMAGING SYSTEM FOR TAX RECORDS

Utah is in the final stages of testing the first phase of an Optical Disk Imaging System for all tax documents. Phase I includes:

1. Optically scanning tax documents for permanent storage.
2. Permanent storage and retrieval of COM (Computer Output Microfilm) data for access by the optical disk system.
3. Direct mainframe linkage for indexing consistency between mainframe files and the optical disk system.
4. Ability to "FAX" documents in the optical disk system to any FAX number including employers, if requested. The system also includes the capability to request and receive, unassisted, "FAXED" documents (from centralized optical disk system) at remote offices throughout the state.
5. Work in progress capability - documents are held in suspense files within the optical system until formal coverage under the Act is determined by the Account Status area.
6. Limited office automation - now word processing only.

The Utah Optical Disk Imaging System uses Novell networking for one scanning station and three additional work stations. Documents are scanned and placed in temporary storage on hard disk, then called up for quality control review and editing. Operators at three network PC terminals view document images on one side of the screen, and use the other side of the screen to verify mainframe account numbers and create indexes for the optical storage system. After documents are considered correct and indexed, the scanned documents are permanently committed to the optical disk system for storage and retrieval.

Direct mainframe access is achieved using IBM HLLAPI interface to CICS applications. A function key (window) also accesses the full range of CICS inquiries available on the mainframe. The system is seamless, appearing to be one system to the user.

Phases II and III will include more office automation capabilities (i.e., Dbase, Lotus, Word Perfect) and additional work stations to be located in the Account Status Area and Central Office Claims.

Expected Completion Date

Phase I - September 1, 1991.

Phase II - July 1, 1992.

Phase III - July 1, 1993.

Contact

Virginia Byrd,  
Job Service, P.O. Box 11249  
Salt Lake City, Utah 84101  
536-7441

Study Title

UC Tax Auditor Training

Problem

To develop and compile training materials to be used by the State agencies to train unemployment compensation tax auditors.

Methods

The training will provide state UC tax auditors with a modular instruction Program to supplement State specific programs. Approximately seven modules will be free standing and 1) provide auditors with a working knowledge of FUTA and related Federal employment tax law and policy; 2) explain ETA audit policy and the Federal interest in UC audit performance; 3) encourage interstate cooperation in compliance efforts; 4) improve professionalism and compliance with Generally Accepted Auditing Standards; and 5) raise the level of auditor awareness of outside influences on employment taxes, such as avoidance and legislative initiatives.

Expected Completion Date

March 31, 1993

Contact

DOL/ETA/UIS  
Room S-4522  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0216  
Neal Cook

Study Title

Benefit Payment Control (BPC) Technical Assistance  
Guide (TAG) and Training

Problem to be studied

The purpose of this project is to examine, evaluate and identify successful and cost effective methods nationwide for operating benefit overpayment prevention, detection, recovery and prosecution system and to develop a technical assistance guide (TAG).

Method

This project will include an examination of the Automated Model Recovery and the Model Crossmatch Systems. A comprehensive BPC TAG, which serves both the intrastate and the interstate programs, will be developed. Associated training will be conducted for State BPC staff on the use of the newly developed TAG.

Expected completion date

Fiscal year 1994

Contact

Ginger Weight  
DOL/ETA/UIS  
Room S-4522  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0613

Study Title

Massachusetts Self-Employment Demonstration Project

Problem to be studied

The purpose of this project is to test self-employment as an alternative use of unemployment insurance.

Method

This demonstration project was authorized by Congress to determine the effectiveness of providing self-employment assistance to interested UI claimants to help them start their own small business. Claimants were randomly assigned to test and control groups. Demonstration self-employment assistance included both weekly or biweekly self-employment allowance payments, business training, counseling, and supportive services.

Expected completion date

December 23, 1993

Contact person

Jon Messenger  
DOL/ETA/UIS  
Room S-4522  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0208

Study Title

Workplace Literacy Assessment

Problem to be Studied

The purpose of this project is 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-stage workplace literacy assessment. The first phase involved assessing and profiling the literacy proficiency of the ETA client populations of the JTPA program, and the combined UI/ES beneficiaries/applicants. During the second phase, ETA will develop a test based on these assessments that is appropriate for estimating the literacy proficiency of individuals in various DOL populations.

Method

Survey data have been collected and are being processed -- including the analysis of the assessment scorer and compilation of the background data. Analysis will be done with respect to the literacy proficiency of the JTPA, ES/UI populations nationally and for selected sub-groups. In addition to using the micro-data from the survey, an analysis of the relationship between the literacy and labor market performance of the program participants will be made. Individual literacy test instrument is being produced and will be made available and the feasibility of implementing the use of the test instrument will be evaluated.

Expected completion date

June 30, 1992

Contact

Mamoru Ishikawa  
DOL/ETA/OSPPD  
N-5631  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0672



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.

Methods

The project will include examination of the implementation and effects of amendments to the TAA program contained in the Omnibus Trade Program and Competitiveness Act of 1988. Administrative data from 12 sampled States will be used in the evaluation.

Contact

Daniel Ryan  
DOL/ETA/OSPPD  
Room N5637  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0682

Study Title

TAA Wage Supplement Demonstration

Problem to be studied

The purpose of this project is to conduct a TAA wage supplement demonstration.

Method

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 supplementals 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.

Expected completion date

May 21, 1995

Contact

Eileen Pederson  
DOL/ETA/OSPPD  
N-5637  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0659

## B. Research Projects Completed

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Expert Assistant System for Examiners (EASE) Study	Pennsylvania	139

Study title

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

Problem to be studied

The purpose of this project is to conduct a study of the geographic shifts in the incidence of unemployment to determine the implications for future regional unemployment trends for worker adjustment policy.

Method

A multiregional econometric model was adapted to make projections of state unemployment in the year 2000. Estimates were 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. A draft report is currently being reviewed by DOL.

Expected completion date

June 1992

Contact person

John Robinson  
DOL/ETA/UIS  
Room S-4522  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0222

Study Title

Texas Expert System Project

Contractor

Texas Employment Commission

Results

This project built upon the work done during a previous nonmonetary expert system project. Additional complexity was included in the Texas system to determine how far an expert system could go in the nonmonetary area. In addition, Texas used the AION expert system software to ascertain the utility of this software compared to that used in the previous study. In addition, Texas assumed responsibility for developing a Disaster Unemployment Assistance (DUA) expert system. The DUA expert system project goal was to develop an expert system for taking and processing DUA claims.

Contact

Wayne Zajac  
DOL/ETA/UIS  
Room S-4522  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0222

Study Title

Maine Nonmonetary Expert System Project

Contractor

Maine Department of Labor

Results

The purpose of the contract was to determine the potential use of expert systems in the nonmonetary process. Maine demonstrated the results of their expert system prototype at the UIS Expert System colloquium in June 1991. A final prototype is now available.

Contact

Wayne Zajac  
DOL/ETA/UIS  
Room S-4522  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0222

## Study Title

Training for Unemployed Insurance Claims Adjudication

## Problem to be Studied

UI claims adjudication is the initial fact-finding and decision making on UI claims issues (possibly disqualifying eligibility conditions). This process involves obtaining evidence from both claimants and employers and applying State law to the facts to produce determinations which either deny or pay UI benefits to claimants. The State employment security agencies (SESAs) made more than 6.5 million nonmonetary determinations during each of the past 3 fiscal years.

A determination to pay benefits is accurate and acceptable if it is consistent with State law and meets due process of law requirements set forth in the Secretary's Standard for claims determination. It is Unemployment Insurance Service's position/policy that positive management of this adjudication process to ensure quality and accuracy of UI benefit payments is both appropriate and essential. Accordingly, UIS measures the states' performance in adjudication of UI claims by the Quality Appraisal System (QA). Under the QA system, the Desired Level of Achievement (DLA) for issues involving separation from work is a minimum of 75 percent of the sampled cases must meet quality (81 points) and the DLA for nonseparation eligibility issues is a minimum of 80 percent of the cases sampled must meet quality. ETA's assessment of SESA performance in adjudication UI claims issues indicates there is a serious problem in this area. The QA results for FY 86 and FY 87 showed that more than 50 percent of the States did not meet one or both DLAs for nonmonetary determination performance in the preliminary QA results for FY 88. The Denials Quality Control Pilot implemented in five States and completed in the spring of 1988, found determinations that erroneously denied benefits on separation from work issues and nonseparation issues that ranged from 7.1 percent to 29 percent of the sampled cases.

This project proposes to develop training for UI nonmonetary claims adjudication utilizing contractor assistance. The final product will be nonmonetary adjudication training package materials exportable to the States. The materials will be designed to train regional office staff and for future State run training sessions for claims adjudication staff.

## Expected Completion Date

September 30, 1991

## Contact

Lorenzo C. Roberts  
U.S. Department of Labor



## 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 resultant performance measurement system will be an integrated oversight system useful to the Department in assessing performance in critical UI functions and to the States in managing their UI program.

During 1991, the work was directed to system design. This phase involved (1) identifying legal responsibilities which require performance measurement; (2) identifying alternative performance measures for benefits, nonmonetary determinations, appeals and benefit payment control; (3) selecting measures to be tested based on critically, management use, and cost among other factors; (4) determining how data will be obtained and stored and (5) preparing a field test design. The next phase which begins in calendar year 1992 will field test (and retest, if necessary) the selected alternative measurements. A final phase will be a period of implementation of the selected measurements by State Employment Security Agencies.

## Method

Contractor study aided by National and Regional Office guidance and State Agency input into the feasibility and desirability of alternative measures. Data will be generated from current operations to the extent possible. Cost efficient and statistically significant sampling will be used for certain measures.

## Expected Completion Date

State implementation may begin in fall, 1993

## Contact

William N. Coyne  
U.S. DOL/ETA/UIS  
200 Constitution Ave., N.W.  
Room S-4518 FPB  
Washington, D.C. 20210  
(202) 535-0623

## Study Title

Cost Center Budgeting for UI Field Offices

### Problem to be Studied

During early FY 1991, it became evident that staffing in the UI field offices fell behind the workload. This problem was further magnified as the Indiana economy slipped into a recession and UI claims increased significantly. Field managers were not empowered to be proactive in hiring hourly staff to keep up with the workload. By decentralizing the decision-making for contingency staffing, we will enable the field to anticipate, plan and act rather than react.

### Method

Our purpose is to provide field UI office managers with information that will enable them to exercise their authority to control their contingency staffing. The first step is to analyze five years of total claims for each of the 27 field offices (including Interstate Liable). We expect to find a very distinct and consistent seasonal pattern for each office. Because the number of offices was reduced from 45 less than two years ago, we will look at the total claims workload over the 12 months ending March 1991.

Total positions used will be extracted from the Cost Model for the same 12 month period ending March 1991. Because we had implemented an automated benefit system less than two years ago, the MPU's are inappropriate. A supplementary system to the Cost Accounting Time Distribution subsystem will provide us with the hours worked by hourly workers. The hours worked will be converted to full time equivalent positions for each office. All of these data will be graphed to provide a quick, visual analysis of what had been happening in the field.

The next step is to look toward the coming fiscal year. As part of the routine Program Budget Planning process, we develop statewide UI workload projections. The statewide economic assumptions and forecast are coordinated informally with the assumptions and forecasts of the State Budget Agency and the Governor's office. These overall forecasts of employment, unemployment, and income are translated to covered employment, insured unemployment, and benefits by using a model developed for us by Kellen Worden and Wayne Vroman of the Urban Institute.

This UI simulation model uses a Lotus spreadsheet as the vehicle. Coefficients and variables from regression analyses are imbedded in the worksheet structure. We change the economic variables based on our assumptions and forecast and the simulation model calculates the UI components. The statewide forecast was then broken down by UI field office using the 12 months of data

described above. Then the monthly seasonal variations were applied to data for each field office.

In the short term, this will provide the UI field managers with graphic and numerical "tools" to anticipate the workload and hire contingency staff accordingly. This will help field office managers control their budget resources. They will be able to schedule hourly staff "just-in-time" to handle the workload, as in the manufacturing "just-in-time" inventory control.

Expected Completion Date

August 30, 1991

Contact

Indiana Dept. of Workforce Development  
Division of Employment & Training Services  
UI Statistical Services  
Charles Mazza  
10 North Senate Avenue  
Indianapolis, Indiana 46204  
(317) 232-7460

Study Title

Voice Response

Problem to be Studied

The New York State Department of Labor will be introducing a Voice Conversant System for the filing of continued claims for Unemployment Insurance. This system will be evaluated to determine its effectiveness.

Method

The evaluation will involve contacting claimants who have used the Voice Conversant System to determine levels of satisfaction, promptness of payment, administrative costs and reliability.

Expected Completion Date

September 1993

Contact

Roger Gerby  
Averell Harriman State Office  
Building Campus  
Bldg. #12 - Room 408  
Albany, NY 12240  
(518) 457-6398

### Study Title

Quality Control Work Search Study

### Author

James M. Everington, UC Executive I, Quality Control Unit

### Date of Publication

March 31, 1991

### Results

Florida's Quality Control conducted a year-long study on how UC claimants seek and obtain employment. One thousand claimants were asked to complete identical work search questionnaires. Our primary goal was to obtain empirical data from the one thousand claimants on what really worked for them in Florida's job market, rather than relying what we think should work for them. These findings have obvious implications on the way in which we advise claimants, how we evaluate the reasonableness of their job search efforts, the effectiveness of Job Service in assisting claimants, and the soundness of our policies as embodied in agency rules and rules and state law.

The following is a brief list of study highlights that seem particularly noteworthy.

- 1) The majority of claimants interviewed (48%) stated they became aware of the employment possibility with their last employer through friends, relatives and co-workers. Two percent stated they became aware of employment possibilities through the Job Service.
- 2) When asked how contact was first made with their last/current employer, the majority of claimants interviewed (39%) stated that contact was made in-person with no prior appointment. This we believe is because most claimants become aware of employment possibilities through friends, relatives and co-workers. One percent stated contact was made through Job Service.
- 3) When asked how many in-person interviews they had with their last employer before being hired, the majority of claimants (54%) responded "once".

- 4) When asked for the number of weekly contacts an unemployed person should make to return to work as soon as possible, the majority of those interviewed (34%) listed 3 contacts per week. This figure, we believe, is biased by the local claims offices' practice of recommending weekly job contact quotas to claimants. Three contacts per week is the number recommended to most claimants.
  
- 5) The overwhelming majority of claimants interviewed (57%) listed "good wages" as their most important employer factor.
  
- 6) Of the 1,000 claimants interviewed 877 (88%) were found to be registered with Job Service. Of those 877 claimants, 236 (27%) received job referrals, 35 (15%) were placed in jobs. Job placements represented approximately 1% of the total services provided to the 877 registered claimants.

