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Considerations for States Planning Personal Reemployment Accounts

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Abstract

Draft legislation for the Back to Work Incentive Act of 2003 proposes personal reemployment accounts (PRA) that would provide each eligible UI (unemployment insurance) claimant with a special account of up to $3,000 that can be used to purchase job training and intensive reemployment and supportive services. A budget of $3.2 billion is being proposed for PRAs, with the money to be committed over a two year period. This paper provides an overview of how states might approach a simulation analysis of PRA implementation. The suggested method involves analysis of historical patterns of intensive and training service use and applies the take-up rate parameters estimated in the UI reemployment bonus experiments conducted during the 1980s. Possible simulations for various alternative sets of rules governing PRA enrollment and PRA amount will be described. The sensitivity of simulation results to variations in the bonus response parameters could also be examined in the proposed framework.

1.   Introduction

Draft legislation for the Back to Work Incentive Act of 2003 proposes personal reemployment accounts (PRA) that would provide each eligible UI (unemployment insurance) claimant with a special account of up to $3,000 that can be used to purchase job training and intensive reemployment and supportive services.[1] PRA recipients who get reemployed within 13 weeks of their UI claim would receive the unused portion of the account as a cash reemployment bonus. The bonus would be paid in two separate installments, 60 percent upon reemployment and the balance six months later if certain conditions are met. Among UI claimants, eligibility for PRAs will be determined using state Worker Profiling and Reemployment Services (WPRS) models with those identified as most likely to exhaust their UI benefit entitlement being offered a PRAs.

A budget of $3.2 billion is proposed for PRAs, with the money to be committed over a two-year period. Each state's allocation for PRAs will be in proportion to the state's share of national unemployment, and with state allocations to local areas made by the same rule. Program enrollment is called for within 90 days of the bill's passage, and within two years states must complete enrollment sufficient to use the state PRA allocation. Effective implementation of this program requires advance planning, monitoring of the use of funds by early PRA enrollees, and adjustment of state PRA enrollment plans. Critical participant response parameters include rates of PRA offer acceptance, intensive and training service use, qualification for first bonus payment, and qualification for second bonus payment. Cost data for intensive and training services is also required for planning and implementation of PRAs.

This paper provides an overview of how states might approach a simulation analysis of PRA implementation. The suggested method involves analysis of historical patterns of intensive and training service use and applies the take-up rate parameters estimated in the UI reemployment bonus experiments conducted during the 1980s (Robins and Spiegelman 2002). Simulations for various alternative sets of rules governing PRA enrollment and PRA amount will be described. The sensitivity of simulation results to variations in the bonus response parameters could also be examined in the proposed framework.

2.   Lessons from the Bonus Experiments

Between 1984 and 1989, reemployment bonus experiments targeted at unemployment insurance (UI) recipients were conducted in four different states. These experiments offered lump-sum payments, which ranged from 2 to 6 times the UI weekly benefit amount (WBA), to UI claimants who took new full-time jobs within 3 to 13 weeks of their benefit application and held a job for at least four months while not drawing any further UI benefits.

For example, Washington state currently has a maximum WBA of $496 which is highest among the states that ran bonus experiments. Six times the Washington maximum WBA is very nearly equal to

[1]http://thomas.loc.gov/cgi-bin/query/z?c108:h.r.444:

the maximum PRA amount of $3,000 permitted under the Bush Administration proposal. The proposal also requires PRAs to be set uniformly within a state, which could be interpreted to permit setting the PRA as a multiple of the WBA rather than at a fixed dollar level. In recognition of the fact that some states have very low WBA minimums, the rule could set PRA amounts at the higher of either six times the WBA or $1,500.

