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## State UI Job Search Rules and Reemployment Services

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## State UI job search rules and reemployment services

*Changing State administrative practices in processing UI claims may affect both the monitoring of claimant compliance with work search requirements and the linking of beneficiaries with reemployment services, in turn affecting the duration of unemployment and the measured total unemployment rate*

Christopher J. O'Leary

Ever since the Federal-State unemployment insurance (UI) system was implemented following the enactment of the Social Security Act in 1935, the reemployment of claimants has been an important emphasis of the program. This article examines whether UI requirements pertaining to job searches and UI mechanisms connecting claimants with reemployment services tend to shorten the duration of those claimants' insured unemployment. Evidence is presented from a 2003 National Association of State Workforce Agencies (NASWA) survey of all State UI programs.<sup>1</sup> Also presented is evidence about the effect of State UI policies and reemployment assistance on the duration of insured unemployment. Although the sizes of the estimated impacts differ, the consistent finding is that both UI work search requirements and UI reemployment services tend to shorten claimants' duration of insured unemployment by speeding their return to work.

There is significant variation across States in many aspects of UI program design. All State UI programs pay partial wage replacement to eligible claimants for a period of up to 6 months to workers who become unemployed through no fault of their own.<sup>2</sup> State rules establish initial eligibility requirements defining acceptable conditions for job separation and the degree of prior labor force attachment. Workers who quit their jobs or who

were justly dismissed for cause are normally denied initial eligibility for benefits. UI claimants who do initially qualify for benefits must demonstrate, on a week-to-week basis, that they are able to work, are available for work, and are actively seeking a job in order to continue collecting jobless compensation. State rules requiring job searches by UI claimants are commonly called the "UI work test."

As social insurance, UI includes elements common to both private insurance and social welfare. For the risk of unemployment to be insurable, the loss of employment must be an unavoidable event. To maintain the insurance character of the UI program, workers who voluntarily separate from employment are denied initial eligibility for cash benefits. Monitoring to ensure that job separations were involuntary and that the claimant is actively searching for work reduces a potential insurance problem of "moral hazard" wherein the insured person controls the risk of exposure to the event against which he or she is insured.

UI is a national program operated by the States under Federal administrative requirements. The UI program pays benefits to a substantial minority of unemployed workers, and benefits are large enough to have an effect on their reemployment behavior.<sup>3</sup> For fiscal year 2007, it is expected that 9 million beneficiaries will collect more than \$38 billion in benefits, over an average duration of about 15

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weeks. Both the statutory rules requiring an active job search and the provision of reemployment services can have a significant effect on the period over which the claimant is compensated. Because 40 percent of jobless workers typically qualify for UI compensation, measures taken to reduce the period of insured unemployment also can significantly reduce the estimate of unemployment in the population, as measured by the Current Population Survey.

UI administrative procedures also have an impact on the pace at which beneficiaries return to work. Some of these procedures have changed considerably over the past decade, a time during which States have dramatically increased the extent to which they take initial and continuing claims over the telephone and through the Internet. This switch from taking one-on-one in-person claims in employment security offices reduces the chance that UI claimants will quickly participate in public reemployment services. In addition, the number of States that systematically review work search activity and refer UI claimants to reemployment services through regular Eligibility Review Programs has declined over time.

Two institutional changes have operated to counter the distancing from reemployment services resulting from technological advances in claims administration: the Worker Profiling and Reemployment Services (WPRS) system, which was established by a 1993 Federal law that requires States to refer UI claimants who are at risk of long-term joblessness to mandatory reemployment services; and the Workforce Investment Act of 1998, which requires local areas receiving funding for Federal employment and training to establish one-stop centers at which providers of various employment services within a local labor market assemble in one location.

Labor market conditions also have changed substantially in the last decade. Workers who are designated by their separating employer as likely to be recalled to work usually are excused from the work search requirement and are not referred to reemployment services. However, the proportion of UI claimants who are on permanent layoff has increased considerably, while the share on temporary layoff and expecting to be recalled has diminished. Specifically, among all job separations, the proportion involving the permanent dissolution of bonds to an employer increased from 0.451 in the 1970s to 0.489 in the 1990s, whereas the proportion involving temporary layoffs declined modestly from 0.141 in the 1970s to 0.138 in the 1990s.<sup>4</sup>

Today, the majority of unemployed job losers have been permanently separated from their employers, a fact that partly explains why UI claimants now have longer periods of unemployment and also increases the urgency (as well as the potential benefits) of overseeing work search requirements and providing reemployment services to get UI beneficiaries back to work more quickly.

## Job search rules and reemployment services

The 2003 NASWA survey of State employment security agencies covered a spate of topics: (1) the current method of receiving and handling initial and continuing UI claims, (2) the method of administering the UI work test, (3) the requirements for demonstrating that one has been actively searching for a job, (4) the reasons some UI claimants are excused from the work search requirement, (5) the requirements having to do with contacting employers during a job search, (6) the method of validating that a claimant is actively searching for work and the means of identifying cases in which suitable work has been refused, and (7) the method of connecting UI beneficiaries with reemployment services. Each is examined next, in turn.

