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The Unemployment Insurance Experiments Begin in **Solving the Reemployment Puzzle:
From Research to Policy**

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The Unemployment Insurance Experiments Begin

The New Jersey and Job Search Assistance Experiments

with Walter Corson

SEARCHING FOR COST-EFFECTIVE SOLUTIONS: THE DECISION TO BEGIN THE NEW JERSEY EXPERIMENT

The New Jersey Experiment was the first of eight UI Experiments undertaken by the U.S. Department of Labor between 1985 and 1996. The economic and political environment of the time made these experiments possible and shaped their design. Three key aspects of this environment were 1) the need to create efficiently operating employment and training systems, 2) the impact of the federal budget on the initiation of new policy, and 3) concern about worker dislocation in the United States.

U.S. employment and training programs continued to operate in the 1980s, but their staffing and funding was reduced at the federal, state, and local level.¹ As a result, attention was focused on ways to make employment and training programs administratively more efficient by making greater use of interprogram coordination, linkages, and consolidation. At the same time, an effort was made to determine the most effective methods for delivery of services to participants.

Underlying the UI Experiments was the belief that the UI program could improve the coordination and linkages of reemployment services for dislocated workers by becoming a part of the reemployment service delivery system. Thus, it was expected that the UI program would join the Employment Service (ES) and Job Training Partnership Act (JTPA) programs in assisting in the reemployment process. The UI program

was posited as a potential gateway for directing unemployed workers to reemployment service providers. UI staff were expected to be able to identify unemployed workers in need of reemployment services when they first became unemployed and filed for benefits. However, from the UI program's perspective, it was recognized that while many permanently separated UI claimants needed services, effective reemployment services had to be targeted at those claimants for whom reemployment services would be most cost-effective. The resulting service delivery system would provide quicker, more effective, and more efficient reemployment services.

The experiments were rooted in the reality of the 1980s federal budgetary process, which made it exceedingly difficult to initiate a new federal program. Experimental methods were expected to make any positive finding of cost-effectiveness more widely accepted and more difficult to refute. To use these experiments to initiate public policy, their evaluation results would have to be sufficiently positive that they would be cost-effective not only to society as a whole but to the government sector as well. Furthermore, given the nature of the federal budget process, which divides the budget into separate cabinet-level appropriations, it also was desirable to have new program proposals be cost-effective to the USDOL to ease the enactment of federal legislation.

The UI Experiments were rooted in the growing concern about economic dislocation that stemmed from the large number of mass layoffs and plant closings, including those resulting from international trade competition. Economic dislocation thus emerged as a policy issue. Recognizing the importance of this issue, the USDOL in 1984 initiated biennial surveys of worker dislocation. At that time, worker dislocation resulted in long durations of unemployment for workers: more of the unemployed were remaining unemployed for 27 weeks or more. For the UI program, this meant that more workers were exhausting their 26 weeks of UI benefits, even after the 1980–1982 recession came to an end. Changing labor markets and increased numbers of long-term unemployed workers forced the UI program to adapt. Its traditional role of providing income maintenance was expanded to incorporate helping the long-term unemployed return to productive employment. At the same time, the worker dislocation surveys showed that the UI program served the majority of displaced workers who remained unemployed

for more than a few weeks. Thus, UI was indeed an appropriate gateway to dislocated worker programs.

As the numbers of dislocated workers grew, the federal government took note of the problem. In the late 1970s and early 1980s, the Department of Labor conducted an experiment in the downriver area of southeastern Michigan (Kulik, Smith, and Stromsdorfer 1984). Similar experiments were run at several sites, including Buffalo, New York; Delaware; and Texas (Corson, Long, and Maynard 1985). These experiments concentrated on providing training and other comprehensive reemployment services to dislocated workers. They were local in nature and tended to focus on blue-collar dislocated workers. What emerged during the 1980s, however, was a broader form of displacement that spread to other occupations, including the white-collar occupations. Within the department, the UI program began to offer a more promising possibility—that of serving as a gateway for a diverse set of dislocated workers. The idea was that when these workers first became unemployed and filed their initial claims for UI benefits, they might be identified as being in need of reemployment services and referred to reemployment service providers. What was needed, however, was a champion for a new approach to serving dislocated workers with department-funded programs.