Reemployment bonuses were intended to speed return to work in a cost efficient manner that would benefit employees, employers, and government. UI claimants would be better off if they return to work sooner and find jobs that are similar and pay similar wages to the jobs they would take in the absence of a bonus offer. Employers would be better off if they experience lower UI payroll taxes. The government would be better off if the cost of the bonus is offset by a decrease in UI benefit payments to unemployed workers and an increase in income and other tax contributions by workers during their longer period of employment. A summary of the impact estimates on weeks of UI benefits is presented in Table 1.

The first bonus experiment was conducted in Illinois during 1984-85 and was sponsored by the Illinois Department of Employment Security. It offered a $500 cash bonus for reemployment within 11 weeks and for staying on the job at least four months. The offer reduced the average duration of UI compensated unemployment by 1.15 weeks (Woodbury and Spiegelman 1987). At the same time, participants suffered no reduction in post-unemployment wages, indicating that the bonus offer did not reduce job quality.

Independent of the Illinois experiment, the U.S. Department of Labor (USDOL) sponsored a New Jersey UI experiment that included a reemployment bonus treatment group. This project became operational in 1985 and 1986. The offer tested in the New Jersey experiment generated modest savings in UI (Corson et al. 1998). Since the cost of offering and paying the bonuses exceeded the modest UI savings, the New Jersey bonus was not cost effective from the perspective of the UI system.

Under the sponsorship of the USDOL, Pennsylvania and Washington state each conducted separate reemployment bonus experiments in 1988-89 (Corson et al. 1992, Spiegelman et al. 1992). Like the New Jersey experiment, in contrast to the Illinois experiment, these later trials had much more modest results. In Pennsylvania and Washington the estimated reduction in weeks of UI ranged from 0.06 to 0.82. The impact increased with both the size of the cash bonus offer and the length of the qualification period. Overall mean impact was about one-half of a week.

None of the four experiments found any evidence that the reemployment bonus offer had an adverse impact on reemployment wages. Estimated impacts of bonus offers on earnings were either small and positive, or not statistically different from zero. In the New Jersey experiment, Corson et al. (1989, pp. 294-299) found small positive earnings impacts in the calendar quarter of the bonus offer and the quarter immediately after the offer with bonus impacts on earnings zero thereafter. For the other three experiments, both unadjusted impact estimates on earnings and estimates controlling for

possible selectivity bias associated with differential reeemployment rates among the treatment and control groups revealed no negative earnings impacts of the bonus offers (Decker, O'Leary and Woodbury 2002, pp. 163-166).

It should be noted that in the experiments no cash bonuses were paid until at least four months after steady reemployment and no UI receipt. This may partly explain the result that the bonus offer did not lower reemployment wages. The PRA proposed in the Back to Work Incentive Act of 2003 would pay 60 percent of the remaining PRA balance upon reemployment and then the remaining 40 percent after 6 months of steady reemployment with no interim receipt of UI. It is unclear from the experimental evidence what impact such a design would have on reemployment wages and earnings.

Additional analysis of data from the experiments has yielded further insights into the effects of reemployment bonus offers. The Illinois results were found to be stronger than the other experiments because of the opportunity to reduce much longer potential durations of benefits while extended benefits were available during part of the operation of the Illinois experiment (Decker, O'Leary and Woodbury, 2002). Illinois results were found to be stronger than those in New Jersey because of the differences in the behavioral responses to fixed versus declining reemployment bonus offers (Decker, 1994). The stronger results in Pennsylvania than Washington were attributed to tighter labor markets in Pennsylvania than in Washington during the operation of the two experiments (O'Leary, Spiegelman and Kline, 1995).

Evidence on the net benefits of the reemployment bonus offers studied in the experiments was not sufficient for bonuses to be enacted as policy. The bonus offers reduced UI benefit payments by an average of about one-half a week, and this saving combined with the additional cost of bonus payments resulted in incentive program that was a break-even proposition from the UI system perspective.