*Method of receiving and handling claims.* The operational aspects of State UI work search requirements have changed dramatically in the last decade in response to a sea change in the way UI claims are taken. Until recently, most new claims were dealt with one-on-one, in person at employment security offices. On occasion, when a large number of workers were laid off at one time, mass applications were submitted by their employers on behalf of the workers. Continuing claims for weekly benefits were usually submitted by mail; however, some States required such claims to be filed in person at local offices. Job search activities were required to be certified in writing. By contrast, in most States today, new UI claims are taken over the telephone or through the Internet. Furthermore, the most common mechanism for certifying continuing claims is automated touch-tone telephone systems. Using these systems, claimants indicate that they met the job search requirement for contacting employers in the past week or two by pressing a telephone button.<sup>5</sup>

The claims-taking process describes how claimants interact with the UI administering agency in each State. UI claimants now have little contact with staff at the one-stop centers. A large-scale movement began to taking claims by telephone in the mid-1990s and to taking Internet claims in the late 1990s. Today the transition to telephone claims is nearly complete: forty States take initial claims over the telephone, 10 are either planning to do so or implementing a system for doing so, and only 3 have no such plans. For continuing claims, 47 States use telephone systems, 5 are planning to do so or implementing a phone system, and only 1 State has no plans to move in that direction. Because of a later start and newer technology, Internet claims taking is less widespread: thirty-seven States accept initial UI claims over the Internet, 13 are planning to do so or implementing a system for doing so, and 3 have no such plans; for continued claims, 29 States are taking them over the Internet, 18 are planning to do so or implementing a system for doing so, and 6 States have no such plans.<sup>6</sup>

*Method of administering the work test.* Throughout the history of the UI program, there has been a strong focus on reemployment, with the work test a critical component of the process. The work test normally requires both registering initially with the public employment service and contacting potential employers on a weekly basis. The work test depends upon a series of rules that are embodied in State laws, in administrative rules, and in the methods and technology used to take UI claims. Following is a synopsis of the main elements that together constitute the UI work test.

*Requirements for demonstrating an active job search.* Once initially eligible, claimants must be able to work, available for work, and actively seeking work in order to continue collecting weekly UI benefits. In practice, ability to work is demonstrated in most cases by the filing of a UI claim and registration for work with the public employment service at one-stop centers. In the past, claims takers could make an assessment of a claimant's ability to work when they met with the claimant face-to-face. The same cannot be done today with telephone or Internet claims. As regards availability for work, that concept entails being ready, willing, and able to work. Registration for job searches at the public employment service provides some evidence of a claimant's availability for work.

Actively seeking work requires action beyond registering for job searches. All States except Pennsylvania require, by statute or administrative rule, that claimants be seeking work or making a reasonable effort to find work. Pennsylvania has no requirement that the claimant be actively seeking work. In 10 States—Alaska, Arizona, Mississippi, Nebraska, Nevada, New York, Puerto Rico, South Dakota, Tennessee, and Texas—the requirement that the claimant be actively seeking work is by administrative rule.<sup>7</sup>

*Exemption from job search requirement.* Most States require that the claimant initially register for job search services with the public employment service and then make regular use of those services, including going on job interviews for what is considered to be suitable work. Forty States require a continuous, active job search, while 12 States do not. Even among the States that do require such a search, however, the requirement is waived under certain circumstances. The NASWA survey reveals that the most common reasons for waiving the requirement occur when the claimant is attached to an employer and awaiting recall to a previous job with a definite recall date scheduled; is a union hiring-hall member; or is a participant in training approved by the commissioner of the State employment security agency.

Nearly all States waive the work search requirement for workers on temporary layoff with a definite recall date in the near future. Some States specify how soon the recall date must be in order to waive the requirement. This waiver has been an essential part of the UI program since it was established, allowing employers to retain their skilled workers during short layoffs until demand

for the firms' products returns and the workers can be rehired. Thus, UI is intended, not to break, but rather to preserve, existing employer-worker relationships.

Workers who find their jobs through union hiring halls also are commonly excluded from the work search requirement. These workers are not expected to search for work independently, as long as they are registered with the placement service of their union hiring hall.

Finally, workers are excluded from the work search requirement for those weeks during which they are enrolled in training approved by the State UI agency. As a way to encourage participation in training, Federal UI law requires State UI laws to exempt claimants participating in approved training.

Taken together, the exemptions for participation in training and for seeking work through union hiring halls affect only a small fraction of UI beneficiaries. The exemption for having a definite recall date affects a much greater share of claimants, but appears to be declining in importance in recent decades as more workers who lose their jobs remain on permanent layoff and smaller proportions are subject to recall.

*Contacting employers.* State UI programs can ensure a continuous search for work by instituting formal requirements for making contacts with potential employers each week. States have moved away from strict numerical requirements for contacts; only about 30 percent of States require one or more contacts per week. This decline is in part because employers do not want repetitive and burdensome employment applications that are filed merely to meet the UI work search requirements. However, less formal (and perhaps vaguer) requirements make it more difficult to assess whether the State is enforcing this provision under the UI quality control program.<sup>8</sup> Accordingly, as a middle ground, instead of a rule that stipulates a fixed number of employer contacts, the most common rule now is to make a number of employer contacts each week that is "customary for the occupation." Still, such a standard is difficult to enforce. Another common form of the rule requires a "reasonable and diligent" job search, and several States allow the number of contacts required to be customized "as directed." Fewer than 20 States still require a fixed number of employer contacts per week. For example, Arkansas requires between 2 and 5 contacts, while Iowa requires 2 per week. Most States that set a fixed number of contacts require only a single contact each week.

*Validation of active job search.* Making employer contacts a condition for continued UI eligibility does not necessarily mean that contacts are in fact made, so States have methods for validating contacts. Some States require that claimants keep a log of their contacts, to be submitted to the UI agency upon request. Others require a written declaration on a signed form submitted to the agency. A few States responding to the NASWA survey indicated that they had an Eligibility Review

Program which ensured a continuous search. Such a program sets a standard schedule for beneficiaries who are in continuous receipt of UI weekly payments to visit the State employment security agency in person to have their efforts toward reemployment reviewed. For example, one such State program requires beneficiaries to visit a one-stop center for reemployment services after 4, 8, 12, and 16 continuous weeks of receiving benefits. Some States mentioned that their quality control audits of benefits were a means of validating compliance with the rules. However, fewer than a dozen States have Eligibility Review Programs, and each State’s benefits quality control program audits only about 500 claims per year.