Contact

James M. Everington  
106 Caldwell Building  
Tallahassee, Florida 32399 - 0209  
(904) 487-3448  
Florida 32399-0209  
(904) 487-3448.

### Study Title

Indiana UI Simulation Model

### Author

Kellen Worden, Wayne Vroman, Urban Institute

### Date of Publication

January 28, 1991

### Results

The researchers developed a simulation of the unemployment insurance (UI) trust fund in Indiana. The model was developed to analyze the effect of economic and policy changes on the UI trust fund.

The simulation results indicated that the program faced no threat of insolvency under three economic scenarios. The results further indicated that Indiana could implement a State Reserve Fund with no important negative effect on total reserves.

The results also showed that the implementation of a dependents allowance phase out accompanied by an increase in the maximum weekly benefit amount raised no threat of insolvency except in the case of the deep recession scenario. For the no recession and mild recession simulations, the phase-out affected estimated reserves relatively little, with taxes under the current system responding almost fully to the increased benefit payments. For the deep recession scenario, taxes could not fully respond to increased benefit payments implied by the phase-out, and incremental increases in the tax base would help to maintain solvency.

### Method

The Indiana model has a modular structure with five main blocks of equation. These blocks respectively characterize the behavior of important variables in: i) the state labor market, ii) UI benefits, iii) UI taxes, iv) trust fund interest and v) the trust fund balance. The model is arranged as a rectangular grid in a spreadsheet with variables in the rows and years in the columns. It has a recursive equation structure whereby this year's fund balance and benefit outlays determine next year's taxes.

The full model has 57 equations. Nine equations are behavioral requiring time series regression estimation to derive their coefficients. The remaining equations are definitions, exogenous variables and logical relations needed to close the model.

Of particular interest in Indiana is the ability of the state to finance training and other positive adjustments by workers through a redirection of payroll tax receipts without risking insolvency in its federal UI trust fund. The mechanism to accomplish this objective is the creation of a state trust fund whose interest income will be used to finance positive adjustment activities by Indiana workers. At the same time the state fund's balance will be available lending to the state's federal UI trust fund account maintained at the U.S. Treasury should the need arise.

Thus the modelling in Indiana explicitly considers a supplemental state trust fund whose assets can go to uses other than the payment of UI benefits. Three possible uses are the financing of positive adjustments by workers, making loans to the state's federal account when it approaches bankruptcy and defraying the costs of UI administration not covered by federal allocations of administrative funds.

A special feature of the Indiana model is an on-off toggle which can activate or deactivate the special state trust fund. When the toggle is "on" all the relationships involving the special fund will be activated. Thus the user can compare parallel simulations run with and without the presence of the special state fund with a simple "flip of the switch."

#### Contact

Indiana Dept. of Workforce Development  
Division of Employment & Training Services  
UI Statistical Services  
10 North Senate Avenue  
Indianapolis, Indiana 46204



Study Title

Unemployment Insurance Tax Rates - 1991  
New York State

Problem to be Studied

Comprehensive analysis of employers paying Unemployment Insurance tax rates by industry, size of firm and tax rates.

Expected Completion Data

December 1991

Contact

Norman A. Steele  
Averell Harriman State Office  
Building Campus  
Bldg. #12 - Room 404  
Albany, NY 12240  
(518) 457-6638

Study Title

Unemployment Insurance Tax Rates - 1990  
New York State

Author

Elias Loizides

Date of Publication

August 1991

Results

A comprehensive analysis of employers paying Unemployment Insurance tax rates.

Contact

Elias Loizides  
Averell Harriman State Office  
Building Campus  
Bldg. #12 - Room 404  
Albany, NY 12240  
(518) 457-6638

Study Title

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

Author

John J. Comiskey

Date of Publication

October 1990

Results

A comprehensive review of the history of federal and New York State Unemployment Insurance legislation by category of provision and time period.

Contact

Norman A. Steele  
Averell Harriman State Office  
Building Campus  
Bldg. #12 - Room 404  
Albany, NY 12240  
(518) 457-6638

Study Title

Occupational Wage Data

Author

Roger Gerby and Tom Corban

Date of Publication

Unpublished

Results

New York State does not have a wage reporting system that can be easily accessed for occupational wage information. Therefore, a new database was created by merging base period wage data of Unemployment Insurance beneficiaries with detailed occupational coding developed for the same individuals by the Job Service. When merged, the data yield median and mean weekly wages by occupation.

Contact

Roger Gerby  
Averell Harrimen State Office  
Building Campus  
Bldg. #12 - Room 408  
Albany, NY 12240  
(518) 457-6398

Study Title

Quality Control Program Improvement Technical Assistance Guide

Problem to be studied

This project was arranged by the Department of Labor to supplement on-going work of the Regional Offices to aid States to plan and conduct program improvement studies.

Method

The grantee has developed a technical assistance guide on UI program study design and implementation for use by State agencies. The project also offered three national study design training workshops for State and Regional staff and provided direct technical assistance to States upon request. The Technical Assistance Guide (TAG) has been completed and transmitted to the Department in March 1992. DOL will distribute this technical training manual to all State employment security agencies (SESAs) and to ETA Regional Offices by June 1992. The TAG will also be available upon request to individuals and both public and private agencies with particular interest in UIS research and program developments.

Expected completion date

June 1992

Contact

Curtis R. Gatlin  
DOL/ETA/UIS  
Room S-4220  
200 Constitution Ave., NW  
Washington, DC 20210  
Telephone: (202) 535-0630

## Study Title

Washington Nonmonetary Knowledge Based System Project

## Problem to be Studied

In an effort to meet Desired Levels of Achievement (DLAs) with nonmonetary determinations, and to improve consistency among the state's local offices, an automated decision-making system to adjudicate voluntary quit job separations has been developed and is being tested.

## Method

Washington's voluntary leaving laws and regulations may be some of the most complex in the nation. If guided factfinding and automated decision-making of voluntary quits can produce quality determinations in this legal environment, all other types of issues could also be programmed successfully.

The Washington Nonmonetary Knowledge Based System differs from the Kansas Nonmonetary Expert System prototype in several ways. Washington's automated system for adjudicating nonmonetary issues is designed with guided factfinding for each related group of reasons for voluntarily leaving work. The adjudicator briefly, but thoroughly interviews the claimant to determine the primary reason for job separation before proceeding to the factfinding programmed for that particular reason. In most cases, the system can make the decision automatically. While there are some situations in which the adjudicator's expert judgement is required, the factfinding done by both expert and beginner meets quality standards. The key to the program's success is the guided factfinding, which was developed following federal Quality Performance Indicator (QPI) guidelines. If a fact necessary for a quality determination is missed, the system makes the omission obvious with edit marks on the screen.

The program is currently being tested with one work station in the Olympia, Washington local office, where it has proven successful insofar as quality. Over 100 of the first determinations created out of this system were evaluated using QPI and obtained a quality rate of 85.9 percent. The designers continue to fine-tune the guided factfinding process as experience points out the need for improvements.

## Expected Completion Date

By late September, 1991, Employment Security will develop evaluation criteria, including cost considerations, to decide whether to expand on this pilot. In-depth development and implementation is dependent on this evaluation.

Contacts

Marie Brillante, Assistant Commissioner  
Unemployment Insurance Division  
Employment Security Department  
212 Maple Park Drive MS/KG-11  
Olympia, WA 98504  
(206) 753-5120

Dennis Knopp, Chief  
UI Program Analysis  
Employment Security Department  
212 Maple Park Drive MS/KG-11  
Olympia, WA 98504  
(206) 586-2915

## Study Title

Evaluation of the Impacts of the Washington Alternative Work Search Experiment

## Authors

Terry R. Johnson and Daniel H. Klepinger, Battelle Human Affairs Research Centers

## Date of Publication

January, 1991

## Results

This report describes findings from an experimental evaluation of the effectiveness of alternative work search policies in the Unemployment Insurance Program. The results indicate that different work search policies have different and important consequences for the UI Trust Fund. For example, relative to the standard work search policy followed by many states, the more intensive reemployment services treatment reduces UI payments on average by about one-half of a week or about \$70 per claimant. This reduction is considerably larger than the increased administrative costs associated with this treatment. It appears that the impacts of this treatment in reducing the UI spell are primarily due to raising the costs of remaining on UI, rather than enhanced job search abilities. There is, however, no evidence that the relatively rapid reemployment of claimants in this group occurs at the cost of lower earning of hourly wage rates.

The exception-reporting approach significantly increases UI outlays relative to the standard work search approach by approximately 3.3 weeks and \$265 per claimant.

These studies taken together provide strong evidence that a work search policy that requires claimants to report to the local office for intensive services early in the unemployment spell is successful in reducing the length of the initial spell and total UI benefits paid. Given that the costs of monitoring work search activities are relatively modest, these results indicate that it would be prudent for states to maintain an active work search policy.

## Method

The work search experiment was conducted in Tacoma, Washington, and tested four work search approaches that ranged in philosophy from an "exception-reporting" approach with no specific work search directive or monitoring, to an approach that involved intensive reemployment assistance early in the unemployment spell.



Approximately 10,000 new UI claimants were randomly assigned to one of four treatment groups between July, 1986 and August, 1987.

The evaluation relied primarily on information from various state administrative data systems. A brief baseline survey also obtained supplemental information on claimant characteristics at initial application. In addition, certain logs were kept by staff to monitor specific activities.

Contact

USDOL/ETA/UIS  
UI Occasional Paper Series  
200 Constitution Avenue, N.W.  
Room S-4519  
Washington, D.C. 20210  
(202) 535-0640

## Study Title

Evaluation - UI Electronic Benefit Distribution System -  
Washington State Pilot

## Authors

Robert Johnson, Bill Janes and Cheri Massie, USDOL/ETA, Seattle  
Regional Office

## Date of Publication

September 29, 1989

## Results

The Washington Employment Security Department explored the use of new technologies in the certification and payment of UI benefits. This Electronic Benefits Distribution System (EBDS) pilot used an audio response unit for claims filing and an assortment of banking technologies for benefit payment. This pilot constituted by far the greatest change in the UI certification and payment process in the history of the UI Program.

Promptness of continuing UI payments was improved significantly as a result of EBDS. There were fewer potentially disqualifying issues for claimants filing under EBDS, resulting from several factors, some of which are not replicable. There was no clear evidence that EBDS affected the duration of spell of unemployment, either positively or negatively. Claimants who selected the EBDS filing option had different characteristics than those filing traditional claims, but those who were able to use EBDS were as a whole very positive about the service provided. Some claimants experienced problems, which indicates that there will always be a percentage of claimants who wish to remain on a traditional filing system. EBDS, as pilot tested, was significantly more costly than the traditional method of certification and payment. Major changes or unit cost reductions would be necessary to make EBDS costs comparable to the traditional UI system.

## Method

Rather than using a randomly selected test and control group, claimants in the Tacoma and Lakewood, Washington area were offered the option of filing claims for UI benefits either through the traditional means or through one of the EBDS alternatives. Approximately one-third of these individuals self-selected to participate in the EBDS process. From September 1988 to March 1989, more than \$7 million in UI benefits were paid using this test EBDS process.

Evaluation included measures of costs, effects on claimant behavior, service delivery, review of system security and analysis of the legal implications. With respect to administrative costs, the decision was made to focus on the costs in the two pilot offices and compare the costs for EBDS versus the traditional system as they operated within the pilot offices (rather than comparing those offices' costs with costs in other offices). The evaluation involved data gathering from both the agency's central office and local offices, and through the vendor. Questionnaires were used to obtain claimant reaction to pilot procedures.

Contact

Cheri Massie  
USDOL/ETA, Region X  
1111 - Third Avenue, Suite 900  
Seattle, WA 98101  
(206) 553-7607

Study Title

Expert Assistant System for Examiners (EASE) Study

Author

Mr. Craig Pontz, UI Hearing Officer

Date of Report

July 1991

Results

-INITIAL TEST-

EVALUATION FACTOR	JOB CENTER DET.	EASE DET.
Determination explained what was required to substantiate willful misconduct	17%	98%
Determination explained burden of proof	7%	99%
Determination had conclusion substantiated by findings of fact	59%	100%
Determination was accurate	93%	100%
Determination was easy to understand	82%	100%
Determination looked more professional (determinations were rated a tie in 5% of cases)	0%	95%
Determination would rather be sent by the reviewer if they were the claims examiner	1%	98%

- JOB CENTER TEST -

55.5% of the claims examiners stated that EASE was a great improvement when compared to the current system while 38.8% of the claims examiners stated that EASE was a minor improvement. 5.5% of the claims examiners stated that EASE was no improvement over the current system.

66.6% of the claims examiners stated that the EASE factfindings was a great improvement over the current factfinding procedures.

16.6% of the claims examiners stated that the EASE factfinding was a minor improvement and 16.6% of the claims examiners stated that there was no improvement over the current factfinding procedures.

11.1% of the claims examiners stated that EASE was much faster than the current determination process. 22.2% of the claims examiners stated that EASE was faster, and 16.6% of the claims examiners stated that there was no change in the speed of the determination processes. 50% of the claims examiners stated that EASE was slower than the current determination process.

66.6% of the claims examiners stated that EASE was an excellent training tool while 33.3% of the claims examiners stated that EASE was a good training tool.

100% of the determinations issued through EASE were considered accurate determinations by the claims examiners and supervisors.

#### Method

EASE is an expert system developed on Paperback Software's VP Expert, a "rule based" expert shell utilizing such artificial intelligence computer programming techniques as forward and backward chaining for problem solving. EASE is comprised of 109 different knowledge bases containing over 4000 rules for determining nonmonetary eligibility on willful misconduct and voluntary quit separation cases. EASE is designed to be "user friendly" and can be run by individuals who do not have computer experience or technical backgrounds. EASE is also designed to enable the operator to "ask" the system why it is asking specific questions relating to the type of separation, thus enabling claims examiners to learn factfinding and determination writing relating to specific separation issues.

The initial test of EASE was conducted by generating nonmonetary determinations utilizing EASE on 175 separation cases randomly selected for Quality Performance Index reviews. The 175 cases were actual cases done by claims examiners using traditional factfinding and determinations writing procedures. The two types of nonmonetary determinations (EASE and traditional) were then compared by a team of Unemployment Compensation Specialists to determine the following evaluation factors:

1. Did the determination explain what was required to substantiate willful misconduct?
2. Did the determination explain the burden of proof?
3. Was the determination's conclusion substantiated by the findings of facts?

4. Was the determination accurate?
5. Was the determination easy to understand?
6. Which determination looked more professional?
7. Which determination would rather be sent by the reviewer if they were the examiner?

