



**IMPACT OF THE  
REEMPLOYMENT AND ELIGIBILITY ASSESSMENT (REA) INITIATIVE**

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## EXECUTIVE SUMMARY

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Since 2005, the U.S. Department of Labor (USDOL) has funded State Workforce Agencies (SWAs) to provide Reemployment and Eligibility Assessments (REAs) to individuals claiming Unemployment Insurance (UI) benefits. Currently implemented in 40 states, this program is designed to enhance the rapid reemployment of unemployed workers, identify existing and eliminate potential overpayments, and realize cost savings for UI trust funds. REAs can help states preserve their UI trust fund accounts by paying benefits only to claimants who are eligible and meeting their obligations, and by assisting claimants in finding reemployment faster. Funding for the REA initiative has grown from a level of \$18 million for 21 states in 2005 to \$50 million for 34<sup>1</sup> states in 2010.

In late 2008, USDOL asked IMPAQ International to study the effectiveness of REAs in achieving the program's goals of reducing UI duration and saving UI trust fund resources by helping beneficiaries find jobs faster and eliminating payments to ineligible individuals. The current study focuses on REA program impacts during the period from July 2009 and December 2009. The study includes process and impact analyses of REA programs in four states: Florida, Idaho, Illinois, and Nevada. Using an experimental design, IMPAQ rigorously measured the net impact of the REA initiative in these study states. IMPAQ also examined best practices in a sample of REA states. This report presents the results of all these analyses.

### REA Implementation

To assess REA implementation, IMPAQ staff conducted 15 site visits between January 2009 and March 2011. During these visits, staff observed that core REA services were provided consistently across each state; however, there was significant variation in program operations and services delivery among states. The following is a summary of the implementation practices we observed:

- All states conducted in-person interviews as required by their REA grants.
- All states referred to adjudication those claimants who did not participate in the REA interview.
- All states reported the data on their REA implementation to DOL; however, states had difficulty in meeting the requirement to report REA program impacts.
- States differed in staff assignment to REA. Some REA interviewers devote 100 percent of their time to REA; other interviewers spend only a portion of their time on REA and the remainder on other activities.
- States differed in determining REA eligibility. Some selected claimants for REA services based on their likelihood of exhausting UI benefits. Others selected only those with work experience in a high-demand occupation.
- In some states, REA interviews were conducted as early as four weeks after the initial claim filing date and as late as eight weeks in other states.

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<sup>1</sup> An additional six states currently conduct REAs but did not require additional funding in 2010.

- Rescheduling of REA appointments was generally permitted; however, there was substantial variation in how many times a claimant may reschedule.
- In most states, REA interviewers referred claimants to reemployment services and training. In Nevada, the REA program and the Reemployment Services (RES) are fully integrated.

As the REA program has developed and expanded over the years, states have adjusted their program implementation in innovative and effective ways. The following are some best practices that IMPAQ staff identified among selected states:<sup>2</sup>

- Use of telephone reminders enhanced the likelihood of REA attendance;
- Sending advanced materials to complete prior to the REA interview streamlined the interview;
- Use of assessment forms helped to identify barriers to employment;
- Integrating the UI and ES data systems helped increase the efficiency and effectiveness of program operation and data reporting; and
- Regular follow-up contact with claimants after the REA interview enhanced program outcomes.

While these practices are diverse in nature, a common theme connects them all. Each practice is designed to increase the claimants' connection to reemployment services, by implementing a service delivery strategy that facilitates the claimants continued use of reemployment services.

## REA Impacts

The key component of the evaluation was the examination of the effectiveness of the REA initiative in facilitating reemployment and reducing improper payments. The impact evaluation addressed the following key research questions:

- Did REA lead to a reduction in benefit exhaustion, UI claim duration, and total UI benefit payments received?
- Did REA lead to savings to the UI trust funds?
- Did REA lead to savings after deducting REA program costs?
- Was REA effective in assisting UI recipients to become reemployed?

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<sup>2</sup> Arizona, Florida, Idaho, Illinois, Maryland, Massachusetts, Nevada, New York, Tennessee, and Utah.

States were required to randomly assign UI claimants into a treatment group and to a control group to evaluate the effectiveness of the REA initiative. Treatment group members were required to participate in REA services; control group members were not required to participate in REA. While the random assignment process differed somewhat across the study states, the four states selected for this study all had a rigorous random assignment design that yielded treatment and control groups that were similar on all characteristics.

Estimates from rigorous random assignment studies have long been considered by researchers as the “gold standard” in social policy evaluation. The statistical advantage of these studies has made random assignment the benchmark against which other studies are measured<sup>3</sup>. In addition to their statistical advantages, random assignment studies are appealing to policymakers for their simplicity and for their intuitively understandable results.

### **Florida Impact Results**

- REA led to significant reductions in the duration of receiving regular UI and Extended Unemployment Compensation (EUC) benefits. On average, REA claimants received 1.74 fewer weeks of benefits compared to the control group.
- REA participants experienced a significant reduction (3.4 percentage points) in the likelihood of exhausting regular benefits and a significant reduction (3.3 percentage points) in the likelihood of receiving EUC benefits.
- The REA program, on average, reduced total regular UI benefits by \$101 and EUC payments by \$294. Combining the reductions in regular UI benefits and EUC benefits, REA reduced total benefits by \$395, on average.
- The combined \$395 reduction in benefit amounts received per treatment group member greatly exceeds the estimated \$54 cost per treatment group member.<sup>4</sup>
- REA had positive impacts on reemployment outcomes as estimated by earnings in the four quarters following the start of the UI claim. REA treatment group members had \$476 higher wages than their control group peers in the four quarters following the start of their UI claim.

### **Idaho Impact Results**

- REA led to a significant reduction in the duration of receiving regular UI and EUC benefits. On average, REA claimants received 1.14 fewer weeks of benefits than the control group.
- REA treatment group members experienced a significant reduction (3.2 percentage points) in the likelihood of exhausting regular benefits and a significant reduction (3.1 percentage points) in the likelihood of receiving EUC benefits.

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<sup>3</sup> LaLonde, Robert J. 1986. Evaluating the Econometric Evaluations of Training Programs with Experimental Data. *American Economic Review* 76 (September): 604-20.

<sup>4</sup> The average cost per treatment group member is derived by dividing the state’s grant amount by the number of REAs conducted in the state.

- REA reduced total benefit amounts received by \$262 per REA participant. On average, REA treatment group members received \$97 less in regular UI benefits and \$165 less in EUC benefits than control group members.
- In Idaho, all treatment group members received an REA letter. The letter required participants to complete an online REA questionnaire. The average cost per REA treatment group member was \$12. Those who did not complete the questionnaire were referred to adjudication. Among those who did complete the questionnaire, a random sample was invited to participate in an in-person REA interview.
- Inasmuch as the per-claimant savings of the REA program was \$262, the savings substantially exceeded the cost per treatment group member.

### **Illinois Impact Results**

- There is no evidence that the Illinois REA program led to changes in: the duration of receiving regular UI or EUC benefits; likelihood of regular UI benefit exhaustion or receipt of EUC benefits; or amount of benefit receipt.
- The lack of significant impact findings in Illinois may be attributed to several factors:
  - Lack of consistency in the implementation of the program
    - (1) the REA program was suspended in December 2008, and
    - (2) the REA program was restarted in June 2009 (just prior to the start of the study period);
  - Small sample size (only 2,175 in the treatment group; 937 in the control group);
  - REA program design targeted claimants with high demand skills, thus restricting the population eligible for REA selection.

### **Nevada Impact Results**

- REA led to significant reductions in the duration of UI benefits. On average, REA claimants received 2.96 fewer weeks of benefits compared to their control group peers.
- REA participants experienced a significant reduction (10.4 percentage points) in the likelihood of exhausting regular benefits and a significant reduction (9.0 percentage points) in the likelihood of receiving EUC benefits.
- On average, REA reduced total benefit amounts received by \$805. REA participants received, on average, \$526 less in regular UI benefits and \$279 less in EUC benefits than control group members.
- The average cost per REA participant was \$53. However, since REA and RES services and funding were so closely integrated, we combined the average costs of providing the integrated REA and Reemployment Services (RES). The estimated combined cost was \$201 per REA



treatment group member. The reduction in total benefit amounts received was \$805 per treatment group member, which greatly exceeds the combined REA and RES costs.

## Conclusion

The analysis of REA program impacts shows that the REA program was effective in assisting claimants to exit the UI program and avoid exhausting regular UI benefits in Florida, Idaho, and Nevada. There was no impact in Illinois; however, the Illinois REA program suffered from inconsistent implementation, small sample size, and restricting the program to claimants with high demand skills.

By avoiding UI benefit exhaustion, the program led to reductions in the likelihood of receiving EUC benefits. The combined impacts of reducing program exhaustion and receipt of EUC benefits led to significantly shorter UI durations and lower benefit amounts. Furthermore, the reductions in benefits substantially exceeded the per-participant REA cost in the states. These results provide strong evidence that the REA program is a cost-effective program.

A key finding of our analysis is substantially larger impacts in Nevada relative to the other study states. While other states referred many REA participants to reemployment services, Nevada provided reemployment services to REA treatment group members in conjunction with the REA interview. It appears likely that Nevada's combination of REA services with RES led to the greater program impacts. To isolate the effect of REA and RES, one would need to develop a random assignment study where eligible claimants would be assigned to different combinations of REA and RES services.

Based on the impact analyses presented in this report, we conclude that the REA program is an effective strategy for facilitating the exit of UI claimants from the UI program and for producing savings. We also conclude that the significant savings produced by the REA program make it a viable government investment, particularly during periods of high unemployment when claimants are eligible for extended durations of benefits. Finally, it appears likely that combining REA services with reemployment services into a seamless delivery system, may achieve greater impacts than providing REA services alone. It should be noted that beginning in FY 2010 states are required to provide a reemployment service with each REA.

## CHAPTER I: INTRODUCTION

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The Reemployment and Eligibility Assessment (REA) initiative is a new approach that combines in-person unemployment insurance (UI) eligibility reviews with the provision of labor market information (LMI) and referral to reemployment services. It is designed to ensure claimants are meeting the eligibility provisions of state laws and are exposed to reemployment services (i.e., job search assistance and placement services) so they may return to employment as quickly as possible. While the REA initiative began in 2005,<sup>5</sup> its features are grounded in past research findings and proven methods of administration that have been shown to be efficient and cost-effective.

Beginning in the 1940s, states established rules to require that claimants provide evidence of work search contacts. Further, some states implemented periodic reviews of claimants' work search actions after a specified number of weeks. By the late 1960s, the periodic review of eligibility was being tested with different combinations of job finding and placement services and training in a series of research demonstrations. In the 1970s, research findings were incorporated into the national design of the revised periodic eligibility review system, dubbed the Eligibility Review and Reemployment Assistance Program (ERP).<sup>6</sup> The purpose of ERP was to help states reestablish sound eligibility review processes in the UI program. This is also a critical component of the current REA initiative.<sup>7</sup>

During the early 1980s, many states began to implement cost-efficient self-service claims taking and job finding and placement systems as a result of reduced budgets, low unemployment, and major advances in technology. However, two back-to-back recessions saw unemployment reach a post-World War II high of 10.8 percent. With heavy UI workloads and the potential for state benefit payment systems to be subjected to fraud and abuse, the U.S. Department of Labor (USDOL), Employment and Training Administration (ETA) continues to emphasize the need for states to ensure the ERP program is operational. The REA program is not to be a substitute for the ERP program, and ERPs are to be continued for claimants who are not participating in the REA program.

The UI systems became highly automated during the 1990s through the introduction of telephone initial and continued claims taking<sup>8</sup> followed by internet initial and continued claims. This, as well as the relocation of UI staff to call centers, caused some claimants to become detached from the state and local One-Stop Career Center delivery systems. Weekly continued claims were automated and were

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<sup>5</sup> OPA News Release: [03/10/2005]; <http://www.dol.gov/opa/media/press/opa/OPA20050343.htm>

<sup>6</sup> Wandner, Stephen A., *Solving the Reemployment Puzzle: From Research to Policy*. Kalamazoo: W.E. Upjohn Institute for Employment Research, 2010.

<sup>7</sup> General Administration Letter No. 5-77, December 21, 1976.

<sup>8</sup> Colorado initiated telephone claims taking in 1991. USDOL began awarding grants for converting to telephone claims taking in 1996 and internet claims in 1998. See O'Leary Christopher J. and Stephen A. Wandner, "Do Job Search Rules and Reemployment Services Reduce Insured Unemployment?" Upjohn Institute Working Paper No. 05-112, 2005.

typically filed through touch-tone telephones or the Internet.<sup>9</sup> Claimants responded to questions about their job search by pressing or entering yes or no to standardized questions. This did not provide sufficient information to assess either the quality of the claimant's job search activities or provide information about their reemployment needs.

Consequently, in the early 2000s, it became evident to policy makers that greater attention should be directed to the quality of the continued eligibility process and the reemployment needs of UI claimants. As a result of this recognition, in March 2005 USDOL funded State Workforce Agencies (SWAs) to provide REAs to individuals claiming UI benefits. This program is designed to assist UI claimants in developing a reemployment plan, providing them with labor market information and referrals to reemployment services and training, and assessing ongoing UI eligibility. The REA initiative has grown significantly – from \$18 million in 2005 to \$50 million in 2010. Currently, the program has been implemented in 40 states.

In late 2008, USDOL asked IMPAQ International to study the effectiveness of REAs in achieving the program's goals of reducing UI duration and increasing reemployment of REA claimants. The evaluation focuses on the impacts of the REA initiative in the following states: Florida, Idaho, Illinois, and Nevada. This research builds on an earlier study<sup>10</sup> that examined the REA initiative in Minnesota and North Dakota. Using a combination of state UI administrative records and critical follow-up interview data, the earlier study yielded mixed results. Specifically, it found that REA enhanced the rapid reemployment of unemployed workers and reduced overpayments in Minnesota but did not have statistically significant program impacts in North Dakota.<sup>11</sup>

The current evaluation addresses the following key questions related to the REA initiative's efficacy:

- Did REA reduce UI benefit duration and UI benefit amounts received?
- Did REA expedite the reemployment of UI claimants?
- How was the REA program implemented?
- What are the best practices and promising strategies associated with program design and implementation?

The remainder of this report is organized as follows: Chapter II describes the REA initiative, its evolution over time, and the evaluation design. Chapter III provides details from the implementation study, including a summary of program characteristics and cross-cutting themes. Chapter IV describes REA

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<sup>9</sup> Information from a 2003 National Association of State Workforce Agencies (NASWA) survey of all State UI programs indicated that 47 states use telephone systems and 5 are planning to do implement a phone system for continuing claims. O'Leary, Christopher J. "State UI Job Search Rules and Reemployment Services," *Monthly Labor Review*, June 2006.

<sup>10</sup> Benus, Jacob, Eileen Poe-Yamagata, Ying Wang, and Etan Blass. 2008. *Reemployment Eligibility Assessment (REA) Study: FY2005 Initiative*. Final Report. ETA Occasional Paper 2008-02. Washington, DC: U.S. Department of Labor, Employment and Training Administration.

<sup>11</sup> Since the program was in its first year of operation, the results obtained in the study may not fully reflect the effectiveness of REA in a steady-state environment.

best practices. Chapter V presents the results from the impact analysis in each of the four states. Chapter VI provides conclusions, recommendations and suggestions for future analysis.

## CHAPTER II: THE REA INITIATIVE

The U.S. Department of Labor (USDOL) developed the REA initiative in 2005 with the goals of enhancing the rapid reemployment of unemployed workers, identifying existing overpayments, eliminating potential overpayments, and realizing cost savings for UI trust funds. In this chapter we describe the evolution of the REA initiative and the evaluation design to determine if the initiative has been effective in achieving its goals.

### 1. REA Grants

Between 2005 and 2009, the components of the REA initiative have remained largely the same. In its short history, there have, however, been some adjustments to reflect increased emphasis on connecting claimants to reemployment services offered at participating One-Stop Career Centers (hereafter “local offices”). During the implementation period assessed in this report (July 2009 – March 2011), states operated the REA initiative under federal guidance set forth in Unemployment Insurance Program Letter (UIPL) 23-09 and UIPL 05-10.<sup>12</sup> During this period, there was a growing emphasis on improving the integration and connection of UI services with services delivered through the local offices. Beginning in 2009 when claimants failed to report to a scheduled REA, the State Workforce Agency (SWA) was to address the issue through adjudication of the claimant’s reason for failing to report. Also, beginning in 2009 states participating in the REA program were required to provide a reemployment service for every REA conducted. Exhibit 1 presents the REA key components of the REA program in FY2009 and FY2010; Exhibit 2 presents the implementation guidelines for the same period.

#### Exhibit 1: REA Key Components (FY2009 and FY2010 REA)

Claimants must report to One-Stop Career Center in-person for staff-assisted services
Assessments to be conducted only for claimants without a definite return to work date <sup>13</sup>
Review of continued eligibility and referral to adjudication, when issue identified
Provision of labor market information
Development or review of work search plan
Referral to reemployment services or to training
Development/review of reemployment plan <sup>14</sup> with referral to reemployment services/training
Establishment of MOU with One-Stop Career Center for provision of REA-related services <sup>15</sup>
Participation in reemployment plan required; otherwise referral to adjudication

<sup>12</sup> Unemployment Insurance Program Letter No. 23-09, Employment and Training Administration Advisory System, U.S. Department of Labor, April 20, 2009 <http://wdr.doleta.gov/directives/attach/UIPL/UIPL23-09acc.pdf>; Unemployment Insurance Program Letter No. 05-10, Employment and Training Administration Advisory System, U.S. Department of Labor, January 4, 2010, <http://wdr.doleta.gov/directives/attach/UIPL/UIPL05-10acc.pdf>

<sup>13</sup> Also excluded were claimants whose reemployment would come solely through a union.

(Federal Register/Vol. 70, No. 163/ Wednesday, August 24, 2005/Notices)

<sup>14</sup> Reemployment plan was referred to as work search plan in FY2009

<sup>15</sup> Not required in FY2009

## Exhibit 2: Guidelines for Implementing REA Initiative (FY2009 and FY2010 REA)

Review of continued eligibility and referral to adjudication, when issue identified
Grant does not need to be implemented statewide
Funds cannot supplant UI grant funds devoted to eligibility reviews
Provision of a reemployment service is required for each REA
REA should be an integral part of the state's strategy for Reemployment Services
The provision of reemployment services is not permissible expenditure of REA grant funds

To facilitate assessment of the REA initiative, REA grants encouraged states to develop and implement a rigorous random assignment methodology to assign a random sample of UI claimants to a treatment group and a control group. Those assigned to the treatment group received REA services while, a similar group of individuals, assigned to the control group, did not receive these services. The four study states (Florida, Idaho, Illinois, and Nevada) were selected partly based on the rigor of their REA selection strategies. In some cases, IMPAQ staff worked with states to improve their random assignment design and processes.