*Connecting UI beneficiaries with reemployment services.* All States offer job search assistance to UI claimants. The most common form of assistance cited by respondents to the NASWA survey was that provided in conjunction with workshops offered as part of the Worker Profiling and Reemployment Services (WPRS) process. WPRS identifies dislocated workers who are most likely to exhaust their entitlement to UI benefits and quickly refers them to reemployment services. Another source of job search assistance identified in response to the NASWA questionnaire was Workforce Investment Act “core” services provided to workers at one-stop centers. Among the services cited were disseminating labor market information, referring claimants to jobs, providing assistance in preparing resumes, and offering training in sharpening one’s interviewing skills.

The only two systematic approaches to promoting reemployment that were mentioned in State responses to the survey were the WPRS and the Eligibility Review Programs. Given that the former serves only a small portion of UI claimants and the latter are provided in just a small number of States, the systematic connection of UI beneficiaries with job search assistance is rather weak. That said, however, a considerable number of beneficiaries receive reemployment services in the form of both “core” and “intensive” services in one-stop centers, because they either seek services on their own or register with the public employment service. The extent of the receipt of reemployment services is explored in the next section.

### Use of core and intensive services

A sizeable number of UI claimants receive some reemployment services from the workforce development system’s one-stop centers. For example, in program year 1999 (from July 1, 1999, to June 30, 2000), across the United States, the public employment service had 16.7 million registrants, of whom 6.2 million were UI claimants. Of those 6.2 million, 55.4 percent received some reportable service. Among those receiving services, 71 percent received job search assistance and 48 percent were referred for a job interview, the two most popular services offered. (The 71 percent for job search assistance is enhanced by the compulsory

participation for WPRS referrals.) Other core and intensive services are popular as well; however, only 3.6 percent of public employment service registrants and 5.1 percent of UI beneficiaries were referred to job skills training. Viewed another way, a substantial minority of UI claimants receives some reportable services from the public employment service, and indeed, among the 6.2 million UI beneficiaries registered with the public employment service in program year 1999, a majority received a reportable service. The following tabulation shows the use of core and intensive employment services among UI claimants in program year 1999.<sup>9</sup>

Type of participants	All participants	UI beneficiaries
Total .....	16,708,228	6,165,645
Received some reportable service .....	10,943,889	3,415,767
Referred to employment ....	6,730,492	1,649,816
Received job search assistance .....	6,707,604	2,428,611
Received assessment services	1,772,910	659,243
Referred to skills training ...	393,980	174,204

The usage of reemployment services by UI beneficiaries can be better appreciated by examining the specific types of services they received. Tables 1 and 2 provide information about the core and intensive services that were offered by the Georgia Department of Labor during program year 2000. Of the 254,030 total Georgia UI claimants that year, 75 percent (190,705) received at least one core service. The most frequently provided core services were offering specific labor market information, helping search for a job vacancy listing, and referring the claimant to a job interview.

Many fewer Georgia UI claimants received intensive services: 56,340, or 22 percent of all claimants. The most frequently provided intensive services were counseling and developing customer service plans; each of these services was provided to nearly one-fifth of UI claimants. No other intensive service was provided to more than 2 percent of claimants. As shown in table 2, the share of UI beneficiaries referred to training was just over 3 percent.

### Effects of rules and administrative practices

The reemployment services most frequently provided to UI claimants are job interview referrals and assistance with job searches. A key question in this regard is, How effective are reemployment services and work search requirements in promoting the claimant’s return to work? Evaluations of job search services for UI claimants have focused on three main topics: job interview referrals, general assistance with job searches, and targeted assistance with job searches.<sup>10</sup> The major studies on each of these three topics are summarized separately in exhibits 1, 2, and 3. Each of the publications listed used a distinct research design, and some satisfied higher



**Table 1. Provision of core services to all Georgia unemployment insurance claimants, July 1, 2000, through June 30, 2001 (program year 2000)**

Services	Total participants <sup>1</sup>	Participation rate
Total receiving at least one core service .....	190,705	0.751
Job referral .....	75,258	.296
Search through job vacancy listings .....	128,993	.508
Job search planning .....	66,389	.261
Service needs evaluation .....	82,063	.323
Orientation to employment services .....	67,026	.264
Eligibility Review Program <sup>2</sup> .....	66,378	.261
Specific labor market information .....	157,715	.621
Resume preparation .....	16,251	.064
Workshops for job search readiness .....	50,158	.197
General job search assistance .....	52,404	.206
Call-in <sup>3</sup> .....	15,213	.060
Job development <sup>4</sup> .....	14,045	.055
Job-finding club <sup>5</sup> .....	196	.001
Testing for interests and aptitudes .....	1,331	.005
Bonding assistance .....	362	.001
Worker profiling <sup>6</sup> .....	41,548	.164
Georgia Claimant Assistance Program <sup>7</sup> .....	59,379	.234

<sup>1</sup> Sample size = 254,030.

<sup>2</sup> The Eligibility Review Program is a structured program of regularly scheduled employment services and visits to the one-stop center for unemployment insurance beneficiaries who remain in continuous receipt of benefits more than 4 weeks.

<sup>3</sup> A call-in is a telephone call or e-mail message by a frontline staff person to a jobseeker requesting the latter to come into the one-stop center for particular services.

<sup>4</sup> Job development involves a frontline staff person soliciting a job interview for a particular jobseeker from an employer who does not have an existing job on file matching the skills of the jobseeker. Job developers maintain ongoing relationships with employers in the local labor market.

<sup>5</sup> A job-finding club is a job-search-focused support group composed of registered jobseekers and facilitated by job search professionals at public employment one-stop centers.