Following the results of the initial test, EASE was installed in three job centers for a period of a month to determine the feasibility of utilizing EASE in actual working conditions. The claims examiners kept logs of all determinations issued through EASE to evaluate the accuracy of the EASE determinations. At the conclusion of the test, the 18 claims examiners who used EASE completed questionnaires to rate the system.

Contact

Mr. Craig H. Pontz,  
UC Hearing Officer  
Adjudication Section, Room 408  
Labor and Industry Building  
Harrisburg, PA 17121  
(717) 787-5636

### III. SEMINARS, MEETINGS AND SIGNIFICANT ACTIVITIES

The following is a list of seminars, meetings and significant activities conducted during the reporting period. The information is presented in chronological order.

1. A seminar on "The Role of the Teacher" was held on [illegible] at [illegible]. The seminar was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

2. A meeting of the [illegible] was held on [illegible] at [illegible]. The meeting was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

3. A seminar on "The Role of the Parent" was held on [illegible] at [illegible]. The seminar was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

4. A meeting of the [illegible] was held on [illegible] at [illegible]. The meeting was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

5. A seminar on "The Role of the Student" was held on [illegible] at [illegible]. The seminar was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

6. A meeting of the [illegible] was held on [illegible] at [illegible]. The meeting was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

7. A seminar on "The Role of the Community" was held on [illegible] at [illegible]. The seminar was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

8. A meeting of the [illegible] was held on [illegible] at [illegible]. The meeting was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

9. A seminar on "The Role of the Society" was held on [illegible] at [illegible]. The seminar was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

10. A meeting of the [illegible] was held on [illegible] at [illegible]. The meeting was attended by [illegible] and was conducted by [illegible]. The topics discussed included [illegible] and [illegible].

### III. SEMINARS, MEETINGS AND SIGNIFICANT ACTIVITIES

#### A. 1991 QUANTITATIVE METHODS SEMINAR

Two one-week Unemployment Insurance (UI) Quantitative Methods Seminars for selected State Employment Security Agency (SESA) staff were held in Tempe, Arizona during the periods June 24-28, 1991 and September 23-27, 1991. The primary focus was on application of forecasting methods. The principle instructor was Robert D. St Louis of Arizona State University.

Names of Selectees by State, Region, and session attended:

Region I	Winifred Malia, Maine June 24-28, Sept. 23-27; Richard Wakefield, Massachusetts, June 24-28, Sept. 23-27; and Ingrid Evans, Rhode Island, June 24-28, Sept. 23-27.
Region II	Stephen K. Dybas, New York Sept. 23-27.
Region III	Tom Crowley, Maryland June 24-28, Sept. 23-27.
Region IV	Michelle Tatum, Alabama June 24-28; and David Hunter, South Carolina June 24-28.
Region V	Michael Macaluso, Illinois Sept. 23-27; and John Berglund, Minnesota June 24-28, Sept. 23-27.
Region VI	Herman Eldridge Sanders, Arkansas Sept. 23-27; Howard Hagemann, Texas, Sept. 23-27; Robert Gnatt, Texas Sept. 23-27; and Booth Owens, Louisiana June 24-28.
Region VII	Tammy Berg, Missouri, June 24-28, Sept. 23-27; Jerry Dickson, Missouri June 24-28; and William Hokanson, Nebraska, Sept. 23-27.



Region VIII

Patrick J. Branigan, Colorado  
June 24-28, Sept. 23-27;  
Nelvse Grundvig, North Dakota  
June 24-28, Sept. 23-27;  
Sheila Hill, Montana  
June 24-28, Sept. 23-27; and  
Tom Crawford, Wyoming  
June 24-28, Sept. 23-27.

Region IX

Elizabeth Clingman, California  
June 24-28, Sept. 23-27; and  
Zina Turney, Nevada,  
Sept. 23-27.

**B. BENEFIT FINANCING SEMINAR**

A Benefit Financing Seminar will be held October 20-23, 1992 in Leesburg, Virginia. The four days of concentrated activity in benefit financing and cost estimating will cover such topics as econometric forecasting, tax structure, experience rating, etc. the seminar, including evening hands-on computer lab sessions, will be conducted by National Office Unemployment Insurance professionals in the Benefit Financing unit of the Actuarial Division augmented by relevant outside speakers. This seminar is conducted every 2 years and is designed for State staff who are new to the actuarial of benefit financing areas.

**IV. RESEARCH DATA AND INFORMATION SOURCES;  
RESEARCH METHODS AND TOOLS**

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

##### A. REPORTING SYSTEMS UPDATE

###### ELECTRONIC REPORTING

As of May, all SESAs had received the Informix based Unemployment Insurance Required reports (UIRR) Entry System. Twenty seven report formats were available for State entry and electronic transmittal. Acceptance of a flat ascii file for direct transfer from a SESA's mainframe was provided as well as the ability to print out the data in report format.

Redesigned budget forms (ETA 2103, UI1, UI2, and UI3) are available on the UIRR Entry System. Regular and Extended workloads will be automatically defaulted from workload reports. Other items have been eliminated. Bottom line computation is done electronically. These reports will not be required to be submitted electronically until the third quarter but they are available for use by SESAs if they choose.

The 8400 series banking reports are being examined for possible redesign. It is expected that they will be available on the UIRR Entry System in the fall or early winter.

Cynthia Ambler  
Division of Actuarial Services  
200 Constitution Ave., N.W.  
Room S-4519  
Washington, D.C. 20210  
(202) 535-0222

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

Benefit Financing State Model Status has been in use for over twelve 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 of any State so desiring.

During the past year many States have found it helpful to use this model for help in measuring the effect of changes in their tax structure and recession planning. For example from the twelve possible output tables of the Benefit Financing Model, some of the important items that an analyst can measure are:

State trust fund adequacy to ensure that tax provisions States adopt in the future will provide reasonable trust fund solvency against projected unemployment peaks;

Future paths of contributions and benefits as different tax schedules trigger on and off; and

The effect of solvency and emergency taxes on the size of the trust fund and on the distribution of employers.

Also, in the past year several new changes have been implemented in the State Benefit Financing Model:

### **Workload Forecasting**

One new addition is the option for any State to undertake workload forecasting. Through regression analysis a State can now forecast the variables of initial claims, non-monetary determinations, and appeals.

The methodology employed in this task begins with the insured unemployment rate input by the user, from this number an estimate is derived for the number of weeks claimed by quarter. From the number of weeks claimed, regression equations are built to estimate initial claims, non-monetary decisions, and appeals, for six quarters into the future. A further breakdown of these broadband variables can also be estimated by inputting percentages for intrastate and interstate liable claims.

Workload forecasting is a difficult task. It is hoped that this option provides States with the ability to have reliable estimates of the four broad variables which are also consistent with estimates of other UI variables.

### Conversion to the Sun Computer System

Currently work is being done to convert the Benefit Financing model from the Boeing computer system to the Sun system located in the UI national office. This transfer should be completed by July 30, 1992, and will have very little effect on the operation of the model by individual users.

The only difference between the two systems will be a new scroll and print routine which should make it easier for analysts to view their outputs in a more efficient manner.

Upon completion of this transfer all States will be notified of the new logon procedure and telephone number.

With a modem and the proper communication software, such as ProCom or EM220, any State may access the model through their individual terminal or PC. Any State wishing to apply this forecasting model or having questions concerning its use may contact:

Robert Pavosevich  
Division of Actuarial Services  
200 Constitution Ave. NW Rm. S4519  
Washington, D.C. 20210  
(202) 535-0640

**V. RECENT FINANCIAL AND LEGISLATION DEVELOPMENTS**

## V. 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 11, 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 for CY 1992 is 8.05 percent.

At the beginning of the current recession in 1990, Michigan was the only State with an outstanding loan. Since that time Connecticut, the District of Columbia and Massachusetts have borrowed. As of the end of April, the outstanding loan balance was \$1.46 billion dollars.

Michael Miller  
Unemployment Insurance Service  
U.S. Department of Labor  
Room S-4519  
200 Constitution Ave., N.W.  
Washington, D.C. 20210  
(202) 535-0630



## B. ECONOMIC CONDITIONS/FINANCIAL STATUS

The current recession has had significant impact on the financial status of the Unemployment Trust Fund, both State accounts and Federal accounts. Since the recession began, State trust fund account balances have decreased from a high of \$39.7 billion at the end of FY 1990 to \$31.5 billion at the end of FY 1991. Regular benefits paid experienced a sharp increase during this recession (\$7.6 billion in FY 1991 and \$1.9 billion in FY 1992.) State borrowing has increased slightly over that same time from \$0.6 billion to \$1.46 billion as Connecticut, the District of Columbia and Massachusetts have joined Michigan in borrowing.

The administration's recently released economic forecast for the President's Budget shows an increase in the total unemployment rate (TUR) from 6.5% in FY 1991 to 6.8% in FY 1992 with a gradual decline beginning in FY 1993. Insured unemployment is expected to follow the same pattern, increasing from 3.1% in FY 1991 to 3.2% in FY 1992 and declining thereafter.

The Federal accounts -- the administration account (ESAA), the extended benefit account (EUCA), and the loan account (FUA), have or will soon feel the effect of the recession. The effect on ESAA was a slight decline in FY 1992, but its balance is still expected to exceed the statutory ceiling for the next several years. The Emergency Unemployment Compensation Act enacted in November 1991 and its extension passed in February 1992 allow for completely federally funded additional benefits to be paid to eligible claimants for up to 26 or 33 weeks, depending upon the economic conditions of the individual States. This program is expected to cost \$7.52 in FY 1992 and \$0.33 billion in FY 1993. The funds for the EUC program will be paid out of EUCA. Loans to the States will increase over the next several years as benefits paid will continue to exceed revenues even as the economy begins its recovery.

### President's Budget Projections

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FU 1995</u>
TUR (%)	6.8	6.6	6.2	5.9
IUR (%)	3.2	2.9	2.7	2.5
Real GNP Growth (%)	1.6	3.1	3.0	3.0
CPI Increase (%)	2.8	3.2	3.2	3.2
State UI Outlays (\$B)	26.4	24.9	24.8	23.9
State Revenues (\$B)	16.7	19.6	22.8	24.8
State Balances (\$B)	27.5	26.7	29.1	33.5
Federal Balances (\$B)				
(ESAA+EUCA-FUA)	8.7*	9.1*	13.7	15.9

\*includes EUC extension

Since the administration forecast was made, an extension of the EUC program until July 1992 was enacted. Another bill has been introduced that would extend the program into FY 1993, thus depleting the EUCA balance further. The total unemployment rate has remained above 7% and the insured unemployment rate lingers above 3%.

Current data on State trust 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:

Mike Miller or Julie Stanek  
Unemployment Insurance Service  
U.S. Department of Labor  
Room S-4519  
200 Constitution Ave. N.W.  
Washington, D.C. 20210  
(202) 535-0630

C. RECENT LEGISLATIVE DEVELOPMENTS

October 1990 (P.L. 101-43, approved 10/24/90.) Cash Management Improvement Act of 1990.

The Cash Management Improvement Act of 1990 authorizes the Secretary of the Treasury to issue regulations requiring a state to pay interest on Federal grant funds it receives before checks for the grant-related activities are cashed. The Federal government is required to pay interest to a State that has had to disburse its own funds before receiving a tardy Federal government payment.

The Secretary of the Treasury is directed to prescribe regulations that promote the timely disbursement of Federal funds and to assess penalties against Federal agencies that do not comply with such regulations. interest payments received by the Federal government from a State on monies received from a trust fund shall be credited to that trust fund account rather than as miscellaneous receipts to the Treasury. A specific provision relating to the Unemployment Trust Fund is set forth as 31 USC 6503(c) (3) (B):

-- "Notwithstanding any other provision of this section, amounts of interest paid by a State, on funds drawn from its account in the Unemployment Trust Fund, shall be deposited into that account and shall consist of actual interest earnings by the State, less related banking costs incurred by the State, for the period for which interest is calculated."

The law is effective upon enactment (October 24, 1990), except that the States and the Federal government are afforded two years from that date before the interest payment procedures go into effect.

November 1990 (P.L. 101-508, Approved 11/05/90). Omnibus Budget Reconciliation Act of 1990.

The Omnibus Budget Reconciliation Act of 1990 (OBRA) contains several provisions affecting the UI program.

**Extension of temporary FUTA tax:**

- Section 3301 of the Internal Revenue Code of 1986 (Federal Unemployment Tax Act (FUTA)) is amended to extend the 0.2 percent temporary tax under FUTA through December 31, 1995. The temporary tax was originally scheduled to expire December 1987, but was extended through 1990 by P.L. 100-203. The gross FUTA tax remains at 6.2 percent, the maximum offset at 5.4 percent, and the net tax at 0.8 percent, for five additional years.
- The distribution of the revenue generated by the FUTA tax among the accounts in the unemployment trust fund will change to 90 percent to ESAA, 10 percent to EUCA, and overflow to FUA beginning in 1991.

**Reed Act:**

- Section 903(c)(2) of the Social Security Act (SSA) is amended to delete the 35-year limitation on the expenditure of the 1956, 1957, and 1958 distributions of Reed Act funds. Therefore, the funds can be used for administrative purposes in perpetuity.
- Section 903(a)(2), SSA, is amended to specify that future Reed Act distributions will be based on the Federal taxable wage base rather than the State taxable wage base.
- The amendments apply to fiscal years beginning after the date of enactment.

**Exclusions from wages:**

- Section 127(d), IRC of 1986, is amended to extend the exclusion for employer-provided educational assistance benefits through taxable years beginning before January 1, 1992. The special rule limiting the exclusion in the case of a taxable year beginning in 1990 is repealed. The restriction on graduate level courses is repealed. The amendments are effective for taxable years beginning after December 31, 1989, except for the last which is effective for taxable years beginning after December 31, 1990.

August 1991 (P.L. 102-107, Approved August 17, 1991).  
Emergency Unemployment Compensation Act of 1991.

This Act would have established a program of extended benefits for workers who had exhausted regular benefits before September 1, 1991, but after April 1, 1991. The law would also have restored ex-servicemembers benefits to the same levels as those received by civilians by providing up to 26 weeks of benefits rather than 13, reducing the waiting weeks from 4 to that provided under state law and revising the number of continuous days a reservist is required to serve on active duty in order to become eligible for benefits from 180 to 90.

The Law was not implemented because the President did not declare the required "Emergency" that was requisite for the provisions to take effect. Such a declaration was required in order to release funding to implement the provisions of the Law. As written, the Law's provisions would not be effective if the President did not declare the "Emergency" at the time of enactment.

November 1991 (P.L. 102-164, Approved November 15, 1991).  
Emergency Unemployment Compensation Act of 1991.