O'Leary, Decker and Wandner (2003) investigated whether cost effectiveness would be improved if reemployment bonus offers were targeted to those most likely to exhaust UI benefits using models similar to state WPRS models. They found that targeting did improve cost effectiveness, and that the most effective strategy would be to offer a low bonus amount (3 times the WBA) with a long qualification period (12 weeks) to the 50 percent of profiled UI claimants most likely to exhaust UI benefits, with the bonus paid after 4 months of reemployment. Such an offer was estimated to reduce UI system costs by an average of $100 per offer.

All of the bonus impact estimates discussed were generated in the context of field experiments where a limited number of UI claimants were randomly assigned to receive a bonus offer with other claimants randomly assigned to usual UI services. The system wide impacts of an actual bonus program could be different for two particular reasons known as entry and displacement effects (Meyer 1995). Only about two-thirds of those eligible for UI benefits actually claim and collect them during a spell of joblessness (Blank and Card 1991). The availability of a cash bonus, could induce some job separated people to enter the UI system and claim benefits while in the absence of a possible bonus

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offer they otherwise would have quickly accepted a new job. Displacement would occur if a cash bonus offer increases reemployment of those offered the bonus at the expense of some of those not offered the bonus. UI entry effects from the bonus are much less likely if bonus offers are "targeted to those workers whose characteristics are highly correlated with long term unemployment" (Executive Office of the President, Council of Economic Advisers 2003, p. 125). Targeting bonus offers would also mollify any displacement effects since only a fraction of UI claimants would be given bonus offers.

3.   Models for Targeting PRA Offers

The proposed legislation requires that PRAs be targeted to those most likely to exhaust UI benefits using the existing state WPRS models. In 1993, Public Law 103-152 amended the Social Security Act to require state employment security agencies to establish and utilize systems to identify UI claimants most likely to exhaust their regular benefits, so they may be provided reemployment services to make a faster transition to new employment. All states had WPRS systems in place by 1994 (Dickinson, Decker and Kreutzer 2002). Some state models have not been revised since originally implemented so that their accuracy for identifying those most likely to exhaust UI has probably diminished.

In 1999 the U.S. Department of Labor made significant improvement grants to 11 states to update their WPRS statistical selection models and service referral systems (Needels, Corson and Van Noy 2002). Most of these states updated their statistical selection models, although most states have not done so since the original models were implemented.

For example, the same profiling model implemented in Michigan in 1994 is still being used to refer UI claimants to WPRS services (Eberts and O'Leary 1996). However, nearly all other aspects of UI in Michigan have changed in the intervening years. The Michigan Employment Security Commission has been abolished and twice replaced. UI in Michigan is now administered by the Bureau of Workers and Unemployment Compensation. Within the next few months the process of taking UI claims in Michigan will shift from in person interviews at local offices around the state to telephone claims taken by staff at three call centers to be located in Detroit, Grand Rapids, and Saginaw. Furthermore, UI has become a partner in new one-stop centers for employment services established in each workforce development area in the state as required by the Workforce Investment Act (WIA) of 1998.

When the Michigan WPRS was first implemented in 1994 linkages between UI and the employment service and Job Training Partnership Act (JTPA) agencies were either established or strengthened in each local labor market around the state (Eberts and O'Leary 1997). Those relationships which have flowered in the WIA one-stop centers are crucial for maintaining active reemployment efforts for those at greatest risk of long-term UI benefit receipt. Currently, UI claimants who are neither job attached nor union hiring hall members are required to register for job search with Michigan Works to establish benefit eligibility. With UI call centers, internet, employer filed claims, and

mail claims available in the near future, personal interaction with claimants is being greatly reduced. A WPRS invitation for orientation may be the most active reemployment assistance that many UI claimants experience during a new spell of joblessness.

Also since 1994 Michigan has changed from being a wage request state for UI eligibility determination to being a wage reporting state. This means that each claimant's full benefit year UI entitlement will be known at the time that eligibility is established, a fact that will permit new approaches to WPRS modelling. When call centers are implemented, the MUA will also switch to using the new Standard Occupation Code (SOC) and North American Industrial Classification System (NAICS). Clearly the institutional context of WPRS has changed since its original implementation in Michigan, and the labor market has also changed. Michigan is currently working with the W.E. Upjohn Institute for Employment Research to update and improve the
WPRS profiling model.