<sup>6</sup> Worker profiling is a statistical technique that identifies individuals who have a high probability of being at risk of long-duration receipt of unemployment insurance benefits. Performed by the State WPRS system, worker profiling refers subjects to orientation and participation in available core and intensive reemployment services.

<sup>7</sup> The Georgia Claimant Assistance Program is a fully State-funded program targeted at unemployment insurance beneficiaries whose previous employers were covered under the Georgia unemployment insurance program.

SOURCE: Georgia Department of Labor.

methodological standards than others. Impact estimates differ across the studies because of the different methodologies, samples, and timeframes used for analysis. Nonetheless, each of the studies adds to our knowledge about the effectiveness of public labor exchange services delivered through one-stop centers in the United States.

Evidence from these studies has helped shape the direction of policy regarding both the UI work test and the public labor exchange in the United States. Research has guided the development of at least three aspects of the UI system: programs for dislocated workers, targeted job search assistance, and institutions for the coordination of services. These in turn have led to the establishment of the WPRS system, one-stop career centers, and State Eligibility Review Programs as part of the work

test that is administered by UI and one-stop center staff.

The estimated effects of job interview referrals are summarized in exhibit 1. The first national evaluation of the public employment service in the United States found that job referrals are most effective for women, but also are effective for men over 45 years of age and men in urban areas—results providing evidence for delivering job placement services to middle-aged, dislocated workers.<sup>11</sup>

A Pennsylvania study estimated that job placements and interview referrals reduced subsequent joblessness among dislocated workers.<sup>12</sup> UI-eligible claimants in that State were (and still are) not required to register for any job search with the public employment service. UI-eligible dislocated workers who voluntarily used reemployment services were observed to have less joblessness over the long followup period. However, these workers typically did not avail themselves of placement and referral services until several weeks after initially applying for UI benefits. They appeared to use employment services as a “safety net” or “backstop” after other avenues of job search were pursued. This study afforded evidence supporting the early compulsory use of job search assistance by dislocated workers, a policy embodied in the WPRS system.

An evaluation in Washington and Oregon found employment service job placements most effective for those with a strong record of job attachment, affording evidence that job search assistance would be an appropriate intervention for dislocated workers.<sup>13</sup> Another study by the same authors found similar results in North Carolina.<sup>14</sup>

Exhibit 2 summarizes evidence from evaluations of job search assistance. Field studies in South Carolina and Maryland found that a stronger UI work test, achieved by requiring claimants to report contacts with employers and by validating those contacts through cooperation between the State UI agency and the State employment service, leads to significantly shorter periods of compensated joblessness.<sup>15</sup> This finding offers evidence of the importance of a requirement for an objective, verifiable job search.

A field experiment in Tacoma, Washington, found that eliminating both the filing of ongoing claims and the work test leads to dramatically longer spells of compensated joblessness, providing further evidence of the importance of cooperation between UI agencies and public employment services in requiring and monitoring claimants’ job search activity.<sup>16</sup> The same study also evaluated job search assistance and found shorter periods of unemployment for those referred to the service. However, because, in most cases, the claimant already had stopped receiving UI benefits before the job search assistance was scheduled, the authors speculated that the shorter periods resulted from an effort to avoid the “hassle” of such assistance, rather than as a result of the valuable content of the services.

In the United Kingdom (U.K.), UI is administered by that country’s public employment service and has a uniform initial duration of entitlement of 12 months. In 1987, a new program

**Table 2. Provision of intensive services to all Georgia unemployment insurance claimants, July 1, 2000, through June 30, 2001 (program year 2000)**

Services	Total participants <sup>1</sup>	Participation rate
Total intensive services <sup>2</sup> .....	56,340	0.222
Service coordination .....	1,224	.005
Customer service plan .....	44,407	.175
Counseling .....	47,550	.187
Multiday job search workshop .....	2,091	.008
Referral to supportive services .....	5,122	.020
Referral to job training .....	7,855	.031

<sup>1</sup> Sample size = 254,030.  
<sup>2</sup> Count of all instances of an intensive service provided to unemployment insurance claimants during program year 2000.  
 SOURCE: Georgia Department of Labor.

called Restart was introduced nationally. Under Restart, UI beneficiaries nearing 6 continuous months of receiving benefits were called in for an appointment at their local public employment service office and were provided with intensive job search assistance.

An evaluation of the U.K. Restart program estimated short-term effects similar to those observed in the Tacoma alternative work-search experiment.<sup>17</sup> Both evaluations suggested that there was a modest shortening in the duration of compensated unemployment and that the invitation for intensive job search assistance acted more as a prod than as a support for reemployment.

In a subsequent random-assignment field experiment, the treatment group received the standard U.K. Restart services when it was nearing 6 continuous months of claiming UI, while the randomly selected control group was given the same services when it was approaching 12 continuous months of receiving benefits.<sup>18</sup> The researchers found evidence that, over the short term, required job search assistance prodded both groups of UI beneficiaries to go back to work, but that, over a longer, 5-year term, the group that received such support earlier in its jobless spell had measurably higher earnings. This finding affords evidence that job search assistance can be a valuable service for jobseekers.

Evidence from evaluations in Florida, Maryland, and Washington, DC, suggests that standardized UI eligibility reviews and job search assistance are relatively inexpensive to administer and can have a significant effect on reducing periods of compensated joblessness. These interventions therefore tend to be cost effective, a finding that supports WPRS and State-adopted Eligibility Review Programs.<sup>19</sup>

Results from studies of targeted job search assistance are summarized in exhibit 3. Evidence from the New Jersey UI Reemployment Experiment indicates that job search assistance targeted at dislocated workers at risk of long-term unemployment

can be a cost-effective intervention and that the treatment can be simple and structured; this finding led directly to the implementation of WPRS.<sup>20</sup> Statistical targeting of job search assistance toward those at risk of long-term joblessness also was tested in the District of Columbia and Florida through field experiments and offered further support for the cost-effectiveness of targeted job search assistance.<sup>21</sup>

Recent evaluations of WPRS indicate shorter periods of joblessness for program participants.<sup>22</sup> For example, an evaluation of WPRS in Kentucky that applied an experimental design found that the system shortens the duration of UI by more than 2 weeks.<sup>23</sup>

All studies evaluating the effectiveness of public employment service interventions consistently report low costs per customer served by the public labor exchange. This fact is key to the cost-effectiveness of both Workforce Investment Act core services and public employment service interventions. Even services resulting in a modest reduction in periods of joblessness show a significant return on public investment when costs are low. Interventions that improve linkages of UI beneficiaries to job service assistance have the potential to increase the efficiency of State workforce investment systems.

