

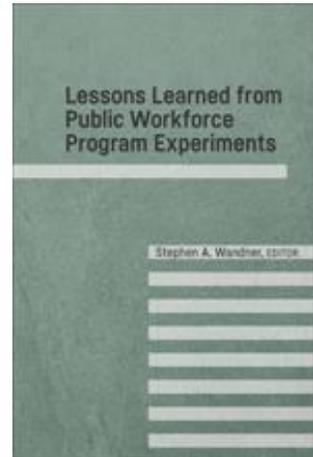
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# Experimental Evaluations and the Evolution of the Reemployment and Eligibility Assessment Program

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## Chapter 4

# Experimental Evaluations and the Evolution of the Reemployment and Eligibility Assessment Program

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**I**n 2005, the U.S. Department of Labor (USDOL) introduced the Reemployment and Eligibility Assessment (REA) Initiative, which provides grants to state workforce agencies to design and implement a new program to assist individuals claiming unemployment insurance (UI) benefits. The initiative began with \$18 million in grants, which were distributed to 21 states and territories in Fiscal Year (FY) 2005. Since then, the REA program has grown to 44 states and an appropriation of \$80 million in FY 2015.

In FY 2016, the Obama administration proposed an increase in funding of approximately \$100 million to fund a combined Reemployment and Eligibility Assessment and Reemployment Services (REA/RES) program. If it is approved by the new administration, the proposed funding of \$181 million would support an integrated approach for assisting unemployed workers to return to work more rapidly, thus reducing costs to the UI Trust Fund. The proposed budget request would provide funding for all states to serve the unemployed based on their projected number of targeted UI beneficiaries.

This chapter describes the evolution of the REA Initiative from a small experimental program designed to reduce UI expenditures to a permanent program that combines in-person eligibility reviews with reemployment services. The chapter begins with a description of the background of the conditions that led to the introduction of REA, fol-

lowed by a summary of prior research on the effectiveness of UI work search requirements and reemployment services. Next, the chapter presents the early history of the REA Initiative, its implementation, and the early research on the impact of REA. Finally, the chapter reviews the administration's new proposal for combining REA and RES and concludes with observations on the future of REA/RES.

## **BACKGROUND**

The Social Security Act of 1935 and the Federal Unemployment Tax Act of 1939 established the current federal-state system for providing temporary and partial wage replacement benefits for covered and eligible unemployed workers. Since then, the unemployment insurance system has evolved dramatically as the number of beneficiaries has grown over time and as new technologies for administering the program have been developed and implemented.

In the early years of the UI program, unemployed individuals were required to apply for unemployment benefits in person. In recent years, states have modernized and automated the procedures for applying for and receiving UI benefits. In 2005, for example, 44 states accepted initial claims for unemployment insurance by telephone or the Internet (GAO 2005). Today, only three states (Arkansas, Vermont, and West Virginia) do not accept initial UI applications filed on the Internet. All other states accept initial and continuing claims remotely. As a result, in many states it is currently possible for a claimant to file an initial claim and continue to claim benefits without speaking to anyone in person.

## **AUTOMATION AND DECLINE IN FUNDING FOR ADMINISTRATION OF UI**

The secretary of labor is charged with providing funds to states for “proper and efficient administration” of state UI programs. These administrative funds are used by states to ensure that claimants are “monetarily” and “nonmonetarily” eligible to receive UI benefits and to refer beneficiaries to job search assistance provided at American Job Centers (formerly known as One-Stop Career Centers).

While past research has shown that connecting UI claimants with job opportunities early in their unemployment spell is highly effective in promoting reemployment, a number of factors in the 1990s led to a growing disconnect between the UI benefits program and the reemployment services programs. One source of this disconnect was the elimination of in-person applications for UI benefits. That is, in the early days of the UI program, claimants had to come to a local office to apply for benefits. The advent of telephone call centers in the 1990s and the introduction of Internet applications eliminated the need and opportunities for claimants to have any in-person interactions with a claims taker or job placement counselor.