The Upjohn Institute work for Michigan has been informed by the investigation of WPRS referral model performance conducted by Black, Smith, Plesca and Plourde (2002) for the U.S. Department of Labor. Key recommendations of their study were: (1) ordinary least squares models perform as well or better than logit models, (2) the model dependent variable should be fraction of entitled benefits used rather than a binary zero-one indicator variable for exhaustion, (3) local unemployment and industry employment growth variables are not required for consistent rankings, (4) separate regional models within a state are not required, a single state-wide model is sufficient to produce useful consistent rankings at the local level, and (5) richer models that include additional variables easily available in UI administrative records, such as exhausted prior UI claim, improve model prediction performance.

The proposed legislation requires that financial grants from the federal government to states and from states to local areas be allocated according to a formula based on the area's share of estimated unemployment. At the same time, enrollment of individual claimants into PRAs is to be done on the basis of WPRS model profiling scores. This means that different numeric scores will be the effective PRA enrollment threshold in each local one-stop center around the state.
This management challenge must be addressed in planning for PRAs.

Despite the improvement in model predictive power gained by the above refinements, it is still the case that a high degree of sampling error will remain in WPRS models. The improved models can be relied upon to differentiate between those most likely to exhaust and those least likely to exhaust, but on the margin there is a large gray area for predicting UI benefit exhaustion. That is, UI claimants with WPRS scores just above the referral threshold are not significantly different from those with scores just below the threshold. Recognizing this fact, the WPRS referral method used in the state of Kentucky may be appropriate for PRA referrals. The Kentucky method adds an element of fairness to the referral process while at the same time providing for a true experimental evaluation of program effects based on random trials.

Randomization within profiling tie groups (PTGs) is used to refer UI claimants to WPRS services in Kentucky. Since capacity to serve WPRS clients is limited in local offices, profiled WPRS customers within PTGs are randomly assigned to WPRS, or not. This is an equitable mechanism for referral when the statistical models themselves have a degree of error. Randomization on the margin also provides a basis for experimental evaluation of WPRS effectiveness (Black et al. 2001). Kentucky divides the predicted UI exhaustion distribution into 20 groups spanning 5 percentile points each. Every week the local WPRS capacity is met within one of the 20 groups and then random assignment to WPRS is done within that PTG. The position of the PTG in the distribution can change in each office from week to week. A similar mechanism for randomization on the margin could be used to make referrals to PRAs.

4.   Issues in Simulating Program Costs

To help in planning for PRA implementation, states may want to simulate the program costs using administrative records of their UI claimants. To avoid seasonal effects the inflow sample should span a recent twelve month period of new UI first payments. The time frame of the inflow sample should be recent. However, full benefit year data on benefit payments must be available. Because of the restrictions in the proposed PRA legislation, the sample must be limited to claimants eligible for at least 20 weeks of regular UI benefits, who are not union hiring hall members, and not on standby awaiting employer recall. Furthermore, everyone in the sample must have been profiled by the state WPRS model. Profiling scores are part of the data needed for simulations.

Additional data from the UI claimant application relating to age and geographic location should also be captured. This information will permit analysis of the response by youth and older workers to PRA incentives and simulations of alternative state and local PRA targeting rules. Data from UI wage records should be used to assess return to work for simulating bonus payments. The earnings data will also permit examination of how PRAs might affect UI claimants from different strata of the earnings distribution.