THE ENFORCEMENT OF WORK SEARCH REQUIREMENTS and the provision of reemployment services can speed UI claimants' return to work. Because of changes in local labor markets that have resulted in more unemployed workers having been permanently laid off without the prospect of recall, there appears to be an increasing need for reasonable work search requirements and available job search assistance.

At the same time, technological developments in UI claims processing have reduced the interaction between UI program staff and jobless workers, thereby restricting monitoring of the work test and decreasing the number of personal referrals to reemployment services. Offsetting this trend is the universal availability of core services under the Workforce Investment Act since 2000. Another institutional change having a countervailing impact is the increase in referrals to reemployment services through the WPRS system for claimants who are most likely to exhaust their entitlement to regular UI benefits.

Two efforts now underway may shed further light on how work search requirements and job service assistance affect the duration of insured unemployment. Both projects strengthen work search enforcement and linkages to reemployment services. The *Reemployment Eligibility Assessment (REA) initiative* is a U.S. Department of Labor demonstration project with a budget of \$20 million to provide assistance to States that are establishing new or significantly revamped REA programs. The programs are run within the UI program without the participation of one-stop-center staff. REA efforts began in 21 States in 2005 and are ongoing. The U.S. Congress appropriated Federal funds for the



**Exhibit 1. Studies of the effectiveness of job interview referrals**

Author(s) and year published	Title	Design	Sample	Findings
Terry R. Johnson, Katherine P. Dickinson, Richard W. West, Susan E. McNicoll, Jennifer M. Pfiester, Alex L. Stagner, and Betty J. Harris, 1983	A National Evaluation of the Impact of the United States Employment Service	P1: Employment service job referral P2: Early employment service job referral C: Registered, but received no services	National: 30 offices in 27 States July 1980 to May 1981 8,000 employment service applicants	P1: 23-percent earnings gain for all women, <sup>1</sup> UI claimants, and non-claimants. No measurable impact on men. P2: Large earnings gains for women, modest earnings gains for men. Among men, bigger effects for men over 45 years and men living in urban areas. Comments: Displacement effects possible. Results not affected by selectivity bias correction. Comparison group advantaged.
Arnold Katz, 1991	The Length of Joblessness and the ES with Special Reference to Philadelphia and Pittsburgh, Pennsylvania, 1979–1987	P1: Employment service placements P2: Employment service job referral C: No employment services	Pennsylvania: 1979–87 5% sample of UI recipients, 16,470 jobless spells	P1: Reduced subsequent joblessness among dislocated UI beneficiaries by as much as 23.7 weeks. <sup>1</sup> P2: Reduced subsequent joblessness among dislocated UI beneficiaries by as much as 20.5 weeks. <sup>1</sup> Comments: Observed delayed registration for, and voluntary use of, public employment services.
Louis Jacobson and Ian Petta, 2000	Measuring the Effect of Public Labor Exchange (PLX) Referrals and Placements in Washington and Oregon	P1: Job placements C1: Job referrals P2: Job referrals C2: Not referred	Washington: Survey of 587 claimants during 1998 administrative data on 328,815 spells of unemployment from 1987 to mid-1995 Oregon: Administrative data on 138,280 spells of unemployment during 1995	Washington survey data: P1: Strong work record –7.2 weeks, weak work record –3.8 weeks. Washington administrative data: P1: –7.7 weeks. P2: –2.1 weeks. Oregon administrative data: P1: –4.6 weeks. P2: –1.1 weeks.

<sup>1</sup> Statistically significant at the 95-percent confidence level in a two-tailed test.

NOTE: P = participant group, C = comparison group.

SOURCE: Christopher J. O’Leary, “Evaluating the Effectiveness of Labor Exchange Services,” in David E. Balducchi, Randall W. Eberts, and Christopher J. O’Leary, *Labor Exchange Policy in the United States* (Kalamazoo, MI, W. E. Upjohn Institute for Employment Research, 2004).