Another source of disconnect between the UI benefits and reemployment services programs has been the gradual reduction in the use of the Eligibility Review Program (ERP) since the 1980s. Under the ERP, UI beneficiaries were required to report that they remained eligible and were continuing to search for work. Over time, the use of ERPs declined—further disconnecting the UI program from opportunities to connect unemployed individuals to employment services.

In tandem with the increase in automation and the decline in the use of ERPs, funding for administering the UI system declined in real terms. Today, funding for administering the UI system (in constant terms) is lower than it was in the 1980s. With insufficient funds for the “proper and efficient administration” of state UI programs, the federal government has often provided supplemental funding for

administering the UI program through various mechanisms, including grants for information technology modernization. The introduction of the REA Initiative in 2005 may be viewed as a mechanism for enhancing funding for UI administration by supporting activities to enhance the integrity of UI payments. That is, by providing states with REA grants, the federal government was providing funds for conducting eligibility reviews, which had declined in previous years because of budget constraints.

## **PRIOR RESEARCH ON UI WORK SEARCH REQUIREMENTS**

There is a rich literature on the effectiveness of UI work search requirements, employment services, and the combination of work search and employment services. For a complete review of this literature, see Wandner (2010). Below, we summarize some of the key studies that evaluated the effectiveness of alternative work search requirements.

One of the earliest studies to investigate the work search requirement was the Charleston Claimant Placement and Work Test Demonstration (Corson, Long, and Nicholson 1985). This 1983 study randomly assigned UI beneficiaries to three treatment groups: 1) enhanced work test, 2) special employment services, and 3) job search workshop. The enhanced work test group was required to come in to the office to register for work and was subject to termination from UI if its members did not register. The treatment was found to be effective and reduced UI duration by more than a half week of benefits.

The Washington Alternative Work Search Experiment was implemented in 1986 and 1987 in Tacoma, Washington (Johnson and Klepinger 1991). The experiment tested the effect of altering the number of employer contacts required for continuing eligibility. The experiment had three treatment groups: for the first group, the experiment eliminated the reporting of employer contacts; for the second

group, it varied the number of employer contacts over time; and for the third group, it retained the required contacts and added employment services early in the unemployment spell. The main finding of this study was that the elimination of the reporting requirement significantly increased the duration of benefits. Without a need to report employer contacts, beneficiaries collected three weeks' more benefits than those who *were* required to report employer contacts. Thus, the conclusion from this study is that the integrity of the UI system is affected by the work search requirement.

The Maryland UI Work Search Demonstration was conducted in 1994–1995 to test alternative work search requirements (Klepinger et al. 1998). In this experimental design evaluation, UI beneficiaries were randomly assigned to either a control group that continued the normal practice or one of four treatment groups: 1) a group that continued the normally required two employer work-search contacts and offered a job search workshop, 2) a group that increased the required number of employer work search contacts from two to four a week, 3) a group that supplemented the normal two-employer work-search requirement with information about verification of employer contacts, and 4) a group that did not require claimants to document their employer contacts. The evaluation found that offering the job search workshop (Treatment 1) reduced the duration of UI benefits by 0.6 weeks. Increasing the required work search contacts from two to four employer contacts a week (Treatment 2) reduced the duration of UI benefits by 0.7 weeks. Informing claimants that their employer contacts might be verified (Treatment 3) had a similar impact—it reduced the duration of UI benefits by 0.9 weeks. Finally, not requiring claimants to document their employer contacts (Treatment 4) had the opposite impact—it increased the duration of benefits by 0.4 weeks. This last result was confirmed by a similar finding in a study in Northern Ireland (McVicar 2010).

In addition to these studies on the impact of alternative work search requirements, there have been numerous studies to assess the impact of job search assistance and other reemployment services.

