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EXECUTIVE SUMMARY

INTRODUCTION

In 1993, Congress enacted Public Law 103-152, which amended the Social Security Act by requiring states to establish a system of profiling new UI claimants that:

- Identifies which claimants are likely to exhaust UI benefits and, therefore, need job search assistance to successfully transition to new employment.
- Refers such claimants to reemployment services in a timely manner.
- Collects follow-up information relating to reemployment services received by such claimants and the employment outcomes subsequent to receiving such services.

The law also requires claimants referred to reemployment services to participate in those or similar services as a condition of eligibility for UI unless the claimant has already completed services or has “justifiable cause” for not participating.

Public Law 103-152 also called for the Secretary of Labor to report to Congress on the operation and effectiveness of the UI profiling systems and requirements for participation in reemployment services under the law. This report provides Congress and DOL with the required feedback about the implementation and operation of WPRS systems nationwide and the effectiveness of such systems in six early implementation states. The specific goals of this report are to:

- Describe the ways that all states have implemented WPRS systems, including:
 - Coordination among partnering agencies.
 - Identification and selection of claimants at risk of benefit exhaustion.
 - Providing reemployment services.
 - Obtaining feedback about the extent that profiled and referred claimants meet their participation requirements.
 - Identifying different strategies for implementing and operating WPRS systems that may influence the effectiveness of WPRS systems.

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- Determine the effectiveness of early WPRS systems within the five states that received prototype funding and a sixth test state that implemented WPRS early. Specifically, we report on the effectiveness of WPRS in:
 - Increasing receipt of reemployment services among those likely to exhaust their UI benefits.
 - Providing early intervention by referring claimants to services early in their period of unemployment.
 - Reducing receipt of UI and the extent that UI benefits are exhausted.
 - Increasing subsequent employment and earnings of UI claimants.
- Provide recommendations to enhance the ability of WPRS systems to meet the goals of the WPRS legislation.

This report is based on data from two primary sources: a survey of all state administrators about the implementation and operations of WPRS systems, and claimant-level data from the prototype and test states for early WPRS claimants and for a comparable group of claimants who were not referred to WPRS services.

IMPLEMENTATION AND OPERATIONS OF WPRS SYSTEMS

The results of the state administrator survey indicate that states, by and large, have met the legislated requirements for implementing WPRS systems and have generally followed ETA guidance as well.

Identification and Selection of UI Claimants

All states have implemented a system to identify claimants at risk of exhausting their benefits, although the sophistication of those procedures vary. All states implemented a two-step profiling process. First, all states screened out claimants on recall status and those attached to union hiring halls, as required in ETA guidance. States also frequently screened out claimants working in seasonal industries, who may also be expected to be recalled. Although ETA required that states include interstate claimants in profiling, at the time of the survey ETA had not yet developed ways to handle interstate claimants. As a result, the large majority of states screened out interstate claimants as well.

Second, all states then used a further profiling method to identify claimants who had a high probability of exhausting their benefits. About 80% of the states developed a statistical model to identify claimants at risk of exhausting their benefits. The remaining 20% of the states used a characteristics screen. These latter states were predominately states that had just begun implementing WPRS and may have lacked the needed historical data for model development. As required by ETA, virtually all states included industry or occupation in their profiling

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methods, although the ways that states identified declining industries or occupations varied considerably. Nearly half of the states also included measures of claimants' previous earnings or benefit entitlements in their profiling models or screens. Although these characteristics were not included in the National Model, these states have found they are strongly related to claimants' rates of UI exhaustion.

ETA guidance indicated that states should develop policies to match the capacity for service to the number of claimants who are referred to service. Across states, the percentage of profiled claimants who were not screened out and were referred to services varied widely, from a low of 1% to a high of 100%. Most states deferred to local offices' decisions about the number to be served in each office.

Although states using a profiling model intended to refer claimants with the highest probability of UI exhaustion to services, this did not always occur for several reasons. First, about a third of the states did not have the flexibility to change the number referred to each office based on need. In these cases, areas with relatively low levels of dislocation served claimants with relatively low probabilities of exhaustion while areas with larger dislocations served only those with the highest probabilities of exhaustion.