<b>Exhibit 2. Studies of the effectiveness of job search assistance</b>				
<b>Author(s) and year published</b>	<b>Title</b>	<b>Design</b>	<b>Sample</b>	<b>Findings</b>
Walter Corson, David Long, and Walter Nicholson, 1985	Evaluation of the Charleston Claimant Placement and Work Test Demonstration	T1: Stronger work test T2: T1 plus enhanced placement services T3: T2 plus job search workshop C: Customary work test	Charleston, SC: February to December, 1983 T: 4,247 C: 1,428	T1: -0.55 week $u^1$ T2: -0.61 week $u^2$ T3: -0.76 week $u^2$ Impacts greater on men and construction workers.
Terry R. Johnson and Daniel H. Klepinger, 1991	Evaluation of the Impacts of the Washington Alternative Work Search Experiment	T1: Exception reporting T2: New work search policy T3: Intensive services C: Existing work search policy	Tacoma, WA: July 1986 to August 1987 T: 6,763 C: 2,871	T1: +3.34 weeks $u^1$ T2: +0.17 week $u^1$ T3: -0.47 week $u^1$ Exits increased preceding required service participation.
Daniel H. Klepinger, Terry R. Johnson, Jutta M. Joesch, and Jacob M. Benus, 1998	Evaluation of the Maryland Unemployment Insurance Work Search Demonstration	T1: Report four employer contacts weekly T2: Two contacts required weekly, but no reporting T3: Report two contacts weekly, plus participate in a 4-day job search workshop T4: Report two contacts weekly and both verified C1: Standard policy: report two contacts weekly, but contacts not verified C2: Standard policy, but told data were to be used in an evaluation study	Maryland, six offices, Jan. 1, 1994, to Dec. 31, 1994: Combined sample: 23,758 monetarily eligible new initial UI claimants	T1: -0.7 week $u^2$ T2: +0.4 week $u^1$ T3: -0.6 week $u^2$ T4: -0.9 week $u^2$ Impacts identical against either control group, suggesting no Hawthorne effect present. Treatments 1, 3, and 4 had no impact on earnings. Treatment 2 raised earnings by 4 percent. <sup>2</sup>
Peter Dolton and Donal O'Neill, 2002	Effects of Unemployment Monitoring and Work-Search Programs in the U.K.	T: Restart program in U.K.: Call-in and intensive job search assistance after 6 continuous months dealing with claim C: No restart program, job search assistance after 12 months	U.K. employment service: Inflow in 1989, tracked for 5 years T: 7,462 C: 472	T: Short term: Shorter durations for both men and women. Long term: Men had unemployment rates 6 percentage points lower after 5 years. No difference for women.

<sup>1</sup> Statistically significant at the 90-percent confidence level in a two-tailed test.  
<sup>2</sup> Statistically significant at the 95-percent confidence level in a two-tailed test.

NOTE: T = experimental treatment group, C = experimental control group.

SOURCE: Christopher J O'Leary, "Evaluating the Effectiveness of Labor Exchange Services," in David E. Balducchi, Randall W. Eberts, and Christopher J. O'Leary, *Labor Exchange Policy in the United States* (Kalamazoo, MI, W. E. Upjohn Institute for Employment Research, 2004).

**Exhibit 3. Studies of the effectiveness of targeted job search assistance**

Author(s) and year published	Title	Design	Sample	Findings
Walter Corson, Paul T. Decker, Sherri M. Dunstan, Anne R. Gordon, Patricia Anderson, and John Homrighausen, 1989	New Jersey Unemployment Insurance Reemployment Demonstration Project: Final Evaluation Report	T1: Job search assistance T2: Job search assistance, plus training or relocation assistance T3: Job search assistance plus a cash bonus C: Eligibility: First UI payment, age, tenure, temporary layoffs, union member	New Jersey: July 1986 to June 1987 T: 8,675 C: 2,385	T1: -0.47 week of UI <sup>1</sup> T2: -0.48 week of UI <sup>1</sup> T3: -0.97 week of UI <sup>1</sup> 6-year T1: -0.76 week of UI 6-year T2: -0.93 week of UI 6-year T3: -1.72 weeks of UI <sup>1</sup>
Paul T. Decker, Robert B. Olson, Lance Freeman, and Daniel H. Klepinger, 2000	Assisting Unemployment Insurance Claimants: The Long-Term Impact of the Job Search Assistance Demonstration	T1: Structured job search assistance T2: Individualized job search assistance T3: T2 plus training C: Neither on standby nor a union hiring hall member, and predicted likely to exhaust UI entitlement	District of Columbia (DC): June 1995 to June 1996 8,071 claimants Florida (FL): March 1995 to March 1996 12,042 claimants	DC T1: -1.13 weeks of UI <sup>1</sup> DC T2: -0.47 week of UI <sup>1</sup> DC T3: -0.61 week of UI <sup>1</sup> FL T1: -0.41 week of UI <sup>1</sup> FL T2: -0.59 week of UI <sup>1</sup> FL T3: -0.52 week of UI <sup>1</sup>
Katherine P. Dickinson, Paul T. Decker, Suzanne D. Kreutzer, and Richard W. West, 1999	Evaluation of Worker Profiling and Reemployment Services: Final Report	P: Profiled by Worker Profiling and Reemployment Services system and referred for early job search assistance C: Profiled, but not referred (neither on standby nor a union hiring hall member)	Connecticut (CT), Illinois (IL), Kentucky (KY), Maine (ME), New Jersey (NJ), South Carolina (SC): July 1995 and December 1996 P: 92,401 C: 295,920	CT: -0.25 week of UI <sup>1</sup> IL: -0.41 week of UI <sup>1</sup> KY: -0.21 week of UI <sup>2</sup> ME: -0.98 week of UI <sup>1</sup> NJ: -0.29 week of UI <sup>1</sup> SC: 0.02 week of UI
Dan Black, Jeffrey Smith, Mark Berger, and Brett Noel, 2003	Is the Threat of Reemployment Services More Effective than the Services Themselves? Evidence from Random Assignment in the UI System	T: Profiled by Worker Profiling and Reemployment Services system and referred for early job search assistance C: Profiled and in the same UI exhaustion cohort as T, but not referred for job search assistance	Kentucky: October 1994 to June 1996 T: 1,236 C: 745	In the benefit year T: -2.2 weeks of UI, <sup>1</sup> T: -\$143 in UI benefits <sup>1</sup> T: \$1,054 in earnings <sup>1</sup>

<sup>1</sup> Statistically significant at the 95-percent confidence level in a two-tailed test.  
<sup>2</sup> Statistically significant at the 90-percent confidence level in a two-tailed test.

NOTE: T = experimental treatment group, P = participant group, C = experimental control group or comparison group.