These studies—e.g., the National Worker Profiling and Reemployment Services Evaluation (Dickinson et al. 1999), the Kentucky Worker Profiling and Reemployment Services Evaluation (Black et al. 2003), and the Eight State WIA Implementation Study (Barnow and King 2005)—have consistently found significant reductions in the duration of UI benefits when reemployment services are offered. There is, however, substantial variation across these studies resulting from the differences across states in the reemployment services provided.

Currently, USDOL's Chief Evaluation Office is supporting a random-assignment evaluation of REA that is designed to isolate the impact of the two major components of the REA/RES program: 1) the in-person employment eligibility review and 2) reemployment services. This study may shed light on the relative impact of the two major components of the program and the interaction between these components.

## **EARLY HISTORY OF REA INITIATIVE**

The REA Initiative was introduced by USDOL in 2005 as a new approach that combines in-person UI eligibility reviews with the provision of labor market information and referral to reemployment services (USDOL 2005). While the REA Initiative began in 2005, its features are grounded in past research findings and proven methods of administration that have been shown to be efficient and cost effective. Below, we present the precursor programs that helped to shape the 2005 REA features. A complete history of these precursor programs can be found in Wandner (2010).

Beginning in the 1940s, states established rules to require that claimants provide evidence of work search contacts. Furthermore, some states implemented periodic reviews of claimants' work search efforts after a specified number of weeks. By the late 1960s, the periodic review of eligibility was being tested with different combina-

tions of job finding, placement services, and training in a series of research demonstrations. In the 1970s, research findings were incorporated into a national design of the Eligibility Review Program. The purpose of this program was to help states to reestablish sound eligibility review processes in the UI program.

Starting in the early 1990s, states began to implement cost-efficient self-service claims-taking and job-finding-and-placement systems. In the next few years, many states automated their UI systems so that initial and continued claims could be filed through touch-tone telephones or the Internet. Using these automated systems, claimants were able to respond to questions about their job search by pressing or entering “yes” or “no” to standardized questions. This increased automation, together with the relocation of UI staff to call and data centers, has caused some claimants to become detached from the local American Job Centers delivery system.

In the early 2000s, policymakers recognized that greater attention should be directed to the continued eligibility review process and the reemployment needs of UI claimants. As a result, in March 2005, USDOL funded a total of 21 states to provide in-person interviews and other services to individuals claiming UI benefits through the REA program. The early design of REA required states to select a portion of their UI beneficiaries to attend one-on-one interviews in person. These interviews included a review of ongoing UI eligibility, provision of current labor market information, development of a work search plan, and referral to reemployment services and training, as needed.

## **EVALUATIONS OF THE REA INITIATIVE**

Soon after USDOL’s selection of the grantees, IMPAQ International was asked by USDOL to provide grantees with technical assistance. This technical assistance to grantees covered both 1) assistance in the development of rigorous random-assignment procedures for

assigning UI beneficiaries to treatment and control groups and 2) assistance in collecting and reporting accurate information on reemployment. This technical assistance was critical to the early development of the REA Initiative since, initially, USDOL provided only the following five broad guidelines for implementing the REA Initiative (USDOL 2004):

- 1) Funds may be used only for in-person reemployment and eligibility assessments for UI beneficiaries that are conducted in One-Stop facilities.
- 2) Assessments must include labor-market information/work-search plan development/review, referral to employment services and to training when appropriate, and eligibility issue detection and referral to adjudication when appropriate.
- 3) Grantees must agree to participate in a USDOL-funded study of the efficacy of the UI REA Initiative.
- 4) Beneficiaries must report in person to the One-Stop Center within a specified period of time as part of the assessment.
- 5) Assessments were to be conducted only for claimants who did not have a definite return-to-work date.