As the U.S. trade representative in the Reagan administration, William Brock worked to protect free trade, which both he and President Reagan believed in. Political pressure, however, was growing in the early 1980s to protect the United States against foreign goods and services. Brock thought that the United States could do a better job of adapting to global competition. Critical to making that adaptation was improving education, training, and methods of rapid transition to new jobs for American workers, such as comprehensive job search assistance. He was concerned that no one was talking about the critical issues of human development and job transition, and he started to speak out on this issue, as he would do for many years to come.²

On April 29, 1985, Brock was appointed the sixteenth secretary of labor. He replaced Raymond Donovan, who had resigned under a cloud of larceny and fraud charges. Under the circumstances, the Reagan administration wanted a clean and distinguished replacement for Donovan. Brock initially resisted taking the Labor job; when President

Reagan's chief of staff, Donald Regan, offered it to him, he refused. He was happy as U.S. trade representative and believed that he was better suited for that job. If he were going to take a cabinet position, he wanted to be secretary of state or the treasury. He ultimately accepted the Labor job, but only after being asked personally by President Reagan (Buhl 1989, pp. 111–118).

In his years as chair of the Republican National Committee and as U.S. trade representative, Brock was considered by many to be a transformational leader, and was known to be supportive of new ideas and policies. At the Labor Department, Brock wanted to generate a sense of mission among the staff. He wanted to improve the quality of life on the job by creating excitement, trying new things, and making programs work better. He wanted to show that things were changing. He opened the doors to his office suite, which had been closed during Secretary Donovan's tenure. Believing training to be crucial for staff, he founded the DOL Academy in 1987. He sent a memorandum to the Office of Management and Budget (OMB) saying that *he* was in charge of the department, and that as such he was not going to follow an OMB directive to close three regional offices (Buhl 1989).

Brock's tenure at the Labor Department was short. He left in 1987 to join Senator Robert Dole's presidential campaign. His efforts to innovate and transform the department were concentrated in the first year of his two-year tenure. He tried to transform the department by communicating his policy vision to his top managers at a conference attended by more than 200 career and political managers. In a 1987 publication, *Workforce 2000: Work and Workers for the Twenty-First Century* (Johnston and Packer 1987), he also sought to give a sense of direction to the USDOL as a whole by communicating a vision of where the department and the American workforce were headed as well as the institutional transformations that would be required to get there (Buhl 1989).

Through his work as U.S. trade representative, Secretary Brock had become interested in worker dislocation, in part as a result of its origins in international competition. He wanted to know the impact of this phenomenon on American workers so he could make the U.S. economy more competitive. He believed strongly in free international trade, but he also knew that he had to do something for workers who paid the price of free trade by becoming displaced from their jobs.

Anticipating Brock's interest in the worker dislocation issue, I proposed in the spring of 1985 to conduct a series of dislocated worker experiments that would test alternative approaches to returning these workers to employment. The proposal was developed as a request for new funding in the Labor Department's proposed budget for fiscal year 1987. This proposal was the beginning of a long and uncertain funding process. The various components of the department were developing proposals for submission by the secretary to the OMB in September 1985. These proposals then would be considered for inclusion in President Reagan's budget proposal to be announced in February 1986. The budget would have to be approved by Congress and would not become effective until October 1, 1986. In an administration that was trying to cut government spending, the prospects for the proposal seemed dim at best.

My proposal was reviewed by the Unemployment Insurance Service administrator, Carolyn Golding. Golding enjoyed being the UI administrator. She believed that the UI program was underrated as a component of macroeconomic stimulus. Golding welcomed the idea of UI becoming more active in helping workers to become reemployed. Supportive of research, she saw research as the "seed corn" to develop the UI program in the years ahead. She believed that future improvements of the UI programs would require evidence in order to cause a slow and conservative political process to support an expanded reemployment role for employment and training programs. Golding thought that Bill Brock would be interested in my proposal. She approved it and forwarded it to her boss, Assistant Secretary Roberts T. Jones, whom she believed was an "excellent reader of the political tea leaves" and would pass the proposal on to Secretary Brock.³

In the spring of 1985, Jones approved the proposal on behalf of the Employment and Training Administration (ETA). He sent the proposal forward to the department's budget office to be considered for incorporation into the department's overall budget submission to the White House. This proposal, if approved, would result in a \$10 million increase in the department's budget for fiscal year 1987. Secretary Brock reviewed the proposed FY 1987 budget in late August 1985 and asked for a briefing by Jones. Jones briefed Brock about this demonstration project in a meeting attended by a number of Brock's political colleagues. Brock's colleagues were perplexed by the discussion, but

Brock understood the demonstration project's content and implications, and he and Jones discussed them in detail. Brock liked what he heard, and at the end of the meeting Brock quickly made up his mind, saying, "Let's do it." The matter was settled, and Jones was surprised by how quickly and decisively the issue had been resolved.⁴