In addition to implementing random assignment, SWAs were required to collect information on the REA workload and outcomes and to report these data quarterly using two ETA-required reports: the *ETA 9128 - Reemployment and Eligibility Assessments Activities* report and the *ETA 9129 - Reemployment and Eligibility Assessments Outcomes* report.<sup>16</sup> The ETA 9128 workload report captures 22 items regarding the number of REAs scheduled and conducted, referrals made, overpayments and overpayment amounts, and UI disqualifications identified in the REA and reasons for disqualification. The ETA 9129 captures eight items of outcome information including weeks paid, benefit amounts, overpayment, disqualification, benefit exhaustion, and reemployment for both a treatment and control group.

## 2. Study Design

The current evaluation extends IMPAQ's prior REA evaluation of the REA initiative in two states (Minnesota and North Dakota) during the startup years of REA.<sup>17</sup> This study is designed to evaluate the implementation and impacts of the REA initiative in additional states and as the program matures. The study design includes four components: (1) state selection, (2) implementation analysis, (3) assessment of best practices, and (4) impact analysis.

To identify states for inclusion in the study, IMPAQ systematically evaluated the 19 grantee states implementing REA in late 2008. This evaluation assessed the degree to which the states complied with

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<sup>16</sup> ETA Field Memorandum No. 17-04. [http://wdr.doleta.gov/directives/attach/ETAH/ETHand401\\_4th\\_s04.pdf](http://wdr.doleta.gov/directives/attach/ETAH/ETHand401_4th_s04.pdf).

<sup>17</sup> Benus, Jacob, Eileen Poe-Yamagata, Ying Wang, and Etan Blass. 2008. *Reemployment Eligibility Assessment (REA) Study: FY2005 Initiative*. Final Report. ETA Occasional Paper 2008-02. Washington, DC: U.S. Department of Labor, Employment and Training Administration.

the requirements of the REA grant as well as their ability to meet the needs of the impact evaluation. This analysis resulted in the selection of four study states: Florida, Idaho, Illinois, and Nevada.

Next, IMPAQ staff conducted an implementation analysis to assess the implementation and service delivery structure associated with the REA initiative in these study states. The objective for the implementation analysis was to:

- 1) provide detailed information about each site's REA operation;
- 2) allow important themes and issues associated with REA operation to emerge, highlighting both consistencies and diversity in program operation across sites and within sites; and
- 3) provide context for understanding the findings from the impact analysis.

IMPAQ also investigated best practices in the REA program in six additional states: Arizona, Maryland, Massachusetts, New York, Tennessee, and Utah. IMPAQ staff visited each of these states<sup>18</sup> to gather information and observe program activities.

Finally, IMPAQ conducted an evaluation of REA program impacts in each of the four study states. The primary objective of the impact evaluation was to determine if the REA program led to a significant reduction in UI claims and hence savings for UI trust funds. The impact analysis focused on the following UI outcomes:

- UI duration in weeks;
- Total benefits received;
- Likelihood of exhausting regular UI benefits;
- Likelihood of receiving extended benefits;
- Likelihood of reemployment; and
- Quarterly wage amounts received.

To measure program impacts, IMPAQ obtained individual-level administrative UI and wage data from each study state. The data used includes information on claimants who started their UI claim from July 2009 through December 2009 in Idaho and Nevada and from August 2009 through December 2009 in Florida and Illinois. States provided administrative data for all treatment and control group members through December 2010. As a result, the longest observation period that is available for the impact evaluation is for individuals who filed a claim in July 2009. For these individuals, we have data for a maximum of 18 months (July 2009-December 2010).

Since UI claimants may have been eligible for up to 99 weeks during this period, the available data for those who filed a claim in July 2009 is somewhat truncated. For those individuals who filed a UI claim in

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<sup>18</sup> To gather information from Utah, IMPAQ staff participated in a USDOL-hosted webinar where Utah described its REA program and reviewed materials associated with the state's REA program and practices.

December 2009, however, the available data is even more truncated. As a result of these data issues, we believe that the impact results presented may be an underestimate of the true impacts.



## CHAPTER III: REA IMPLEMENTATION

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In this chapter we describe and assess REA program services and provide important contextual information for interpreting the findings of the impact analysis. Our approach integrates data from key informant interviews, a review of program documentation, observations of program activities, and program data. This chapter addresses the following broad research topics:

- What is the context in which the program was implemented?
- How was the program implemented?
- What services are being provided by the program?
- Who is selected to participate in the REA initiative?
- What problems or issues exist related to the implementation of REA? What innovation exists?
- What best practices are available related to program design, implementation methods, or data development?

### 1. Methodology

To assess the implementation of REA in the four study states, we used semi-structured discussion guides and other data collection protocols. These guides were used to standardize the information collected from the following sources:

- **Conference Calls, Telephone Calls and E-mails:** These communications were conducted with representatives from state UI offices to obtain information on program implementation.
- **Site Visits:** A total of 15 site visits to State Workforce Agency (SWA) administrative offices and local offices were conducted between January 2009 and March 2011. During these visits, IMPAQ staff: 1) interviewed state UI administrators and program directors, REA state coordinators, REA regional coordinators, One-Stop Career Center (local office) managers, REA interviewers, and Wagner-Peyser (WP) Act and Workforce Investment Act (WIA) staff; 2) collected program documentation; and 3) observed program activities, such as REA interviews and referral to reemployment services.
- **Review of Initiative Documentation:** Research staff reviewed site-specific, program-related documentation such as grantees' proposals and progress reports, REA notification letters, orientation materials, grant applications, REA training materials, and other substantive program materials.
- **Synthesis of findings:** A standardized template was used to synthesize information identified during the site visits. The results of this analysis helped to identify important implementation themes.

## 2. Summary of Program Characteristics and Cross-Cutting Themes and Issues

This section summarizes selected characteristics and design components among the four study states.

### Economic and Programmatic Context

Each of the REA study states experienced major employment challenges during the study period due to both the severe national recession and state-specific economic conditions. For example, Nevada, which had benefited from a large construction boom before the recession, had the second highest unemployment rate in the U.S. at 12.5 percent in 2009 (see Exhibit 3). During the same period, Florida's unemployment rate was 10.2 percent and Illinois' was 10.0 percent. Among the four study states, only Idaho, with a 7.7 percent unemployment rate, was below the national average of 9.3 percent.

**Exhibit 3: Average Unemployment Rate 2009**

	Unemployment Rate 2009
Florida	10.2%
Idaho	7.7%
Illinois	10.0%
Nevada	12.5%
U.S.	9.3%

Source: BLS Unemployment Rates for States

<http://www.bls.gov/lau/lastrk09.htm>

The significant increases in the volume of UI claimants during the study period posed considerable challenges to states' UI call centers and local offices. The Illinois REA program was suspended in December 2008 due to an overwhelming number of UI claims. The program was re-started, just prior to the study period in June 2009 in fewer sites. An additional challenge was the changing composition of the unemployed population. According to REA staff in each of the four states, the unemployed population during this period consisted of older, better educated, and more experienced workers than the state had previously experienced. This may have been a result of the severe economic downturn and it resulted in unique challenges when providing the required reemployment services.

In 2009, supplemental REA funds enabled states to provide additional REA services by either: 1) increasing the number of REAs in sites already providing REA services, 2) expanding REA into additional local offices, 3) enabling staff to spend adequate time with claimants, or 4) improving REA processes or services. In addition, six new states received funds to implement the program.

## Program Funding

Total funding for the REA program in FY2005 was \$18 million. By 2010 it had increased to \$50 million (Exhibit 4). As a result of the FY 2009 appropriation, REA funding more than doubled in FY2009, providing supplemental awards to many states that wished to expand their existing program and funds for six new states to implement the program. Total REA funding over the FY2005 to FY2010 period was \$150 million. Florida had a large REA program, receiving over \$18 million over the period. Idaho and Nevada served fewer participants and received grants totaling \$1.6 million and \$2.6 million, respectively.

**Exhibit 4: REA Program Funding, FY2005 – FY2010**

	Florida	Idaho	Illinois	Nevada	USDOL Total Funding
FY2005	\$1,982,002	\$292,500	\$1,315,954	\$219,619	\$17,794,479
FY2006*	\$527,836	\$109,845	\$686,724	\$239,029	\$10,601,852
FY2007	\$1,862,079	\$292,000	\$1,337,334	\$416,565	\$16,056,832
FY2008	\$1,862,079	\$278,112	\$1,337,334	\$320,901	\$15,757,313
FY2009**	\$4,973,918	\$329,892	\$526,929	\$817,301	\$39,280,972
FY2010	\$7,310,459	\$341,035	\$911,071	\$608,600	\$50,382,216
TOTALS	\$18,518,373	\$1,643,384	\$6,115,346	\$2,622,015	\$149,873,664

\* Represents a six-month program year for most states from 6/1/06 through 12/31/06.

\*\* Includes supplemental funding in FL, ID, and NV from 7/1/09 through 6/30/10.

Source: U.S. Department of Labor, Employment and Training Administration

As indicated in Exhibit 5, the number of REAs conducted and the number of local offices that conducted REAs changed over time. The change was most pronounced between 2008 and 2009, as a result of the increase in the FY2009 appropriation. Florida, for example, nearly tripled the number of REAs conducted between FY2008 and FY2009 (from 22,000 to nearly 59,000). While the number of REAs increased in most states during this period, Illinois experienced significant constraints, resulting in sharp reductions in the number of REAs and the number of local offices conducting REAs.

### Exhibit 5: Completed REAs and Local Centers, FY2005 – FY2010

	Florida				Idaho			
	Number of REAs*	% of REA Eligible Claimants	Number of Centers Operating REA	% of All Centers**	Number of REAs	% of REA Eligible Claimants***	Number of Centers Operating REA	% of All Centers
FY2005	20,870	11%	25	27%	93		7	29%
FY2006	5,000	3%	14	15%	1,185		24	100%
FY2007	22,000	9%	33	35%	2,753		24	100%
FY2008	22,000	6%	56	60%	4,218	10%	24	100%
FY2009	64,263	14%	69	73%	3,235	4%	25	100%
FY2010	78,380	22%	68	72%	5,719	7%	25	100%
	Illinois				Nevada			
	Number of REAs	% of REA Eligible Claimants	Number of Centers Operating REA	% of All Centers	Number of REAs	% of REA Eligible Claimants****	Number of Centers Operating REA	% of All Centers
FY2005					6,701	9%	5	50%
FY2006	8,847	95%	12	21%	8,140	10%	6	60%
FY2007	8,861	86%	12	21%	8,530	9%	6	60%
FY2008	11,497	95%	12	20%	9,306	6%	6	60%
FY2009	2,536	99%	5	8%	12,324	6%	9	100%
FY2010	2,596	88%	4	7%	10,927	7%	9	100%

\* Reflects contracted REAs between 2005 and 2008, not completed.

\*\* Based on an estimate of the number of Centers in operation at the time.

\*\*\* Includes all claimants who were job seekers and monetarily eligible for benefits, not just those REA-eligible. Number of claimants archived between 2005 and 2007.

\*\*\*\* Includes all new claimants (excluding hiring hall union members or temporarily laid-off (TLO) workers), not just those REA-eligible.

### Program Integration

In an effort to strengthen the partnerships between the One-Stop Career Center and UI claimants, DOL recommended that states consider integrating REA activities with the Reemployment Services (RES) initiative (UIPL 23-09). During the study period, the degree to which program integration was achieved varied across states. For example, the REA programs in Florida, Idaho, and Illinois are financially and operationally independent from other One-Stop Career Center reemployment and training programs. As a result, REA interviewers in these states must connect claimants to reemployment services and training through *referrals* to these services. The degree to which claimants further benefit from the referral is dependent on staff within those programs.

In Nevada, however, the REA program is financially and operationally integrated with the state's RES program. As a result, REA interviewers in Nevada can both conduct the REA interview and provide the

claimant with relevant reemployment services. During an initial REA interview meeting, for example, Nevada staff often spends part of the session as an REA interviewer, then as an RES counselor. They charge their activities to the appropriate funding source based on the work that they are performing.

## REA Staffing

The amount of time an REA interviewer spends conducting the interviews and performing ancillary duties related to REA varies substantially across states (Exhibit 6).

**Exhibit 6: FY 2010 Average Number of Full-Time Employees (FTEs) and Average Time to Conduct REA**

	Florida	Idaho	Illinois	Nevada
Average Number of FTEs per One-Stop Career Centers	2* (138/68)	.16 (4.02 /25)	1 (4/4)	.72 (6.5/9)
Average Time for Completing REA (minutes)				
Interview only	45	40	40	50
All REA activities	220	70	75	90

\* As approximated by Florida Agency for Workforce Innovation

In Florida and Illinois, some local offices have a full-time REA interviewer who spends 100 percent of their time each week working on the REA program. In Idaho, REA interviewers spend only a portion of their time on REA and the remainder of their time is devoted and charged to other activities. Due to Nevada's integrated REA/RES program, local offices generally employ one or two REA interviewers who are funded 50 percent by REA and 50 percent by RES, enabling them to provide both REA interviews and reemployment services. In many local offices across states, at least one additional staff member is cross-trained to conduct REAs in the event that the designated REA interviewer is unavailable or needs help with a large workload.

Local office funding mechanisms also vary across states. In Idaho, Illinois, and Nevada, for example, local offices receive an FTE allocation from the state. These allocations translate into a certain number of person hours for the year. Staff charges its REA activities to an REA accounting code and all REA interviews assigned to the local office must be performed within the allocated hours. REA staff in these states indicated that these allocations have generally provided a sufficient time frame for completing the allocated number of REAs. In contrast to the funding mechanism used in those three states, Florida reimburses Workforce Investment Boards (WIBs) on a per REA basis.

## Staff Training

The level of REA-specific training also varies considerably among states and, in some cases, among local offices within the state. Training is offered in several different modes and from different sources (i.e., state or local level). When the program was new, or when a new local office was incorporated into the program, there were generally some sort of state-provided, in-person training sessions. There were also

periodic conference calls with the state personnel during the early implementation phase, and in some cases, in later phases. In addition to “on-the-ground” training, Idaho, Florida, and Nevada developed training materials that were easily accessible to local office staff. These materials include PowerPoint presentations describing the details of the REA program, REA interview guides and scripts, FAQ documents, webinars, and various communications from the state administrative office via email. These on-going communications focus mainly on information regarding updates and changes to the program.

Generally, there is consistency in how local offices conduct training for staff involved in the REA program. In most cases, on-the-job training is provided to new staff. In one local office in Idaho, biweekly ES/UI “refresher” training includes REA. These refresher trainings include guidance on how to talk to claimants and what types of referrals to make for different issues. In Florida, the state REA coordinator conducts regular conference calls with all participating WIBs and/or local offices to answer questions and ensure consistent communication.

The intensity of training varies for different staff. Staff with a strong background in ES and/or UI require less training to be brought up to speed and can transition to REA quickly. New employees may need additional training and experience with either ES and/or UI before they can receive REA-specific training. As indicated in Exhibit 7, Illinois, Idaho, and Nevada use both UI and ES staff to conduct REAs and staff are cross-trained to conduct REAs.

**Exhibit 7: REA Interviewer Staff Background and Training**

	Primary Background		Cross-Trained to Conduct REAs?
	Unemployment Insurance	Employment Services	
Florida		√	No*
Illinois	√	√	Yes
Idaho	√	√	Yes
Nevada	√	√	Yes

\* Eligibility reviews in Florida are conducted by AWI UI staff not REA interviewers

## State Coordination

The objective of REA coordination is to ensure consistency in how the program operates and how interviews are conducted from one local office to another. In general, program parameters such as program size, allocation of tasks between state and local offices, and other factors seem to have a direct effect on the level, frequency, and importance of coordination with notable variations among states are described below.

For instance, Florida’s Agency for Workforce Innovation (AWI) has frequent and well-defined coordination practices. Due to the large size of the program, coordination lines are very important. Florida has 24 workforce regions and each of the REA participating regions (18 in 2010) has an REA representative or program manager responsible for program implementation. The staff of each region’s workforce investment board determines the number of REAs scheduled for each local office, and each

office is responsible for sending the notifications and scheduling the interviews. To help with overall coordination within and among regions, AWI officials have been providing periodic training via webinars and teleconferences to the local offices and regions. As the regions and local offices become more comfortable implementing the program, the frequency of these training sessions and teleconferences decrease. The regions also receive ongoing communication from AWI.

Unlike Florida, Idaho performs many REA operations centrally by state staff. As a result, the same level of coordination is not as necessary. For instance, Idaho's state office selects REA claimants for each local office every week and also sends the notification letters. All Idaho's local offices have been operating the program since FY 2006, so additional training and communications from the state tend to focus on updates and changes to the program. To maintain consistency in how the program operates and how REAs are conducted, the state has developed PowerPoint training material, an REA interview script, and Frequently Asked Questions (FAQ) guides that are easily accessible online by all local offices. Furthermore, there are periodic emails from the state to the local office managers regarding changes and updates to the program.

### **REA Eligibility Requirements**

The REA grant requires that claimants who seek work only through their union hiring hall and claimants who have a definite return-to-work date are excluded from the REA program. Within these requirements, states have been allowed to tailor their REA program to serve the group of claimants that they believe likely to provide the most beneficial results (Exhibit 8). A common approach used for identifying claimants eligible to receive REA is to target those who are predicted to be likely to exhaust their UI benefits. Each state operates the Worker Profiling and Reemployment Services (WPRS) program and is required to provide services to those claimants who are most likely to exhaust their benefits. Claimants who are somewhat less likely to exhaust may benefit from participation in the REA program, and many states have selected this population for the REA treatment and control group. In contrast, in Illinois, claimants must have a skill that is in high demand to be eligible for REA participation. All four states require the claimant to have received at least the first UI benefit payment and be able and available to look for work; this requirement ensures that the REA claimant is at least initially eligible for UI.

### Exhibit 8: REA Eligibility Criteria by State

	Florida	Idaho	Illinois	Nevada
Intrastate claim	√	√	√	√
Has received at least one benefit check	√	√	√	√
Has not received a second benefit check				√
Not on temporary layoff/job attached	√	√	√	√
No current/recent receipt of related reemployment/training services		√		
Has at least certain proportion of WBA remaining		√		
Has a minimum number of weeks remaining on claim		√		
Has a high demand skill			√	

### REA Activities

#### *Scheduling REA Events in Claim*

The four study states varied in the timing of (1) REA random assignment, (2) mailing of the REA invitation letter, and (3) REA interview (see Exhibit 9). Random assignment to the REA treatment or control group occurred anywhere from two to six weeks after the claim was filed, depending on the state. For example, Nevada randomly assigned claimants in weeks two or three following the initial claim date; Florida assigned claimants in weeks four through six following the initial claim date. The REA invitation letter was sent either immediately or within one week of random assignment and the REA interview was scheduled approximately two weeks after random assignment. The net result is that the REA interview was scheduled 4 to 8 weeks after the initial claim filing date.

### Exhibit 9: Timing of REA Activities

	Florida	Idaho	Illinois	Nevada
Random Assignment (RA)	Week 4-6	Week 2-5	Week 5	Week 2-3
Notification Letter Mailed	Immediately after RA	Immediately after RA	1 week after RA	1 week after RA
REA Scheduled	2 weeks after RA	2 weeks after RA	1-2 weeks of RA	2 weeks after RA

#### *REA Letter*

With the exception of Idaho, local offices are responsible for sending out notification letters to the claimant noting the date, time, and place of the REA interview. The letter specifically notes that failure to report to the REA interview may result in loss of UI benefits and asks the claimant to bring in a resume, work search plan, and identification. In Idaho, the letters are sent out by state office staff and,



rather than specifying the date and time of the interview, claimants contact their local office using instructions in the letter to set up an appointment.