Within these general parameters, grantees had a great deal of leeway in designing their state REA programs. As a result of this flexibility, the programs varied dramatically across the 21 grantees. For example, some grantees implemented their program statewide, while other grantees implemented their program in selected areas of the state. The greatest variation, however, was in how states selected UI beneficiaries into a treatment group (those who received REA services) and a control group (those who received no REA services). For example, some grantees did not understand the requirement for rigorous random assignment. Others understood the requirement but did not have a computerized random-assignment process and used inappropriate random-assignment procedures. Still others selected

treatment and control groups from different populations, resulting in unequal treatment and control groups. As a result of these difficulties and deficient random-assignment procedures, in some states it was impossible to measure program effectiveness by comparing outcomes of the resulting treatment and control groups.

## **TECHNICAL ASSISTANCE AND EVALUATION OF THE 2005 REA INITIATIVE**

IMPAQ began providing technical assistance to grantees in June 2005. As part of this technical assistance project, IMPAQ analyzed the early implementation of nine states' REA programs. This implementation analysis revealed that, for the most part, the services provided to participants followed the general guidelines established by the Employment and Training Administration. That is, states were successful in conducting in-person REA sessions that combined verification of continued eligibility for UI benefits with referral to reemployment services. However, the analysis also revealed that states had difficulty in complying with the requirements to develop an appropriate methodology for three aspects: 1) selecting treatment and comparison groups, 2) collecting outcomes data for the treatment and comparison groups, and 3) submitting accurate data to USDOL.

IMPAQ's implementation analysis of nine states revealed that several states were not able to accurately implement the required random-assignment procedures. In addition, states had difficulty in collecting and reporting accurate outcome information for the selected treatment and control group members. For example, several states indicated that they would be delayed or entirely unable to submit the two required outcome reports: 1) the ETA 9128 Reemployment and Eligibility Assessment Activities report and 2) the ETA 9129 Reemployment and Eligibility Assessment Outcomes report. As a result of these difficulties, an alternative methodology was developed to assess the early impacts of the REA program.

Since states were unable to provide the required data to assess program impacts, IMPAQ and ETA developed an alternative methodology for assessing the effectiveness of the REA Initiative. Specifically, IMPAQ developed a methodology that used state UI administrative records and follow-up interview data to assess REA effectiveness. This approach was used in evaluating REA effectiveness in two states that had designed and implemented rigorous random-assignment procedures—Minnesota and North Dakota (Benus et al. 2008). We describe these impact assessments below.

Minnesota implemented the REA Initiative in 12 One-Stop Career Centers. Since Wagner-Peyser Act funds were already available to serve claimants whose profiling scores were high (i.e., those in the top third), Minnesota designed its REA Initiative to serve the middle third of profiled claimants. Thus, the Minnesota REA Initiative did not serve claimants who were the most likely to exhaust their UI benefits or the least likely to exhaust UI benefits; rather, the Minnesota program was designed to serve those in the middle.

For this target population, Minnesota designed a rigorous random-assignment process. Individuals were randomly assigned to either a control group (no REA services) or to one of two treatment groups:

- T1: single REA interview group—members were required to attend one in-person interview, or
- T2: multiple REA interviews group—members were required to attend more than one in-person interview.

Using UI administrative data and follow-up interview data, the study results indicated that the T1 group (single REA) did not have a significant impact on most UI-related outcomes (e.g., weeks claimed and weeks compensated). Nonetheless, the T1 group did exhibit a reduction in the likelihood of overpayment by 3.5 percentage points. This statistically significant result is similar to the reduction in the likelihood of overpayments for T2 (3.8 percentage points). Since the T1 and T2 groups received the same REA letter, this result suggests that the letter itself may have had an impact on reducing overpayments.