EMERGENCY UNEMPLOYMENT  
COMPENSATION PROGRAM (Title I)

New Program:	Emergency unemployment compensation (100% Federal).
Program duration	Temporary: Nov. 17, 1991 through July 4, 1992.
Program trigger	Number of weeks of benefits payable determined by a combination of State Adjusted Insured Unemployment Rate (AIURs), Exhaustion Rates (ERs), and Total Unemployment Rates (TURs). (see definitions below)
Benefit periods	20 wks-5.0% AIUR or 9.0% 6-month TUR 13 wks-4.0% AIUR or 2.5% AIUR and 29% ER 6 wks (w/reachback) - 3.0% AIUR 6 wks (no reachback) - all other States
Benefit coordination	Coordinated with EB; payments reduced for any EB received.

Eligibility

Regular UI exhaustees.

Reachback

Those exhausting regular UI after March 1, 1991 and before date of implementation of this act are eligible for all the benefits, if State is a 13 or 20 week State or if State has AIUR of 3%

Definitions

The AIUR for a State is the insured unemployment rate for a given week except that the number of workers who have exhausted their regular State benefits in the last three months is added to the numerator.

The ER is the percentage obtained by dividing the average monthly number of workers who have exhausted their regular State benefits during the last 12 months by the average monthly number of individuals receiving first payments of regular State benefits during the last 12 months.

The TUR is the percentage obtained from the ratio of all unemployed workers to all workers in the labor force in that State during the last six months for which data are published.

Benefit amount

Same as regular UI.

Payment Fund

Payments from the EUCA in the unemployment trust fund (UTF). Authorizes general fund payments to EUCA for cost of benefits paid to individuals based on service with governmental entities and nonprofit organizations.

Administration

Authorizes appropriation of funds for administrative costs of this program.

JOB SEARCH DEMONSTRATIONS  
(Title II)

Job Search Demonstration  
Projects

Three-State demonstration for certain recipients drawing UI for at least six but not more than 10 weeks. Job search voucher allowed. To be funded from EUCA in UTF.

OTHER PROVISIONS (Title III)

Ex Military

Eligibility

Repeal 5 USC 8521 (c) removing the current 13 week benefit period and 4 week wait. Effective upon enactment.

Waiting Period

Same as State law.

Benefit Period

Regular UI (vs. 13 weeks), same as civilians.

Reservists

Eligible after 90 day active duty call up (vs. 180 days now).

School employees

Amends FUTA to permit States to pay benefits between school years and terms to certain school employees.

Advisory council on  
Unemployment Compensation

Quadrennial commission to review all aspects of the unemployment compensation system and make report to the President and Congress.

Admin. grant formula

Requires DOL to develop a new method for allocating UI State administration grants.

FINANCING PROVISIONS (Title IV)

Financing provisions of the bill meet the requirements of the Budget Enforcement Act. The components of the financing are:

- Extension of program for IRS collection of nontax debts owed to Federal agencies.
- One year extension of the 0.2 percent FUTA surtax.
- Modification to individual estimated tax requirements so that taxpayers make estimated tax payments on basis of tax liability for current year rather than tax liability for current year rather than tax liability for previous year.

RAILROAD UNEMPLOYMENT INSURANCE (Title V)

Extended Railroad Unemployment Insurance Act (RUIA) Benefits

The equivalent of 13 weeks of extended benefits for workers with fewer than 10 years of service in the railroad industry. Those who had exhausted regular RUIA after February 28, 1991 and are eligible otherwise would be eligible for reachback benefits.

GUARANTEED STUDENT LOANS (Title VI)

Comprehensive revisions to the Guaranteed Student Loan program.



December 1991 (P.L. 102-182, Approved 4 December, 1991).

Amends Emergency Unemployment Compensation program to make it a two tier program:

13 weeks for all States

20 weeks for States with AIUR of 5.0% or more OR 6 month TUR of 9.0% or more.

Deletes all references to 6 week tier.

Deletes trigger calculation language relating to 13 week tier.

Deletes all references to exhaustion rate and definition of exhaustion rate.

Amends Act so reachback provision applies to all States.

Changes termination date of program from July 4, 1992 to June 13, 1992.

Effective Date: As though this bill had been part of P.L. 102-164.

December 1991 (P.L. 102-227, Approved 11, December 1991).

Tax Extension Act of 1991

Extends for six months (through June 30, 1992) 12 provisions of the Internal Revenue Code including:

Section 127, exclusion for employer-provided educational assistance from gross wages from income and employment tax purpose.

Section 120, exclusion for employer-provided group legal services from gross wages for income and employment tax purposes.

These provisions were last extended by the Omnibus Reconciliation Act of 1990, P.L. 101-508 for taxable years beginning before January 1, 1992.

February 1992 (P.L. 102-244, approved 7 February, 1992)

Increases the number of weeks for which benefits are payable under the Emergency Unemployment Compensation Act of 1991 (P.L. 102-164).

Extends the EUCA program through July 4, 1992.

For weeks of unemployment ending before June 13, 1992, the benefit periods are extended by 13 weeks: from 20 weeks to 33 weeks in a State with a high unemployment period in effect and from 13 weeks to 26 weeks in all other States. The previous 13 week and 20 week limits would pertain to weeks of unemployment beginning after June 13, 1992.

These amendments were effective upon enactment.

Financing for this Act is provided by a temporary increase in the amount of corporate estimated tax payments, accelerating the time of collection of these funds.

Provided for an extension of Extended Railroad Unemployment Insurance benefits comparable to the added benefits provided under the EUCA program to other unemployed workers -- an additional 13 weeks for the period ending June 13.

Provided for an extension of time for payment of additional FUTA taxes in States subject to a reduction in offset credits for six months. Applicable only in States declared a credit reduction State for taxable years beginning in 1991 and for employers who did not receive notice of such credit reduction before December 1, 1991. Michigan is the only State in which this provision is applicable.

November 1990 (P.L. 101-508, Approved 11/05/90). Omnibus Budget Reconciliation Act of 1990.

The Omnibus Budget Reconciliation Act of 1990 (OBRA) contains several provisions affecting the UI program.

**Extension of temporary FUTA tax:**

- Section 3301 of the Internal Revenue Code of 1986 (Federal Unemployment Tax Act (FUTA)) is amended to extend the 0.2 percent temporary tax under FUTA through December 31, 1995. The temporary tax was originally scheduled to expire December 1987, but was extended through 1990 by P.L. 100-203. The gross FUTA tax remains at 6.2 percent, the maximum offset at 5.4 percent, and the net tax at 0.8 percent, for five additional years.
- The distribution of the revenue generated by the FUTA tax among the accounts in the unemployment trust fund will change to 90 percent to ESAA, 10 percent to EUCA, and overflow to FUA beginning in 1991.

**Reed Act:**

- Section 903(c)(2) of the Social Security Act (SSA) is amended to delete the 35-year limitation on the expenditure of the 1956, 1957, and 1958 distributions of Reed Act funds. Therefore, the funds can be used for administrative purposes in perpetuity.
- Section 903(a)(2), SSA, is amended to specify that future Reed Act distributions will be based on the Federal taxable wage base rather than the State taxable wage base.
- The amendments apply to fiscal years beginning after the date of enactment.

**Exclusions from wages:**

- Section 127(d), IRC of 1986, is amended to extend the exclusion for employer-provided educational assistance benefits through taxable years beginning before January 1, 1992. The special rule limiting the exclusion in the case of a taxable year beginning in 1990 is repealed. The restriction on graduate level courses is repealed. The amendments are effective for taxable years beginning after December 31, 1989, except for the last which is effective for taxable years beginning after December 31, 1990.

October 1990 (P.L. 101-453, Approved 10/24/90). Cash Management Improvement Act of 1990.

The Cash Management Improvement Act of 1990 authorizes the Secretary of the Treasury to issue regulations requiring a State to pay interest on Federal grant funds it receives before checks for the grant-related activities are cashed. The Federal government is required to pay interest to a State that has had to disburse its own funds before receiving a tardy Federal government payment.

The Secretary of the Treasury is directed to prescribe regulations that promote the timely disbursement of Federal funds and to assess penalties against Federal agencies that do not comply with such regulations. Interest payments received by the Federal government from a State on monies received from a trust fund shall be credited to that trust fund account rather than as miscellaneous receipts to the Treasury. A specific provision relating to the Unemployment Trust Fund is set forth as 31 USC 6503(c)(3)(B):

-- "Notwithstanding any other provision of this section, amounts of interest paid by a State, on funds drawn from its account in the Unemployment Trust Fund, shall be deposited into that account and shall consist of actual interest earnings by the State, less related banking costs incurred by the State, for the period for which interest is calculated."

The law is effective upon enactment (October 24, 1990), except that the States and the Federal government are afforded two years from that date before the interest payment procedures go into effect.

# Changes in unemployment insurance legislation in 1991

*With the Nation in recession, emergency legislation was enacted at the Federal level to provide additional weeks of benefits to qualified persons; four States enacted emergency or additional benefit programs, and eight States added or made permanent special taxes*

Diana Runner

Near year's end, the Emergency Unemployment Compensation Act of 1991 (Public Law 102-164), as amended by Public Law 102-182, created the Emergency Unemployment Compensation Program. This program will provide 13 or 20 weeks of federally funded unemployment benefits to claimants who have exhausted their regular, extended, or additional benefits under any State law. Also as a result of the Emergency Unemployment Compensation Act, the Federal Unemployment Tax Act was amended to permit States to pay benefits between school years and terms to certain noninstructional, nonresearch, or non-administrative school employees. Finally, the 13-week duration of benefits and the 4-week waiting period stipulations that pertained to ex-service members were deleted. Therefore, the weeks of benefits that an ex-service member may receive and the waiting period that he or she will be required to serve will be determined by the State in which he or she is collecting benefits.

Four States took action in 1991 to improve or temporarily extend additional unemployment benefits to individuals who have exhausted their regular benefits and who are ineligible for Federal-State Extended Benefits. New Jersey enacted an emergency unemployment benefits program that will pay 25 percent of the regular weeks of benefits until March 28, 1992. Maine and Oregon legislated temporary extended benefit programs that provide supplemental benefits until 1994 to dislocated workers who participate in retraining programs. The State of Washington

enacted a temporary additional benefits program, effective until 1993, that will provide additional benefits to workers in the timber industry. In addition, Washington established a temporary "natural resources" worker project to provide employment and training opportunities for dislocated forest product workers.

Arizona, Delaware, Indiana, Mississippi, New Hampshire, and South Dakota increased their maximum weekly benefit amounts. Indiana increased and New Hampshire decreased their minimum weekly benefit amounts. Four States—Arkansas, Hawaii, Indiana, and North Dakota—reduced the amount of wages that a worker needs to earn in order to qualify for benefits, and Montana increased the amount. Five States—Georgia, Hawaii, Mississippi, Vermont, and Wyoming—changed the amount of weekly earnings to be disregarded when the weekly benefit amount for partial benefits is computed.

Colorado, Hawaii, and Indiana changed the fund balance levels that trigger the implementation of alternative schedules of employer contribution rates. Indiana increased and Oregon decreased the minimum contribution rate that could be charged to an employer. To deal with ongoing difficulty in securing adequate program funding, seven States—Arkansas, Colorado, Georgia, Hawaii, Idaho, Nevada, and Oregon—and Puerto Rico added or made permanent special taxes on employers that are imposed in addition to regular contributions. The special taxes will be used to secure the solvency of the State unemployment fund, to pay interest required on Federal advances to the State fund, for training of unemployed workers, and for costs of program administration.

Following is a summary of some significant changes in State unemployment insurance laws during 1991.

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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.

## Arizona

**Benefits.** The maximum weekly benefit amount increased from \$165 to \$175, and will rise to \$185 on July 1, 1992.

**Penalties.** Benefits previously received by an individual not entitled to them may be deducted by the Arizona Department of Economic Security from the individual's current benefit payment, in an amount not to exceed 25 percent of his or her weekly benefit amount.

## Arkansas

**Financing.** If the assets of the Arkansas unemployment fund on June 30 are less than 0.50 percent of total payrolls for covered employment during the preceding calendar year, the stabilization tax imposed on employers to maintain adequate fund levels will be 0.7 percent for the next rate year. However, if the assets of the fund at the end of any calendar quarter are less than 0.25 percent of total payrolls for employment during the preceding calendar year, the stabilization tax will be 1.1 percent beginning with the second quarter following that quarter in which the shortfall occurs, and will remain at that level until the next rate year.

**Benefits.** The formula for computing benefits in amounts below the maximum weekly benefit amount changed from 1/52 of the two highest-earnings quarters in the individual's base period to 1/26 of high-quarter wages paid in the base period. The amount of wages that an individual is required to earn in two quarters of the base period to qualify for benefits decreased from 30 to 27 times the State weekly benefit amount. The provisions triggering payment of extended benefits were amended to include an option for waiving the 120-percent requirement when the insured unemployment rate equals at least 6 percent. (In the absence of such an option, payment of extended benefits is triggered when the insured unemployment rate is at least 120 percent of the average rate for the corresponding period in each of the preceding 2 calendar years.)

**Disqualification.** The pension offset provision, under which unemployment benefits are reduced by the amount of an individual's pension benefits, was amended to apply only to payments made under a pension plan maintained or contributed to by a base-period employer. Income that is disqualified for purposes of calculating jobless benefits will include vacation pay, but an individual will be paid an amount equal to the weekly benefit amount less that part of vacation pay receivable for the week that is in excess of 40 percent of the weekly benefit amount.

**Administration.** The agency that administers the Arkansas Employment Security Law will now be known as the Arkansas Employment Security Department, headed by a director.

## California

**Benefits.** An individual will be eligible for an additional 26 weeks of benefits if the claim was filed on or before July 31, 1992, and if the

individual was laid off from work, unable to commence work, or otherwise unemployed during the period December 19, 1990, to January 3, 1991, because of freezing weather conditions. The individual also must have exhausted regular benefits and be ineligible for Federal-State Extended Benefits.

**Disqualification.** An individual who is convicted of misrepresentation undertaken to avoid disclosing a material fact so that he or she might obtain, increase, reduce, or prevent any benefit or payment will be ineligible for regular benefits or extended benefits for the week in which the criminal complaint was filed and for 14 additional weeks.

## Colorado

**Coverage.** In deciding whether to designate an individual performing services for others as an independent contractor, the Colorado Division of Employment and Training will not consider the degree of control exercised by the person for whom the service is undertaken over the performance of the service or over the individual performing the service, if the control is exercised due to requirements of any State or Federal statute or regulation.

**Financing.** For the provisions of the the most favorable (lowest) schedule for employer contributions to take effect under the State's reserve ratio system, the unemployment fund assets must equal at least \$450 million. (The reserve ratio system is a method used by a majority of the States to guarantee the solvency of the unemployment insurance fund while ensuring that the employer's contribution rate adequately reflects his or her experience with unemployment. Under this system, benefits paid to an employer's workers over a specified period are subtracted from the employer's contribution to the fund over the same period. The result is then divided by the employer's current payrolls to determine his or her potential liability for future unemployment, and thus the appropriate fund contribution rate for that employer.)