To help expedite the REA interview, some states may request that claimants complete related activities prior to the REA interview. As indicated in Exhibit 10, Florida requires claimants to complete a number of tasks prior to the scheduled REA. In contrast, Illinois only requires the claimant to be registered with the state workforce system. Materials are often sent with the notification letter, and these and other materials are expected to be brought to the REA interview. As indicated in the exhibit, there is substantial variation in these requirements across states and, as in Florida and Idaho, within the state.

**Exhibit 10: Pre-REA Activities**

	Florida*	Idaho*	Illinois	Nevada
Complete Self-Assessment Form	√			
Complete Work Search Log	√	√		√
Register with State Workforce System	√	√	√	
Eligibility Review /Background Form	√			√
Post Resume on State Workforce System and/or Bring to Interview	√	√		√

\* These activities are not implemented consistently throughout the state

### ***Rescheduling***

REA interview rescheduling practices vary among the states and there is not always an “official” policy that is consistently implemented. The local office or individual REA interviewer has a certain amount of discretion in determining whether, and how many times, a claimant can reschedule. REA interviewers can use their best judgment as to whether or not the reason for rescheduling is legitimate; but in general only one to two reschedules will be allowed. In Nevada, for example, one reschedule in advance is allowed; if the claimant calls to reschedule a second time, the REA program manager must approve.

With the exception of Idaho, each of the study states telephones claimants to remind them of their scheduled REA appointment, although this practice can vary across local offices. In some offices, as in Idaho for example, the staff view is that if the claimant does not show up for the REA interview, this may be an indication of a claimant’s low commitment to finding a job.

### ***No-Shows***

If a claimant does not report for an REA and does not call the local office in advance, they are referred to as a “no-call, no-show.” In the four study states, a no-call, no-show can result in a stop placed on the payment of UI benefits. Benefits can be resumed only after the claimant has contacted the local office, rescheduled, and attended the REA interview. As seen in Exhibit 11, in some states, such as Nevada, the stop is placed immediately after the claimant misses the appointment; in Idaho it is an automated process (if the interviewer has not entered into the automated system to show that the individual reported for the appointment, the system will automatically place a stop on the claim). Sometimes,

claimants call in to reschedule (or initially schedule in Idaho) an appointment only after their claim has been denied. Claimants indicate that they do not always pay attention to their mail and may have discarded the REA call-in letter. In Florida, no-shows have 10 days from the date of their missed appointment to reschedule their REA assessment. Illinois places a hold on claims after the claimant misses the second REA appointment; but even after this date has passed, according to several interviewers, holds on the claims are not always adjudicated by the UI adjudicators.

**Exhibit 11: Timeframe between “No Show” and Holds on Claim**

	Florida	Idaho	Illinois	Nevada
No Show Policy	At least 10 days	Immediate hold placed on claim	After 2 <sup>nd</sup> missed appointment	Immediate hold placed on claim

## **REA Treatment**

### ***REA Services***

States vary in what services are provided during the REA interview (Exhibit 12). Most states provide the following REA services fairly consistently:

- Work-Search/Eligibility Review;
- Provision of labor market information; and
- Development of an employment development plan.

While each of the states provides other services to varying degrees, Nevada provides additional services, and with greater consistency, than other states. Again, this is likely due to the integration of the REA and RES programs in the state.

### Exhibit 12: REA Services in Study States

	Florida	Illinois	Idaho	Nevada
REA orientation	C	C	C	NI
Self-assessment	C	C	n/a	V
Barriers to employment identification	C	C	C	C
Employment Development Plan (EDP) and/or referral to services	C	C	C	C
Work search/eligibility review	C	C	C	C
Labor market information	C	C	C	C
Resume review	C	V	C	C
Resume development	NI	V	V	C
Identification of marketable skills, skills match	NI	C	V	V
Introduction to State Job Search Database	C	C	C	C
Enter claimants qualifications in state job search database	V	C	V	C
Detailed job search	NI	V	NI	V
Provide job search resource materials	V	C	V	C
Make referrals to job openings	V	V	V	V
Discussion of services available through One-Stop Career Center	C	NI	C	C
Optional referral to community services	C	C	C	C

C=implemented consistently across state

V=variation in implementation across state

NI=not implemented in state

### ***Interview Techniques***

Interview techniques are heavily dependent on the claimant's needs and the interviewer's interviewing skills and personal style of interaction. Across both states and local offices, it was frequently mentioned that an important first step in the process is to explain to claimants why they were selected and how the program is designed to benefit them by offering an array of services to assist in their job search and help them become reemployed. Often, claimants come into the office feeling apprehensive or angry. An explanation of the program helps them to understand both the method by which they have been selected and the benefits that they may receive by participating.

The amount of individual attention provided by the interviewers varies. In some states, REA interviewers really engage claimants, build close relationships with them, and perform follow-up activities such as checking to see if a claimant carried out activities outlined in their reemployment plan. Some states also offer multiple REAs, so there are more opportunities to work directly with claimants and be more involved in their work search. In Idaho, however, REA interviewers prefer to help claimants help themselves. They help them to develop the skills and gain the knowledge to navigate the One-Stop Career Center system on their own.

## ***Assessment Tools***

Assessment tools can be extremely valuable helping REA interviewers to identify specific barriers to employment that the claimant may have. Understanding these barriers enables the REA interviewer to make informed referrals and tailor the interview to focus on the claimant's most pressing needs. Each state offers at least one assessment tool to claimants, which can be paper or web-based. The tools are designed to assess a variety of different claimant characteristics, including: work history, education, health and family issues, financial issues, use of time, plans for career growth, occupational interests and skills, and plans for training.

## ***REA Eligibility Review***

The eligibility review process in each state includes a review of the claimant's work search activities, ability to work, availability for work, possible barriers to reemployment, and employment history. During the eligibility review process, the claimant may ask any questions regarding UI requirements and eligibility. Idaho requires claimants to provide information on their work search activities prior to the interview, and then reexamines this information when the claimant comes into the office to meet with an interviewer. In most states, the eligibility review is conducted during the REA interview. But in Florida, the eligibility review, which includes work search verification, is conducted over the telephone by UI staff, and it occurs approximately two weeks after the interview in the local office.

## ***UI Adjudication***

Referrals to UI adjudication are made when claimants do not show up to their REA appointment, an issue is detected during the eligibility review process, or the claimant does not comply with his/her individual reemployment plan. If potential UI issues are discovered through the eligibility review process, the REA interviewer refers the claimant to UI adjudication staff for further fact finding and adjudication. For example, if the claimant has refused suitable work, quit their last job and was not laid off, or performed paid work while receiving benefits, the issue will be referred to UI adjudication. REA interviewers may not always agree with the rulings of the adjudicators. In Florida, failure to act on a required referred activity will also result in a referral to UI adjudication<sup>19</sup>. Although the referrals are made, there are often no ramifications for noncompliance.

## ***Referral to Services***

REA interviewers in all states provide referrals to various reemployment services offered through the local offices to assist claimants with their job search and job readiness. REA guidelines provide that claimants must be referred to a reemployment service as part of each REA. In Nevada, under the integrated REA/RES program, REA interviewers are also able to provide these services directly to the REA claimant. The specific types of referral activity depend heavily on the claimant's specific needs and

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<sup>19</sup> In Nevada, a hold is put on a claim until the claimant attends the REA. Though Nevada SWA policy, local offices indicate that the claim is not sent to adjudication.

barriers to employment. Each study state offers a number of services and workshops, including job-search workshops, resume writing workshops, basic computer skills classes, job clubs/networking groups, mock interviews, and more. Claimants can also be referred to additional self-assisted core and/or staff-assisted intensive services. In all states, these services are provided by and funded through non-REA resources (Wagner-Peyser (WP) Act, Workforce Investment Act (WIA), etc.). Depending on claimants' barriers to employment, they also may be referred to supportive services either co-located within the local center or in the local community.

### ***Individual Reemployment Plan***

From 2005 until 2008, the program requirements for implementing REA have remained largely the same, with some adjustments made to reflect increased emphasis on connecting claimants to reemployment services. Starting in 2009, however, states were instructed to replace the work search plan with an individual reemployment plan that must include referral to reemployment services and/or assessment for training.<sup>20</sup> These referrals are to be funded from sources other than REA and must include a feedback loop to ensure participation in the referred activity. Beginning in 2009, states were required to provide a reemployment service for each REA conducted. Claimants who attend a single REA must be referred to at least one reemployment service and claimants who attend multiple REAs must be referred to a reemployment service with each REA they attend.

Although referrals to reemployment services and training are conducted as part of the REA assessment in all the study states, not all make it mandatory for claimants to participate, citing a lack of staff resources to do so. Although REA interviewers strongly encourage REA claimants to attend the workshops and take advantage of the reemployment services they are referred to, consequences for non-participation vary. In some instances, the REA interviewer will set up an appointment for an ES reemployment service (e.g., job search workshop) or a meeting with a WIA case manager during or at the conclusion of the REA assessment, and most of the time claimants attend. Florida appears to be the only state that consistently refers claimants to UI adjudication for not participating in a service referral as specified by the claimant's agreed-upon Employment Development Plan (EDP)<sup>21</sup>.

### ***ES /WIA/Community Services***

Claimants also may be referred to a number of different training resources if they qualify. WIA case managers are typically co-located in the local office and the REA interviewers can easily make referrals or set up an appointment for claimants in need of training. Training opportunities can vary from substantial individual training accounts under the dislocated worker program for higher education, to GED classes, ESOL, and on-the-job wage subsidies.

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<sup>20</sup> Unemployment Insurance Program Letter No. 05-10, Employment and Training Administration Advisory System, U.S. Department of Labor, January 4, 2010, <http://wdr.doleta.gov/directives/attach/UIPL/UIPL05-10acc.pdf>

<sup>21</sup> Though SWA policy in Nevada, local offices indicate that they do not send claims to adjudication for non-participation in referred activities citing the lack of staff resources to do so.

REA interviewers also provide referrals to a variety of supportive services to help claimants overcome their barriers to employment. These include referrals to outside organizations that provide career and personal counseling, gas vouchers, clothes closets, child care services, food stamps, vocational rehabilitation, domestic violence counseling, early learning programs, healthcare assistance and more. Interviewers often work with local non-profits and religious organizations to assist in the provision of these services. All local offices have resources (e.g., pamphlets listing organizations and contact information, websites) that can be provided to the claimant at the interview.

### ***Memorandum of Understanding (MOU) /Agreements***

Beginning in 2010, states were required to develop MOUs with One-Stop Career Center partners co-located with REA staff in the local office or outside community partners. In 2011, states are required to submit a copy of the MOU with their grant proposal. Most of these programs and agencies are accustomed to working with one another to provide seamless delivery of services to every claimant. In most of the states, staff members who work part-time on REA also work part-time on reemployment programs, so the degree of integration between these programs is very high. States are developing or have completed formal MOUs in their 2011 REA budget requests.

### **Claimant Follow-Up**

With the exception of ensuring that the UI claimant has participated in all components of the REA, the REA protocol does not require REA interviewers to follow-up with the claimants. The extent of follow-up varies. Some interviewers conduct no follow-up after the REA interview, with subsequent interaction occurring only if the claimant contacts the interviewer to ask a question or tell about finding a job. Other interviewers follow up with claimants regularly.

Key factors affecting the intensity of follow-up include: 1) the SWA or local office policy regarding REA follow-up; 2) the assessed needs of the REA claimant; 3) the need to verify participation in required reemployment services; and 4) workload of the REA interviewer. Also, some interviewers who view their job as more of a case management position than a service provision position feel that part of their job is to maintain an ongoing relationship with the REA claimant and follow-up on a regular basis. Finally, some interviewers simply enjoy keeping in touch with their REA customers and, thus, find the time to follow-up with them to discuss their progress in finding employment.

### **Data Systems**

There are typically two management information systems used for REA program implementation – one for UI and one for employment/workforce services. In Florida, Idaho, and Illinois these data systems have been combined (see Exhibit 13) and appear to be well integrated. In Nevada, however, the two state data systems do not communicate well with each other, making it more difficult for program staff members to obtain a comprehensive picture of the claimant's situation. All study states have made

modifications to their existing workforce services systems to accommodate the REA program<sup>22</sup>. For example, in Florida and Illinois, enhancements had to be made to the data systems to accommodate the random selection of REA participants as well as the issuance of letters and scheduling, since these are performed in the local offices.

**Exhibit 13: REA Data System**

	<b>Florida</b>	<b>Idaho</b>	<b>Illinois</b>	<b>Nevada</b>
Data System Used for REA	Employ Florida Market Place (EFM)	Idaho Works	Integrated Business Information System (IBIS)	General UI Development Effort (GUIDE)/One-Stop Operating System (OSOS)
Integrated UI/ES System?	Yes	Yes	Yes	No

The UI systems contain claimants' employment and wage data, information on certain demographics, benefit entitlement, UI claims history, UI certifications and payments, issues, and other variables. The workforce services system records all employment services provided to the claimant, such as referrals, provision of labor market information, and job search planning. In addition, these systems provide job listings and automatic job matching features, and can be used to provide any number of reports for tracking or reporting outcomes. Some front end integrated systems feed into the UI system, allowing claimants to register for UI benefits, enter information about their occupational skills and interests, previous experience, areas where they would like to receive job listings, and even post their resume to a searchable database employers can use.

## Challenges

REA program staff described a number of different challenges. Some relate to the REA claimants, particularly those who find it difficult to come to the local office in person to attend the REA interview, due to living in remote or rural locations. Many also have numerous barriers to employment that intensify their difficulties in finding a job.

Other challenges relate to REA program implementation. Some staff advises that they have not received sufficient training, resulting in confusion as to what tasks to perform, and an inability to perform some tasks, such as working with the REA data system. Some interviewers felt caseloads are too high, making them unable to provide each REA claimant with enough personal attention. Labor market information is also sometimes out of date, by two or three years, so jobs listed as in high demand may no longer be so. Some staff indicated frustration over the limited range of the position due to the inability to provide follow-up to claimants. This and the temporary employment associated with annual grants can result in promotion of good REA interviewers to other positions and staff turnover. Some REA interviewers also voiced challenges related to the local economy. Because there may be very few jobs to refer REA claimants to, finding a good job match can be very challenging.

<sup>22</sup> Florida and Nevada have received USDOL funding to create linkages between UI and ES.

## CHAPTER IV: REA BEST PRACTICES

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As the REA program has developed and expanded, states have tailored their programs in numerous innovative and effective ways. In addition to the four REA study states, IMPAQ was asked to explore best practices among the program's other grantees. IMPAQ engaged in a systematic process for identifying a sample of states for further study by reviewing each of the states' programs.

IMPAQ staff focused on learning about the states' processes or procedures related to eligibility determination, the initial REA contact with claimants, methods of ensuring participation, links to reemployment, data management systems, and any innovative or practices the states have undertaken or are planning to try. IMPAQ staff then identified key information, highlighting practices among the states that appeared to be the most successful or innovative. In consultation with USDOL, six states were ultimately selected for further analysis as Best Practice States: Arizona, Maryland, Massachusetts, New York, Tennessee, and Utah.

Below we detail the best practices identified during the study. The practices noted below represent examples of best practices sometimes identified across several states. Several states have also adopted innovative elements unique to their respective REA programs. While these practices are diverse in nature, a common theme connects them all. Each practice is designed to increase the claimant's connection to reemployment services, by implementing a service delivery strategy that facilitates the claimant's continued use of reemployment services.

### **Best Practice #1: Decrease Likelihood of No-Shows through Appointment Reminders**

Without a reminder, the only contact between the REA program and the claimant is usually the initial REA letter requiring attendance. Claimants can overlook this letter or forget their appointment time. This can result in wasted staff time and money and the delay of benefit payments to the claimant. Several states have found that using phone calls or emails to remind REA claimants of their appointment ahead of time results in lower rates of failure-to-report. One office in Florida calls claimants one week ahead of time and then again three days before the scheduled appointment; in Illinois, while the practice is not universal across all REA interviewers, one interviewer calls two to three days ahead. All sites that use reminders reported that claimants have become less likely to miss their appointments. While the reminders also provide documentation that could support adjudications for failure to report, REA interviewers in Florida noted that adjudicatory staff did not always utilize this information.

### **Best Practice #2: Streamline the REA Interview by Sending Materials to Complete with the Notification Letter**

REAs can be more efficient if some materials are filled out by the claimant prior to the initial assessment. Providing these materials to the claimant before the first meeting is an best practice that saves time and enables the initial assessment to be more productive. For example, a site visited in New



York provides claimants with the Eligibility Questionnaire before the first scheduled appointment. This allows the REA interviewer to review the completed form rather than waiting for the claimant to complete it. Similarly, in Illinois and Nevada, claimants are expected to have filled out the work search form prior to the REA, to save time during the assessment. A site in Florida sends out self-assessments with the REA letter so that claimants can complete them ahead of time. In all these cases, having claimants complete these materials on their own before the REA allows the counselors to better use the limited time available. In Idaho, claimants receive an initial letter requiring them to provide work search and employer contacts information online prior to the in-person REA. Idaho estimates that about 7 percent of claimants who receive the initial letter immediately stop claiming benefits, saving the state's UI trust fund hundreds of thousands of dollars annually.

### **Best Practice #3: Increase REA Interviewer Effectiveness by Strengthening Background Qualifications and/or Training**

In addition to employment background, temperament and training were often cited as key to success for an REA interview. Some states seek out REA interviewers with the right background to deliver these services. For example, Maryland employs REA interviewers with backgrounds that might particularly suit them for work with individuals seeking reemployment (those who have earned degrees in fields such as psychology, social work, etc.). According to Maryland REA officials, this practice is successful in helping ensure that REA interviewers work effectively with claimants, especially in understanding their needs. Although REA interviewers have received specific training on how to conduct an REA, states emphasized the importance of personalizing each interview -- feeling that every claimant has different needs and barriers to reemployment that ultimately determine the appropriateness of services and referral activities.

Training and meetings with state staff can also be beneficial for REA interviewers. Holding regular meetings keeps lines of communication open and allows REA managers to efficiently pass along changes and updates to staff. Both managers and staff can review recommendations for the program. Lack of training can result in the REA program being implemented improperly at the site level, and can cause stress for REA interviewers who are concerned that they may not have adequate information to perform their jobs. Florida, Maryland, and Massachusetts excel in this area, ensuring that site-level staff are in frequent contact with state administrators, can receive timely answers to their questions and concerns, and can receive proper training and program updates. In addition, many sites train multiple staff to perform REAs to prevent unnecessary delays or rescheduling should the principal interviewer be unavailable.