Brock thought that the proposal to start the UI Experiments made "perfect sense." He had been concerned about human capital development and job transition in a competitive world economy, and the UI Experiments showed ways to "make it work" with respect to job training and comprehensive job search assistance. He hoped that some of the tested reemployment services would be shown to be effective as methods of improving the employment adaptability of American workers, making them more competitive in the world market. These cost-effective services could then "spread out," becoming well-funded, national programs that could make a difference.⁵

At the department, Brock's concern about promoting human development for American workers was first expressed in his support of the UI Experiments. He wanted to get the word out that the United States had been "coasting" in the 1960s, 1970s, and early 1980s instead of coming to grips with the education, training, and job transition issues it faced. He did so by jointly sponsoring a Youth 2000 conference with the secretaries of education and health and human services. The conference found that America was not doing enough to develop human resources nor to adapt to technological and other challenges. Brock was concerned that no one was talking about these issues. He got out the word by publishing *Workforce 2000*, which grew out of the conference.⁶

Brock approved the proposed budget increase for the UI Experiments. He was highly supportive of the experiments, but he did not want to wait over a year—from his approval in August 1985 to the beginning of FY 1987 on October 1, 1986—for project funding to become available. He therefore directed Assistant Secretary Jones to have the ETA initiate a demonstration project with unobligated FY 1984 funds over the next five weeks—before the fiscal year ended on September 30, 1985. Assistant Secretary Jones called me into his office on the day following Labor Day, told me what Brock wanted to do, and made available the remaining ETA discretionary funds for the fiscal year. He told the ETA's contracting office to be ready to complete the contracting process before the end of the month.

With one month remaining in the fiscal year, there was a mad dash to accomplish two things: 1) complete a preliminary design for an experiment that would test three alternative packages of reemployment services and 2) find a state that was both willing to participate and able to negotiate and sign a cooperative agreement with the department in under a month. In less than a week, Ray Uhalde from the Office of the Assistant Secretary for Policy, Evaluation, and Research and I developed a design for a three-treatment demonstration project, determined its approximate sample size, and estimated the cost of operating and evaluating it. I was interested in a range of treatments and in assuring that they could be compared to each other to determine which worked best. Uhalde was working on an evaluation of the JTPA training programs, so he was particularly interested in having a targeted training treatment that was linked to the UI program. He hoped that such targeting could increase the effectiveness of dislocated worker training programs.⁷

The department decided that the state of New Jersey would be a good site for the demonstration. As a Republican, that state's governor, Thomas Kean, was compatible with the Reagan administration. Assistant Secretary Jones knew the assistant commissioner of the New Jersey Department of Labor and Industry, and so did UI administrator Golding. One of Golding's office directors, Robert Schaeffl, was dispatched to Trenton to talk to the assistant commissioner. The goal of the meeting was to convince New Jersey to participate. The assistant commissioner was concerned about whether the project would be fully funded, whether he could convince the New Jersey agency leaders to participate in a random assignment experiment, and whether the results would shed a favorable light on New Jersey. The lunch ended with a promise that New Jersey would seriously consider participating.⁸

New Jersey agreed to be the demonstration site, and a cooperative agreement was signed on September 30 providing New Jersey with funding in the amount of \$4.7 million for operating the demonstration and evaluating the demonstration results.⁹ Mathematica Policy Research was competitively selected to conduct the research and evaluation.

Brock also took action to assure that there would be additional UI experiments. Fiscal year 1987 was a very tight budget year. The department proposed a number of budget increases that were sent to OMB, but they all were rejected. Brock personally appealed to OMB director

James Miller for only one proposed budget increase—the one to fund additional UI Experiments.¹⁰ Brock won the appeal, and the UI Experiments were incorporated into the president’s budget request to Congress. The House of Representatives accepted the proposal at the proposed \$10 million level, but the Senate reduced it to \$5 million. In conference committee negotiations to reconcile the differences between the two budgets passed by the two houses of Congress, the House acceded to the Senate’s \$5 million funding level.

Once the \$5 million was appropriated by Congress, USDOL staff developed a plan to test two additional types of interventions for dislocated workers: 1) reemployment bonuses and 2) self-employment assistance.¹¹ The \$5 million was used to fund two reemployment bonus demonstrations—one in Pennsylvania and the other in Washington State.

The department continued to support the UI Experiments as the experiments examined alternative new employment interventions; USDOL funded a total of eight experiments. In early 1987, the department also funded a Washington State self-employment assistance (SEA) experiment. In December 1987, Congress mandated three additional self-employment experiments, only one of which was implemented—in Massachusetts.¹² The Massachusetts demonstration was the first to be authorized to use state accounts in the Unemployment Trust Fund to fund the experimental operations, while the USDOL paid for the project evaluation. Congress mandated a Job Search Assistance Demonstration in 1991, once again authorizing use of Unemployment Trust Fund resources for this purpose. Two such demonstrations were conducted, one in Washington, D.C., and another in Florida. Finally, the department funded a Maryland work search experiment, also in 1991.