The Colorado Department of Labor and Employment may request the issuance of bonds and notes when the balance in the unemployment compensation fund is equal to or less than 0.9 percent of the total wages reported by ratable employers for the calendar year. To pay for the bonds, employers will be assessed an amount sufficient to pay all costs associated with the issuance of bonds or notes.

If an employer is called for active military duty which necessitates the closing of his or her business, benefits paid to any employee of the business will not be charged to the employer. The contribution rate for new construction employers will be the greater of the State standard rate, the actual experience rate for the construction industry, or a rate equal to the average tax rate for all covered industries in the State.

**Disqualification.** An employee will be eligible for benefits if the employer closes his or her business when called to active military duty. An individual will not be denied benefits for quitting a job outside his or her regular ap-

prenticeable trade to return to work in the regular apprenticeable trade.

## Connecticut

**Benefits.** New legislation authorizes a pilot program of voluntary shared work, agreed to by both the employer and the union subject to final approval by the Connecticut Employment Security Division, under which individuals may collect unemployment benefits when their work schedules are shortened to avert layoffs. The division must submit a report on the shared work pilot program to the State general assembly by January 1, 1993.

## Delaware

**Benefits.** If the balance in the unemployment trust fund is \$150 million or greater, the maximum weekly benefit amount will be \$245; if the balance is less than \$150 million but equal to or greater than \$90 million, the maximum weekly benefit amount will be \$225; and, if the trust fund balance is less than \$90 million, the maximum weekly benefit amount will be \$205.

## Florida

**Penalties.** An individual who receives confidential information by violating the "disclosure of information" provisions of the State's unemployment insurance law will be guilty of a misdemeanor of the second degree.

## Georgia

**Coverage.** The exclusion from coverage of aliens performing agricultural labor was extended to January 1, 1993.

**Financing.** The new employer contribution rate of 2.64 percent and the additional assessment of 0.06 percent on all taxable wages to cover administrative costs were extended through June 30, 1996. Beginning January 1, 1992, benefits will be charged to the most recent employer. (Previously, benefits were charged proportionately to all base-period employers.)

**Benefits.** When an individual's weekly benefit amount for partial benefits is computed, the amount of weekly earnings to be disregarded will be \$30. The definition of partial unemployment was amended to a week of less than full-time work, if earnings are less than the worker's weekly benefit amount.

To qualify for benefits in a second benefit year, an individual must earn 10 times the State weekly benefit amount. An alternative qualifying requirement of earning wages in two quarters of the worker's base period and having total base-period wages of 40 times the weekly benefit amount was added to the law. The alternative qualifying requirement will apply when an individual fails to earn at least 150 percent of high-quarter wages in his or her base period.

The provision that limited the maximum weekly benefit amount to \$115 when the unemployment trust fund balance was less than \$175 million was repealed.

## Unemployment Insurance Legislation, 1991

**Disqualification.** The pension offset provision was amended to exclude from offset a pension or retirement payment if the individual contributed 50 percent or more to the pension plan. The wages needed to purge a disqualification for voluntary leaving, discharge or suspension for misconduct, or refusal to apply for or accept suitable work increased from 8 times to 10 times the State weekly benefit amount. If terminal leave pay, severance pay, separation pay, or dismissal payments or wages exceeds the weekly benefit amount, it will be considered deductible income and will reduce the individual's weekly entitlement to benefits. An individual will not be denied benefits for separation from work because of the provisions of a labor-management contract or agreement or an established employer plan, policy, or layoff or recall procedure that permits the individual, because of lack of work, to accept a separation from employment. If an individual receives 10 weeks (was 8 weeks) of benefits, work will not be considered unsuitable if it pays wages of at least 66 percent of half of the individual's highest quarter earnings (was 125 percent of half of the individual's high-quarter average weekly wage) in the base period, and pay is at least equal to the Federal or State minimum wage. Also, Georgia deleted the suitable work provision specifying that, after an individual had received 13 weeks of benefits, no work would be considered unsuitable if it paid wages equal to 110 percent of half of the individual's high-quarter average weekly wage.

**Administration.** The first stage appeals body was changed from an appeals tribunal to an administrative hearing officer. The period for appealing an administrative hearing was increased from 10 to 15 days. A decision of the board of review will be final 15 days after notification of the concerned parties by mail. If an individual disagrees with the board's decision, he or she may, within 15 days, appeal to the superior court of the county in which he or she was last employed.

**Penalties.** If a claimant fraudulently receives over \$4,000 of benefits, he or she will be guilty of a felony and may be imprisoned for 1 to 3 years, or fined not less than \$1,000, or both.

### Hawaii

**Financing.** For the most favorable schedule of employer contribution rates to be triggered, the unemployment fund level will be at least 1.69 times the adequate reserve fund level, with rates ranging from 0.0 to 5.4 percent. The fund level triggering the least favorable schedule will be less than 0.20 times the adequate reserve fund, with rates ranging from 2.4 to 5.4 percent. The contribution rate for new employers will be the rate assigned to an employer with a 0.0 reserve ratio, depending on the schedule of rates in effect for the year (rates range from 1.7 to 5.2 percent). For the period January 1, 1992, through December 31, 1996, every employer (excluding employers who reimburse the fund for benefits paid their workers, and employers paying 0.0 percent or 5.4 percent) will pay an employment and training fund assessment at the rate of 0.05 percent of taxable

wages. The fund solvency contribution rate (-0.05 percent to 2.4 percent) was repealed.

**Benefits.** The wages needed for a worker to qualify for benefits decreased from 30 to 26 times the State weekly benefit amount in two quarters of the worker's base period. An individual's minimum weekly benefit amount will be computed as 1/21 of high-quarter wages in his or her base period, and the maximum weekly benefit amount at 70 percent of the State average weekly wage. The earnings that are disregarded in computing benefits for partial unemployment increased from \$2 to \$50.

### Idaho

**Financing.** A reserve tax will be imposed on all employers to finance the Employment Security Reserve Fund. The monies in the fund will be used to finance loans to the State employment security fund, as security for loans to the State fund from the Federal Unemployment Trust Fund, and for the repayment of any interest-bearing advances from the Federal fund. If a reserve tax is in effect for a year, that part of an employer's contribution that is to be debited or credited to his or her account is reduced to 80 percent of the State taxable wage rate. The remaining 20 percent will be deposited in the reserve fund.

### Indiana

**Financing.** The fund requirements for the most favorable contribution rate schedule to be invoked must be at least 3.0 percent of covered payrolls, and rates will range from 0.2 percent to 5.4 percent. The fund requirements for the least favorable schedule to be imposed must be less than 1.5 percent, with rates ranging from 1.2 percent to 5.7 percent.

**Benefits.** To qualify for benefits, an individual needs wages of 1-1/4 times the high-quarter earnings in his or her base period, \$1,500 in the last two quarters, and \$2,500 in total base-period wages. The number of weeks for which an individual can claim benefits is the lesser of 26 weeks or the equivalent in terms of weeks of 28 percent of his or her base-period wages.

An individual's weekly benefit amount will be computed as 5 percent of the first \$1,000 in high-quarter wages and 4 percent of the remaining high-quarter wages. The minimum weekly benefit amount is increased from \$40 to \$50. The maximum weekly benefit amount will range from \$116 to \$171, depending on the number of the claimant's dependents, up to three. The maximum weekly benefit amount effective July 5, 1992, will range from \$140 to \$181, depending on the number of dependents, up to two; and, effective July 4, 1993, the maximum weekly benefit amount will be \$170 with no dependents or \$192 with one or more dependents.

### Iowa

**Benefits.** A temporary shared work program, providing unemployment benefits for employees on shortened work schedules, was estab-

lished, to last until February 28, 1995. The program must be agreed to by the employer and the union, subject to final approval by the Iowa Department of Employment Services.

**Disqualification.** The "able and available for work" and "actively seeking work" requirements for payment of benefits may be waived if the individual is partially unemployed while employed at a regular job.

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

### Kansas

**Benefits.** The temporary shared work program established in 1989 was made permanent.

**Disqualification.** An individual will not be eligible for benefits if disqualified for use of, possession of, or impairment caused by a nonprescribed controlled substance, if evidence shows such abuse.

**Penalties.** Outstanding benefits received because of an error will accrue interest at the rate of 1.5 percent per month until repaid. If fraud is involved, the interest will accrue from the date of determination of fraud until repayment plus interest is received. If receipt of the overpayment was not fraudulent, interest will accrue upon any balance which remains unpaid 2 years after the overpayment determination was made, and continues until payment plus accrued interest is received by the appropriate administrator of the State fund.

### Maine

**Coverage.** Services performed by a student attending a postsecondary school while participating in a cooperative program of educational and occupational training or participating in on-the-job training as part of the school curriculum will be excluded from coverage.

**Benefits.** When a determination of the amount of benefits for partial unemployment is made, wages received by a person for participation in volunteer emergency medical services will not be considered. The expiration date of the temporary extended benefit program for dislocated workers who participate in retraining programs was extended to February 1, 1994.

**Disqualification.** An individual will not be disqualified for voluntarily leaving a job if his or her reasons for leaving involved domestic abuse and the individual made all reasonable efforts to preserve the employment, or to accept new full-time employment which did not materialize for reasons attributable to the new employing unit.

### Maryland

**Financing.** If the balance of the State unemployment fund on September 30, 1991, is less than \$325 million, each employer's basic contribution rate will be increased by 2.2 percent

through calendar year 1992, subject to the minimum rate of 0.1 percent and the maximum of 7.6 percent.

**Disqualification.** The variable disqualifications for voluntary leaving, discharge for misconduct, disciplinary suspension, and refusal of suitable work were changed from 4 to 9 weeks to 5 to 10 weeks.

#### Massachusetts

**Benefits.** The provision that allowed a claimant to serve the 1-week waiting period before benefits are paid in the last week of the previous benefit year was deleted.

#### Michigan

**Penalties.** The Michigan Employment Security Commission has 3 years to collect improperly paid benefits and 6 years to collect fraudulently received benefits. Interest at the rate of 1 percent per month will be charged on fraudulently obtained benefits, until payment plus interest is recovered from the claimant. For cases of fraudulent misrepresentation, the provision requiring a claimant to pay restitution of benefits plus a penalty of 100 percent of restitution, not to exceed \$1,000 in a benefit year established within 2 years after cancellation of eligibility, before receiving benefits has been deleted. The penalty for fraudulent misrepresentation to obtain or increase benefits or to prevent the payment of or reduce benefits was changed from a misdemeanor to repayment of the amount fraudulently received, if less than \$1,000, and damages equal to 2 times that amount. If the amount fraudulently received totals \$1,000 or more, the claimant is required to repay that amount plus damages equal to 3 times that amount. In addition, the prosecuting attorney may seek penalties of imprisonment (1 to 2 years), or community service (1 to 2 years), or both, depending on the size of the fraudulent amount.

#### Mississippi

**Financing.** An employer's experience rating account (excluding those of State governmental entities) will not be charged with benefits paid to an individual who was hired to replace a U.S. serviceperson called into active military duty and who was laid off upon that serviceperson's return. The State's 10 contribution rate tables were amended to provide for reductions in employer experience rates of 0.1 to 1.0 percent, depending on the size of the fund index factor, the gauge of the solvency of the State unemployment fund. The tables all range from 0.1 to 5.4 percent.

**Benefits.** The maximum weekly benefit amount was increased from \$145 to \$165. The wages to be disregarded when computing benefits for partial employment were increased from \$5 to \$40.

#### Missouri

**Disqualification.** The pension offset provision was amended to provide that, if a claimant has

made contributions under provisions of the Social Security Act or the Railroad Retirement Act, no part of the payments received by the claimant under the terms of those acts will be deductible from unemployment benefits.

#### Montana

**Coverage.** The law was amended to exclude from coverage services of sole proprietors or working members of a partnership.

**Financing.** An employer's experience rating account will not be charged for benefits paid to any individual who is in approved training.

**Benefits.** To qualify for benefits, an individual must have earned 1) total base-period wages equal to 1-1/2 times those earned in his or her high quarter and have total base-period wages equal to or greater than 7 percent of the State average annual wage, or 2) base-period wages equal to or greater than 50 percent of the State average annual wage. The weekly benefit amount now may be computed as 1 percent of the base-period wages or 1.9 percent of the wages earned in the two highest quarters of the base period. Qualifying wages earned in a succeeding benefit year must be in work covered under the unemployment insurance system.

**Disqualification.** An unemployed individual will not be denied benefits for participating in training approved under the Federal Job Training Partnership Act, nor will an individual who left unsuitable work to participate in training.

**Penalties.** The interest assessed on fraudulently received benefits may not exceed 100 percent of the fraudulently obtained amount.

#### Nevada

**Financing.** If an individual elects an alternative base period following a period of temporary total disability, benefits paid will be charged to the base-period employer's experience rating account. The temporary tax of 0.05 percent assessed in 1990 on all contributing employers (except those paying 5.4 percent) to fund the employment training program was made permanent. Also, Nevada made permanent the compensating 0.5-percent reduction of an employer's regular contribution rate. An employer's account will not be charged for benefits paid to an individual who left work to accompany his or her military spouse who was transferred to another location.

**Benefits.** To qualify for benefits, an individual needs to have earned base-period wages of 1-1/2 times his or her high-quarter earnings or wages in three of the four quarters of the base period. An individual who received temporary total disability compensation under a workers' compensation law may elect an alternative base period of the the first four of the last five completed calendar quarters preceding the disability, if the individual files a claim for unemployment insurance within 4 calendar weeks of the end of the disability period and within 3 years of the beginning of the disability period.

**Disqualification.** An individual who, during the last or next-to-last work, performed ser-

vices for a private employer while incarcerated in a custodial or penal institution, and who left the employment because of transfer or release from the institution, will be ineligible for benefits for the week of leaving and until he or she earns remuneration equal to his or her weekly benefit amount in each of 10 weeks.

#### New Hampshire

**Benefits.** The minimum weekly benefit amount decreased from \$35 to \$34, and will decrease to \$32 on March 29, 1992. The maximum weekly benefit amount was increased from \$168 to \$179, and will increase to \$188 on March 29, 1992.

#### New Jersey

**Benefits.** New Jersey enacted an emergency unemployment benefits program which will pay 25 percent of the amount of a regular week's benefits until March 28, 1992. To collect the emergency benefits, workers must have exhausted their regular unemployment benefits and must not be eligible for Federal-State extended benefits.

#### New Mexico

**Financing.** An employer who employed a claimant part-time in the worker's base period and continues to give substantially equivalent part-time employment will not be charged for benefits. Benefits paid to an individual taking approved training will not be charged to a base-period employer's account.