### **Best Practice #4: Utilize Rigorous Assessment Forms to Identify Barriers to Employment**

A number of states currently use self-assessment forms within their REAs to gauge the claimant's emotional, financial, and physical state. Perhaps the most innovative self-assessment form is the Layoff-to-Employment Action Plan (LEAP) form, which is used in Nevada and Arizona. The LEAP form, developed by Career Action Resources, LLC, is handed out by every local office providing REAs in both

Arizona and Nevada. It assesses individuals in eight areas: finances; emotional issues; social, family, and health issues; use of time; next career; more education & training; job search; and use of services and resources. Claimants are asked ten questions in each of these sections gauging their concerns on a variety of topics. Answers range from one to four for each question, with one denoting a minor concern and four denoting a major concern. Claimants total their scores on each section and then look to the back of the LEAP form for suggestions on how best to alleviate their concerns in each of the eight LEAP areas. Use of the LEAP form differs by local office, with some requiring claimants to fill it out during or before the REA interview and others providing it at the end of the interview for claimants to use at home. At the Reno JobConnect, for example, the REA interviewer required each claimant to fill out the LEAP form before the REA interview, and then reviews the claimant's scores, to alleviate some of the issues that had been raised while also referring him/her to available services. The LEAP form has been noted by REA staff to be very useful not only in gauging the emotional and financial status of individuals, but also for referring them to much needed services.

#### **Best Practice #5: Increase Efficiency and Effectiveness of Program Operation by Integrating the State's UI and ES Data Systems**

Integration of the UI and ES information systems offers efficiency benefits to the REA program. One example of how this can benefit the REA system is in scheduling. In New York, the two software systems work together so that when a person files for UI he/she can be automatically profiled and then scheduled for an REA appointment. During the course of a person's UI claim, for example, the two systems can report any UI issues that are discovered and track the person's work search activities, which is useful both for UI eligibility and for the REA interviewer. Idaho's ES data system will automatically send an issue code to the UI system when more than nine days have passed from the issuance of the interview letter or the scheduled interview date has passed – this requires no action on the part of the REA interviewer. States also can use integration as a means to reduce redundancy. For example, Utah and Tennessee use integrated UI and REA systems to streamline data collection and reporting, creating new data tables that capture all necessary information from both systems at once.

#### **Best Practice #6: Refer Claimants to Innovative and Targeted Reemployment Workshops and Services**

Every REA program seeks to link claimants with various types of reemployment services, whether in-house or through partners. Most states offer job search workshops to their REA claimants. The purpose of these workshops is aligned with the purpose of the REA as a whole: to provide REA claimants with the skills and support they will need to find employment quickly. Topics in New York include resume building (both beginner and advanced), grieving job loss, and issues facing mature (older) workers. Nevada offers workshops on interviewing skills and computer training. Idaho's workshops focus on developing work readiness skills. The workshops are not open only to REA claimants in these states; anyone is welcome to attend. However, it is often through the REA that claimants are made aware of these workshops, facilitating the program's goals of getting claimants reemployed. The workshops are funded through programs other than the REA program.

Tennessee has developed a marketing program by which the state works with the employer community to induce them to hire REA claimants. Tennessee's marketing division, comprising eight individuals assigned to the 13 Local Workforce Areas in the state, meets regularly with employers to advertise and promote the hiring of individuals who go through the REA program, highlighting the skills acquired by the individuals who go through the program. Tennessee state officials have noted the efficacy of this program in reemploying REA claimants.

Massachusetts' REA program links claimants to reemployment through networking groups. Prior to the initial one-on-one REA assessments, UI claimants in Massachusetts are placed into groups at the local office based on the industry in which they were employed (IT, healthcare, construction, etc.). Individuals in these groups are encouraged to work with each other to parlay their contacts and other information gleaned from their prior employment as well as continued job searches into reemployment. The networking groups generally meet only once, but according to state REA program officials, individuals often continue to maintain contact with people they have met in order to foster their reemployment goals. Massachusetts REA staff members have noted that this process has not only provided greater access for REA claimants, but has improved their mindset in their efforts to become reemployed.

In Florida, one local office holds a job-readiness boot camp that REA claimants are often referred to. This boot camp, called the Workforce Professionals Network, meets every morning for two weeks and covers various job-readiness activities, including industry trends, cover letters, resume writing, job search, self-marketing, networking, interviewing skills, and financial management.

Many states have developed claimant-friendly data systems that help empower claimants to become reemployed. For example, in Arizona, REA interviewers help claimants develop their own profile on a "Virtual One-Stop (VOS)." The VOS is a computer-based profile centered within a state-run system, known as the "Arizona Workforce Connection." Using this VOS, a claimant can build and post a resume online, conduct a job search, look for services provided by the state or by community partners, and identify events that may be of use to them such as a job fair. In addition, claimants can locate job openings and send them to their REA interviewer to obtain a referral. The system can be accessed at any time. Arizona's REA staff members use it to help facilitate the provision of services and to provide reemployment information to claimants.

Some states have developed or purchased proprietary software for matching claimants with jobs that fit their skills. This can make the claimant's job search more effective, which can shorten the duration of his/her unemployment. Claimants enter their skill sets and work experience into these systems, and then receive a list of job openings that fit those attributes. Illinois uses the Illinois Skills Match system (ISM), which allows claimants to browse through a large array of job descriptions and select all relevant skills. The system then matches the claimants with relevant job openings. The Idaho Works website has a job search function that allows claimants to build their own customized job list (including state and federal jobs); they can also create, edit and post a resume or searchable profile. New York's SMART system is slightly more sophisticated, incorporating skill lists and work history and using an intelligent

algorithm to match claimants with jobs. Massachusetts recommends that its claimants use O\*Net Online, a resource developed by USDOL to identify job skills and find potential careers and job openings. Both the New York and Illinois systems can help translate skill sets and work histories into prototype resumes, though the output from each needs to be reviewed and polished by the claimants who use the system.

Maryland has also fostered development of a reemployment system aimed at making REA claimants more self-sufficient in their job search. During the REA, the interviewer works with the claimant to develop a calendar of events for the claimant to undertake as he/she searches for reemployment. Such events might include going to the local library to take advantage of its resources (e.g. resume writing books, information on local employers, and access to computers and the Internet), attending workshops that the local office offers, attending a career fair or other activities. The calendar is reviewed in subsequent REAs and further changes are made if necessary.

### **Best Practice #7: Increase Claimant's Connection to Local Offices after the REA Interview**

The USDOL does not require follow-up meetings with claimants. States are required to receive feedback from service providers to determine if claimants reported as directed for reemployment services including work search activities, workshops, or training identified in the Employment Development Plan (EDP). To ensure claimants follow through on required activities, most states have multiple points of contact between the REA interviewer and the claimant. In these states, interviewers follow up with claimants at least once more after that meeting in order to verify that the claimant is following their reemployment plan. These meetings can be in person, by email or by phone. If the claimant is struggling with certain activities, such as resume building or interviewing, he/she may be referred to relevant services. For example, the REA interviewer at one site in Florida connects claimants to a WP counselor who assists with reemployment services; the WP counselor maintains contact with the claimant and the REA interviewer until the claimant has found a job.

The frequency and setting of follow-up varies. Interviewers in Arizona can call, email, or meet in-person with their claimants. Massachusetts schedules the REA as a 4-week follow-up to mandated RES services. New York has the most frequent follow-up schedule: claimants are brought back for additional REAs every two weeks for the first few weeks, which could mean up to eight REAs, in total, per individual.

Most states also indicated that they formally schedule REA claimants for reemployment services and/or training that would benefit them, such as workshops or resume classes. REA interviewers in these states devote part of the REA meeting to scheduling the claimant for particular services that will benefit the claimant. Additionally, some states track the claimant to verify attendance at these workshops or services. Whether the tracking is automated via the state's work-search software system, or the claimant fills out an attendance sheet, this practice enables REA interviewers to verify that claimants are meeting the requirement for participation in services identified in their EDP.

## CHAPTER V: REA PROGRAM IMPACTS

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The key component of the evaluation was the examination of the effectiveness of the REA initiative in assisting UI recipients exit the UI system earlier than they would in the absence of the program. By doing so, REA would lead to shorter UI durations and lower benefit amounts received, and would assist UI recipients to achieve improved employment outcomes. The impact evaluation addressed the following key research questions:

- Did REA lead to a reduction in benefit exhaustion, UI claim duration, and benefit amounts received?
- Did REA lead to savings to UI trust funds?
- Did REA lead to savings after deducting REA program costs?
- Was REA effective in assisting UI recipients to become reemployed?

This chapter presents an analysis of the impact of the REA initiative on claimant outcomes in Florida, Idaho, Illinois, and Nevada. Due to differences in the implementation of REA in each state, as well as the sample period and the available data, impact analyses are conducted separately for each state. Each of the four study states randomly assigned eligible UI claimants to an REA treatment group or to a control group; only those in the treatment group received program services. Based on this design, we are able to estimate program impacts in each state by comparing the post-random assignment outcomes of the REA treatment group with the outcomes of the control group. Below, we present the impact analyses for each state.

### 1. Florida REA Impact Evaluation

The Florida REA program has been in operation since 2005, the first year of REA program funding. In 2005, the Florida REA program was implemented in 6 out of the 24 workforce investment regions in the state. In July 2009, a Congressional appropriation provided additional funding for REA which allowed Florida to expand the REA implementation to all workforce investment regions in the state. To analyze REA program impacts in Florida, we used administrative UI data and wage records for REA-eligible claimants who started a regular UI claim from August 2009 through December 2009. Below, we provide a detailed description of our analyses.

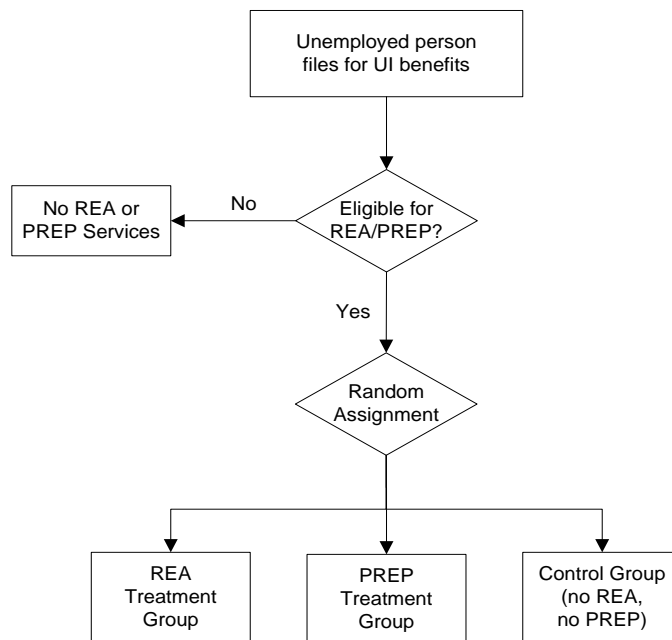
#### REA Selection Process

Exhibit 14 illustrates the process used by Florida to select which new UI claimants will be referred to REA services. After an unemployed person files for UI benefits, the State's Agency for Workforce Innovation (AWI) uses a set of criteria to determine if the claimant is eligible for REA or PREP (Priority Reemployment Program) services. Specifically, new UI claimants in Florida are deemed eligible for REA/PREP participation if they meet the following requirements:

- Received one week of UI benefits under the new claim;

- Does not have a work return date in the next six weeks following the start of the claim;
- Lives in Florida;
- Is not attached to a union hiring hall;
- Has not been active in an AWI program; and
- Is not enrolled in the Workforce Investment Act (WIA) program.

#### Exhibit 14: Florida REA Selection Process



Each week, AWI determines which new UI claimants are eligible for REA/PREP based on the above requirements. Then, AWI uploads the list of REA/PREP-eligible claimants into an online interface accessible by each local office in the state. Based on that office’s available resources, staff enters the number of cases they will be able to serve under the REA and under the PREP program into the interface. The interface runs a batch procedure for randomly selecting REA/PREP-eligible claimants into one of three groups:

- *REA treatment group* – claimants were required to receive REA services to remain eligible for UI benefits;
- *PREP treatment group* – claimants were referred to PREP (Priority Reemployment Program) services as a condition for remaining UI-eligible; or
- *Control group* – claimants were not required to receive any type of services.

The number of claimants selected for REA and for PREP varies across local offices and depends on each location’s available resources. After a claimant is selected for an REA, the local office sends a letter notifying the individual of the requirement to attend the REA meeting, as well as the location, date, and

time. If a claimant is not able to attend and calls ahead of time, the REA meeting may be rescheduled. Claimants who fail to attend or reschedule the REA meeting are referred to fact-finding, which may lead to their UI disqualification. During the study period, the REA program in Florida included the following services: 1) orientation with introduction to available local office services; 2) individual assessment; 3) provision of local labor market information; 4) employment development plan; 5) UI eligibility review; and 6) referral to job services.

## **Data Overview**

To facilitate the evaluation of the Florida REA program, the state provided UI administrative data and wage records for all individuals who started a regular UI claim during the period August 2009 (the first full month REA was expanded to 18 regions in Florida) through December 2009 and were eligible for REA/PREP. These data provide the following information:

- Claimant characteristics (e.g., gender, race, age, and education) at the start of their regular UI claim.
- Total number of UI weeks and benefit amounts received under regular UI and under Emergency Unemployment Compensation (EUC) benefits from the start of their claim through December 2010.<sup>23</sup>
- Claimant quarterly wage amounts from Quarter 3, 2006 through Quarter 4, 2010.

These data enable us to examine the socioeconomic characteristics and prior wages of claimants. We are also able to produce important measures of their UI receipt and quarterly wage outcomes following UI entry. For the REA impact analysis, the analysis sample is restricted to claimants who were randomly assigned to either the REA treatment group or the control group.<sup>24</sup>

## ***Claimant Characteristics***

Exhibit 15 summarizes the socioeconomic characteristics of REA-eligible claimants in Florida during our study period.<sup>25</sup> From August 2009 through December 2009, 80,531 new UI claimants were eligible for REA and not assigned to receive PREP services. Of these, 38,600 (48 percent) were assigned to the REA treatment group and required to receive REA services to retain their UI eligibility. The remaining 41,931 (52 percent) were assigned to the control group and not required to receive any services.

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<sup>23</sup> Note that the data include follow-up periods of 12-18 months for claimants who started their claim during the study period. The short follow-up periods did not allow for the data to include Extended Benefits (EB) collected by claimants during the study period; thus, our analyses examine regular UI and EUC benefits only.

<sup>24</sup> Claimants assigned to the PREP treatment group are excluded from the analyses; this exclusion does not affect the REA impact analyses.

<sup>25</sup> From this point on, *REA-eligible claimants* refers to claimants assigned to either the REA treatment or the control group.

**Exhibit 15: Characteristics of REA-Eligible Claimants, Florida**

	<b>All Claimants</b>	<b>REA Treatment Group</b>	<b>Control Group</b>
<b>Total [% of Total]</b>	<b>80,531 [100%]</b>	<b>38,600 [48%]</b>	<b>41,931 [52%]</b>
Men	57%	57%	57%
Women	43%	43%	43%
White	63%	62%	64%
Black	17%	17%	16%
Asian	2%	2%	2%
Other	18%	19%	18%
Hispanic	15%	18%	13%
Non-Hispanic	85%	82%	87%
Less than High School	13%	14%	13%
HS Diploma	54%	54%	54%
Some College	17%	17%	17%
College Degree	12%	11%	12%
Graduate Degree	4%	4%	4%
Age: Less than 25 yrs	11%	12%	11%
Age: 25-34 yrs	23%	23%	23%
Age: 35-44 yrs	23%	23%	23%
Age: 45-54 yrs	23%	23%	23%
Age: 55-64 yrs	15%	14%	15%
Age: 65+ yrs	5%	5%	5%
White Collar, High Skill	30%	29%	30%
White Collar, Low Skill	29%	28%	29%
Blue Collar, High Skill	22%	23%	22%
Blue Collar, Low Skill	19%	20%	19%
U.S. Citizen	81%	81%	81%
Veteran	5%	5%	4%
Disabled	2%	2%	2%

Note: Reported is the proportion of total number of REA-eligible claimants.



Exhibit 15 shows that treatment and control group members were similar in their socioeconomic characteristics. For example, 43 percent of claimants were women in both the treatment and the control group. There were about 63 percent Whites, 17 percent Blacks, 2 percent Asian, and 18 percent other races in both groups. Notably, the treatment group included slightly higher proportions of Hispanics than the control group; these differences likely occurred by chance. As shown in Exhibit 15, treatment and control group members were quite similar in terms of their education, age, occupation group, and other characteristics. The fact that treatment and control group members had similar socioeconomic characteristics at the start of their UI claims strongly suggests that random assignment was successfully implemented.

### ***Unemployment Insurance Eligibility***

Exhibit 16 presents the monetary entitlement and weeks of eligibility under the regular UI claim for REA-eligible claimants. The average maximum benefit amount (MBA) was \$5,409, with an average weekly benefit amount (WBA) of \$234. The exhibit also shows that the average claimant was eligible to receive 22.4 weeks of regular UI benefits. Maximum weeks of UI eligibility varied from a low of 10 weeks to a high of 26 weeks – about 45 percent of claimants were entitled to the 26-week maximum.

As indicated in Exhibit 16, there were no significant differences in UI eligibility between REA treatment and control group members. For example, the average MBA was very similar for the REA treatment group (\$5,339) and the control group (\$5,472). Similarly, the WBA and weeks of eligibility were nearly identical for the two groups; any small differences may have occurred by chance. These similarities provide additional evidence that the two groups were equivalent in observed characteristics, thus random assignment was successful.

**Exhibit 16: Unemployment Insurance Eligibility, REA-Eligible Claimants, Florida**

	All Claimants	REA Treatment Group	Control Group
Maximum Benefit Amount	\$5,409 (1,984)	\$5,339 (1,995)	\$5,472 (1,972)
Weekly Benefit Amount	\$234 (59)	\$232 (60)	\$236 (58)
Weeks of Eligibility	22.4 (4.6)	22.3 (4.6)	22.5 (4.6)
10-13	8%	8%	8%
11-17	9%	10%	9%
18-21	13%	13%	13%
22-25	25%	26%	24%
26	45%	43%	46%

Note: Reported is the mean with standard deviation in parenthesis or the proportion of all claimants.

Claimants who exhausted regular UI benefits were also entitled to receive up to an additional 53 weeks of benefits under the Emergency Unemployment Compensation (EUC) program, which was funded by the federal government.<sup>26</sup> Furthermore, claimants who exhausted their regular UI and EUC benefits were entitled to up to an additional 20 weeks of benefits under the Extended Benefits (EB) program, which during the study period was exclusively funded by the federal government.<sup>27</sup> Therefore, claimants in our study sample may have been eligible to receive 38-99 weeks of UI benefits: 10-26 weeks under regular UI; up to an additional 53 weeks under EUC; and up to an additional 20 weeks under EB.

### ***Prior Quarterly Wages***

Using the wage records data, we are able to examine the quarterly wage amounts earned by REA-eligible claimants prior to the start of their regular UI claim. Exhibit 17 presents the quarterly wage amounts earned by REA-eligible claimants in the 12 calendar quarters preceding the quarter in which the claim was filed.<sup>28</sup> As shown, 12 quarters prior to the start of their UI claims (-Q12), REA-eligible claimants earned average quarterly wages of about \$6,400. At three quarters prior to the start of the UI claim (-Q3), the average quarterly wage amount increased to about \$7,700. However, in the two quarters prior to the start of the UI claim and in the quarter in which the claim was filed, the average quarterly wage amount declined substantially.<sup>29</sup> Notably, the wage amounts and patterns prior to the start of the UI claims were similar for REA treatment and control group members. This provides yet further evidence that the two groups were observationally equivalent at the start of their UI claim.