SOURCE: Christopher J O'Leary, "Evaluating the Effectiveness of Labor Exchange Services," in David E. Balducchi, Randall W. Eberts, and Christopher J. O'Leary, *Labor Exchange Policy in the United States* (Kalamazoo, MI, W. E. Upjohn Institute for Employment Research, 2004).

programs, with the proviso that research be conducted in the pilot States to learn whether REA's can be a model for shortening jobless periods and reducing insured unemployment.<sup>24</sup>

Another promising approach is embodied in the ambitious *Wisconsin demonstration project*. Also sponsored by the Employment and Training Administration of the U.S. Department of Labor, the project brings UI and one-stop-center staff together to provide reemployment services and eligibility reviews at the one-stop center. In this cooperative operations model, UI staff are assigned to work in the one-stop centers. The Wisconsin demonstration, with its quasi-experimental evaluation design, will provide further information about the cost-effectiveness of such programs.

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summarized in this article suggest that these efforts have tended to shorten insured periods of unemployment. Both measures have been cost effective in the United States. Studies in other countries reach similar findings. A common theme is that, despite a modest response, the low cost of such interventions and the positive net benefits thereby accrued make them worthwhile endeavors.<sup>25</sup>

Both the UI work test and job search assistance affect the behavior of UI beneficiaries and speed their return to work. Initiatives such as the REA for reinvigorating the UI work test and demonstrations like the Wisconsin project that investigate new linkages for UI beneficiaries to reemployment services offer real promise in reducing periods of insured unemployment. In turn, both types of measure could help lower total unemployment. □

## Notes

<sup>1</sup> NASWA conducted a survey of State unemployment insurance job search policies in 2003. Responses were received from all 50 States and two other jurisdictions: the District of Columbia and Puerto Rico. (The survey did not include the Virgin Islands, which also has a UI program.) All 52 of the responding jurisdictions will be called "States" in this article. The full report on the NASWA survey is presented in Christopher J. O'Leary, *UI Work Search Rules and Their Effect on Employment*, report prepared for the Center for Employment Security Education and Research (Washington, DC, NASWA, February 2004); on the Internet at [www.workforceatm.org/sections/pdf/2004/UI\\_Work\\_Search.pdf](http://www.workforceatm.org/sections/pdf/2004/UI_Work_Search.pdf). An earlier version of the current article appeared as Christopher J. O'Leary and Stephen A. Wandner, "Do Job Search Rules and Reemployment Services Reduce Insured Unemployment?" Upjohn Institute Staff Working Paper No. 05-112 (Kalamazoo, MI, W. E. Upjohn Institute for Employment Research, 2005).

<sup>2</sup> The period during which participants are entitled to regular benefits can be as long as 30 weeks (in Massachusetts and Washington State), depending on the person's recent employment and earnings.

<sup>3</sup> The consensus estimate is that a 10-percent increase in the wage replacement rate provided by UI would increase the insured duration of joblessness by about 1 week. For a summary of research on this issue, see Paul T. Decker, "Work Incentives and Disincentives," in Christopher J. O'Leary and Stephen A. Wandner, eds., *Unemployment Insurance in the United States: Analysis of Policy Issues* (Kalamazoo, MI, W. E. Upjohn Institute for Employment Research, 1997), pp. 285-320.

<sup>4</sup> See Wayne Vroman and Stephen Woodbury, *Trend and Cycle of Unemployment Insurance and the Employment Service*, ETA Occasional Paper 2005-04, December 2004, pp. 21-24; on the Internet at [wdr.doleta.gov/reports/searcheta/occ](http://wdr.doleta.gov/reports/searcheta/occ).

<sup>5</sup> Colorado was the first State to switch from in-person to telephone taking of claims, beginning in April 1991. The U.S. Department of Labor did not decide to support such automated claims taking until June 1995, when it issued the following policy position: "The Department believes that SESAS [State employment security agencies] should move toward fully implementing telephone claims taking or other electronic methods of filing..." (See Unemployment Insurance Program Letter 35-95.) The Department began awarding grants for converting to telephone claims in 1996 and to Internet claims in 1998.

<sup>6</sup> The preceding information is from the U.S. Department of Labor's UI Information Technology Support Center (ITSC) and is on the Internet at [www.itsc.org/info\\_tech/infotech.asp](http://www.itsc.org/info_tech/infotech.asp).

<sup>7</sup> See *Comparison of State Unemployment Insurance Laws 2004* (U.S. Department of Labor, 2004), pp. 5-20, 5-23.

<sup>8</sup> Burman Skrable, "Fraud, Abuse, and Errors in the Unemployment Insurance System," in O'Leary and Wandner, *Unemployment Insurance in the United States*, pp. 423-53.

<sup>9</sup> See U.S. Department of Labor, "Selected National Public Labor Exchange Data: National Summary," on the Internet at [www.uses.doleta.gov/arp01/appsus.asp](http://www.uses.doleta.gov/arp01/appsus.asp).

<sup>10</sup> Two early studies that evaluated the effectiveness of counseling provided by the public labor exchange are Jacob Benus, Arden Hall, Patty Gwartney-Gibbs, Marilyn Coon, Caren Cole, Diane Leeds, and Douglas Brent, *The Effectiveness of Counseling in the U.S. Employment Service: A Pilot Study* (U.S. Department of Labor, 1977); and Terry R. Johnson, C. Eric Muson, Samuel Weiner, Asi Cohen, Marilyn L. Coon, and Susan E. McNicoll, *Findings from a Survey of the U.S. Employment Service Counseling Program* (U.S. Department of Labor, 1981). Both studies found "no significant impact of counseling on duration of unemployment, earnings or job satisfaction" (David Balducchi, Terry R. Johnson, and R. Mark Gritz, "The Role of the Employment Service," in O'Leary and Wandner, *Unemployment Insurance in the United States*, pp. 457-503; quote on p. 485).