For the T2 group (multiple REAs), unlike the T1 group, REA services did have statistically significant impacts on UI-related outcomes. Specifically, regression-adjusted impact estimates indicate that multiple REAs significantly reduce the following:

- the number of weeks claimed (0.9 weeks)
- the number of weeks claimed and compensated (1.2 weeks)
- the likelihood of exhausting UI benefits (3.7 percentage points)
- the likelihood of having an overpayment (3.8 percentage points)

The REA Initiative in North Dakota was implemented in five One-Stop Career Centers. Since non-job-attached UI claimants were already required to participate in eligibility reviews and to receive reemployment services, the introduction of REA did not dramatically alter existing services. Using UI administrative data and follow-up interview data, the study found no statistically significant impact of REA. These results are not surprising, since control group members in North Dakota received similar, but less intensive, services than treatment group members. The lack of statistically significant impacts may also be due to the limited size of the North Dakota sample.

## **FOUR-STATE EVALUATION OF THE REA INITIATIVE**

In 2008, USDOL asked IMPAQ to assess REA program impacts during the period from July 2009 to December 2009. The study included process and impact analyses of REA programs in four states: Florida, Idaho, Illinois, and Nevada (Poe-Yamagata et al. 2011). The process analysis revealed the following results:

- 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 USDOL; however, states had difficulty in meeting the requirement to report REA program impacts.
- States differed in staff assignment to REA. Some REA interviewers devoted 100 percent of their time to REA; other interviewers spent 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 in other states as late as eight weeks.
- Rescheduling of REA appointments was generally permitted; however, there was substantial variation in how many times a claimant could reschedule.
- In most states, REA interviewers referred claimants to reemployment services and training. In Nevada, the REA program and the RES program were fully integrated.

The impact evaluation addressed the following key research questions:

- Did REA lead to a reduction in benefit exhaustion, UI claim duration, and total UI benefits?
- Did REA lead to savings for the UI Trust Fund?
- Did REA lead to savings after deducting REA program costs?
- Was REA effective in assisting UI recipients to become reemployed?

States were required to randomly assign UI claimants into either a treatment group or 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 do so. While the random-assignment process differed somewhat across the study states, the four states selected for this study all had rigorous random-assignment designs that yielded treatment and control groups that were similar on all characteristics. The impact results in each of the four study states follow.

### **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 extended benefit payments by \$294. Combining the reductions in regular UI benefits and extended benefits, REA reduced total benefits by \$395, on average.
- The combined \$395 reduction in benefit amounts received per treatment group member greatly exceeded the estimated \$54 cost per treatment group member.<sup>1</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 higher wages (\$476 more) 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 participants 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 extended benefits.
- REA reduced total benefit amounts received by \$262 per REA participant. On average, REA participants received \$97 less in regular UI benefits and \$165 less in extended 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 participant was \$12. Those who did not complete the questionnaire were referred to adjudication. Among those who did complete the questionnaire, a random sample were invited to participate in an in-person REA interview.
- Inasmuch as the per-claimant savings of the REA program amounted to \$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 extended benefits, in the likelihood of regular UI benefit exhaustion or receipt of extended benefits, or in the amount of benefit receipt.

The lack of significant impact findings in Illinois may be attributed to several factors:

- There was a lack of consistency in the implementation of the program:
  - the REA program was suspended in December 2008, and
  - the REA program was restarted in June 2009 (just prior to the start of the study period).
- Both groups had a small sample size (only 2,175 in the treatment group, and only 937 in the control group).
- The 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 extended 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 extended 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 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.

The results of this analysis of REA program impacts indicate that the REA program was effective in assisting claimants in Florida, Idaho, and Nevada to exit the UI program and avoid exhausting regu-

lar UI benefits. 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 enabling claimants to avoid UI benefit exhaustion, the program led to reductions in the likelihood of their receiving EUC benefits. The combined impacts of reducing program exhaustion and reducing 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 that there were substantially larger impacts in Nevada than in 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.

Based on the results of this analysis, 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. Furthermore, the results suggest that combining REA services with RES into a seamless delivery system may achieve greater impacts than providing REA services alone.