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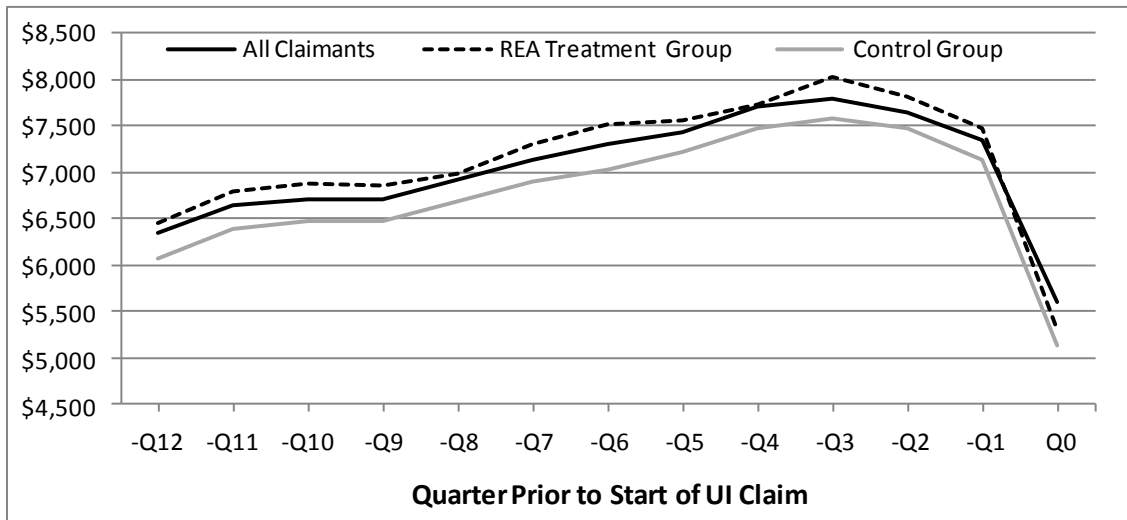
<sup>26</sup> From August 2009 through December 2009, the national unemployment rate was 9.9 percent and the Florida unemployment rate was 10.9 percent (source: Bureau of Labor Statistics). The EUC program allows states to continue offering UI benefits to claimants who exhausted their regular UI benefits. States with unemployment rates exceeding 8.5 percent, like Florida during our study period, were able to offer exhaustees up to an additional 53 weeks of benefits under four tiers of EUC benefits (up to 20 weeks under Tier 1; up to 14 weeks under Tier 2; up to 13 weeks under Tier 3; and up to 6 weeks under Tier 4).

<sup>27</sup> The EB program allowed states to continue offering UI benefits to claimants who exhausted their regular UI and their EUC benefits. States with unemployment rates exceeding 8 percent, like Florida during our study period, were able to offer such claimants up to an additional 20 weeks of benefits.

<sup>28</sup> To calculate prior wages for claimants who started their claims from August 1 through September of 2009 (i.e., in Quarter 3, 2009), we used wages earned from Quarter 3, 2006 (12 quarters prior to start of their claim) through Quarter 3, 2009 (quarter in which their claim started). To calculate prior wages for claimants who started their claims from October 1 through December 2009 (in Quarter 4, 2009), we used their wages earned from Quarter 4 2007 (12 quarters prior to start of their claim) through Quarter 4, 2009 (quarter in which their claim started).

<sup>29</sup> These figures are consistent with the *Ashenfelter's dip*, which suggests that the wages of future claimants into UI or training programs tend to decline substantially in the period prior to entering such programs (Ashenfelter O. (1978). *Estimating the Effect of Training Programs on Earnings*. Review of Economics and Statistics, vol. 67, pp. 648-660). Some of this dip may be also attributed to that some claimants may file their UI claim well after their layoff date.

### Exhibit 17: Quarterly Wages Prior to the Start of the UI Claim, REA-Eligible Claimants, Florida



Note: Reported is the mean quarterly wages earned in the 12 calendar quarters prior to the calendar quarter in which the UI claim was started (Q0).

The above analyses show a treatment-control balance in all observed characteristics, indicating that Florida successfully implemented random assignment. As a result, any subsequent difference in outcomes between the REA treatment group and the control group can be attributed with confidence to the REA program.

### Impact Analyses Using Differences in Means

Using the Florida UI administrative data, we are able to produce several measures that capture UI benefit receipt and wage outcomes for claimants in the sample. This section describes the claimant outcomes and presents preliminary analyses of REA program impacts based on treatment-control group mean comparisons in outcomes.

#### ***Unemployment Insurance Benefit Receipt***

To assess REA impacts on UI receipt, we use the Florida UI administrative data to produce the following outcomes:

- *Exhausted Regular UI Benefits* – Indicates whether the claimant exhausted regular UI benefits;
- *Received EUC Benefits* – Indicates whether the claimant exhausted regular UI benefits and started receiving EUC benefits;
- *Weeks on UI, Regular* – Equals number of regular UI weeks received;

- *Weeks on UI, EUC* – Equals number of EUC weeks received;<sup>30</sup>
- *Weeks on UI, Total* – Equals number of UI plus EUC weeks received;
- *UI Benefits Received, Regular* – Equals regular UI benefit amounts received;<sup>31</sup>
- *UI Benefits Received, EUC* – Equals EUC benefit amounts received; and
- *UI Benefits Received, Total* – Equals total (regular UI plus EUC) benefit amounts received.

Exhibit 18 presents these measures of UI receipt for treatment and control group claimants. Since random assignment was used to determine assignment into treatment or control group, differences in outcomes between the two groups constitute preliminary estimates of REA's impact; these differences are reported in the right column of Exhibit 18. As shown, 67.4 percent of REA treatment group claimants and 69.5 percent of control group claimants exhausted regular UI benefits. The difference (-.022) is statistically significant at the 1 percent level, indicating that REA reduced the likelihood of benefit exhaustion by 2.2 percentage points.

Also shown in Exhibit 18, 64.9 percent of treatment and 67.6 percent of control group members received EUC benefits. These figures indicate that nearly all claimants who exhausted regular benefits received some EUC benefits. Similar to the regular UI exhaustion, EUC benefit receipt was significantly lower for the treatment group, indicating that the REA program reduced the likelihood of EUC benefit receipt.

Exhibit 18 also reports the number of UI weeks and benefit amounts received by claimants under regular UI and under EUC. The average treatment group member received 18.7 weeks of regular UI benefits compared with 19.1 weeks for the average control group member; the 0.4 weeks difference is statistically significant at the 1 percent level. Similarly, those in the treatment group received 1.7 fewer weeks in EUC benefits and 2.1 fewer weeks in regular UI and EUC benefits combined. As a result, REA treatment group members received significantly lower benefit amounts than their control group peers in regular benefits (\$164 less), EUC benefits (\$491 less), and total benefits (\$655 less). These results provide evidence that the Florida REA program led to significant reductions in average UI duration and in average benefit amounts received.

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<sup>30</sup> The data report the regular UI and EUC benefits received from the start of each claimant's regular UI claim through December 2010. As a result, we are able to observe all regular UI payments received by claimants in the study sample. However, we do not observe EUC benefits received in January 2011 or later; thus, our measure of EUC weeks received is likely to underestimate the actual number EUC weeks received by claimants in the sample.

<sup>31</sup> We do not observe EUC benefits received in January 2011 or later; thus, our measure of EUC benefit amounts received is likely to underestimate the actual EUC benefit amounts received by claimants in the sample.

### Exhibit 18: Unemployment Insurance Receipt, REA-Eligible Claimants, Florida

	REA Treatment Group	Control Group	Difference
Exhausted Regular UI Benefits	.674 (.469)	.695 (.460)	-.022 [.003]***
Received EUC Benefits	.649 (.477)	.676 (.468)	-.027 [.003]***
Weeks on UI			
Regular	18.7 (7.1)	19.1 (7.1)	-.4 [.05]***
EUC	19.2 (17.4)	20.9 (18.1)	-1.7 [.01]***
Total (Regular + EUC)	37.9 (22.3)	40.0 (23.0)	-2.1 [.16]***
UI Benefits Received (in \$)			
Regular	4,336 (2,343)	4,500 (2,355)	-164 [ 17]***
EUC	4,349 (4,366)	4,841 (4,631)	-491 [32]***
Total (Regular + EUC)	8,686 (6,085)	9,341 (6,371)	-655 [ 44]***

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: \*\*\* = 1 percent).

#### Quarterly Wages Following Start of UI Claim

Using the available data, we are also able to examine if REA program claimants were more likely to be reemployed following program entry than their peers. We measure reemployment based on positive wages earned by claimants in the four calendar quarters following program entry. Exhibit 19 presents descriptive statistics of quarterly wages measures for treatment and control groups, as well as treatment-control comparisons of these measures.

As shown in Exhibit 19, 35.9 percent of the treatment and 34.9 percent of the control group were reemployed (i.e., had positive wages) in Quarter 1 after the start of their UI claim. These proportions increased slightly with each quarter, with about 42.6 percent of treatment group claimants and 42.1 percent of control group claimants reemployed in Quarter 4 after the start of their claim. These figures suggest that fewer than half the REA-eligible claimants were able to obtain salaried employment within a year after the start of their UI claim. However, as the right column of Exhibit 19 shows, treatment group members were more likely than their peers to be reemployed at each of the four quarters following program entry. This provides preliminary evidence that REA was effective in assisting claimants to obtain paid employment in the four quarters following program entry.

However, there were no significant differences between treatment and control groups in the total wage amounts received. Exhibit 19 also shows that Quarter 1 wages averaged \$1,713 for treatment and \$1,739 for control group members. Average quarterly wage amounts increased over time, reaching

\$2,786 for treatment and \$2,833 for control group members in Quarter 4. In total, average wages in the four quarters following the start of their UI claim were \$9,112 for the treatment and \$9,157 for the control group.

**Exhibit 19: Quarterly Wages Following Start of UI Claim, REA-Eligible Claimants, Florida**

	REA Treatment Group	Control Group	Difference
Likelihood of Earning Wages			
Quarter 1	.359 (.480)	.349 (.477)	.010 [.003]**
Quarter 2	.361 (.478)	.352 (.480)	.009 [.003]*
Quarter 3	.410 (.492)	.395 (.492)	.015 [.003]***
Quarter 4	.426 (.494)	.421 (.495)	.005 [.003]
Quarterly Wages (in \$)			
Quarter 1	1,713 (6,240)	1,739 (5,120)	-26 [40]
Quarter 2	2,089 (6,173)	2,055 (4,643)	34 [38]
Quarter 3	2,523 (4,833)	2,530 (4,872)	-7 [34]
Quarter 4	2,786 (5,693)	2,833 (5,299)	-47 [39]
Total, Quarters 1-4	9,112 (18,018)	9,157 (16,724)	45 [122]

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent).

## Impact Analyses Using Regression Models

In this section, we refine the preliminary REA impact estimates presented above using multivariate regression models. These models enable us to control for any differences in observed characteristics between the treatment and the control group that may have occurred by chance. In addition, regression models estimate program impacts with higher statistical efficiency relative to simple treatment-control comparisons. For each post-random assignment outcome, we estimate the following regression model:

$$Y = \alpha \cdot T + X \cdot \beta + u \quad (1)$$

The dependent variable in this model ( $Y$ ) is the claimant outcome (exhausted regular UI benefits, weeks on UI, UI benefits received, etc). The control variables include:

- $T$ , which equals 1 if the claimant was in the treatment group, and 0 if in the control group.

- $X_i$ , which includes all available claimant characteristics at random assignment, as reported in Exhibits 15, 16 and 17 (i.e., socioeconomic characteristics, UI eligibility, and prior wages).
- $u_i$ , which is a zero mean disturbance term.

The parameter of interest in this model is  $\alpha$ , the regression-adjusted treatment effect of the REA program on the outcome of interest. Note this parameter represents the *intent-to-treat* effect, that is, the impact of being assigned to the REA treatment group, not the impact of actually receiving REA services. The above model is estimated for each available post-random assignment outcome, including UI receipt outcomes and quarterly wage outcomes. The impact estimates are reported below.

### REA Impact on Unemployment Insurance Receipt

Exhibit 20 presents the regression-adjusted REA treatment effect for the UI receipt measures. The REA treatment effect for the likelihood of exhausting regular UI benefits is -.034 and is statistically significant at the 1 percent level. This indicates that REA led to a 3.4 percentage point decrease in the likelihood of claimants exhausting their regular UI benefits. As reported in the right column of Exhibit 20, this corresponds to a 5 percent decline in the likelihood of exhausting regular UI benefits relative to the control group mean.<sup>32</sup> Since the REA program reduced the likelihood of benefit exhaustion, it led to a lower likelihood of receiving EUC benefits. As shown in Exhibit 20, the REA program led to a 3.3 percentage point decrease in the likelihood that REA claimants received EUC benefits; this corresponds to a 5 percent decline in EUC participation relative to the control group mean.

**Exhibit 20: Regression-Adjusted REA Treatment Effects, Unemployment Insurance Receipt, Florida**

	REA Treatment Effect	REA Percent Impact
Exhausted Regular UI Benefits	-.034 (.006)***	-5%
Received EUC Benefits	-.033 (.005)***	-5%
Weeks on UI		
Regular	-.43 (.07)***	-2%
EUC	-1.25 (.21)***	-6%
Total	-1.74 (.28)***	-4%
UI Benefits Received (in \$)		
Regular	-101 (20)***	-2%
EUC	-294 (52)***	-6%
Total	-395 (67)***	-4%

Note: The left column reports regression-adjusted treatment effects for REA treatment group with standard errors in parenthesis; the right column reports the REA impact, where statistically significant, as a percent of the control

<sup>32</sup> This is calculated by dividing the effect (-.034) by the control group mean reported in Exhibit 18 (.695).

group mean. Control variables included in the regressions but not reported: gender, race, ethnicity, education, age, occupation group, citizenship, veteran, disabled, maximum benefit amount, weeks of eligibility, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim. Statistical significance level: \*\*\* = 1 percent.

Also shown in Exhibit 20 are the regression-adjusted treatment effects for weeks of UI received and UI benefit amounts received. REA claimants received an average of .43 fewer weeks of regular UI benefits relative to their control group peers – this impact is statistically significant at the 1 percent level. Due to REA’s impact on the likelihood of receiving EUC benefits, the program led to a significant 1.25 weeks reduction in the number of EUC weeks received, a 6 percent impact. Overall, REA reduced claimant overall UI duration (i.e., regular plus EUC) by 1.74 weeks (4 percent).

As a result, REA led to significant reductions in the UI benefit amounts received. As shown in Exhibit 20, treatment group members received an average of \$101 less in regular UI benefit amounts than their control group peers – this difference is significant at the 1 percent level. Furthermore, REA treatment group members received an average of \$294 less in benefit amounts on EUC than their peers. Overall, those in the REA group received an average of \$395 less in benefit amounts on regular UI and EUC benefits relative to their control group peers – this impact is statistically significant at the 1 percent level.

### ***REA Impact on Quarterly Wages***

Exhibit 21 presents the regression-adjusted REA treatment effect on claimant wage outcomes following the start of their UI claim. REA had a positive and statistically significant impact on the likelihood of earning positive quarterly wages in the four quarters following the start of the UI claim. For example, the program led to a 1.2 percentage-point (3 percent) increase in the likelihood of earning positive wages in Quarter 1 after the start of the claim. This impact increased to 5 percent in Quarter 2 and 6 percent in Quarter 3, before dropping slightly to 4 percent in Quarter 4.

The impacts on the likelihood of earning wages following UI entry led to some impacts on the quarterly wage amounts received. Specifically, the REA treatment group received \$205 (10 percent) more in wages in Quarter 2, \$129 (5 percent) more in wages in Quarter 3, and \$476 (5 percent) more in wages in Quarters 1 through 4 relative to their control group peers. These analyses show that REA increased the proportion of claimants earning positive wages, thus the average claimant earnings following UI program entry. These impacts are likely due to the impact of REAs on the faster reemployment of claimants.



### Exhibit 21: Regression-Adjusted REA Treatment Effects, Quarterly Wages, Florida

	REA Treatment Effect	REA Percent Impact
Likelihood of Earning Wages		
Quarter 1	.012 (.005)**	+3%
Quarter 2	.017 (.007)**	+5%
Quarter 3	.022 (.006)***	+6%
Quarter 4	.015 (.006)**	+4%
Quarterly Wages (in \$)		
Quarter 1	52 (60)	--
Quarter 2	206 (50)***	+10%
Quarter 3	129 (55)**	+5%
Quarter 4	89 (55)	--
Total, Quarters 1-4	476 (179)***	+5%

Note: The left column reports regression-adjusted treatment effects for the REA treatment group with standard errors in parenthesis; the right column reports the REA impact, where statistically significant, as a percent of the control group mean. Control variables included in the regressions but not reported: gender, race, ethnicity, education, age, occupation group, citizenship, veteran, disabled, maximum benefit amount, weeks of eligibility, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim. Statistical significance level: \*\*\* = 1 percent; \*\* = 5 percent.

### Summary of the Results

Using Florida administrative data for all REA-eligible claimants who started new UI claims from August 2009 through December 2009, we examined the effectiveness of the REA program in assisting claimants to exit UI and earn positive wages following program entry. Our analyses show that REA was very effective in assisting claimants to exit the UI program and to avoid exhausting their regular UI benefits. As a result, REA claimants were significantly less likely than their peers to start receiving EUC benefits. These effects led to significant reductions in the total number of UI weeks and total benefit amounts received; on average, REA claimants received 1.74 fewer weeks and \$395 less in benefit amounts relative to their control group peers.

Using these results, we can assess whether the average UI savings produced by the Florida REA program exceeded the average program costs. We estimate that the average REA cost per claimant was about \$54 during our study period.<sup>33</sup> These costs were exceeded by the \$101 savings in average regular UI

<sup>33</sup> Number of REAs for 2009 was provided by the Florida Agency for Workforce Innovation; the total Florida REA grant amount for 2009 was provided by the U.S. Department of Labor, Employment and Training Administration.

benefits produced by the REA program. Moreover, the combined regular UI and EUC savings produced by the REA program (\$395) are more than seven times the average REA cost per claimant. These figures show that the Florida REA program is a cost-effective program from the perspective of the Federal government.

REA also had positive impacts on the likelihood of earning positive wages in the four quarters following the start of the UI claim. As a result, REA treatment group members received \$476 more in wages than their control group peers in the four quarters following the start of their UI claim. These impacts are due to the fact that the REA program helped claimants exit UI earlier than they would have in the absence of the program. These impacts are even more important considering that they occurred during a period of high unemployment, when unemployed workers had limited reemployment opportunities.

Based on these results, we conclude that the Florida REA program was an effective tool for assisting UI claimants to exit the UI program quickly and for producing savings for the state's UI trust fund. We also conclude that the significant savings produced by the REA program make it a viable investment from the government's perspective, especially during periods of high unemployment, when claimants are eligible to receive UI benefits for an extended period.

