

2010

From Workforce Research to Workforce Policy

Stephen A. Wandner
Urban Institute

Citation

Wandner, Stephen A. 2010. "From Workforce Research to Workforce Policy." *Employment Research* 17(4): 5-6. [https://doi.org/10.17848/1075-8445.17\(4\)-2](https://doi.org/10.17848/1075-8445.17(4)-2)

This title is brought to you by the Upjohn Institute. For more information, please contact repository@upjohn.org.

Stephen A. Wandner

From Workforce Research to Workforce Policy

Otto von Bismarck is reported to have said that laws are like sausages; it is better not to see them made. And like sausages, legislation is improved by quality ingredients. Rigorous research can be a vital ingredient that improves the final policy and legislative product. The use of research to shape legislative development, however, should not be assumed. A forthcoming book published by the Upjohn Institute, *Solving the Reemployment Puzzle: From Research to Policy* (Wandner 2010), traces the use and misuse of research as it informed and guided workforce public policy during the Clinton and George W. Bush presidencies. (To order the book, see the order form on the back cover or visit www.upjohn.org).

The new book closely examines the process by which eight social science experiments changed workforce development laws and policies. The experiments are analyzed through their entire policy process: experiment initiation, implementation, and evaluation; policy development; legislative enactment; program development; and program implementation.

The experiments all examined ways to return to work dislocated workers eligible to collect unemployment insurance (UI); hence, they were called the “UI Experiments.”

The UI Experiments resulted in policy proposals and federal legislation despite a hostile economic, fiscal, and political environment. In some ways, they succeeded because they anticipated and surmounted the difficult environment of the 1980s.

The experiments operated under at least three important environmental constraints. First, they were developed during the early and mid-1980s, a period of high unemployment. Thus, there was a clear need to help the long-term unemployed return to work.

Second, the experiments were conducted during a period of budget stringency. Conscious of fiscal constraints, the researchers designed the experiments to test whether the treatments could provide net benefits to the U.S. Department of Labor to enhance the chances that they could be enacted.

Third, the experiments operated in a partisan environment both within Congress and between Congress and the executive branch. Experimental methods were used precisely in order to yield rigorous results that all parties would find convincing, since evaluations based on experimental methods are more likely to satisfy policymakers, regardless of their

Between 1986 and 1996, eight UI Experiments were conducted, searching for new or improved interventions that might expedite workers’ return to work and improve their skills.

political philosophy. These methods are especially important in a time of divided and contentious government in order to enact into federal law new workforce policy that entails additional federal expenditures.

There are lessons to be learned from these experiments because they operated under many similar environmental constraints relating to difficult labor market conditions, severe federal and state budget constraints, and contentious governmental relations.

The UI Experiments: Policy Proposals and Legislation

Between 1986 and 1996, eight UI Experiments were conducted, searching comprehensively for new or improved interventions that might expedite workers’ return to work and improve

their work skills. The interventions tested were intensive job search assistance (JSA), training, relocation assistance, reemployment bonuses, self-employment assistance (SEA), and an enhanced UI work test.

The New Jersey Experiment was a multitreatment project that tested four interventions: 1) comprehensive job search assistance, 2) training, 3) relocation assistance, and 4) reemployment bonuses. The other experiments tested only one intervention: comprehensive JSA (District of Columbia and Florida), self-employment assistance (Massachusetts and Washington), reemployment bonuses (Pennsylvania and Washington), and an enhanced UI work test (Maryland).

Six of the experiments provided promising results that were developed into policy proposals (see Table 1). The comprehensive JSA from the New Jersey Experiment was used as the foundation for launching the Worker Profiling and Reemployment Services (WPRS) system enacted into federal law in 1993. Later that year, SEA was temporarily enacted based on the interim report of the SEA experiment that had operated in Massachusetts. The SEA program was made permanent in 1998, after the final SEA evaluation was published. In 1994, reemployment bonuses were incorporated into the Clinton administration’s proposed Reemployment Act—a reauthorization of federal workforce legislation—but the legislation stalled in Congress and was never enacted. In 2003 and 2005, reemployment bonuses reemerged as a Bush administration legislative proposal in the form of Personal Reemployment Accounts.

The remainder of this article focuses on two interventions discussed in the book—comprehensive JSA and SEA—where positive experimental results guided the design of federal legislation and produced successful programs that help the unemployed return to work.

The Case of Comprehensive Job Search Assistance

A series of reemployment experiments were proposed to Bill Brock after he

Table 1 The Unemployment Insurance Experiments: Evaluations and Legislative Activity

Intervention	Experiment	Evaluation	Legislation
Job search assistance	New Jersey	1989—Final report 1991—Four-year follow-up 1995—Six-year follow-up	1993—Worker Profiling and Reemployment Services (enacted)
Self-employment assistance	Massachusetts	1991—Interim report 1995—Final report	1993—Self-Employment Assistance (enacted for five years) 1998—Self-Employment Assistance (permanently enacted)
Reemployment bonuses	Illinois New Jersey Pennsylvania Washington	1987—Final report 1989—Final report 2002—Final report 2002—Final report	1994—Reemployment Act (not enacted) 2003 & 2005—Personal reemployment accounts (not enacted)

NOTE: Most of the data and final reports from these experiments are available at ERDC on our Web site: www.upjohn.org.

became Secretary of Labor in April 1985. Brock had been Special Trade Representative and was familiar with the issue of worker dislocation. He eagerly approved a budget proposal to launch a set of experiments dealing with dislocated workers, but he insisted that the New Jersey Experiment begin immediately using existing research funds rather than wait for a new congressional appropriation. Believing strongly in research, Brock firmly supported initiating the experiments, though he knew he would not oversee their completion as secretary.