**Disqualification.** An individual who is otherwise eligible for benefits will not be deemed unavailable for work solely because he or she is serving on a jury.

#### New York

**Disqualification.** An employer's account will not be charged for benefits paid to an individual after that individual has satisfied the qualifying requirements for a misconduct disqualification.

**Benefits.** Claimants in approved training may receive additional benefits for up to 104 effective days.

#### North Carolina

**Financing.** The experience rating account of a business that closed because the owner entered the Armed Forces will not be terminated, and, if the business is resumed within 2 years of the individual's return from active duty, the account will be deemed to have been continuously chargeable with benefits. The business's experience record thus remains intact.

**Benefits.** An individual's base period may be extended if he or she has insufficient wages to establish a claim because of a job-related injury for which he or she received workers' compensation. This provision will expire on June 30, 1993. Also, benefits paid on the basis of the extended base period will be noncharged to any base-period employer.



## Unemployment Insurance Legislation, 1991

**Disqualification.** An individual will not be disqualified for leaving work to accompany his or her spouse to a new place of residence, if the new residence is too far removed for the individual to commute to the former job.

### North Dakota

**Coverage.** The law was amended to exempt a corporate officer from coverage, at the corporation's request, when one-fourth or more of the ownership interest is owned or controlled by the individual's spouse, child, or parent, or by any combination of these persons.

**Financing.** The contribution rate for a new employer was reduced from 3.25 percent to 2.8 percent, or the maximum rate of 5.4 percent if benefits charged to the employer's account equal or exceed the contributions paid. The period needed for an employer to qualify for experience rating was increased from 2 years to 3 years.

**Benefits.** To qualify for benefits, an individual needs to have earned wages of 1-3/10 times the high-quarter earnings in his or her base period. The ratio of base-period wages to high-quarter wages used for determining the duration of benefits is 1.3 (formerly 1.5) to 3.2 or more.

**Administration.** A new enactment prohibits findings of fact or law, conclusions, or final orders made by an unemployment hearing insurance officer or board of review to be used as evidence in any proceeding brought before any court, arbitrator, or judge of the State of North Dakota or the United States.

### Oklahoma

**Financing.** Benefits paid to an individual who is hired to replace a serviceperson called to active duty and who is laid off upon that serviceperson's return shall not be charged to the employer's account.

### Oregon

**Financing.** For the first quarter of 1992, a special tax schedule based on the ratio of fund adequacy, the legislated measure of the health of the fund, will apply. A fund adequacy ratio of under 100 percent calls into effect basic employer contribution rates ranging from 1.62 percent to 5.4 percent, and a fund adequacy ratio of 200 percent and over will invoke rates ranging from 0.32 percent to 5.4 percent. Also for this quarter, each employer will pay an additional tax of 0.58 percent, which will be deposited in the Supplemental Employment Division Administration Fund. For the period April 1, 1992, to March 31, 1995, the range of employer contribution rates for the most favorable schedule will be 0.0 percent to 5.4 percent; that for the least favorable schedule will be 1.64 percent to 5.4 percent. Also for the same period, employers will pay a special tax of 0.58 percent to the State Unemployment Compensation Benefit Reserve Fund.

**Benefits.** If a dislocated worker is attending approved technical training and exhausts the regular benefits but is not eligible for Federal-State extended benefits, he or she may receive

supplemental benefits of up to 50 percent of the maximum benefit amount. If an individual is attending an approved training program, his or her benefit year may be extended by up to 52 weeks in order for the individual to complete the program.

**Disqualification.** A dislocated worker will not be denied benefits for attending approved professional technical training, or for leaving work that was part-time, temporary, or paying less than 80 percent of the individual's average weekly wage during the base year to enter such training.

### Puerto Rico

**Financing.** A reserve ratio experience-rating system was established, under which an employer's tax rate reflects his or her cumulative experience with unemployment. Generally, all unemployment benefits ever charged against the employer are subtracted from all contributions (taxes) the employer paid into the unemployment fund. The resulting balance, either positive or negative, is then divided by the employer's average payroll for the past 3 years. The minimum and maximum contribution rates that an employer may be charged will be 0.5 percent and 5.4 percent of the employer's reserves in the unemployment fund. The rate for new employers, whose experience rating cannot be determined, will range from 2.7 to 3.4 percent, depending on the rate schedule in effect as dictated by the program fund levels. Employers will be assessed a special tax of 1.0 percent, which will be used to generate new employment opportunities for individuals who have exhausted their benefits and to pay the costs of administering the new tax.

### Rhode Island

**Benefits.** An individual needs to have earned wages equal to 80 times the State minimum hourly wage to qualify for benefits in a succeeding benefit year. A worksharing program was established, under which individuals working shortened schedules to avert layoffs may collect up to 26 weeks of unemployment benefits.

**Disqualification.** Recovery of erroneously paid benefits may be waived if the claimant was without fault and the recovery would defeat the purposes of the employment security account.

### South Dakota

**Financing.** The contribution rate for new employers is 1.4 percent (6.5 percent for employers in construction services) for the first year and 1.0 percent (3.5 percent for employers in construction) if the employer maintains a positive account balance until experience rated.

**Benefits.** The maximum weekly benefit amount increased from \$140 to \$154.

**Disqualification.** The between-terms denial provision, which prohibits the payment of benefits to employees of schools for the periods during which schools customarily are not in session, was amended to delete the exclusion of

educational employees of federally operated schools.

### Texas

**Benefits.** An alternative base period of the first four of the last five completed calendar quarters preceding a disability may apply if an individual files an initial claim for jobless benefits within 24 months of the date that an illness began or an injury occurred.

**Disqualification.** An individual will not be disqualified from benefits for voluntarily leaving part-time work to accept employment that would increase his or her weekly wage, or if the individual left work because of a medically verified illness of the claimant or the claimant's minor child; injury; disability; or pregnancy while still available for work. Also, in these instances, benefits paid will not be charged to the employer's account.

**Administration.** The law was amended to specify that findings of fact, judgments, conclusions, or final orders made under the Texas Unemployment Compensation Act will not be binding in any other venue, and may not be used as evidence in any other action or proceeding, regardless of whether the prior action was between the same parties or involved the same facts.

**Penalties.** The penalties for fraudulent misrepresentation to obtain or increase benefits and to prevent payment of or reduce benefits was changed to a Class A misdemeanor.

### Utah

**Benefits.** To qualify for benefits, an individual needs to have earned wages equal to 1-1/2 times the high-quarter earnings of his or her base period, or to have 20 weeks of insured work, earning 5 percent of the monetary base-period wage requirement in each week. The monetary base-period wage requirement is 8 percent of the average fiscal year wages earned in insured work during the base period, rounded to the higher \$100. When a claimant files for jobless benefits after receiving workers' compensation, his or her unemployment benefit eligibility will be considered to have remained intact for any continuous period of up to 36 months during which the claimant received workers' compensation, provided the claimant files the claim within 90 days after the termination of illness or injury.

### Vermont

**Benefits.** When an individual's weekly benefit amount for partial benefits is computed, the earnings disregarded will be the greater of 30 percent of the weekly benefit amount or \$40. Also, Vermont deleted the requirement that the income disregarded not exceed 50 percent of the claimant's weekly benefit amount.

### Virginia

**Financing.** An employer's account will not be charged for benefits paid to an individual

who left work with good cause for a personal bona fide medical reason related to a nonjob-related injury or medical condition.

### Washington

*Financing.* An employer's account will not be charged for benefits paid to an individual if the employer continues to employ the claimant and requests relief from charges within 30 days of being notified of the claim for benefits. If an individual receives additional benefits, they will not be charged to the employer's experience rating account.

*Benefits.* A temporary additional benefits program was established for timber workers residing in certain counties in the State of Washington, to take effect when certain criteria are met. No new claims for additional benefits will be accepted for weeks beginning after July 3, 1993. An individual's additional benefits will be 52 times the weekly benefit amount, reduced by the total amount of regular and Federal-State extended benefits paid, or deemed paid, in the

benefit year. The law was amended to establish programs that offer dislocated forest products workers in areas affected economically by developments in the timber industry opportunities for forest-related employment that uses their unique skills. Also established was a temporary "natural resources worker" project to provide employment and training opportunities for dislocated forest products workers in occupations related to fisheries, wildlife management, recreation, and other natural resource projects.

*Disqualification.* If an individual is receiving benefits at the time of a backpay award, the employer must withhold from the backpay the amount of unemployment benefits paid to the worker and remit that amount to the Washington Employment Security Department.

### West Virginia

*Administration.* The name of the State agency that administers the unemployment insurance program is changed to the Bureau of Employment Programs.

### Wyoming

*Coverage.* Services performed for remuneration shall be deemed covered employment, unless it is shown that the worker has been and continues to be free from control, has discretion in the performance of the work, and is customarily engaged in an independent trade or business.

*Financing.* An employer's experience rating account will not be charged for benefits paid to an individual who is enrolled in an approved training program.

*Benefits.* For computing partial benefits, the amount of wages to be disregarded was changed to the amount of wages in excess of 50 percent of the weekly benefit amount.

*Disqualification.* An individual will be eligible for benefits if attending an approved training program, lasting a maximum of 24 consecutive months, which is licensed by the appropriate agency and which prepares the individual for job skills in occupations with good employment opportunities. □

# Changes in unemployment insurance legislation during 1990

*The States generally took little action regarding their unemployment insurance laws during the year; some States modified benefit eligibility requirements for aliens, and a few increased their maximum weekly benefit amounts*

Diana Runner

On November 5, President George Bush signed into law the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508), which contained amendments to the Federal Unemployment Tax Act. These included extending the 0.2-percent temporary tax, which was assessed under the Unemployment Compensation Amendments of 1976 (P.L. 94-566), for 5 additional years through December 31, 1995. The maximum State employer tax offset credit against the Federal tax liability remains at 5.4 percent. The net Federal tax, which is the employer's residual Federal obligation to the program after the tax offset credit has been applied, remains at 0.8 percent. The legislation also deleted the 35-year limitation on the expenditure of the 1956, 1957, and 1958 distributions of funds allocated to the States under the 1954 Reed Act for administrative purposes.<sup>1</sup> Therefore, the funds can be drawn on by the States to meet administrative costs in perpetuity.

In general, State legislatures made very few changes in their unemployment insurance laws during 1990. Six States—Alaska, Arizona, Florida, Maryland, Nebraska, and Virginia—increased their maximum weekly benefit amounts, and two States—Alaska and Virginia—increased their minimum weekly benefit amounts. Three States—Arizona,

Minnesota, and South Dakota—changed the amount of earnings to be disregarded when computing the weekly benefit for partial benefits.

Colorado, Connecticut, Hawaii, Idaho, Indiana, Mississippi, New Mexico, Rhode Island, South Dakota, Vermont, and West Virginia amended their laws to require that benefits not be paid on the basis of services performed by an alien unless the individual was lawfully present in the United States both at the time the services on which benefits are based were performed and at the time the claim was filed.

Kentucky, Maine, Minnesota, New Mexico, Oklahoma, and Vermont 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 an employer that is brought before an arbitrator, court, or judge of the State in question or of the United States.

Massachusetts, Rhode Island, and Vermont amended their laws to allow access, on a reimbursable basis, to program records on wage and benefit information by the U.S. Department of Housing and Urban Development and by public housing authorities. Also, California, Massachusetts, and Vermont now permit the Federal Parent Locator Service of the child support enforcement program to have access to wage and benefit information.

Following is a summary of some significant changes in State unemployment insurance laws during 1990.

<sup>1</sup>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.

## Unemployment Insurance Laws, 1990

### Alabama

**Financing.** An employer's experience rating account will not be charged with benefits paid as a result of a major disaster if the benefit recipient would otherwise have been eligible for disaster benefits.

### Alaska

**Benefits.** The minimum weekly benefit amount was increased from \$38 to \$44, and the maximum amount from \$188 to \$212.

### Arizona

**Coverage.** The definition of wages under State law was amended to exclude any wages that are excluded under the Federal Unemployment Tax Act.

**Benefits.** The maximum weekly benefit amount increased from \$155 to \$165. The amount of earnings disregarded when computing partial benefits increased from \$15 to \$30.

### California

**Financing.** The California Unemployment Insurance Code was amended to require collection of the 0.1-percent employment training tax only through calendar year 1993, rather than through 1995, as formerly provided. Revenues from the training tax, first imposed in 1982, are used to fund training, to cover costs of administering the Employment Training Fund, and, with the approval of the legislature, to pay outstanding interest-bearing advances from the Federal Government.

**Benefits.** The 1-week waiting period requirement before benefits are paid may be suspended if the Governor determines that strict compliance with the requirement would in any way prevent, hinder, or delay the mitigation of the effects of any state of war emergency or state of emergency.

### Colorado

**Financing.** The amount of the employee's base wages that is taxable to the employer for program purposes was changed from \$9,000 when the trust fund balance was more than \$350 million, and \$10,000 otherwise, to a standard \$10,000. New employers will pay fund contributions which are the greater of the State's standard rate or their actual experience rate. Reimbursements paid from the fund for benefits paid under an interstate reciprocal arrangement will not be charged to an employer's experience rating account. A solvency tax surcharge will be assessed on contributing employers when the monthly fund balance is equal to or less than 0.09 percent of total wages covered by the program for the calendar year. The surcharge will be 0.01 percent, and will increase in increments of 0.01 percent (not to exceed the maximum contribution rate in effect) until the monthly fund balance is greater than 0.09 percent of total wages. The surcharge will decrease in increments of 0.01 percent so long as the fund balance remains above 0.09 percent of total wages.

**Disqualification.** An individual who works for a temporary help contracting firm will be eligible for benefits if, upon finishing an assignment, he or she requests another assignment but is not offered one and no other employment had been offered or accepted for a period of 5 regular working days.

**Penalties.** An individual who received a benefit overpayment due to fraudulent misrepresentation will be required to pay the Colorado Division of Employment and Training the total amount of the overpayment plus a penalty of 50 percent of the overpayment.

### Connecticut

**Financing.** An employer's account will not be charged for benefits paid to an individual if the employer paid the individual \$500 or less in the employee's base period—a prior period during which the individual was engaged in work covered by the unemployment insurance law.

### Delaware

**Disqualification.** An individual will not be disqualified from receiving benefits on the grounds of voluntarily leaving employment if he or she elected to be separated under the terms of a collective bargaining agreement or a written employer plan for a temporary layoff for lack of work not to exceed 30 calendar days. Individuals hired for seasonal, durational, temporary, or casual employment for a specific period of less than 130 days will be ineligible for benefits at the completion of employment. However, any individual who is collecting benefits at the time the employment is accepted will not lose subsequent benefit rights upon the completion of such employment.