Second, some states allowed local areas to select claimants to be served from a list (for example, a list of 30 claimants with the highest scores). Not all local areas gave priority to those with the highest probability of exhaustion. Finally, one state made an error (now corrected) in processing its data and actually referred those with the lowest probability of exhaustion to services.

Generally, the goal of early intervention was being met. Almost all states profiled claimants within two weeks of their initial claim, notified claimants promptly, and required them to report to services soon after notification.

Reemployment Services

The legislation authorizing WPRS allows a wide range of reemployment services within WPRS.

Three-quarters of the states established specific requirements for a core set of mandatory services to be provided to WPRS claimants, although the content of those services was more often left to local discretion. Virtually all states required an orientation—typically an hour or less—to explain WPRS services and claimants' responsibilities to participate.

More than half of the states required claimants to attend a group workshop providing reemployment services. When provided, workshops were usually brief: the large majority lasted four hours or less. Over 80% of the states required all profiled and referred claimants to meet one-on-one with an employment counselor, usually for one hour, to assess claimants' interests and abilities and develop employment plans.

In about one-third of the states, almost no claimants were required to participate in any services beyond these mandatory core services. In contrast, in 45% of the states more than half of WPRS claimants were required to participate in additional services, as specified in their service plan.

These latter states were more in conformance with ETA's "basic operational concept" of customized services based on each claimant's need.

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The customer satisfaction survey conducted for the Interim Report found that customers were far more satisfied with WPRS services when they received more services and services of longer duration. The length and number of services required of WPRS claimants varied widely across states. For example, although on average states required about 10 hours of service, nearly 20% of the states required WPRS claimants to participate in services lasting four hours or less while about 15% required services lasting 20 or more hours.

About 25% of the states required both a relatively large number of services (i.e., 7 or more) and relatively long services (i.e., more than 10 hours). Another 30% followed a different strategy.

These states did not require substantial services but made available a large number of reemployment services and extensive resource centers in which WPRS claimants could participate voluntarily. The remaining states, however, neither required nor made available extensive services for WPRS claimants.

Tracking WPRS Claimants' Progress in Services

To ensure that profiled and referred claimants report to services and participate satisfactorily, WPRS service providers must provide UI with accurate and timely feedback. Virtually all states had developed an automated data system to track WPRS claimants' progress in services. Only half of the states, however, automated WPRS claimants' service plans so that their progress could be automatically determined. In the remainder of the states, staff needed to manually check that claimants were participating in the services called for in their service plans.

About one-half of the states developed new data systems specifically for WPRS. Most of the remainder modified their existing systems, predominately their ES systems, to track WPRS claimants' progress. The sophistication of these data systems varied, however. In many cases the UI and service providers' or WPRS systems were not linked electronically. As a result, data often had to be entered twice, and paper reports were needed to communicate about WPRS participants.

UI administrators reported that developing a system to track claimants' progress was one of the most difficult WPRS-related tasks. It is clear that further automation of claimant tracking processes, especially automated service plans, could make these processes more efficient.

Determinations and Denials

Because participation in WPRS services is a condition of continued UI eligibility, states needed to develop policies about how and when WPRS claimants would be denied benefits for failure to cooperate with the WPRS requirements.

The denial of UI benefits based on WPRS requirements varied among states. About one-third of the states initiated the process to deny benefits when a claimant missed a scheduled meeting while the other states gave claimants a warning and a chance to reschedule. About one-quarter of the states included an indicator of required services in the claimant's record and automatically initiated the denial process when participation was not documented. The other states assumed that claimants were participating satisfactorily unless notified to the contrary by providers. When claimants were denied benefits, about half the states denied benefits until the problem had been corrected while the other states denied benefits for only one week.

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The most common reason that WPRS claimants were denied benefits was failure to report to orientation; denials for claimants failing to make satisfactory progress in the services required in their service plans were less common. Because the excuses claimants gave for missing services often indicated that claimants were not able and available for work, about 20% of denials were made for this reason.