The New Jersey Experiment was conducted in 1986 and 1987, and the final evaluation was completed two years later (Corson et al. 1989). The evaluation showed that comprehensive JSA reduced UI-compensated durations by half a week to all workers offered the treatment. The treatment resulted in a finding that the cost of providing the services would be more than offset by the benefits to the government. If policymakers were convinced by the evaluation report, comprehensive JSA could be provided with a federal budgetary savings.

The findings from the 1989 evaluation and a series of multiyear follow-up reports were widely circulated. Briefings were held in Washington, DC, for each of the evaluation reports. The reports were distributed to state workforce

agencies, researchers, policy analysts, and policymakers. At a 1991 briefing of minority and majority staff members of the House Ways and Means Committee, all members agreed that the experimental evaluation results were convincing and that comprehensive JSA was highly cost effective.

In March 1993, less than a month after becoming the Secretary of Labor, Robert Reich was faced with high unemployment requiring the extension of emergency UI benefits. In response, he wanted to

For research to affect policy, political leaders in both the executive branch and Congress must commit to funding, conducting, and using research.

do something innovative. Cognizant of the results of the New Jersey experiment from her time as UI Administrator, Carolyn Golding, the acting assistant secretary for the Employment and Training Administration, suggested he consider comprehensive JSA. Larry Katz, Reich's chief economist, supported the proposal—he had read the New Jersey Experiment evaluation and had used it as a reading for his Harvard graduate labor economics class. Reich's chief of staff, Kitty Higgins, supported the proposal, having been briefed on the experiment

when she was legislative assistant to Representative Sander Levin, who served on the House Ways and Means Committee.

Clinton approved the proposal, and Congress enacted the extension of emergency benefits with the JSA provisions with bipartisan support. Clinton signed the legislation into law on March 4, 1993. Now the Labor Department was charged with implementing this new program in the states.

With unprecedented support from three key department programs—the UI, Employment Service (ES), and training programs—the WPRS system was successfully implemented nationwide by mid-1996. A newly developed worker profiling statistical mechanism allowed state UI programs to identify UI beneficiaries who were permanently displaced and likely to exhaust their UI benefits. Targeted workers were referred to One-Stop Career Centers where ES workers provided them with reemployment services, and some of these workers were referred to training programs.

In recent years the WPRS system has screened 6–12 million UI beneficiaries and has referred over 1.0 million of these UI beneficiaries to the One-Stops to receive WPRS reemployment services. The WPRS system works as both a targeting tool to identify workers in need of reemployment services and as an allocation tool to effectively provide these services consistent with state and local workforce budgetary constraints.

Self-Employment Assistance

SEA was tested in Massachusetts, providing self-employment allowances to UI-eligible workers in lieu of regular UI benefits. This intervention also was found to provide net benefits to the Department of Labor. SEA was a fundamental change in the way that UI benefits are paid. While regular UI requires that unemployed workers search for wage and salary employment, the SEA program relaxes that requirement and allows workers to draw benefits as long as they are laboring full time to

start their own businesses. Unemployed workers create their own jobs by starting microenterprises, and they may employ other workers as well.

SEA was the other UI Experiment that both yielded a Clinton administration legislative proposal and was enacted into federal law. SEA is a voluntary state program that must be adopted by individual states and made a part of their state UI laws. Less than a dozen states have adopted the program, and usage has been limited to a few thousand workers a year. Nevertheless, the SEA program holds promise as a practical option for some workers to create their own jobs and, based on experimental results, to earn more money than workers who are not offered this option.

Conclusion

Rigorous research can have a major impact on federal workforce public policy and legislation. For research to affect policy, political leaders in both

the executive branch and Congress must commit to funding, conducting, and using research. Implementing research findings requires that government workers at the national, state, and local levels be supportive of the research results and use them to develop new and innovative programs and processes. When policymakers use research results as a prominent ingredient in policymaking, they are more likely to develop cost-effective policy that works. However, when the research is not conducted or the research results are ignored, policy and programs suffer.

WPRS and SEA are success stories. WPRS helps expedite the return to work of dislocated workers. The Obama administration and Congress recognized this contribution by including \$250 million in Recovery Act funds for reemployment service grants that have provided funds to provide comprehensive JSA. While the SEA program needs more encouragement and more entrepreneurial training funds to expand its scope, its

success in the states with SEA programs demonstrates the promise of permitting unemployed workers to create their own jobs and to increase their earnings by starting their own microenterprises.

References

Corson, Walter, Paul T. Decker, Sherri Miller Dunstan, and Anne R. Gordon. 1989. "The New Jersey Unemployment Insurance Reemployment Demonstration Project: Final Evaluation Report." Unemployment Insurance Occasional Paper 89-3. Washington, DC: U.S. Department of Labor.

Wandner, Stephen A. 2010. *Solving the Reemployment Puzzle: From Research to Policy*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Stephen A. Wandner is a visiting fellow at the Urban Institute.

W.E. UPJOHN INSTITUTE
FOR EMPLOYMENT RESEARCH

Researching the causes and consequences of unemployment

Visit our new Web site

www.upjohn.org

- **New look and features**
- **Enhanced content and searching capability**
- **New digital repository for working papers, book chapters, reports, current and recent research projects, staff testimony, grant and dissertation award summaries, and more.**