### Florida

**Benefits.** The maximum weekly benefit amount was increased from \$200 to \$225. For the period July 1 through December 1, 1990, an individual could have qualified for 10 weeks of benefits if the individual had earned wages equal to 10 times his or her average weekly wage of not less than \$20 during the base period.

**Disqualification.** An individual will not be denied benefits for any week spent serving on a jury.

**Administration.** The operations of the Florida Unemployment Compensation Advisory Council were extended until October 1, 2000.

### Georgia

**Coverage.** A new enactment excludes from program coverage services performed by an officer or member of the crew of a boat engaged in catching fish or other forms of aquatic life, if certain conditions are met.

### Hawaii

**Coverage.** The law was amended to exclude from coverage services for a family-owned private corporation, organized for profit, that employs family members who own at least 50 percent of the corporate shares, provided certain criteria are met.

**Financing.** New owners will be allowed to assume the existing experience rating in cases of partial transfers of businesses for the period January 1, 1990, to December 31, 1992. During that period, the enterprise must be continued in the case of either partial or total transfer.

**Benefits.** To qualify for benefits in a successive benefit year, an individual must have earned at least 5 times the weekly benefit amount subsequent to the beginning of the preceding benefit year.

### Idaho

**Disqualification.** An individual will not be denied benefits for inability to work, unavailability for work, or refusal of suitable work if he or she is a participant in a training program sponsored under Title III of the Job Training Partnership Act; is attending a job training course under the Trade Act of 1974; or is attending a job training course with the approval of the director of the State unemployment insurance program. The above provision will apply only if the individual submits with each benefit claim a written certification from the training facility that he or she is attending and satisfactorily completing the course or has good cause for failure to attend the course.

**Penalties.** A civil action brought by the State to collect benefit overpayments due to a recipient's fraudulent misrepresentation or concealment of a material fact must commence within 8 years of the date of the overpayment determination.

### Illinois

**Financing.** For the second quarter of 1991, the fund building rate that is added to an employer's contribution rate to ensure fund solvency will be 0.3 percent for contribution rates of 0.2 percent or higher. Over that period, the contribution rate of each employer will be equal to the sum of such rate and 0.1 percent. However, this excludes employers whose rates are between 5.1 percent and 5.3 percent, and those who qualify for the 5.4-percent rate ceiling for that quarter.

**Benefits.** For the period January 1 through December 31, 1991, dependents' allowances for a nonworking spouse will be 8.3 percent of the claimant's prior average weekly wage, not to exceed 57.3 percent of the State average weekly wage. For other dependents, the allowance will be 15.3 percent of the claimant's prior average weekly wage, not to exceed 64.3 percent of the State average weekly wage.

### Indiana

**Financing.** The computation date for determining an employer's rate of contribution was changed from June 30 to September 30. Wage credits earned by an employee who voluntarily leaves without good cause in connection with the work, or who is discharged for just cause, will be used to compute the individual's benefit eligibility, but charges to an employer based on the wage credits will be paid from the unemployment fund and will not be charged to the employer's experience rating account.

**Disqualification.** An individual will not be disqualified from receiving benefits if he or she left employment to accept previously secured full-time work with an employer located within the individual's labor market. When an individual is discharged for gross misconduct, all of his or her wage credits established prior to the discharge will be cancelled. If an individual remains unemployed for at least 4 weeks, the Indiana Department of Employment and Training Services must provide job counseling or training.

**Administration.** When a claim determination is appealed, 3 days must be added to the term of a notice if it is served through the U.S. Post Office. Second-stage appeals, formerly heard by a

referee, are now to be brought before an administrative law judge.

## Kansas

**Coverage.** The exclusion from program coverage of services performed in casual labor not in the course of an employer's business will not apply to governmental entities or to any employer specified in section 501(c)(3) of the Internal Revenue Code to be exempt from income taxation.

**Financing.** If an employer pays additional voluntary contributions to the program, the experience rate reduction will be limited to five rate groups for employers with positive fund balances, and other limitations will apply for negative-balance employers.

## Kentucky

**Benefits.** The base period for computation of benefits may be extended by up to 4 quarters if an individual has insufficient wages to establish a claim because of job-related injury or if an individual who has received worker's compensation files an unemployment insurance claim within 4 weeks of having received worker's compensation.

**Disqualification.** An individual may be disqualified for benefits for leaving the next most recent suitable work to return to work with the usual employer or to avoid imminent layoff by accepting other work, or for leaving part-time work which preceded the most recent suitable work to accept the most recent suitable full-time work.

**Administration.** Unemployment insurance records may be used in court proceedings or administrative hearings in any action on a violation of State or Federal law to which the Kentucky Cabinet for Human Resources is a party, or upon order of the court.

## Louisiana

**Financing.** Benefits paid to an individual after he or she requalified following a disqualification for voluntary leaving, discharge for misconduct, refusal of suitable work, or discharge for using illegal drugs will not be charged to a base-period employer's account if the employer protests the charges.

**Disqualification.** To purge a disqualification for voluntary leaving, discharge for misconduct, or discharge for illegal drug use, an individual must earn 10 times the weekly benefit amount following the week in which the separation occurred, or the week of occurrence with regard to drug use. Louisiana deleted the provision of the law specifying that a disqualification would be applicable to other than the last separation if the time worked subsequent to the separation did not satisfy the monetary requalification requirements, and if the claim was filed 6 months or more after the disqualifying separation. An individual will be disqualified for benefits for receiving vacation pay if the week or weeks the vacation is actually taken occur during a period of temporary layoff and a collective bargaining agreement does not allocate vacation pay to a specified period of time.

## Maine

**Administration.** The law was amended to prohibit information obtained in the administra-

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

## Maryland

**Financing.** The standard rate of employer contributions increased from 5.4 percent to 6.0 percent, and on July 1, 1991, it will increase to 6.5 percent. The maximum tax rate for the period July 1, 1990, through June 30, 1993, will increase from 6.0 percent to 7.6 percent. The range of contribution rates for the most favorable experience rating schedule is 0.1 to 6.0 percent, and on July 1, 1991, it will be 0.1 to 6.5 percent. The percentage adjustment by which an employer's contribution rate increases under the least favorable schedule for the period July 1, 1990, through June 30, 1993, will drop from 2.7 percent to 1.7 percent and, when the rate adjustment necessary to maintain the stipulated fund balance is taken into account, the least favorable schedule will range from 1.8 to 7.6 percent.

**Benefits.** The maximum weekly benefit amount was increased from \$205 to \$215, and will rise to \$223 on July 1, 1991.

## Massachusetts

**Financing.** If a nonprofit organization elects to switch from the practice of reimbursing the State fund for benefit claims to the contribution payment plan, its contribution will be the rate that applies to an employer with a positive reserve balance of zero but less than 0.5 percent, or 5.4 percent—whichever is less—until the employer becomes experience rated.

**Disqualification.** If an individual's backpay award is reduced due to receipt of benefits, the employer who has been assessed a backpay award must reimburse the unemployment fund for the amount of benefits paid, equal to the amount of the award reduction.

**Administration.** The name of the unemployment insurance law was changed from the Massachusetts Employment Security Law to the Massachusetts Employment and Training Law. The agency that administers the law will be known as the Department of Employment and Training, headed by a commissioner. The commissioner may waive recovery of benefit overpayments if recovery would defeat the purpose of benefits otherwise authorized or would be against equity and good conscience.

The law was amended to allow access, on a reimbursable basis, to records on wage and benefit information by the U.S. Department of Housing and Urban Development, public housing authorities, and the Federal Parent Locator Service of the child support enforcement program.

**Penalties.** The penalty for employers who refuse to pay benefits and fund contributions was changed to a fine of not less than \$2,500 or more than \$10,000 or imprisonment for 1 year, or both fine and imprisonment. A 6-year statute of limitations was established for recovery of benefit overpayments by civil action. If an individual's failure to furnish accurate information resulted in a benefit overpayment, he or she will be assessed interest at a rate of 12 percent, but the penalty must not exceed 50 percent of the total amount due.

## Michigan

**Administration.** The Michigan Employment Security Commission shall not provide to any organization income and eligibility verification or wage file information or claimant data base information, unless the disclosure of information is authorized under the Michigan Employment Security Act and the requesting organization provides a grant transfer to the Michigan Department of Labor to cover the full costs of that service.

## Minnesota

**Benefits.** When an individual's weekly benefit amount for partial benefits is computed, the earnings disregarded will be the greater of \$50 or 25 percent of earnings in work other than service in the national guard or a military reserves unit.

**Disqualification.** Holiday pay in excess of \$25 will not be considered disqualifying income.

**Administration.** Tape recordings and transcripts of proceedings before a referee and exhibits offered by parties other than the Department of Jobs and Training which are received into evidence are private, and shall be disclosed only in the administration of the appeals process or in answer to a court order.

## Nebraska

**Benefits.** The maximum weekly benefit amount was increased from \$134 to \$144, and will rise to \$154 on January 1, 1992.

## New Hampshire

**Coverage.** Agricultural labor will not be considered covered employment unless it meets the definition of agricultural labor under the Federal Unemployment Tax Act.

## New Mexico

**Administration.** A new enactment prohibits findings of fact or law, conclusions, or final orders made by an unemployment insurance hearing officer or board of review to be used as evidence in any proceeding brought before any court, arbitrator, or judge of the State of New Mexico or the United States.

## New York

**Benefits.** The law was amended to make permanent a demonstration project which allows claimants in approved training to receive additional benefits.

## Ohio

**Financing.** The taxable wage base will increase from \$8,000 to \$8,250 on January 1, 1992; to \$8,500 on January 1, 1993; to \$8,750 on January 1, 1994; and to \$9,000 on January 1, 1995. However, if in a calendar year, the fund level is 60 percent or more below the minimum safe level, the wage base will be \$9,000 as of January 1 of the following calendar year. Excluding adjustments, the maximum contribution rate for negative-balance employers for calendar years 1991-93 will be limited as follows: for 1991, if the negative balance is 5.0 percent or more, the rate will be 5.7 percent; for 1992, if the negative

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balance is 11 percent or more, the rate will be 6.0 percent; and for 1993, if the negative balance is 17.0 percent or more, the rate will be 6.3 percent. The law was amended to repeal the 0.01-percent automation surcharge imposed in 1987 to pay for automation of the unemployment insurance system.

**Benefits.** The wages that must be earned during the 20-week qualifying requirement to be eligible for benefits changed from 37 times the minimum hourly wage to \$85.10 per week. On January 1, 1992, the wages needed in the 20 weeks will be 27.5 percent of the statewide average weekly wage. The maximum weekly benefit amount will not exceed (1) 50 percent of the statewide average weekly wage for an individual with no dependents, (2) 60 percent for those with one or two dependents, or (3) 66⅔ percent of the statewide average for persons with three dependents or more.

**Disqualification.** To purge a duration disqualification, an individual must earn 6 times the average weekly wage of \$85.10 per week; beginning January 1, 1992, an individual will need to earn 29.5 percent of the statewide average weekly wage.

### Oklahoma

**Disqualification.** An individual in school, and otherwise eligible for benefits, will not be disqualified if he or she offers to quit school, adjust class hours, or change shifts in order to secure employment. The Oklahoma Employment Security Act was amended to delete the "able to work and available for work" provision that mere registration and reporting at a local employment office is not conclusive evidence of ability to work, availability for work, or willingness to work.

**Administration.** When disclosure of information to the State's attorney general or a district attorney is allowed, evidence may be used only in proceedings to prosecute or defend allegations of violations of the Oklahoma Employment Security Act. If such information is disclosed for any other reason, the violation will be a felony.

### Rhode Island

**Administration.** The law was amended to permit disclosure of wage and unemployment claims information, on a reimbursable basis, to the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, and public housing authorities.

### South Dakota

**Coverage.** The law was amended to make permanent a provision which includes as employment the services performed by an individual in the employ of an elementary or secondary school operated by the Federal Government or an agency of the Federal Government.

**Benefits.** When the weekly benefit amount for partial unemployment is computed, one-fourth of the amount of wages over \$25 will be disregarded.

**Disqualification.** The pension offset provision was amended to exclude from offset that part of a pension or retirement payment that was contributed to by the individual. The between-terms

denial-of-benefits provisions will not apply to educational employees of federally operated schools.

### Tennessee

**Penalties.** The penalty for employer misrepresentation to prevent the payment or reduce the amount of benefits changed from a felony conviction carrying a prison term of 1 to 3 years to a Class E felony.

### Texas

**Financing.** An employer's experience rating account will not be charged for benefits paid for unemployment due directly to a disaster if the claimant would otherwise have been eligible for disaster benefits.

### Utah

**Financing.** The computation date for determining employer contribution rates was changed from January 1 to July 1.

**Administration.** The first-stage appeals body, formerly an appeals referee, is now an administrative law judge.

### Vermont

**Financing.** Until June 30, 1991, a temporary supplemental contribution of 0.05 percent will be required of contributing employers so long as rate schedule II is in effect. The supplemental contribution will be used for employment and training services.

**Administration.** The law was amended to allow access, on a reimbursable basis, to program records on wage and benefit information by the U.S. Department of Housing and Urban Development, public housing authorities, and the Federal Parent Locator Service of the child support enforcement program. However, information may not be requested or released unless the individual about whom the information is being sought signs a consent form. A new enactment prohibits findings of fact, conclusions, or final orders made by an unemployment insurance hearing officer to be used as evidence in any proceeding brought before any court, arbitrator, or judge of the State of Vermont or the United States.

### Virginia

**Financing.** The taxable wage base increased from \$7,000 to \$8,000. The unemployment insurance commission may, for a service charge, allow employers to use credit cards to pay their taxes.

**Benefits.** Beginning on January 6, 1991, an individual must serve a 1-week waiting period before receiving benefits. On January 1, 1991, the minimum weekly benefit amount will increase from \$56 to \$60 (effective January 5, 1992, to \$65), with qualifying wages in the two highest-earnings quarters of the claimant's base period of \$3,000 (beginning January 5, 1992, \$3,250.) On January 1, 1991, the maximum weekly benefit amount will increase from \$176 to \$198 (effective January 5, 1992, to \$208), with qualifying wages in the two highest quarters of \$9,900.01 (effective January 5, 1992, \$10,400.01).

**Penalties.** A claimant will be permitted to use a credit card to repay benefit overpayments.

### Washington

**Benefits.** Backpay awards will be considered wages paid during the period for which backpay was awarded. When the amount of the backpay award or settlement is reduced by the amount of unemployment benefits received, the employer must pay that amount to the unemployment compensation fund.

**Penalties.** If an individual fails to repay or arrange for repayment of an overpayment assessment, he or she will be assessed an interest penalty of 1 percent of the outstanding balance for each month during which repayment is not made.