## **2. Idaho REA Impact Evaluation**

This section presents the impact analyses of the Idaho REA program. We first discuss the process used to assign eligible UI claimants into the REA program, followed by descriptive analyses of the characteristics of REA-eligible claimants. We then present the UI receipt outcomes of REA-eligible claimants and provide program impacts measured by the mean difference in treatment-control group outcomes. Finally, we present regression-adjusted impact estimates and conclusions regarding the effectiveness of the Idaho REA program.

### **REA Selection Process**

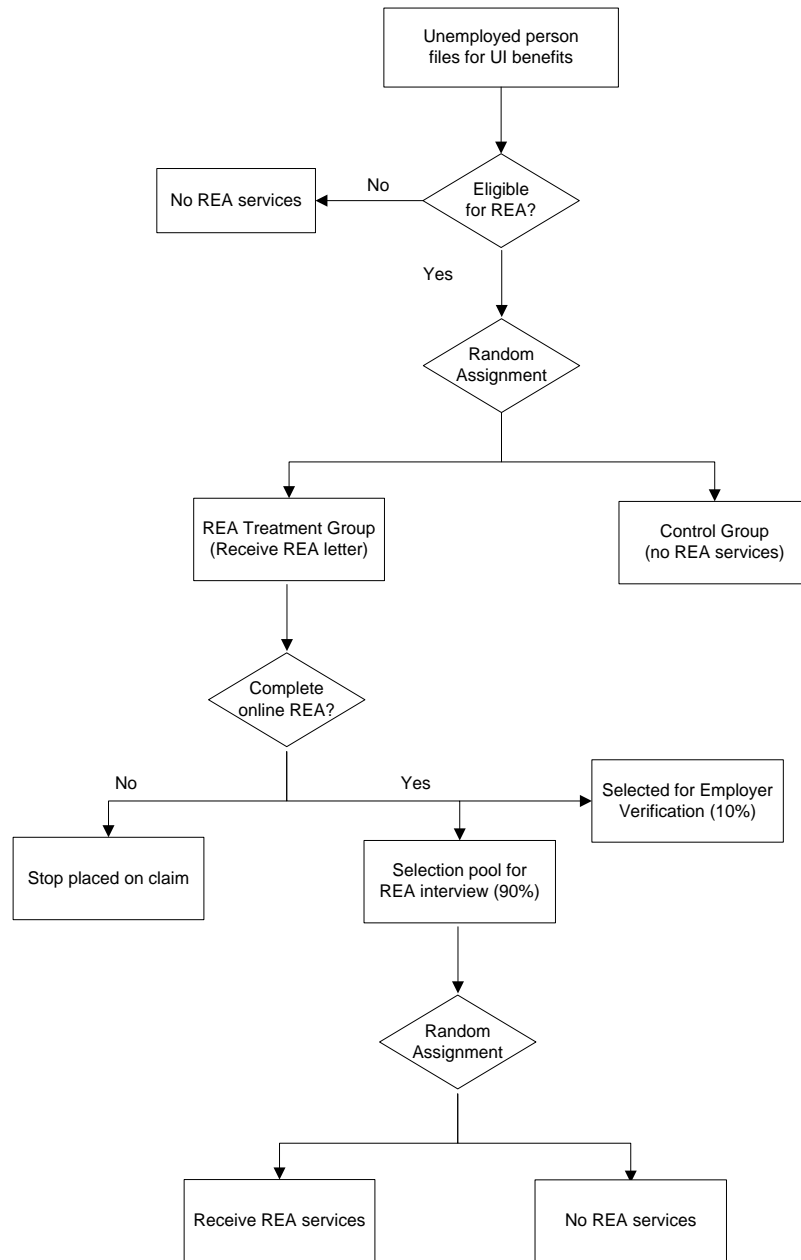
Idaho uses a two-step process for determining which REA-eligible claimants are referred to REA in-person services. Exhibit 22 presents the Idaho selection process. Once an unemployed person files for UI benefits, a set of eligibility criteria is used to determine if the claimant is eligible for REA:

- Received one week of UI benefits under the new claim;
- Files for at least 4 weeks of UI benefits;
- Is not within 4 weeks of exhausting their claim;
- Was not previously selected for an REA;
- Is not served by other reemployment programs; and
- Had no attachment to an employer.

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The \$85 average REA cost assumes that the entire Florida REA program cost is reflected in the Federal grant. This cost does not include the costs of any reemployment services received by REA participants.

## Exhibit 22: Idaho REA Selection Process



Each week, REA-eligible claimants are placed in a selection pool from which individuals are randomly assigned into two groups:

- *REA treatment group* – These claimants receive an *online REA letter* which requires them to log onto the IdahoWorks System Website and enter information about their work search activities; or
- *Control group* – These claimants are not required to complete the online REA.

Idaho refers about three quarters of eligible claimants to the treatment group; the remaining claimants are placed into the control group. Those assigned to the treatment group are required to complete the online REA questionnaire. Treatment group claimants who do not complete the online REA questionnaire lose their UI eligibility and a stop is placed on their claim. Of the remaining claimants, 10 percent are randomly selected for employer verification and 90 percent are placed into the REA selection pool to receive in-person REA services.<sup>34</sup> Next, about a quarter of claimants in the selection pool are referred to an REA interview; the remaining three quarters are not referred to an REA interview.

The implication of Idaho's selection process is that only approximately one quarter of Idaho REA treatment group members received both the REA letter and the REA interview. The remaining three quarters of the treatment group received only the REA letter. Therefore, by comparing the outcomes of REA treatment and control group members, we estimate the overall impact of the Idaho REA program which includes receipt of the letter but no REA interview for one quarter of claimants, and receipt of the letter and an REA interview for three quarters of claimants.

## Data Overview

Idaho provided UI administrative data and wage records for all individuals who started a regular UI claim from July 2009 through December 2009 and were deemed eligible for REA participation. These data provide the following information:

- Claimant socioeconomic characteristics (e.g., gender, race, age, and occupation) at the start of their regular UI claim;
- Total number of UI weeks and benefit amounts received under regular and EUC benefits from the start of their claim through December 2010; and
- Claimant quarterly wage amounts in the 12 quarters prior to the start of their claim.

Using these data, we examine the characteristics, UI eligibility, and prior wages of REA-eligible claimants at the start of their UI claim. In addition, we produce and examine key measures of UI receipt.

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<sup>34</sup> Per the estimation of Idaho's REA staff, about 20 percent of treatment group members do not complete the online REA, thus are not in the selection pool for receiving REA services.

### ***Claimant Characteristics***

As shown in Exhibit 23, there were 18,156 REA-eligible claimants in Idaho from July 2009 through December 2009. Of these, 3,867 (21 percent) were assigned to the control group and were not required to complete the online REA nor were selected for an REA interview. The remaining 14,289 (79 percent) REA-eligible claimants were assigned to the REA treatment group. These individuals were required to complete the online REA; Idaho placed a stop on the UI claim of those who did not complete the online REA. Those who did complete the online REA could be selected for an REA interview at a later stage in their claim. In fact, 3,021 (21 percent) of the 14,289 REA treatment group members were randomly selected to receive the REA interview.

An examination of the socioeconomic characteristics of treatment and control group members suggests that the two groups were very similar. For example, 62 percent of both treatment and control group members were men, while 82 percent were white. These figures show that the two groups were nearly identical in terms of their observed characteristics at the time of program entry, which means that random assignment of REA-eligible claimants was successfully implemented.

**Exhibit 23: Characteristics of REA-Eligible Claimants, Idaho**

	All Claimants	REA Treatment Group	Control Group
Total [% of Total]	18,156 [100%]	14,289 [79%]	3,867 [21%]
Men	62%	62%	62%
Women	38%	38%	38%
White	82%	82%	82%
Black	1%	1%	1%
Other	17%	17%	17%
Hispanic	11%	12%	10%
Non-Hispanic	89%	88%	90%
Married	47%	47%	47%
Age: Less than 25 yrs	15%	15%	16%
Age: 25-34 yrs	27%	27%	27%
Age: 35-44 yrs	21%	20%	21%
Age: 45-54 yrs	21%	22%	20%
Age: 55-64 yrs	13%	13%	13%
Age: 65+ yrs	3%	3%	3%
White Collar, High Skill	17%	17%	17%
White Collar, Low Skill	23%	24%	23%
Blue Collar, High Skill	24%	24%	23%
Blue Collar, Low Skill	36%	35%	37%
U.S. Citizen	90%	90%	90%
Disabled	5%	5%	5%

Note: Reported is the proportion of total number of REA-eligible claimants.

### ***Unemployment Insurance Eligibility***

Exhibit 24 shows that the average REA-eligible claimant in Idaho was eligible for a \$5,192 maximum benefit amount (MBA). Weeks of eligibility varied from 10 to 26 weeks, with only a quarter of claimants being eligible for 26 weeks of benefits. An examination of UI eligibility for treatment and control group members shows that there were no significant differences between the two groups, providing additional evidence that the two groups were equivalent at the time of program entry. In addition, during the

study period, Idaho's unemployment rate was 8.7 percent<sup>35</sup>, which was below the national average (9.9 percent) but above the thresholds for activating EUC benefits.<sup>36</sup> As a result, claimants who exhausted their regular UI benefits in Idaho were eligible for up to an additional 53 weeks of EUC benefits.

#### Exhibit 24: Unemployment Insurance Eligibility, REA-Eligible Claimants, Idaho

	All Claimants	REA Treatment Group	Control Group
Maximum Benefit Amount	\$5,192 (2,591)	\$5,259 (2,585)	\$5,174 (2,592)
Weekly Benefit Amount	\$253 (94)	\$255 (93)	\$253 (94)
Weeks of Eligibility	20.0 (5.5)	20.1 (5.5)	20.0 (5.5)
10-13	18%	18%	18%
11-17	18%	17%	18%
18-21	16%	16%	16%
22-25	24%	25%	24%
26	24%	24%	24%

Note: Reported is the mean with standard deviation in parenthesis or the proportion of all claimants.

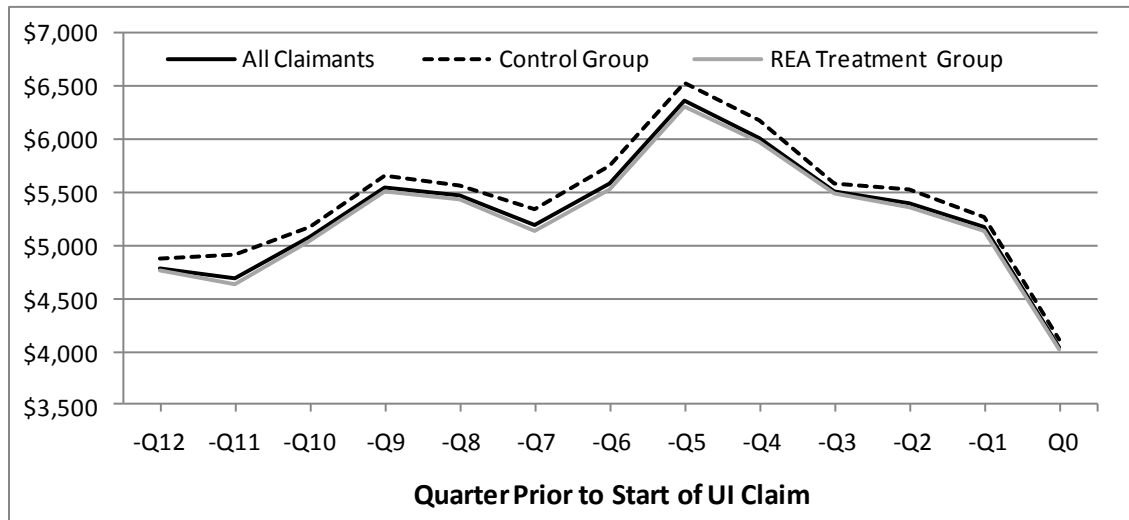
#### *Prior Quarterly Wages*

Exhibit 25 presents the quarterly wages earned by REA-eligible claimants in Idaho prior to entering the UI program. At 12 quarters prior to the start of their claim (-Q12), REA-eligible claimants earned about \$4,800 in average wages. With time, this average increased to a \$6,300 peak at 5 quarters prior to program entry (-Q5). Average wages then declined steadily in the four quarters prior to program entry. It is evident that there were no significant differences in prior wages between treatment and control group, providing additional evidence that random assignment was successfully implemented.

<sup>35</sup> The study period for Idaho was 7/1/2009 to 12/31/2009. The unemployment rate is the non-seasonally adjusted monthly average for that period.

<sup>36</sup> Source: Bureau of Labor Statistics.

**Exhibit 25: Quarterly Wages Prior to the Start of the UI Claim, REA-Eligible Claimants, Idaho**



Note: Reported is the mean quarterly wages earned in the 12 calendar quarters prior to the calendar quarter in which the UI claim was started (Q0).

### Impact Analyses Using Differences in Means

Using the available data, we produce UI receipt outcomes presented in Exhibit 26.<sup>37</sup> As shown in the exhibit, 60.5 percent of treatment group and 63.4 percent of control group members exhausted regular UI benefits – the difference was 2.9 percentage points and was statistically significant at the 5 percent level. These figures indicate that the Idaho REA program was effective in assisting participants to exit the UI program early and avoid exhausting regular UI benefits.

As a result, treatment group members were 2.9 percentage points less likely than their peers to start receiving EUC benefits. These preliminary results show that, due to the program's impact on exhaustion and EUC receipt, REA treatment group members had much shorter UI duration and received lower benefit amounts than their peers. As shown in Exhibit 26, treatment group members received 1.2 fewer weeks of benefits and \$340 less in benefits. These results provide preliminary evidence that the Idaho REA program was effective in reducing the UI claims duration of participants, leading to important savings for the state's UI trust fund.

<sup>37</sup> Claimant wages following the start of their UI claim were not available; thus, we do not study the program's effect on claimant wages.



### Exhibit 26: Unemployment Insurance Receipt, REA-Eligible Claimants, Idaho

	REA Treatment Group	Control Group	Difference
Exhausted Regular UI Benefits	.605 (.489)	.634 (.482)	-.029 [.009]**
Received EUC Benefits	.495 (.500)	.524 (.499)	-.029 [.009]**
Weeks on UI			
Regular	16.4 (6.3)	17.0 (6.0)	-.5 [.1]***
EUC	10.2 (13.3)	10.8 (13.5)	-.6 [.2]***
Total (Regular + EUC)	26.6 (17.2)	27.7 (17.1)	-1.2 [.3]***
UI Benefits Received (in \$)			
Regular	4,254 (2,457)	4,418 (2,414)	-164 [44]***
EUC	2,657 (3,847)	2,833 (3,954)	-176 [70]**
Total (Regular + EUC)	6,911 (5,574)	7,251 (5,609)	-340 [101]***

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: \*\*\* = 1 percent; \*\* = 5 percent).

### Impact Analyses Using Regression Models

We also estimate Idaho REA program impacts using multivariate regression models that control for all available claimant characteristics. These models are similar to those used to estimate the REA impacts in the other study states. Exhibit 27 presents the Idaho REA regression-adjusted treatment effects for all available outcomes. These effects capture the impact of being assigned to the treatment group; about one quarter of treatment group members were required to complete the online REA and attend the REA interview, while the remaining three quarters were only required to complete the online REA.

As shown in Exhibit 27, the Idaho REA program led to a 3.2 percentage point reduction in the likelihood of exhausting regular UI benefits – this corresponds to a 5 percent impact relative to the control group mean. As a result, the program also led to a 3.1 percentage-point reduction in the likelihood of receiving EUC benefits. These results suggest that REA treatment group members in Idaho were significantly less likely than their peers to exit the UI program before exhausting their regular UI entitlement and to avoid receiving EUC benefits.

REA participation also led to significant reductions in UI duration and benefit amounts received. Specifically, REA treatment group members received 1.14 fewer weeks of total benefits (.45 and .70 fewer weeks of regular and EUC benefits, respectively) than their control group peers. Thus, REA treatment group members received lower benefits than their peers on the regular claim (\$97), on EUC (\$165), and total (\$262).

**Exhibit 27: Regression-Adjusted REA Treatment Effects,  
Unemployment Insurance Receipt, Idaho**

	REA Treatment Effect	REA Percent Impact
Exhausted Regular UI Benefits	-.032 (.009)***	-5%
Received EUC Benefits	-.031 (.009)***	-6%
Weeks on UI		
Regular	-.45 (.09)***	-1%
EUC	-.70 (.23)***	-6%
Total	-1.14 (.28)***	-4%
UI Benefits Received (in USD)		
Regular	-97 (24)***	-3%
EUC	-165 (63)***	-6%
Total	-262 (77)***	-4%

Note: The left column reports regression-adjusted treatment effects for REA treatment group members with standard errors in parenthesis; the right column reports the REA impact, where statistically significant, as a percent of the control group mean. Control variables included in the regressions but not reported: gender, race, ethnicity, education, age, occupation group, citizenship, veteran, disabled, maximum benefit amount, weeks of eligibility, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim. Statistical significance level: \*\*\* = 1 percent.

### Summary of the Results

The impact analyses presented above indicate that the Idaho REA program was effective in assisting REA treatment group members to exit the UI program early. REA treatment group members experienced a 3.2 percentage-point (5 percent) reduction in the likelihood of exhausting regular benefits and a 3.1 percentage-point (6 percent) reduction in the likelihood of receiving EUC benefits. These effects led to a 1.14-week reduction in claimant UI duration and to a \$262 reduction in claimant benefit amounts received.

A comparison of the Idaho REA funding and the UI trust fund savings produced by the Idaho REA program shows that the program was cost effective. The Idaho REA program sent the REA letter to 14,289 REA-eligible claimants (the treatment group), of which 3,021 were referred to an in-person REA interview. Dividing the REA grant award for the study period by the 14,289 claimants in the treatment group, we find that the average cost per REA treatment group member was \$12. Dividing the REA grant award for the study period by the 3,021 claimants who received both the online REA letter and the REA

interview, the average cost was \$43.<sup>38</sup> In contrast, the per-claimant UI savings produced by the REA program was \$262. Thus, the savings greatly exceeds the per-claimant REA cost.

### 3. Illinois REA Impact Evaluation

In this section, we present the results of an impact analysis of the Illinois REA program. We used data for all REA-eligible claimants who started a UI claim from August 2009 through December 2009. First, we discuss the selection process used by Illinois to randomly assign REA-eligible claimants into the REA program. We then provide descriptive analyses of the characteristics of REA-eligible claimants. This is followed by a discussion of the UI receipt outcomes of REA-eligible claimants and of preliminary program impacts using treatment-control group comparisons in outcomes. Finally, we present the regression-adjusted impact estimates and a discussion of the results.

#### REA Selection Process

As in the other study states, Illinois used a random assignment process to assign REA-eligible claimants to the REA program. This process is presented in Exhibit 28. Each week, the Illinois Department of Employment (IDES) uses a set of eligibility criteria to determine which new UI claimants are eligible for REA:

- Has a high-demand skill based on the industry of prior employment;
- Received first UI benefit check;
- Has no attachment to an employer; and
- Has no attachment to a union hiring hall.

Each week, IDES randomly assigns REA-eligible claimants in the 5 local offices to the following two groups:

- *REA treatment group* – claimants were required to receive REA services to remain eligible for UI benefits; or
- *Control group* – claimants were not required to receive any services.

