TRAINING AND EMPLOYMENT NOTICE	NO. 42-11
	DATE May 7, 2012

TO: AFFILIATE ONE-STOPS
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FROM: JANE OATES
Assistant Secretary

SUBJECT: Release and Availability of Employment and Training Administration (ETA) Reports: *Impact of the Reemployment and Eligibility Assessment (REA) Initiative; Department of Labor Report to Congress on FY 2009 Appropriation for Reemployment and Eligibility Assessments*; and *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada*

1. Purpose. To announce the release and availability of three ETA reports: *Impact of the Reemployment and Eligibility Assessment (REA) Initiative; Department of Labor Report to Congress on FY 2009 Appropriation for Reemployment and Eligibility Assessments;* and *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada.*

2. Background. 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 Unemployment Insurance (UI) claimants. As a result, in March 2005 ETA funded a series of grants to State Workforce Agencies to provide REAs to individuals claiming UI benefits. This program is designed to assist UI claimants in developing a reemployment plan, provide them with labor market information and referrals to reemployment services and training, and assess 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.

Title I of the Omnibus Appropriations Act, 2009, Public Law 111-8, Division F, State Unemployment Insurance and Employment Service Operations (the statute which appropriated funds for the REA grants), stated in part that "not later than June 30, 2011, the Secretary of Labor shall submit to the Congress a final report containing comprehensive information on the

estimated savings that result from the assessments of claimants and identification of best practices."

3. <u>Publication Descriptions</u>. In late 2008, ETA enlisted IMPAQ International (IMPAQ) to study the effectiveness of REAs in achieving the program's goals of reducing UI duration and increasing reemployment of UI claimants.

Impact of the Reemployment and Eligibility Assessment (REA) Initiative
The first 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[1] 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.[2]

The first evaluation addresses the following 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?

Department of Labor Report to Congress on FY 2009 Appropriation for Reemployment and Eligibility Assessments
This report was prepared by ETA and summarizes the report described above. Both the first evaluation and this document were transmitted to Congress on June 30, 2011.

Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada
To further explore the finding that it appears likely that Nevada's strong combination of REA services with reemployment services led to the greater program impacts, IMPAQ was tasked with focusing new analysis on Nevada. Additionally, this second study focused on whether REA led to UI Trust Fund savings and whether those savings exceeded REA program costs.

4. <u>Key Research Findings</u>. Highlights of key findings from the two evaluation reports include the following:

Impact of the Reemployment and Eligibility Assessment (REA) Initiative
Key conclusions from the analysis of the selected states indicate:

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1 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.

2 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.

- The analysis of REA program impacts shows that the REA program was generally effective in assisting claimants to exit the UI program and avoid exhausting regular UI benefits.

- By avoiding UI benefit exhaustion, the program led to reductions in the likelihood of receiving extended unemployment compensation (EUC) benefits. The combined impacts of reducing program exhaustion and receipt of EUC benefits led to significantly shorter UI durations and lower benefit amounts.

- There were substantially larger impacts for reducing UI duration and assisting UI claimants in returning to productive employment more rapidly in Nevada relative to the other study states. It appears likely that Nevada's combination of REA and reemployment services led to the greater program impacts.

- Based on the impact analyses presented in the report, the REA programs are an effective strategy for facilitating the exit of UI claimants from the UI program and for producing savings. 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 in a seamless delivery system may achieve greater impacts than providing REA services alone.

Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada
This follow up study basically reaffirmed and emphasized the findings of the first study.

- The Nevada REA program led to significantly shorter UI durations and lower benefit amounts.

- Benefit savings exceeded program costs by more than four times, providing strong evidence that the Nevada REA program is a cost-effective intervention.

- Nevada REA helped claimants obtain employment significantly earlier than they would have in the absence of the program.

5. Inquiries. To view an abstract of these publications, as well as to download the executive summaries and full report, visit the ETA Research Publication Database Web site at: http://wdr.doleta.gov/research/keyword.cfm.