### West Virginia

**Financing.** The law was amended to repeal the 1-percent surtax which was added to each employer's rate until the trust fund assets equaled or exceeded the average benefit payments from the fund for the 3 preceding years. Also deleted was the optional assessment on employees and employers to be imposed when the unemployment insurance agency determined, for a projected quarter, that contributions would not finance benefits. Starting January 1, 1991, positive-balance employers could pay contribution rates as low as zero to 2.0 percent, depending on the level of the unemployment insurance fund's assets for the preceding year.

**Disqualification.** The definition of gross misconduct was amended to include reporting to work or being at work under the influence of any controlled substance.

**Administration.** State and local child support enforcement agencies may receive benefit, as well as wage, information on claimants.

**Penalties.** The monetary penalty for a claimant's fraudulent misrepresentation to obtain or attempt to obtain or increase benefits was raised from \$100-\$500 to \$100-\$1,000.

### Wyoming

**Financing.** The adjustment factor for non-charged and ineffectively charged benefits<sup>2</sup> will not exceed 1.5 percent, and will be charged against employers.

**Administration.** The department of employment was created to replace the employment security commission. □

## Footnotes

<sup>1</sup> By the terms of the Reed Act, funds in excess of the legal maximum in the Federal Unemployment Account are distributed to the States to be used for administrative costs.

<sup>2</sup> Ineffectively charged benefits are benefits charged to an employer's experience rating account after benefits previously charged to that account have qualified the employer for the maximum rate of contributions.

**VI. INDEXES**

VI. INDEXES

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**B. RESEARCH AND ANALYSIS CHIEFS AND OTHER KEY INDIVIDUALS**

Research and Analysis Chiefs and Other Key  
Individuals Involved in UI Research in State Employment  
Security Agencies as of May 1992

Region and State      R & A Chief      Other Key Individuals

Region I

Connecticut	Roger Therrien Acting Director Research & Information Phone: 203-566-2120	
Maine	Ray Fongemie, Director Division of Research & Analysis Phone: 207-287-2271	
Massachusetts	Rena Koppcamp, Director Research & Analysis Phone: 617-727-6556	
New Hampshire	George Nazer, Director Economic & Labor Market Information Bureau Phone: 603 224-3311	Bruce DeMay Assistant Director
Rhode Island	Etta Mello ES Research Phone: 401-277-3704	Robert Langlaish Chief Research & Program Standards Phone: 401-277-3702
	Robert Ware, Director Jobs and Training Division Phone: 802-229-0311	

Region II

New Jersey	Arthur O'Neal, Jr., Assistant Commissioner Research and Planning Phone: 609-292-2643	James Phillips Program Analysis and Evaluation Phone: 609-292-2643
------------	---	--

Region and StateR & A ChiefOther Key Individuals

New York

Jeremy Schrauf, Director  
Research & Statistics  
Phone: 518-457-6181Roger Gerby  
Program Research  
Specialist  
Phone:  
518-457-6398

Puerto Rico

Agapito Villegas, Director  
Department of Labor and  
Human Resources  
Phone: 809-754-5385

Virgin Islands

Annie Smith, Director  
Bureau of Labor Statistics  
Phone: 809-776-3700Region III

Delaware

James McFadden, Chief  
Office of Occupational &  
Labor Market Information  
Phone: 302-368-6962District of  
ColumbiaRichard Groner, Chief  
Division of LMI & Research  
Phone: 202-639-1642

Maryland

Pat Arnold, Director  
Office of Labor Market  
Analysis and Information  
Phone: 301-333-5000

Pennsylvania

Mary Ann Regan  
Acting Director  
Bureau of Research Statistics  
Phone: 717-787-3265

Virginia

Dolores Esser, Director  
Economic Information  
Services Division  
Phone: 804-786-7496

West Virginia

Ed Merrified,  
Assistant Director  
Labor & Economic Research  
Phone: 304-348-2660

Region and State

R & A Chief

Other Key Individuals

Region IV

Alabama

Douglas Dyer, Chief  
Research & Statistics  
Phone: 205-242-8855

Florida

Rebecca Rust, Chief  
Labor Market Information  
Phone: 904-488-1048

Joe Datres  
Assistant Chief  
Phone: 904-488-  
1048

Georgia

Milton Martin, Director  
Labor Information Systems  
Phone: 404-656-3177

Kentucky

Ed Blackwell, Manager  
Labor Market Research &  
Analysis  
Phone: 502-564-7976

Donny Hogan,  
Branch Manager  
Research and  
Statistics Branch  
Phone: 502-564-5403

Mississippi

Raiford Crews, Chief  
Labor Market Information  
Phone: 601-961-7424

North  
Carolina

Gregg Sampson, Director  
Labor Market Information  
Phone: 919-733-2936

South  
Carolina

David Laird, Director  
Labor Market Information  
Phone: 803-737-2660

Ted Gladden  
Assistant Director  
LMI

Tennessee

Joe Cummings, Director  
Research & Statistics  
Phone: 615-741-2284

George Dial  
Assistant Director  
Research &  
Statistics

Region V

Illinois

Henry L. Jackson, Manager  
Labor Market Information  
Phone: 312-793-2316

Richard Low,  
Research Economist  
Phone:  
312-793-9822

<u>Region and State</u>	<u>R &amp; A Chief</u>	<u>Other Key Individuals</u>
Indiana	Charles Mazza, Manager Statistical Services Phone: 317-232-7701	Carol Keppler, Supervisor ES-UI Data & UI Research Phone: 317-232-7704
Michigan	Von Logan, Director Research & Statistics Phone: 317-876-5445	Carol Fletcher Manager Analysis & Reports Phone: 313-876-5452
Minnesota	Med Chottepanda, Director Research & Statistics Services Phone: 612-296-6545	Bob Lowe Research Analyst Phone: 612-296-6602
Ohio	Dixie Sommers, Director Labor Market Information Phone: 614-481-2239	Jim Hemmerly, Assistant Director for Adm. Data Phone: 614-481-2239
Wisconsin	Ellen Hansen, Director Labor Market Information Phone: 608-266-7034	Gerald Snow Section Chief Analysis and Publications Phone: 608-266-0230
<u>Region VI</u>		
Arkansas	Alma Holbrooke, Manager Labor Market Information Phone: 501-682-3194	Herman Sander, Manager UI Research Phone: 501-682-3197
Louisiana	Oliver Robinson, Director Research & Statistics Phone: 504-342-3140	Leonard King, Assistant Director Research & Statistics Phone: 504-342-3144

<u>Region and State</u>	<u>R &amp; A Chief</u>	<u>Other Key Individuals</u>
New Mexico	Larry Blackwell, Chief Research & Statistics Phone: 505-841-8645	Charles Lahmen Economic Analysis Phone: 505-841-8645
Oklahoma	Arthur Jordan Research & Planning Phone: 405-557-7116	George Bethke Supervisor 202 Unit Phone: 405-557-7231
		Dale Hunnington Chief Employment & Unemployment Statistics Phone: 405-557-7262
Texas	Mark Hughes, Director Economic Research & Analysis Phone: 512-463-2616	Randall Kelling Asst. Director Economic Research & Analysis Phone: 512-463-2616

### Region VII

Iowa	Steve Smith, Supervisor Audit & Analysis Department Phone: 515-281-8181
Kansas	William Layes, Chief LMI Services Phone: 913-296-5058
Missouri	Tom Righthouse, Chief Research & Analysis Phone: 314-751-3591
Nebraska	Phillip Baker, Administrator Labor Market Information Phone: 402-475-8451

Region and StateR & A ChiefOther Key IndividualsRegion VIII

Colorado	William LaGrange, Director Labor Market Information Phone: 303-937-4947	Lowell Hall UI Research & & Reports Phone: 303-866-6577
Montana	Bob Rafferty, Chief Research & Analysis Phone: 406-444-2430	Ward Stiles, Research Specialist Phone: 406-444-3254
North Dakota	Tom Pederson, Director Research & Statistics Phone: 701-224-2868	
South Dakota	Phillip George, Labor Market Information Phone: 605-622-7674	
Utah	Bill Horner, Chief Labor Market Information Phone: 801-536-7400	Peter Dietz Actuary Phone: 801-536-7470
Wyoming	Thomas N. Gallegher, Manager Research & Planning Section Phone: 307-235-3646	

Region IX

Arizona	Dan Anderson, Administrator Dept. of Economic Security Phone: 602-542-3616	
California	Shirlene Ramsey, Chief Labor Market Information Phone: 916-427-4675	Dick Ficenech, Section Chief LMI Phone: 916-427-4951

Region and State

R & A Chief

Other Key Individuals

Hawaii

Fred Pang, Chief  
Research & Statistics  
Phone: 808-586-8999

Paul Dawson  
Supervisor  
UI Research Staff  
Phone:  
808-586-8990

Nevada

James Hanna, Chief  
Employment Security  
Research  
Phone: 702-486-6565

Regions X

Alaska

Chuck Caldwell, Chief  
Research & Statistics  
Phone: 907-465-4500

Chris Miller,  
Labor Economist  
Phone:  
907-465-4500

Idaho

James L. Adams, Chief  
Research & Analysis  
Phone: 208-334-6169

Jerry Fackrell,  
Research  
Supervisor  
Phone:  
208-334-6170

Oregon

Virlena Crosley  
Assistant Administrator  
Research & Statistics  
Phone: 503-378-3220

Frank Richey,  
Program Analysis  
Phone:  
503-378-8653

Washington

Gary Bodeutsch, Director  
Labor Market & Economic  
Analysis  
Phone: 206-438-4804



**C. UNEMPLOYMENT INSURANCE SERVICE NATIONAL AND REGIONAL DIRECTORY**

**U.S. DEPARTMENT OF LABOR  
EMPLOYMENT AND TRAINING ADMINISTRATION**

**UNEMPLOYMENT INSURANCE SERVICE**

Frances Perkins Building  
200 Constitution Avenue N.W.,  
Room S-4231  
Washington, D.C. 20210

DIRECTOR: Mary Ann Wyrsh  
Phone: 523-7831

SECRETARY: Vacant

EXEC. ASST.: Esther Johnson  
Phone: 523-7831

STAFF ASST.: Marie Q. Ross  
Phone: 523-7831

Directives Control,  
Administration

PROG. ANAL.: Martha Higdon  
Phone: 523-7831

OFFICE OF PROGRAM MANAGEMENT

DIRECTOR: Barbara Ann Farmer  
Phone: 535-0610

SECRETARY: Vacant

DEPUTY

DIRECTOR: Charles Atkinson  
Phone: 535-0610

SECRETARY: Vacant

DIVISION OF PROGRAM AND COST MANAGEMENT

CHIEF: Violet Thompson  
Phone: 535-0616

SECRETARY: Lillian A. Cummings  
Phone: 535-0616

QUALITY ASSESSMENT PROGRAM PLANNING

GROUP CHIEF: Willam N. Coyne  
Phone: 535-0623

SECRETARY: Carolyn Wilson  
Phone: 535-0623

PAYMENT CONTROL:

GROUP CHIEF: Betty Castillo  
Phone: 535-0616

SECRETARY: Peggy Allen  
Phone: 535-0616

DIVISION OF PROGRAM DEVELOPMENT AND IMPLEMENTATION

CHIEF: Sandra King  
Phone: 535-0309

SECRETARY: Vacant

STATE PROGRAMS

GROUP CHIEF: Lorenzo Roberts  
Phone: 535-0309

SECRETARY: Vacant

FEDERAL PROGRAMS

GROUP CHIEF: Robert Gillham  
Phone: 535-0312

SECRETARY: Dionne Walker  
Phone: 535-0196

CONTRIBUTION AND FUND MANAGEMENT

DIRECTOR: Everett Hensley  
Phone: 535-0216

SECRETARY: Vacant

OFFICE OF LEGISLATION AND ACTUARIAL SERVICES

DIRECTOR: Robert Deslongchamps  
Phone: 535-0620

SECRETARY: Mildred McDavid  
Phone: 535-0621

DEPUTY DIRECTOR: Stephen Wandner  
Phone: 535-0620

SECRETARY: Bertha Jackson  
Phone: 535-0621

DIVISION OF LEGISLATION

DIVISION CHIEF: Joseph Hickey  
Phone: 535-0200

SECRETARY: Carole D. Gill  
Phone: 535-0200

FEDERAL LEGISLATION

GROUP CHIEF: Virginia Chupp  
Phone: 535-0200

SECRETARY: Digna Emmanuelli  
Phone: 535-0200

STATE LEGISLATION, CONFORMITY

GROUP CHIEF: Jerry Hildebrand  
Phone: 535-0204

SECRETARY: Sylvia Marin  
Phone: 535-0204

DIVISION OF ACTUARIAL SERVICES

DIVISION CHIEF: Ron Wilus  
Phone: 535-0640

SECRETARY: Marvin Holland  
Phone: 535-0640

BENEFIT FINANCING

GROUP CHIEF: Mike Miller  
Phone: 535-0630

SECRETARY: Vacant

BUDGET

GROUP CHIEF: Darla Letourneau  
Phone: 535-0210

SECRETARY: Dorothy Thompson  
Phone: 535-0210

ACTUARIAL STUDIES

GROUP CHIEF: John Robinson  
Phone: 535-0222

SECRETARY: Rosalind Thomas  
Phone: 535-0222

Programatic & Key  
Activity Assignments

<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	Rosalind Thomas 535-0222
Reporting and Data Base	Cynthia Ambler 535-0222
Reporting and Data Base	Louis Lapidés 535-0222
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OFFICE OF QUALITY CONTROL

DIRECTOR: Janet Sten  
Phone: 535-0220

SECRETARY: Marsha Hickman  
Phone: 535-0220

DIVISION OF SYSTEM OPERATIONS AND ANALYSIS

GROUP CHIEF: John Sharkey  
Phone: 535-0656

SECRETARY: Lenora West  
Phone: 535-0656

DIVISION OF CORRECTIVE STRATEGIES AND TECHNIQUES

ACTING

GROUP CHIEF: William Rabung  
Phone: 535-0604

SECRETARY: Tammy Guajardo  
Phone: 535-0604

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## APPENDIX

### INSTRUCTIONS FOR SUBMITTAL OF ITEMS FOR UI RESEARCH EXCHANGE

Items for inclusions should be camera-ready, on heavy-weight 8 1/2 by 11 inch bond paper. Margins should be one inch all around. Typing should be single spaced with double spaces between paragraphs and before headings.

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

Contact (name, address, phone number of provider)

Items should be mailed to:

Division of Actuarial Services  
Office of Legislation and Actuarial Services  
Unemployment Insurance Services  
Employment and Training Administration  
Department of Labor  
200 Constitution Ave., N.W. Room S-4519  
Washington, D.C. 20210