<sup>11</sup> See Terry R. Johnson, Katherine P. Dickinson, Richard W. West, Susan E. McNicoll, Jennifer M. Pfister, Alex L. Stagner, and Betty J. Harris, *A National Evaluation of the Impact of the United States Employment Service*, report to the U.S. Department of Labor (Menlo Park, CA, SRI International, 1983); and Terry R. Johnson, Katherine P. Dickinson, and Richard W. West, "An Evaluation of the Impact of ES Referrals on Applicant Earnings," *Journal of Human Resources*, winter 1985, pp. 117-37.

<sup>12</sup> Arnold Katz, "The Length of Joblessness and the ES with Special Reference to Philadelphia and Pittsburgh, Pennsylvania, 1979-1987," in Carol J. Romero, Donald Cox, and Arnold Katz, eds., *The Potential Effectiveness of the Employment Service in Serving Dislocated Workers under EDWAA: Evidence from the 1980s* (Washington, DC, National Commission for Employment Policy, 1991), pp. 17-61.

<sup>13</sup> Louis Jacobson and Ian Petta, *Measuring the Effect of Public Labor Exchange (PLX) Referrals and Placements in Washington and Oregon* (U.S. Department of Labor, Office of Workforce Security, 2000).

<sup>14</sup> Louis Jacobson and Ian Petta, "Evaluation of the Public Labor Exchange (PLX) in a One-Stop Environment: New Evidence from North

Carolina,” paper prepared for the U.S. Department of Labor (Rockville, MD, Westat, 2003).

<sup>15</sup> See Walter Corson, David Long, and Walter Nicholson, *Evaluation of the Charleston Claimant Placement and Work Test Demonstration*, report to the U.S. Department of Labor (Princeton, NJ, Mathematica Policy Research, Inc., 1985); and Daniel H. Klepinger, Terry R. Johnson, Jutta M. Joesch, and Jacob M. Benus, *Evaluation of the Maryland Unemployment Insurance Work Search Demonstration*, Unemployment Insurance Occasional Paper 98-2 (U.S. Department of Labor, Employment and Training Administration, 1998).

<sup>16</sup> See Terry R. Johnson and Daniel H. Klepinger, *Evaluation of the Impacts of the Washington Alternative Work Search Experiment*, Unemployment Insurance Occasional Paper 91-4 (U.S. Department of Labor, Employment and Training Administration, 1991); and Terry R. Johnson and Daniel H. Klepinger, “Experimental Evidence on Unemployment Insurance Work-Search Policies,” *Journal of Human Resources*, summer 1994, pp. 695–717.

<sup>17</sup> Peter Dolton and Donal O’Neill, “The Long-Run Effects of Unemployment Insurance Monitoring and Work-Search Programs: Experimental Evidence from the United Kingdom,” *Economic Journal*, March 1996, pp. 387–400.

<sup>18</sup> Peter Dolton and Donal O’Neill, “The Long-Run Effects of Unemployment Monitoring and Work-Search Programs in the United Kingdom,” *Journal of Labor Economics*, April 2002, pp. 381–403.

<sup>19</sup> See Klepinger, Johnson, Joesch, and Benus, *Work Search Demonstration*; Johnson and Klepinger, *Washington Alternative Work Search Experiment*; and Paul T. Decker, Robert B. Olson, Lance Freeman, and Daniel H. Klepinger, *Assisting Unemployment Insurance Claimants: The Long-Term Impacts of the Job Search Assistance Demonstration* (U.S. Department of Labor, Employment and Training Administration, 2000). An interstate study of UI recipients found that States with established Eligibility Review Programs have shorter periods of compensated unemployment. (See Vroman and Woodbury, *Trend and Cycle*.) On the

technical support Web site linked to the U.S. Department of Labor’s Employment and Training Administration Web site ([www.doleta.gov](http://www.doleta.gov)), under the heading of “best practices,” links are provided to descriptions of Eligibility Review Programs in five States: Florida, Michigan, North Carolina, Tennessee, and West Virginia. Several other States also operate such programs. (See State best practices at the UI Information Technology Support Center Web site, [www.itsc.state.md.us](http://www.itsc.state.md.us).)

<sup>20</sup> See Walter Corson, Paul T. Decker, Sherri M. Dunstan, Anne R. Gordon, Patricia Anderson, and John Homrighausen, *New Jersey Unemployment Insurance Reemployment Demonstration Project: Final Evaluation Report* (U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service, 1989).

<sup>21</sup> Decker, Olson, Freeman, and Klepinger, *Assisting Unemployment Insurance Claimants*.

<sup>22</sup> Katherine P. Dickinson, Paul T. Decker, Suzanne D. Kreutzer, and Richard W. West, *Evaluation of Worker Profiling and Reemployment Services: Final Report*, Research and Evaluation Report Series 99-D (U.S. Department of Labor, Employment and Training Administration, Office of Policy and Research, 1999).

<sup>23</sup> Dan Black, Jeffrey Smith, Mark Berger, and Brett Noel, “Is the Threat of Reemployment Services More Effective than the Services Themselves? Experimental Evidence from Random Assignment in the UI System,” *American Economic Review*, November 2003, pp. 1313–27.

<sup>24</sup> See “Fiscal Year (FY) 2005 Unemployment Insurance (UI) Reemployment and Eligibility Assessment (REA) Grants,” Field Memorandum No. 17-04 (U.S. Department of Labor, Employment and Training Administration, Aug. 12, 2004).

<sup>25</sup> See, for example, Peter Auer, Ümit Efendioglu, and Janine Leschke, *Active Labour Market Policies around the World: Coping with the Consequences of Globalization* (Geneva, International Labour Office, 2005). The book summarizes nearly 200 studies in industrialized, transitional, and developing countries, concluding, “All in all, as job-search assistance is the most cost-effective measure, it should be intensively used over all phases of unemployment” (pp. 61–62).