## **EVALUATION OF THE NEVADA REA INITIATIVE**

The 2011 evaluation of the impact of REA found evidence that the REA program was effective at achieving the program's goals of reducing UI duration and generating savings to the UI Trust Fund. An important finding of this study was that the Nevada REA program was more effective at reducing claimant UI duration and generating

greater savings for the UI Trust Fund than the REA programs in the other states examined. The implementation of Nevada's REA program differed from the implementation in other states. In Nevada, the same staff provided both REA and RES.<sup>2</sup> In the other three study states, different staff administered REA and RES. It appears that providing REA and RES by the same staff in a single integrated session may be a key factor that led to greater program impacts in Nevada.

In light of these findings, USDOL asked IMPAQ to extend the study of the Nevada REA program using updated data on UI receipt and wages for REA-eligible claimants who entered the program from July through December of 2009. This follow-up study (Michaelides et al. 2012) used Nevada's administrative UI data and intrastate wage records for all REA-eligible UI claimants who entered the program during this six-month period. These sources provided the following data:

- UI receipt from program entry through September 2011
- quarterly wages earned in the six calendar quarters after program entry

Using these data, the evaluation assessed the impact of the Nevada REA program on claimant UI receipt and quarterly wage outcomes following program entry. The analysis found that the Nevada REA program was effective at assisting claimants to exit the UI program sooner than they would have in the absence of the program, leading to lower UI duration and producing important savings for the UI Trust Fund. The analysis also found that the program was effective in helping claimants find employment in the period following program entry. Based on these results, the researchers concluded that the Nevada REA program is an effective policy tool for reducing UI duration and assisting UI claimants to return to productive employment more rapidly than they would in the absence of the program.

The Nevada study extends the earlier study of the Nevada REA program using updated data on UI receipt and wages for REA-eligible claimants who entered the UI program from July through

December of 2009. During this period, Nevada randomly assigned about 15 percent of REA-eligible claimants to the treatment group. These claimants were required to receive REA services and reemployment services to remain eligible for UI benefits. The remaining 85 percent of REA-eligible claimants were assigned to the control group and were not required to receive any services.

Results of the analysis from the earlier study, like the later one, showed that the Nevada REA program was effective in helping claimants to exit the UI program sooner. The analysis also shows that claimants in the REA treatment group were significantly less likely than those in the control group to exhaust regular UI benefits and start receiving extended benefits. Thus, the Nevada REA program led to significantly shorter UI durations and lower benefit amounts—REA treatment group claimants collected 3.13 fewer weeks and \$873 less in total benefit amounts than their peers. These savings exceeded average program costs by more than four times, providing strong evidence that the Nevada REA program is a cost-effective intervention.

The impact analyses also show that the Nevada REA program was effective in assisting claimants to obtain employment in the first two quarters following program entry. Furthermore, these impacts were sustained through six quarters following program entry. Because of these impacts, REA treatment group members returned to employment faster than their peers, which led to their earning higher total wages following program entry. These results suggest that, in addition to assisting claimants in exiting UI early, REA helped claimants to obtain employment earlier than they would have in the absence of the program.

Overall, these impact analyses provide strong evidence that the Nevada REA program is an effective strategy for facilitating the exit of UI claimants from the UI program and producing savings for the UI Trust Fund. It is also evident that the program is effective in facilitating the reemployment of UI claimants. Based on these results, the authors concluded that Nevada's system of combining REA services with RES into a seamless delivery system is an effective mechanism

for reducing UI duration and for assisting claimants to return to productive employment.

While the Nevada results indicate that combining REA with RES is highly effective in returning unemployed workers to employment, it would be of interest to determine the relative importance of REA and RES. 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.

## **EVOLUTION OF REA INTO RESEA**

Based on the strong Nevada findings, USDOL has recently proposed significant increases in program funding as well as dramatic changes to the design of the UI REA program. One indication of the changes that are taking place is the change in program name. In 2015, USDOL changed the name of the program from Reemployment and Eligibility Assessment (REA) to Reemployment Services and Eligibility Assessment (RESEA). This name change reinforces the increasing emphasis of the program on reemployment services.