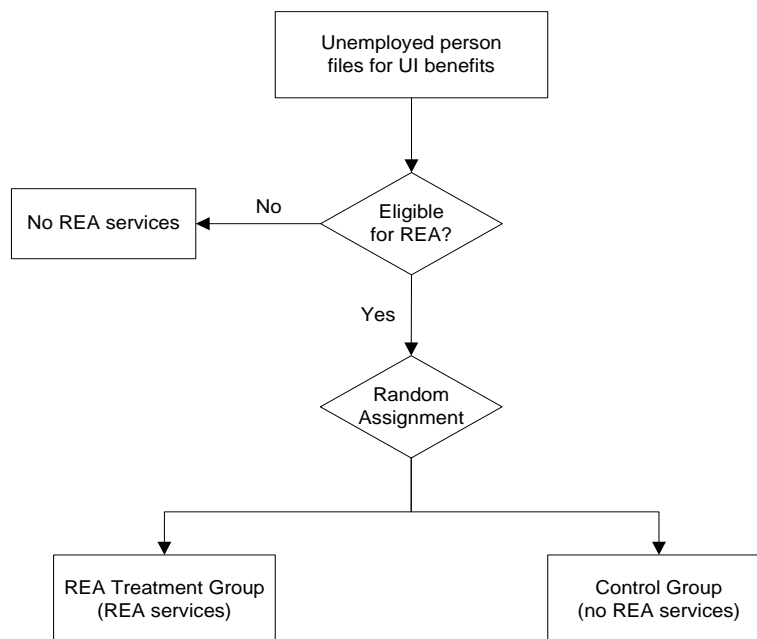
Illinois assigns approximately 70 percent of eligible claimants to the treatment group; the remaining claimants are assigned to the control group. Those assigned to the treatment group receive the following REA services: 1) self-assessment; 2) identification of barriers to employment; 3) develop employment plan; 4) referral to services; 5) eligibility review and work search verification; and 7) provision of labor market information.

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<sup>38</sup> The average REA cost assumes that the entire Idaho REA program cost is reflected in the Federal grant. This cost does not include the costs of any reemployment services received by REA participants.

While the REA treatment described above is similar to the treatment provided in the other REA programs studied here, there are also important differences between the Illinois program and the others. The Illinois REA program operated in 12 local One-Stop Career Centers until December 2008 when the program was suspended by the state. The program was restarted in June 2009 in only 5 of the 12 One-Stop Career Centers. This suspension and restart of the program likely had an adverse impact on program operations during our study period. The state's study sample was greatly limited due to the reduced number of sites in which the program re-started. Also, in contrast to other state program designs, the Illinois REA program targeted claimants possessing a high demand skill.

**Exhibit 28: Illinois REA Selection Process**



## Data Overview

Illinois provided UI administrative data and wage records for all REA-eligible claimants who started a regular UI claim from August 2009 through December 2009 in the 5 sites where the REA program was implemented. These data provide the following information:

- Claimant socioeconomic characteristics (e.g., gender, race, age, and industry) at the start of their regular UI claim;
- Total number of UI weeks and benefit amounts received under regular and EUC benefits from the start of their claim through December 2010; and
- Claimant quarterly wage amounts in the 5 quarters prior to the start of their claim.

We use this information to examine the characteristics, UI eligibility, and prior wages of REA-eligible claimants at the start of their UI claim, and key measures of UI receipt.

### ***Claimant Characteristics***

As shown in Exhibit 29, there were 3,112 REA-eligible claimants in Illinois from August 2009 through December 2009. About 70 percent of these claimants were assigned to the treatment group and 30 percent were assigned to the control group. Notably, the total number of REA-eligible claimants in Illinois during the study period (3,122) was substantially lower than the total number of REA-eligible claimants in Florida (80,531), Idaho (18,156), and Nevada (32,751).

An examination of the gender, race/ethnicity, age, and industry distribution for treatment and control group members shows that the two groups were quite similar in their socioeconomic characteristics. This suggests that the random assignment of REA-eligible claimants into the treatment group was successfully implemented and that any small differences in characteristics likely occurred by chance.

**Exhibit 29: Characteristics of REA-Eligible Claimants, Illinois**

	All Claimants	REA Treatment Group	Control Group
Total [% of Total]	3,112 [100%]	2,175 [70%]	937 [30%]
Men	56%	56%	56%
Women	44%	44%	44%
White	65%	64%	66%
Black	19%	19%	19%
Hispanic	14%	14%	13%
Other	2%	3%	2%
Age: Less than 25 yrs	12%	12%	11%
Age: 25-34 yrs	25%	25%	26%
Age: 35-44 yrs	23%	23%	23%
Age: 45-54 yrs	26%	26%	26%
Age: 55-64 yrs	13%	13%	13%
Age: 65+ yrs	1%	1%	1%
Construction	7%	7%	6%
Manufacturing	14%	15%	12%
Trade	15%	14%	16%
Services	50%	49%	52%
Public Administration	12%	12%	11%
Other	3%	3%	2%

Note: Reported is the proportion of the total number of REA-eligible claimants.

### ***Unemployment Insurance Eligibility***

Exhibit 30 presents the UI monetary eligibility of REA-eligible claimants in Illinois. The average REA-eligible claimant in Illinois was eligible for a \$6,784 maximum benefit amount (MBA), with a \$261 average weekly benefit amount. Note that Illinois provides 26 weeks of benefits to all eligible claimants. In addition, since the Illinois unemployment rate during the study period was 10.5 percent,<sup>39</sup> claimants who exhausted their regular UI benefits were eligible for an additional 53 weeks of EUC benefits.

**Exhibit 30: Unemployment Insurance Eligibility, REA-Eligible Claimants, Illinois**

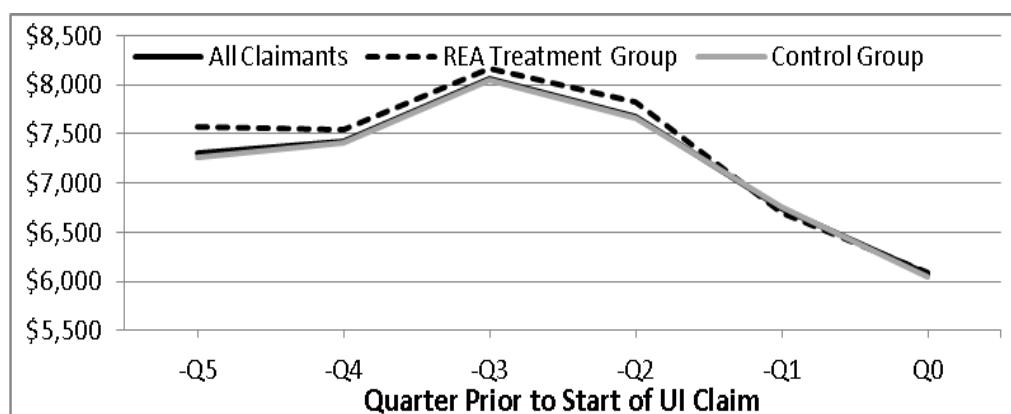
	All Claimants	REA Treatment Group	Control Group
Maximum Benefit Amount	\$6,784 (2,868)	\$6,840 (2,863)	\$6,655 (2,877)
Weekly Benefit Amount	\$261 (110)	\$263 (110)	\$256 (111)

Note: Reported is the mean with standard deviation in parenthesis.

### ***Prior Quarterly Wages***

Exhibit 31 presents the quarterly wages earned by REA-eligible claimants in the 5 quarters prior to entering the UI program. At 5 quarters prior to the start of their claim (-Q5), REA-eligible claimants earned about \$7,350 in average wages. This average peaked at just above \$8,000 at 3 quarters prior to program entry and then declined to a \$6,100 low in the quarter of program entry (Q0). It is also evident that there were only small differences in prior wages between treatment and control group members, which provides additional evidence that random assignment was done correctly.

**Exhibit 31: Quarterly Wages Prior to the Start of the UI Claim, REA-Eligible Claimants, Illinois**



Note: Reported is the mean quarterly wages earned in the 5 calendar quarters prior to the calendar quarter in which the UI claim was started (Q0).

<sup>39</sup> Source: Bureau of Labor Statistics. The study period for Illinois was 8/1/2009 to 12/31/2009. The unemployment rates are the non-seasonally adjusted monthly averages for this period.

## Impact Analyses Using Differences in Means

Exhibit 32 presents the UI receipt outcomes of REA-eligible claimants in Illinois.<sup>40</sup> As shown, 61.9 percent of treatment group and 63.1 percent of control group members exhausted regular UI benefits – the difference was minus 1.1 percentage points but lacked statistical significance. Similarly, there was no statistically significant difference between treatment and control group members in the likelihood of receiving EUC benefits.

The results show there was a statistically significant treatment-control difference in the regular UI claim duration (-0.8 weeks). However, there was no statistically significant difference in EUC or total UI duration. Treatment group members received 32.7 weeks of benefits (20.1 weeks of regular benefits and 12.6 weeks of EUC benefits) and control group members received 33.1 weeks of benefits (21.0 weeks of regular benefits and 12.1 weeks of EUC benefits). Interestingly, treatment group members received \$341 more in EUC benefit amounts than their control group peers. However, there were no statistically significant treatment-control differences in the regular UI benefit amounts and total benefit amounts received. These figures provide preliminary evidence that the Illinois REA program was not effective in assisting participants to exit the UI program and avoid exhausting regular UI benefits.

**Exhibit 32: Unemployment Insurance Receipt, REA-Eligible Claimants, Illinois**

	REA Treatment Group	Control Group	Difference
Exhausted Regular UI Benefits	.619 (.486)	.631 (.483)	-.011 [.019]
Received EUC Benefits	.527 (.499)	.508 (.500)	.019 [.020]
Weeks on UI			
Regular	20.1 (8.8)	21.0 (8.0)	-.8 [.3]**
EUC	12.6 (13.9)	12.1 (13.9)	.5 [.5]
Total (Regular + EUC)	32.7 (20.5)	33.1 (19.5)	-.4 [.7]
UI Benefits Received (in \$)			
Regular	5,369 (3,378)	5,393 (3,229)	-24 [130]
EUC	3,437 (4,186)	3,096 (3,899)	341 [160]**
Total (Regular + EUC)	8,806 (6,923)	8,489 (6,380)	317 [264]

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: \*\*\* = 1 percent; \*\* = 5 percent).

<sup>40</sup> Claimant wages following the start of their UI claim were not available; thus, we do not study the program's effect on claimant wages.

## Impact Analyses Using Regression Models

To refine the preliminary impact estimates presented above, we use multivariate regression models that control for available claimant characteristics. These models are similar to those used to estimate the REA impacts in Florida and Idaho. Exhibit 33 presents the Illinois REA regression-adjustment treatment effect for all available outcomes. The results in Exhibit 33 provide no evidence that the Illinois REA program was effective in assisting claimants to avoid regular UI exhaustion and receipt of EUC benefits. The REA treatment effect on the likelihood of exhaustion regular UI was minus 1.1 percentage points but lacked statistical significance.

There is also no evidence that the treatment group differed from the control group in regular UI or in EUC duration. Similarly, there were no statistically significant impacts on regular UI, EUC, and total benefit amounts received.

**Exhibit 33: Regression-Adjusted REA Treatment Effects,  
Unemployment Insurance Receipt, Illinois**

	REA Treatment Effect
Exhausted Regular UI Benefits	-.011 (.019)
Received EUC Benefits	.015 (.020)
Weeks on UI	
Regular	-.83 (.54)
EUC	.41 (.55)
Total	-.41 (.80)
UI Benefits Received (in USD)	
Regular	-148 (114)
EUC	247 (158)
Total	99 (248)

Note: The left column reports regression-adjusted treatment effects for REA treatment group members with standard errors in parenthesis. Control variables included in the regressions but not reported: gender, race/ethnicity, age, industry, maximum benefit amount, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim.

## Summary of the Results

The impact analyses presented above indicate that treatment and control group claimants in Illinois had similar benefit duration and received similar amounts of benefits. Based on these results, we find no



evidence that the Illinois REA program was effective in assisting claimants to exit the UI program early or to reduce their UI duration or benefit amounts.

These results differ from the results obtained in the other study states where the analysis found statistically significant impacts. The absence of impacts in Illinois may be partly attributed to the fact that Illinois did not implement the REA program continuously as in the other states; in addition, Illinois targeted claimants with high demand skills. Furthermore, the sample size in Illinois was substantially smaller than the other states; thus hampering our ability to find statistically significant impacts. In the Illinois REA program, there were only 3,122 REA-eligible claimants compared with 80,531 in Florida and 18,156 in Idaho and 32,751 in Nevada.

## **4. Nevada REA Impact Evaluation**

In this section, we present the impact analyses of the Nevada REA program. Below, we first provide an overview of the process used by Nevada to assign eligible UI claimants into the REA program, as well as a descriptive analysis of the characteristics of REA-eligible claimants in our study sample. Next, we present the outcomes of interest and provide preliminary analyses of REA impacts based on treatment-control comparisons in outcomes. We then present regression-adjusted impact estimates of the REA program in Nevada and, finally, we provide a summary of the results.

### **REA Selection Process**

Nevada uses a random assignment process to determine which claimants are referred to REA services. Exhibit 34 illustrates the Nevada selection process. Once an unemployed person files for UI benefits, a set of eligibility criteria is used to determine if the claimant is eligible for REA. New UI claimants are deemed eligible for REA if they meet the following criteria:

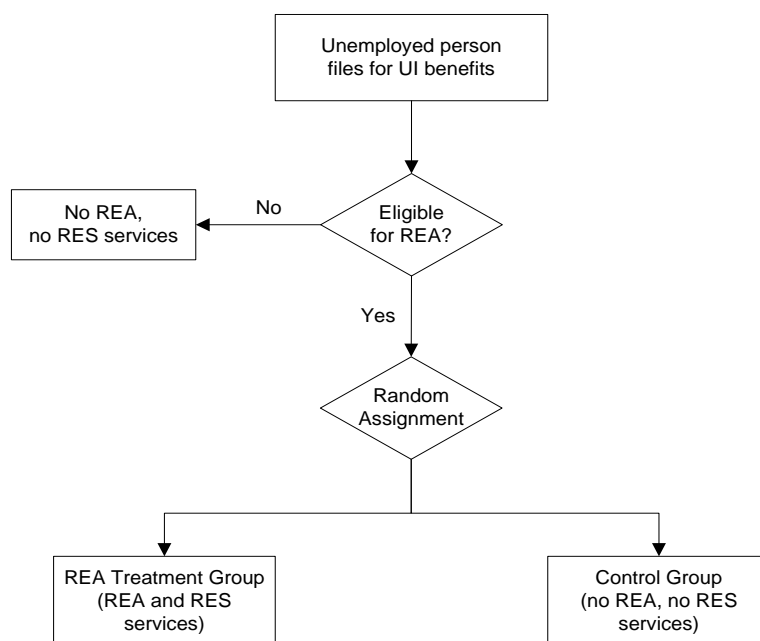
- Received one week of UI benefits under the new claim;
- Had no work return date (i.e., not on temporary layoff);
- Is not active in other training programs; and
- Is not attached to a union hiring hall.

Each week, REA-eligible claimants are placed in a selection pool from which individuals are randomly assigned into two groups:

- *REA treatment group* – These claimants are selected to receive REA services to remain eligible for UI benefits. In addition to REA services, those assigned in the REA treatment group also receive reemployment services (RES).
- *Control group* – These claimants are not required to receive REA or RES services.

The number of REA cases varies across local offices based on each location's available resources. For example, if a local office can serve 10 claimants in a given week, the staff will randomly select 10 claimants for the REA treatment group; the remaining claimants are placed in the control group.

### Exhibit 34: Nevada REA Selection Process



After a claimant is selected for an REA, the local office sends a letter notifying the individual of the requirement to receive REA services. These services include: 1) individual assessment with introduction to available One-Stop services and verification of photo ID or I-9 Form using ID card readers; 2) provision of local labor market information; 3) resume assistance; 4) workforce service workshop; and 5) UI eligibility review and work search review. Additionally, REA treatment group members receive RES services, which include: 1) job search assistance; 2) job match against state and federal automated labor exchange and job referrals; 3) referrals to and participation in training; and 4) follow-up sessions with REA staff to resolve pending issues that may result in referral to adjudication.

### Data Overview

For this evaluation, Nevada provided UI administrative data and wage records for all individuals who started a regular UI claim from July 2009 through December 2009 and were deemed eligible for REA participation. These data provide the following information:

- Claimant socioeconomic characteristics (e.g., gender, race, age, and education) at the start of their regular UI claim;
- Total number of UI weeks and benefit amounts received under regular and EUC benefits from the start of their claim through December 2010; and
- Claimant quarterly wage amounts in the 10 quarters prior to the start of their claim.

Based on these data, we are able to examine the characteristics, UI eligibility, and prior wages of claimants at the start of their UI claim. Furthermore, we are able to produce important measures of UI receipt and assess the program's impact on those outcomes.

### ***Claimant Characteristics***

Exhibit 35 provides an overview of the characteristics of REA-eligible claimants who started a new UI claim from July 2009 through December 2009 in Nevada. There were 32,751 REA-eligible UI claimants in Nevada during the study period, of whom 5,157 (16 percent) were randomly assigned to the REA treatment group. The remaining 27,594 (84 percent) were assigned to the control group and not required to receive REA services.

An examination of the characteristics of treatment and control group members in Exhibit 35 indicates that, with the exception of race, the two groups were very similar in terms of their socioeconomic characteristics at the time of program entry. This indicates that random assignment of REA-eligible claimants was successfully implemented.

**Exhibit 35: Characteristics of REA-Eligible Claimants, Nevada**

	<b>All Claimants</b>	<b>REA Treatment Group</b>	<b>Control Group</b>
<b>Total [% of Total]</b>	<b>32,751 [100%]</b>	<b>5,157 [16%]</b>	<b>27,594 [84%]</b>
Men	57%	58%	57%
Women	43%	42%	43%
White	64%	72%	63%
Black	11%	7%	12%
Asian	7%	6%	7%
Other	18%	16%	18%
Hispanic	20%	20%	20%
Non-Hispanic	80%	80%	80%
Less than High School	16%	16%	16%
HS Diploma	43%	43%	43%
Some College	28%	28%	28%
College Degree	10%	10%	10%
Graduate Degree	3%	3%	3%
Age: Less than 25 yrs	13%	13%	13%
Age: 25-34 yrs	25%	25%	25%
Age: 35-44 yrs	23%	22%	23%
Age: 45-54 yrs	22%	24%	21%
Age: 55-64 yrs	13%	12%	13%
Age: 65+ yrs	5%	4%	5%
White Collar, High Skill	19%	19%	18%
White Collar, Low Skill	32%	32%	31%
Blue Collar, High Skill	23%	22%	24%
Blue Collar, Low Skill	27%	27%	27%
U.S. Citizen	90%	91%	90%
Veteran	8%	7%	8%

Note: Reported is the proportion of total number of REA-eligible claimants.

***Unemployment Insurance Eligibility***

Exhibit 36 shows that the average claimant was eligible for a \$7,007 maximum benefit amount (MBA). The distribution of weeks of eligibility shows that claimants were eligible for 12-26 weeks of benefits, with about 57 percent eligible for the full 26 weeks. Notably, there were only minor differences in the

MBA, weekly benefit amount, and weeks of eligibility between treatment and control group members, indicating that the two groups were equivalent in terms of their UI eligibility.