Tracking Outcomes

The legislation requires that states track the outcomes achieved by WPRS claimants. Only one-half of the states collected information on outcomes for WPRS claimants at the time of the survey, and these states varied considerably in the types of outcomes they measured.

Among states collecting information on outcomes, virtually all used their service providers' measures of whether claimants received employment after services. About 70% of these collected data on WPRS claimants' subsequent employment and earnings from UI wage records. Over 40% of UI administrators reported that identifying appropriate outcomes or developing a system to track outcomes was a very or extremely difficult task.

Technical Assistance

The WPRS legislation requires the Secretary of Labor to provide technical assistance and advice to states in implementing WPRS systems, particularly in the development of profiling methods.

About 70% of the states reported that they received technical assistance. Virtually all of these states received assistance in developing a profiling model; one-quarter also received assistance in developing their data systems. Generally states were very satisfied with this assistance: over 40% reported that the technical assistance was extremely helpful and another 40% reported that it was very helpful.

Coordination

In many states UI, ES and EDWAA coordinated extensively in WPRS-related activities. In 65% of the states, ES and UI shared leadership in at least one of the three major WPRS tasks:

developing of profiling methods, developing WPRS services, and developing WPRS data systems. In 25% of the states, UI and ES divided responsibility for WPRS tasks, typically with ES leading the development of services and data systems, and UI leading the development of profiling methods. In the remaining states, a single agency led all WPRS tasks, usually the ES.

In 60% of the states, EDWAA was also substantially involved in at least one major WPRS task, almost always in conjunction with ES. In the remaining states, however, EDWAA was at most only somewhat involved in any WPRS task.

Funding of WPRS

UI funds accounted for over 45% of the WPRS funding in FY 95; most UI funding came from implementation grants that ETA awarded to help states cover the costs of implementing WPRS systems—such as developing profiling models and tracking systems.

EDWAA funding nearly equaled UI funding; most of the EDWAA funds came from Governor's Reserve funds, although supplemental EDWAA grants for WPRS implementation accounted for about 10% of WPRS funding. Because UI implementation grants were one-time grants,

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EDWAA Governor's Reserve funds will likely be the primary source of WPRS funding in the future.

Less than 15% of WPRS funding came from ES sources, despite the fact that ES was the major provider of WPRS services and many local offices have dedicated specific staff to WPRS activities. Although all agencies found arranging for funding a challenge, over 45% of ES administrators reported that arranging for adequate funding for WPRS was a very or extremely difficult task.

Opinions about WPRS Systems

Overall state administrators were very supportive of the WPRS approach. About two-thirds of all administrators felt that WPRS met its goal of reducing the length of UI receipt among profiled and referred claimants. Most felt that the mandatory nature of services was justified; however, about one-half expressed some concern that many profiled and referred claimants may not need WPRS services.

Administrators indicated that WPRS had other benefits, including improving coordination among their agencies overall. Most felt that WPRS improved services for all job seekers, not just WPRS claimants.

PRELIMINARY OUTCOMES OF WPRS

Our design for evaluating the impacts of the WPRS systems is based on comparing the outcomes for claimants referred to services with the outcomes for a comparison group of claimants who passed the initial WPRS screens but were not referred to services. Our expectation was that local constraints on service capacity in the WPRS states would imply that many claimants with similar probabilities of benefit exhaustion would not be referred to services.

Issues Estimating the Impacts of WPRS

We generated estimates of the impacts of WPRS for five of the early implementation states: Delaware, Kentucky, Maryland, New Jersey, and Oregon. For two of these states, Maryland and Oregon, we encountered data problems that made it difficult to generate reliable estimates despite developing multiple estimates for both states. We, therefore, tended to discount the findings from these two states and have included the results for these states in an appendix. In our interpretation of the findings, we placed the greatest emphasis on the estimates for Delaware, Kentucky, and New Jersey.