Using WPRS profiling scores, different rules for targeting PRA offers at the state and local level may be examined. An initial value for WPRS score threshold cut off points for PRA targeting might be set at the 90th percentile of the distribution. This parameter can then be varied after the remaining simulation parameters are set. To simulate costs of PRA offers for a given targeting rule, the second simulation parameter to set is the proportion of PRA offers made that will be accepted. Only the Illinois reemployment bonus experiment required claimants to formally accept a reemployment bonus offer, and in that case about 80 percent chose to accept the offer (Woodbury and Spiegelman 1987). This is a starting point for simulations, with alternative runs at 70, 90 and 100 percent. As for all parameters, this one must be monitored after program start-up so that preliminary estimates can be refined during the course of actual PRA enrollment.

The next component of PRA simulations is the value of services purchased before bonus take-up. Among claimants offered the bonus (initially set as the highest 10 percent of WPRS scores), we identify the intensive and training services used in the first 13 weeks after the UI benefit year begin (BYB) date, or until the first interruption in the continuous series of weekly UI payments which ever is shorter. This presumes that the pattern of services is unaffected by the PRA offer. Key elements of the exercise are estimates of the cost of individual intensive services and training. Perhaps the best data available are from federally required WIA area reports on the average per participant cost of intensive services and training. At a minimum, these data will provide variation in costs across areas within the state.

The take-up rate of first bonus payments must also be set for bonus simulations. The value of this parameter observed in the Washington bonus experiment averaged 55.5 percent across the six treatments tested (O'Leary, Spiegelman and Kline 1995, p. 254). This is a reasonable initial value for the first bonus take-up rate in simulations.

Another simulation parameter is the estimated spending from PRAs after first bonus payment deadline. That is, for PRA recipients who receive a first bonus payment for reemployment but fail to remain employed for six months and return to UI benefit receipt, what is the value of intensive services and training used? A similar computation is also necessary for claimants who fail to become remployed within 13 weeks and continue to use intensive services and training.

The final parameter required for simulations is the take-up rate of the second bonus payment. Among those claimants who are estimated to qualify for a first bonus payment, what proportion stay employed full time and remain off of UI for the next six months? In the Washington experiment among the six treatments, an average of 26.2 percent of those who would qualify for the first bonus payment or 14.6 percent of those offered a bonus remained in their qualifying job for at least four months. Since the requirement for the second bonus payment under the PRA is a 6 month reemployment period, a conservative initial value for the second bonus payment take up rate is 25 percent of the first bonus payment sample.

Preliminary estimates of the state-wide proportion of claimants with WPRS scores who should receive PRA offers can be arrived at after first running the simulation at the initial values and computing the share of the two-year PRA state allocation that would be spent. Each of the parameters can then be adjusted to yield estimated PRA budget expenditure of 50 percent for each year. Once program operations begin, these parameters should be monitored and the rate of PRA enrollment increased or decreased depending on observed trends.

5.   Practical Implementation Issues

The proposed legislation requires that information about PRAs be clearly presented to UI claimants who are given offers. The claimant may then accept or decline the PRA. Formal procedures for both of these actions should be established. PRA offers could be given in either individual or group settings. A standard signature form for acceptance should be prepared. The acceptance form should require those accepting PRAs to cooperate with efforts to validate reemployment and earnings for bonus payment. Agreement to answer a brief 10 question follow-up survey for evaluation purposes would also be useful.

Payment of the first PRA lump-sum cash bonus amount depends on obtaining full-time employment while not drawing UI benefits. A standard definition of full-time employment is work in a job requiring at least 30 hours per week. To establish legitimate return to work, it is reasonable to require such work for two weeks before the first bonus payment. Achievement of thirty hours per week for two weeks might be established using the "new hire" data system established to validate claims for assistance from Temporary Assistance for Needy Families (TANF).

For the second bonus payment, steady reemployment must be maintained for at least six months. Validation of this outcome may be performed using the UI quarterly wage records. A reasonable criterion would be to require earnings of at least $2,000 in the first full calendar quarter after the return to work that qualified for the first bonus payment. A calendar quarter includes 13 weeks, and continuous employment for at least 30 hours per week at or above the federal minimum wage of $5.15 will yield quarterly earnings in excess of $2,000. By definition, the six-month reemployment requirement would fully encompass the first full calendar quarter after return to work that qualifies for the first bonus payment.