The program name change, together with a proposed increase of \$100 million in funding (to \$180.9 million), is expected to have dramatic impacts on future operations of the program. Funding for the program has grown dramatically since its inception in 2005.

As program services and the target population are expanded under the RESEA program, funding will likely continue to grow in future years. For example, the new RESEA funds may be used to provide reemployment services to program participants; previously, UI REA program funds could be used only for referrals to reemployment services. Furthermore, the target population for the RESEA program includes both UI claimants who are identified as likely to exhaust benefits and in need of reemployment services and claimants receiving unemployment compensation for ex-service members. Thus, a portion of the RESEA funds will be used to provide reemployment

services to all recently separated military personnel receiving ex-service-member benefits.

With these proposed changes, REA and RES will no longer be disconnected; rather, they will be closely integrated into a single program. USDOL's budget justification for an increased budget of \$100 million and for combining REA and RES into a single RESEA program is based largely on the successful model established in Nevada (USDOL 2016). In fact, the features of the new RESEA program are similar to the Nevada program:

- in-person interviews to review eligibility for UI benefits
- provision of labor market and career information to claimants to inform their career choices
- support for the development of a reemployment and work search plan
- orientation to services available through American Job Centers
- provision of staff-assisted reemployment services, including skills assessment, career counseling, job matching and referrals, job search assistance workshops, and referrals to training, as appropriate

## **CONCLUSION**

The development of the REA program owes a great deal to prior studies on the effectiveness of four aspects: 1) job search assistance, 2) work search requirements, 3) reemployment services, and 4) the combination of work search and employment services. Findings from this research led USDOL to develop the basic parameters of the REA Initiative.

Since its introduction in 2005, the REA Initiative has evolved dramatically—from a small experimental program that covered only a few states to a large program that covers nearly all states. Moreover,

the focus of the program has changed. In its early years, it focused on identifying fraud and abuse, reducing UI benefit duration, and generating savings for the UI Trust Fund. In more recent years, USDOL has shifted the emphasis and encouraged states to provide additional reemployment services, including skills assessments, career counseling, job matching and referrals, job search assistance workshops, and referrals to training, as appropriate.

This evolution of the REA program may be attributed, at least partly, to the research findings of several REA evaluations. In particular, the positive impacts found in the evaluation of the Nevada REA program led to a dramatic shift in program design to integrate reemployment services with the early focus on eligibility assessment. The evolution of the REA program could not have occurred without the ongoing support of USDOL for evaluating the impacts of the program and for identifying the underlying mechanism that generated these impacts.

The experiences of the REA Initiative can inform future USDOL programs designed to assist unemployed workers in returning to work. For example, providing states with implementation flexibility can be very beneficial. In the REA Initiative, grantees were given wide latitude in designing their state's program. This variation across states provided researchers with a rich array of program designs to compare. One of these designs (Nevada's) proved to be highly effective and therefore a candidate for emulation in other states.

Another lesson learned from the experiences of the REA Initiative is that most states do not have the skills or resources needed to conduct a rigorous impact evaluation, as is mentioned in the Eberts chapter of this volume. To enable them to do so, USDOL should engage outside technical assistance to ensure that random assignment is conducted accurately and that program effectiveness is measured rigorously.

Thus, the basic lesson learned from the REA study is that states are often in the best position to design programs that work best in their environment. At the same time, states often do not have the skills

or resources to rigorously measure program effectiveness without significant outside expertise.

### Notes

1. 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.
2. The Nevada REA approach is similar to a 1970s experiment funded and implemented by the Nevada state workforce agency, but there is no evidence that the Nevada staff implementing the REA experiment were aware of the earlier Nevada experiment.

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# **Lessons Learned from Public Workforce Program Experiments**

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