Impacts on Outcomes

Estimates based on the early implementation states provide reasonably strong evidence that WPRS, as it was implemented in these states, significantly reduced UI receipt. For two of the three states that appeared to have the most accurate data (Kentucky and New Jersey), WPRS reduced benefit receipt by slightly more than half a week per claimant, which translates into a UI savings of about \$100 per claimant. In New Jersey, WPRS also significantly reduced the proportion of UI benefit entitlement received by about 2 percentage points and the rate of UI benefit exhaustion by more than 4 percentage points. In contrast, corresponding estimates in

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Kentucky were smaller and not statistically significant. For the third state with reliable data (Delaware), the estimated impacts on UI receipt were not significant, primarily because the relatively small sample size prevented us from generating precise estimates for this state. The evidence with respect to increased employment and earnings was more limited. We found evidence that WPRS increased employment and earnings only in New Jersey. In this state, WPRS increased the employment rates in the first two quarters after the initial claim by about 1 percentage point. The estimated increase in earnings due to WPRS was equal to \$190 in the first quarter after the initial claim and \$225 in the following quarter. The estimates for the other states tended to be small and not statistically significant. For Delaware, this finding is not surprising, since we also found no significant reductions in UI receipt in this state. But the lack of significant employment and earnings impacts holds even in Kentucky, where we found significant impacts on UI outcomes.

Impacts on Services

Overall, WPRS claimants received substantially more services than comparable claimants not referred to WPRS. In Delaware and New Jersey, WPRS claimants were over 40 percentage points more likely to receive at least one service and to receive between 1.2 and 1.3 more types of services.

WPRS claimants were much more likely to receive assessment services in all states, which likely reflects DOL's guidance that assessment should be provided. The impacts on the other specific services tend to reflect each state's service design. For example, in Delaware, WPRS claimants were much more likely than are other claimants to receive job placement and referrals, while New Jersey's WPRS claimants were nearly 44 percentage points more likely to receive job search workshops than were other claimants.

WPRS claimants were significantly more likely than others to be enrolled in EDWAA although the impacts varied substantially among states, perhaps reflecting the EDWAA's varying role in the WPRS system. For example, the largest impact, almost 20 percentage points, occurred in New Jersey, where WPRS is almost entirely supported through EDWAA funds. Although WPRS had significant impacts on enrollment in EDWAA training, these impacts tended to be small. Only in Delaware did WPRS increase referred claimants probability of enrolling in training by more than one percentage point.

Finally, we found evidence that the program in some early implementation states met the goal of changing the timing of services to dislocated workers so that they receive services earlier in their unemployment spells. The reductions in time to first service were largest in states with longer average periods between claim date and the date of the first service.

RECOMMENDATIONS

On the basis of the results of this study, we make the following recommendations to improve the implementation and impact of WPRS services:

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Improving Profiling and Referral to Services

- Both states and ETA should provide greater oversight and ongoing monitoring of profiling and referral practices to ensure that they are being carried out as intended so that claimants with the highest probability of exhausting their UI benefits are given priority for services. This includes ensuring that capacity to serve claimants matches the demand for services and that local areas select claimants with the highest probability of exhaustion from among those awaiting referral to services.

Improving WPRS Services

- ETA should provide more technical assistance to states in developing more intensive, in-depth services that are customized to the needs of individual claimants.
- In turn, states should provide more guidance and assistance to local areas about services for WPRS claimants.

Improving Data Systems to Track Progress in Services and Outcomes

- ETA should provide further assistance to states to help them develop more automated data systems that could make the WPRS tracking process more efficient and more accurate.
- ETA should provide substantial technical assistance to help states establish an outcome reporting systems so that states can meet their legislated requirements.
- ETA should establish uniform definitions of when claimants are to be considered referred to services, so that the outcome data will be comparable across states.

Improving Coordination Among Agencies

- In some states, EDWAA Governor's Reserve funds will likely become the major source for WPRS funding. These states should make a greater effort to improve coordination with EDWAA. Such cooperation not only may increase the menu of services available to WPRS claimants, but will also better align the major source of WPRS funding with EDWAA agencies' involvement in and "ownership" of the WPRS system.