Cost data for pricing intensive, training and supportive services are critical to properly administering PRAs. Systems may need improvement to capture the requisite detail. Records of expenditures from PRAs must be kept by the local one-stop center for each UI claimant given an account. Individual disbursement accounts will need to be maintained.

It should be emphasized that the take-up rate parameters for each stage of PRA activity given above are based on observations made in the reemployment bonus experiments. Those experiments did not involve the possibility of spending part of an individual grant for services. This feature might be called a human capital account. The availability of such an option may change behavior, so that actual take-up rates should be monitored during the early months of PRA enrollment. States have only 24 months from the date of PRA enactment to commit their entire federal PRA grant. Enrollment and use of PRA grants must be monitored so that budgets are neither exhausted too early, nor left uncommitted at the end of the enrollment deadline.

The proposed legislation also requires an evaluation of the effectiveness of the PRA concept. States should lay the ground work for a good evaluation when developing administrative and data management systems for implementation of PRAs. An evaluation involves more than simply tracking gross outcomes as is done for performance monitoring. Any proper evaluation should involve a comparison group design. The key to good advance planning for evaluation is providing for adequate data on an appropriate comparison group for PRA recipients. An ideal comparison group would result if referral to PRAs was done using randomization within PTGs. However other satisfactory approaches are available that involve matching of samples on claimant characteristics.

Key short-term outcomes to examine in a PRA evaluation would be impacts on weeks of UI receipt in the benefit year, dollars of UI receipt in the benefit year, UI benefit exhaustion rate, and earnings in the benefit year. A longer term evaluation would examine multi-year impacts on UI benefit recipiency, earnings, job retention, and career occupational progression. Impact estimated on these outcomes should be examined over the whole group offered PRAs, and sub-group impacts should be examined for youth, older workers, and low-wage workers.

6.   Possible Legislative Refinements

Some features of the financing and administrative structure for PRAs as proposed in H.R. 444 could benefit from refinement. Three particular items are addressed here: (1) the formula for PRA budget allocation, (2) the timing of bonus payments, and (3) the definition of uniform bonus offer within the state.

The suggested legislation calls for PRA budget allocations from federal to state and from state to local administrative entities to be based on the share of unemployment. Counts of the unemployed are based on the monthly Current Population Survey (CPS) administered by Bureau of the Census for the USDOL's Bureau of Labor Statistics (BLS). Each month the CPS interviews a scientifically designed representative sample of about 50,000 people.[2] The sample size permits reliable monthly estimates of unemployment to be directly computed for the 11 largest states and for two metropolitan areas: New York City and Los Angeles-Long Beach. For the other 39 states, the District of Columbia, and other sub-state areas, unemployment estimates are based on additional information including unemployment insurance data and information from the Current Employment Statistics (CES) survey and the decennial Census of the United States (U.S. Department of Labor, Bureau of Labor Statistics 2002). A much more precise method for allocating PRA grants would be to simply consider the share of UI first payments made in an area. Such a method would involve no sampling error. Furthermore, since it is possible for a state to have high estimated unemployment, but a low UI recipiency rate, PRA allocations based on the share of UI first claims would reward areas with inclusive eligibility provisions for UI.