During the study period, Nevada's unemployment rate was 13.9 percent,<sup>41</sup> far exceeding the national unemployment rate (9.9 percent) and the thresholds for activating the Emergency Unemployment Compensation (EUC) and the Extended Benefits (EB) programs. As a result, claimants who exhausted their regular UI benefits in Nevada were eligible for up to an additional 53 weeks of EUC benefits and for up to an additional 20 weeks of EB. Overall, Nevada claimants in the study sample were potentially eligible for 46-99 weeks of UI benefits: 12-26 weeks under regular UI; up to an additional 53 weeks under EUC; and up to an additional 20 weeks under EB.

**Exhibit 36: Unemployment Insurance Eligibility, REA-Eligible Claimants, Nevada**

	All Claimants	REA Treatment Group	Control Group
Maximum Benefit Amount	\$7,007 (3,054)	\$7,039 (3,059)	\$7,001 (3,054)
Weekly Benefit Amount	\$299 (105)	\$303 (105)	\$298 (105)
Weeks of Eligibility	22.8 (4.6)	22.6 (4.6)	22.8 (4.5)
12-13	6%	6%	6%
14-17	13%	13%	13%
18-21	11%	11%	12%
22-25	13%	13%	13%
26	57%	57%	56%

Note: Reported is the mean with standard deviation in parenthesis or the proportion of all claimants.

### ***Prior Quarterly Wages***

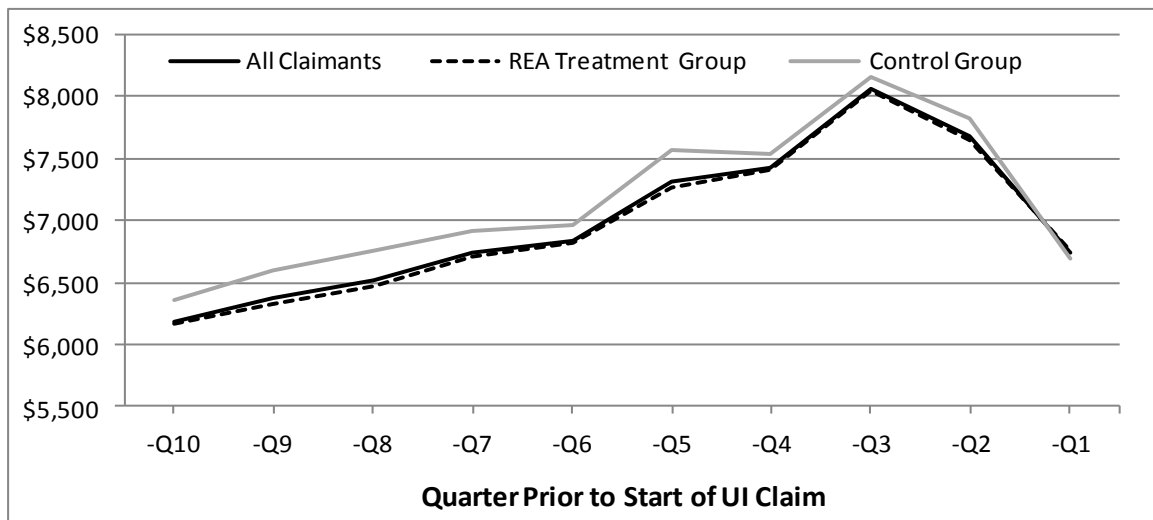
Using claimant wage records, we examine the quarterly wages earned by REA-eligible claimants in Nevada prior to entering the UI program.<sup>42</sup> As shown in Exhibit 37, at 10 quarters prior to the start of their claim (-Q10), REA-eligible claimants earned about \$6,200 in average wages. This increased over time, peaking at over \$8,200 at 3 quarters prior to the start of their claim (-Q3). Consistent with the Ashenfelter's dip,<sup>43</sup> average quarterly earnings declined in the two quarters prior to UI entry. It is also evident that there were no significant differences in prior wages between treatment and control group, providing additional evidence that random assignment was successfully implemented.

<sup>41</sup> Source: Bureau of Labor Statistics. Nevada's study period was 7/1/2009 to 12/31/2009. The unemployment rate is the non-seasonally adjusted monthly average for that period.

<sup>42</sup> Note that we do not have wage records for the quarter in which the claim was started or for any subsequent quarters.

<sup>43</sup> The Ashenfelter's dip suggests that the wages of future claimants into UI or training programs tend to decline substantially in the period prior to entering such programs.

### Exhibit 37: Quarterly Wages Prior to the Start of the UI Claim, REA-Eligible Claimants, Nevada



Note: Reported is the mean quarterly wages earned in the 12 calendar quarters prior to the start of the UI claim.

### Impact Analyses Using Differences in Means

Using the Nevada UI administrative data, we produce the same set of UI receipt measures as those described in the Florida study.<sup>44</sup> Exhibit 38 presents the UI receipt measures for treatment and control group claimants; the right column presents the treatment-control difference in each outcome. As shown, 58.5 percent of REA treatment and 70.7 percent of control group members exhausted regular UI benefits, for a statistically significant difference of 12.2 percentage points. Furthermore, treatment group members were 11.1 percentage points less likely than their peers to receive EUC benefits. These differentials provide preliminary evidence that the Nevada REA program was very effective in reducing the likelihood claimants would exhaust regular UI benefits and start receiving EUC benefits.

Exhibit 38 also reports the number of UI weeks and benefit amounts received by claimants under regular UI and under EUC. REA treatment group members received on average 16.6 weeks of regular UI, 10.3 weeks of EUC, and 26.9 weeks of total benefits; these figures were significantly lower than the control group figures. As a result, treatment group members received significantly lower benefit amounts than their peers: \$547 less in regular benefits, \$425 less in EUC benefits, and \$972 less in total benefits. These results provide preliminary evidence that the Nevada REA program was effective in assisting claimants to exit the UI program earlier than they would have in the absence of the program, thus receiving lower benefit amounts.

<sup>44</sup> Since claimant wage records following the start of their UI claim were not available, we are unable to assess program effectiveness on claimant wage outcomes.

### Exhibit 38: Unemployment Insurance Receipt, REA-Eligible Claimants, Nevada

	REA Treatment Group	Control Group	Difference
Exhausted Regular UI Benefits	.585 (.493)	.707 (.455)	-.122 [.007]***
Received EUC Benefits	.482 (.500)	.593 (.491)	-.111 [.007]***
Weeks on UI			
Regular	16.6 (8.5)	18.7 (7.9)	-2.1 [.1]***
EUC	10.3 (12.8)	12.1 (12.2)	-1.8 [.2]***
Total (Regular + EUC)	26.9 (18.7)	30.8 (17.2)	-3.9 [.3]***
UI Benefits Received (in USD)			
Regular	5,195 (3,461)	5,742 (3,425)	-547 [57]***
EUC	3,131 (4,087)	3,556 (3,752)	-425 [58]***
Total (Regular + EUC)	8,326 (6,740)	9,298 (6,324)	-972 [97]***

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: \*\*\* = 1 percent).

### Impact Analyses Using Regression Models

To further assess the Nevada REA program impacts, we estimate multivariate regression models that control for all available claimant characteristics, as reported in Exhibits 35, 36, and 37. The regression model takes the same form as the one described in Section 1. The model is estimated for each available outcome and the regression-adjusted treatment effects are reported in Exhibit 39.

As shown in Exhibit 39, REA led to a 10.4 percentage point reduction in the likelihood of exhausting regular UI benefits – an impact that is statistically significant at the 1 percent level. This corresponds to a 15 percent decrease in the likelihood of exhausting regular UI benefits relative to the control group mean.<sup>45</sup> Due to this effect, REA claimants were 9.0 percentage points less likely than their control group peers to receive at least some EUC benefits.

<sup>45</sup> This is calculated by dividing the effect (-.104) by the control group mean reported in Exhibit 38 (.707).

**Exhibit 39: Regression-Adjusted REA Treatment Effects,  
Unemployment Insurance Receipt, Nevada**

	REA Treatment Effect	REA Percent Impact
Exhausted Regular UI Benefits	-.104 (.007)***	-15%
Received EUC Benefits	-.090 (.006)***	-15%
Weeks on UI		
Regular	-1.80 (.12)***	-10%
EUC	-1.16 (.19)***	-10%
Total	-2.96 (.27)***	-10%
UI Benefits Received (in USD)		
Regular	-526 (38)***	-9%
EUC	-279 (57)***	-8%
Total	-805 (84)***	-9%

Note: The left column reports regression-adjusted treatment effects for REA treatment group members with standard errors in parenthesis; the right column reports the REA impact, where statistically significant, as a percent of the control group mean. Control variables included in the regressions but not reported: gender, race, ethnicity, education, age, occupation group, citizenship, veteran, disabled, maximum benefit amount, weeks of eligibility, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim. Statistical significance level: \*\*\* = 1 percent.

Due to the program's large impacts on regular UI exhaustion and on EUC benefit receipt, there were significant impacts on the number of UI weeks and on the benefit amounts received. As shown in Exhibit 39, the REA program reduced regular UI duration by 1.80 weeks (10 percent) and EUC duration by 1.16 weeks (10 percent). Overall, the program led to a 2.96-week reduction in claimant UI duration (regular UI plus EUC). As a result, REA treatment group members received \$805 (9 percent) less in benefits than their control group peers.

### Summary of the Results

Our impact analyses results show that the Nevada REA program was effective in assisting claimants to exit the UI program earlier than they would have in the absence of the program. REA claimants were significantly less likely than their peers to exhaust regular UI benefits and start receiving EUC benefits. These effects led to a significant reduction in claimant UI duration (2.96 weeks) and in the total benefit amounts received (\$805).



Using the total REA funding provided by the federal government to Nevada during the study period, we find that the average REA cost per treatment group claimant was \$53.<sup>46</sup> Similarly, using the ARRA funding provided to support the Nevada RES program during the study period, we estimate that the average RES cost per treatment group claimant was \$148.<sup>47</sup> These figures show that the combined average costs for providing REA and RES services in Nevada was \$201 per REA treatment group member. Thus, the average UI regular savings (\$526) produced by the Nevada REA program during the study period was more than two times the average cost and the average total UI savings (\$805) was four times the average cost. Based on these results, we conclude that Nevada's REA program, which combined REA and RES services, was a cost-effective investment for the Federal government.

## 5. Summary of State Impact Estimates

We estimated REA program impacts using administrative data from Florida, Idaho, Illinois, and Nevada. The results provide evidence that, with the exception of Illinois, the REA program was effective in facilitating the exit of UI recipients from the UI system, reducing UI benefit payments, and assisting UI recipients to achieve improved employment outcomes. It is interesting to note that the four states used different approaches in implementing the REA program:

- Florida randomly assigned REA-eligible claimants to the REA treatment group and to a control group. Claimants assigned to the treatment group were required to attend an in-person REA interview where claimants were often referred to reemployment services and training provided through other programs such as WIA.
- Idaho had a two-step process for assigning claimants to REA. First, Idaho randomly assigned about three quarters of REA-eligible claimants to the REA treatment group and the remainder to a control group. The treatment group was required to complete an online REA questionnaire designed to collect information on their job search activities. A stop payment order was issued for those who did not complete the questionnaire. Among those who completed the online REA questionnaire, about one quarter were randomly selected to receive an in-person REA interview and services.
- Illinois' REA program operated in only 5 One-Stop Career Centers during the study period and only targeted claimants possessing a high demand skill. Illinois used a random assignment process to assign nearly three quarters of claimants into the treatment group. Treatment group members were required to attend an in-person REA interview.
- Nevada randomly assigned about one sixth of REA-eligible claimants to the REA treatment group; the remainder was assigned to a control group. Treatment group members were required to attend an in-person REA interview. Failure to attend the REA interview was grounds

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<sup>46</sup> Number of REAs for 2009 was provided by the Nevada Department of Employment, Training, and Rehabilitation; the total Nevada REA grant amount for 2009 was provided by the U.S. Department of Labor, Employment and Training Administration. The average REA cost assumes that the entire Nevada REA program cost is reflected in the Federal grant.

<sup>47</sup> Number of REAs for 2009 and the ARRA RES funding were provided by Nevada Department of Employment, Training, and Rehabilitation.

for immediate disqualification and stopping payment of UI benefits. Also, during the REA interview, the interviewer, who was also funded by RES, typically provided reemployment services during the same session.

These variations in program implementation design and approach may explain some of the impact variation observed across the study states. The impact estimate results are presented in Exhibit 40.

**Exhibit 40: Summary of REA Treatment Effects**

	Florida	Idaho	Illinois	Nevada
<b>REA-Eligible Participants (% assigned in the treatment)</b>	<b>80,531 (48%)</b>	<b>18,156 (79%)</b>	<b>3,112 (70%)</b>	<b>32,751 (16%)</b>
<b>REA Treatment Group</b>	<b>REA Services</b>	<b>REA Letter</b>	<b>REA Services</b>	<b>REA &amp; RES Services</b>
<b>Cost per REA Treatment Group Member†</b>	<b>\$54</b>	<b>\$12</b>	<b>\$134</b>	<b>\$201 (\$53 REA)</b>
Exhausted Regular UI Benefits	-.034 (.006)***	-.032 (.009)***	-.011 (.019)	-.104 (.007)***
Received EUC Benefits	-.033 (.005)***	-.031 (.009)***	.015 (.020)	-.090 (.006)***
Weeks on UI				
Regular	-.43 (.07)***	-.45 (.09)***	-.83 (.54)	-1.80 (.12)***
EUC	-1.25 (.21)***	-.70 (.23)***	.41 (.55)	-1.16 (.19)***
Total	-1.74 (.28)***	-1.14 (.28)***	-.41 (.80)	-2.96 (.27)***
UI Benefits Received (in \$)				
Regular	-101 (20)***	-97 (24)***	-148 (114)	-526 (38)***
EUC	-294 (52)***	-165 (63)***	247 (158)	-279 (57)***
Total	-395 (67)***	-262 (77)***	99 (248)	-805 (84)***

Note: Reported are regression-adjusted treatment effects for REA treatment group with standard errors in parenthesis. Statistical significance level: \*\*\* = 1 percent. †= average REA cost per participant in Florida, Idaho, and Illinois; average REA cost (\$53) plus average RES cost (\$148) per participant in Nevada. Idaho cost is an overall average including both those claimants who received an online REA only and those that received both the online REA and further REA services.

These impact estimates in Exhibit 34 show that the REA program was effective in assisting claimants to exit the UI program and avoid exhausting regular UI benefits in all states except Illinois. By avoiding UI benefit exhaustion, the program led to reductions in the likelihood of receiving EUC benefits in Florida, Idaho, and Nevada. The combined impacts of reducing program exhaustion and receipt of EUC benefits, led to significantly shorter UI durations and lower benefit amounts in these three states. Furthermore,

the reductions in benefits substantially exceeded the per-participant REA cost, which is strong evidence that the REA program was a cost-effective program in Florida, Idaho, and Nevada.

The lack of statistically significant impacts in Illinois may be attributed to a number of factors, including the fact that the program was suspended in December 2008 and restarted in June 2009, which was just prior to the start of the study period. In addition, Illinois implemented the program only in 5 sites during the study period; as a result, there were small sample sizes (only 3,112 eligible claimants compared to at least 18,156 in the other three states). Finally, the Illinois program only targeted eligible claimants who worked in industries with high demand skills; in the other three states, REA targeted all eligible claimants, regardless of their industry.

A key finding of our analysis is the substantially larger impacts in Nevada relative to the other study states. For example, REA reduced the likelihood of exhausting benefits by 10.4 percentage points in Nevada relative to approximately three percentage points in the other states. As a result, the Nevada REA program led to substantially greater reductions in UI duration (2.96 weeks) and UI benefits received (\$805) than in the other REA programs.

The disparities in program effectiveness may be attributed to the fact that Nevada REA treatment group members were required to receive both REA services and RES services. Furthermore, these services were provided seamlessly by the same staff member. In Florida and Illinois, REA treatment group members were required to receive REA services but were not required to receive reemployment assistance. In Idaho, treatment group members were required to complete the online REA; only about a quarter of them were required to receive REA services, while there was no reemployment services requirement. It appears likely that Nevada's combination of REA services with reemployment assistance was much more effective in reducing UI duration and producing UI savings.

## CHAPTER VI: CONCLUSION

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In 2005, US DOL awarded \$18 million in grants to 21 State Workforce Agencies to implement the REA initiative. Since 2005, funding for the REA initiative has increased to \$50 million in 2010 and the program is currently operating in 40 states. States that receive REA grants are required to assign a portion of their UI beneficiaries to attend one-on-one interviews in person, which includes a review of ongoing UI eligibility, provision of current labor market information, development of a reemployment plan, and referral to reemployment services and/or training, as needed. This program is designed to ensure that claimants meet all eligibility provisions of their state and that claimants are referred to reemployment services (i.e., job search assistance and placement services) so they may return to the labor market as quickly as possible.

To help evaluate the effectiveness of the program states randomly assign a fraction of REA-eligible claimants to a treatment group and a fraction to a control group. Treatment group members are required to attend an in-person REA interview and control group members are not required to do so. States are also required to report to DOL data on the implementation of the program (e.g., number of REA interviews) and on the outcomes of the program (e.g., UI duration for the two groups).

IMPAQ International staff conducted a series of state visits to observe program implementation during 2009-2011. Based on these visits, we found consistency in program design and implementation; we also found some variation. For example, we found that all states randomly assign REA-eligible claimants to a treatment or to a control group and all states conduct in-person REA interviews. Some states, however, target claimants who are most likely to exhaust UI benefits; other states target claimants who have skills in high demand occupations. Some states allowed claimants to reschedule a missed REA interview; other states suspended UI benefits immediately as a result of a missed REA interview.

The results of a rigorous experimental design impact evaluation revealed that REA was effective in three of the four study states (Florida, Idaho, and Nevada).<sup>48</sup> In these states, REA assisted claimants to exit the UI program sooner than they would have otherwise. The impact evaluation also showed that the REA program helped claimants to avoid exhausting regular UI benefits, which led to reductions in the likelihood of receiving EUC benefits. The combined impacts of reducing program exhaustion and receipt of EUC benefits led to significantly shorter UI durations and lower benefit amounts. Furthermore, the reductions in benefits substantially exceeded the per-participant REA cost in the states. These results provide strong evidence that REA is a cost-effective program.

A key finding of the analysis is the substantially larger impacts found in Nevada relative to the other study states. The strong Nevada results may be attributed to the fact that REA treatment group members in Nevada received a combination of REA and RES seamlessly. The Nevada results suggest that the combination of REA and RES services may be more effective than either of these services alone.

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<sup>48</sup> In Illinois, the program was not effective due to a number of factors described in the report.

Based on the impact analyses presented in this report, we conclude that the REA program is an effective strategy for facilitating the exit of UI claimants from the UI program and for producing savings. We also conclude that the significant savings produced by the REA program make it a viable government investment, particularly during periods of high unemployment when claimants are eligible for extended periods of benefits. Finally, it appears likely that combining REA services with reemployment assistance into a seamless delivery system, similar to the Nevada system, may achieve greater impacts than providing REA services alone.