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[2]http://www.bls.census.gov/cps/overmain.htm

It is also proposed that bonus payments be made in two separate lump sums, with 60 percent of the unspent balance paid upon reemployment and the remainder paid after six months of steady employment. In all of the reemployment bonus experiments conducted in the U.S., a single lump-sum bonus payment was made only after the required reemployment period was completed (Robins and Spiegelman 2002). A favorable finding common to all the experiments was that UI claimants offered the bonus did not accept jobs with lower wages than those not offered a bonus. Paying a bonus up front, as in the PRA proposal, may induce UI claimants to accept a lower paying job which is easier to find, just to get the bonus quickly. A PRA design with a single lump-sum payment after completion of the reemployment period would reduce the risk that claimants would accept inferior jobs. Indeed the 2003 *Economic Report of the President* asserts that "(s)tates would have the option of providing the cash balance as a single lump sum or in two installments of 60 percent and 40 percent" (Executive Office of the President, Council of Economic Advisers 2003, p. 125).

A final suggestion concerns the proposed definition of uniform PRA size throughout the state. It has been widely advertised that $3,000 PRAs would be offered to all claimants selected to receive one. Permitting states to uniformly set the PRA as a multiple of the WBA rather than a fixed dollar level would add flexibility to the system. The largest bonus offers tried in the bonus experiments were six times the WBA. Given current WBAs among the states, that would set a maximum WBA of about $3,000, ignoring dependents allowances. Since some states have very low WBA minimums, the PRA could be set at the higher of either six times the WBA or $1,500. This would ensure that everyone had a meaningful incentive for reemployment, adequate resources for purchasing intensive and training services, and that a states PRA grant could be spread widely among those most likely to exhaust UI benefits.

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TABLE 1
TREATMENT DESIGNS FOR THE REEMPLOYMENT BONUS EXPERIMENTS
AND UNADJUSTED IMPACT ESTIMATES ON WEEKS OF UI
(Standard errors in parentheses)

Illinois:

Bonus Amount	Qualification Period	Impact Estimate
$500	11 weeks	-1.15** (0.27)

New Jersey:

Bonus Amount	Qualification Period	Impact Estimate
Half the remaining UI entitlement with the initial offer good for two weeks and then declining by 10 percent per week.	11 weeks	-0.69** (0.23)

Pennsylvania:

	Qualification Period	
Bonus Amount	6 Weeks (short)	12 Weeks (long)
3 x WBA (low)	-0.65** (0.34)	-0.36* (0.28)
6 x WBA (high)	-0.44* (0.31)	-0.82** (0.27)
Declining		-0.33 (0.30)

Washington:

	Qualification Period	
Bonus Amount	(0.2 x Potential UI Duration) + 1 Week (short)	(0.4 x Potential UI Duration) + 1 Week (long)
2 x WBA (low)	-0.06 (0.30)	-0.50* (0.29)
4 x WBA (medium)	-0.19 (0.30)	-0.14 (0.30)
6 x WBA (high)	-0.62* (0.33)	-0.73** (0.34)

*Statistically significant at the 90 percent confidence level in a two-tailed test.
**Statistically significant at the 95 percent confidence level in a two-tailed test.

Table 2. Information for Simulating PRA Program Costs

Sample Selection Criteria

Data on four quarters of UI claimants with completed benefit years
UI claimants eligible for at least 20 weeks of regular UI benefits
Exclude union hiring hall members
Exclude those on standby awaiting employer recall
Include those profiled by the state WPRS model

Data Needed for Analysis

Profiling score
Age
Geographic location
Base period earnings
Weekly benefit amount
Benefit year quarterly earnings from wage records
Intensive and training services used in the first 13 weeks
Intensive and training services used in benefit year weeks 14 to 52
UI payments in the benefit year
Cost of intensive and training services in geographic location
Volume of profiled UI claimants per week state wide
Volume of profiled UI claimants per week by geographic location

Parameters for Simulations

Profiling score threshold for making a PRA offer (70th, 80th, 90th percentile)
The proportion of PRA offers made that will be accepted (70, 80, 90 percent)
Cost of intensive and training services purchased in the first 13 weeks of the benefit year
The take up rate for the first bonus payment (50, 55, 60 percent)
Cost of intensive and training services purchased in weeks 14 to 52 of the benefit year
The take up rate for the second bonus payment (10, 15, 20, 25 percent)