THE NEW JERSEY EXPERIMENT

Overview

The New Jersey UI Reemployment Demonstration Project (the “New Jersey Experiment”) tested whether the UI system could identify dislocated workers early in their spells of unemployment.¹³ The project also tested alternative early intervention strategies to accelerate these

individuals' return to work. Three packages of services, or treatments, were tested: 1) job search assistance (JSA) only, 2) JSA combined with training or relocation assistance, and 3) JSA combined with a cash bonus for early reemployment. A key component of the demonstration was that eligible claimants were identified and provided services through the coordinated efforts of the UI, ES, and JTPA systems. Another key component was that the UI program required claimants to report for services; failure to report could lead to the denial of benefits.

The demonstration began operations in July 1986. By the end of June 1987, 8,675 UI claimants had been offered one of these three packages. Another 2,385 claimants who received services currently being provided were randomly selected to provide a control group. Services to eligible claimants continued into Fall 1987 to ensure that all eligibles, if they wished, were able to receive a full set of demonstration services. During the demonstration period, the New Jersey economy experienced worker dislocation, generated by a long-term secular decline in manufacturing, while substantial growth occurred in other sectors. Overall, the state economy was quite strong, and the unemployment rate was about 5 percent.

The initial evaluation of the demonstration (Corson et al. 1989), combined with two follow-up studies that extended the analysis for approximately six years after the initial UI claim (Anderson, Corson, and Decker 1991; Corson and Haimson 1996), found that each treatment reduced UI benefit payments for the current UI benefit year—and for one or more additional years—and increased employment and earnings for at least the initial year. Although the initial evaluation found no evidence that the training component of the second treatment increased earnings in the year after the initial claim, the follow-up studies suggested that each component of the treatments—JSA, training, and the reemployment bonus—contributed to the impacts on reduced UI receipt and increases in earnings and that the treatments helped workers find more stable jobs than those found by control group members. The evaluation also indicated that the demonstration succeeded in targeting claimants who, in the absence of the demonstration treatments, would have experienced more severe long-run reemployment difficulties. Finally, the evaluation found that all three treatments offered net benefits to claimants and to society, when compared with existing services. The JSA-only and JSA-plus-reemployment-bonus treatments

also led to net gains for the federal government. Whether the policy proposal is cost-effective to the government sector has important public policy implications when federal budget constraints make new program implementation impractical if its impact is less than budget-neutral.

These findings of net benefits to claimants and to the government suggested that the demonstration treatments represented useful reemployment tools that could be directed toward UI claimants. However, several other evaluation findings had to be considered if the treatments were to be implemented as full-scale programs. First, with respect to reemployment services, two aspects of the treatments significantly contributed to their success—the mandatory participation requirements and the high degree of interagency coordination in service provision. These aspects could not be ignored in future applications. Second, analyses of the treatments by population subgroup suggested that the treatments were most successful in promoting the reemployment of individuals who already had marketable skills. Finally, benefit-cost analyses of the individual treatments provided the strongest support for the JSA-only treatment. Indeed, these findings suggested that the mandatory comprehensive JSA-services emphasized in the New Jersey demonstration are cost-effective for a broad range of permanently displaced UI claimants.

Demonstration Design

The New Jersey demonstration addressed three objectives:

- 1) It examined the extent to which UI claimants who could benefit from reemployment services could be identified early in their unemployment spells.
- 2) It assessed effective policies and adjustment strategies for helping such workers become reemployed.
- 3) It examined how such a UI reemployment plan could best be implemented.

To achieve these objectives, the design called for identifying demonstration-eligible individuals in the week after their first UI payment, and then assigning them randomly to one of three treatment groups offered alternative packages of reemployment services or to a control group receiving existing services. The demonstration sites were 10 state UI offices. The sites were chosen randomly, with the prob-

ability of their selection proportional to the size of the UI population in each office.

Definition of eligibility

The demonstration plan incorporated specific screens to identify experienced workers who were likely to be permanently dislocated from their jobs. The following eligibility screens were chosen:

First payment. The demonstration excluded claimants who did not receive a first UI payment. To promote early intervention, it also excluded claimants who did not receive a first payment within five weeks of an initial claim. Individuals who were working and, consequently, received a partial first payment also were excluded, because their job attachment meant that they had not necessarily been dislocated. Finally, special claims (e.g., unemployment compensation for ex-service members or federal civilian employees, interstate claims, and combined wage claims) were excluded.

Age. An age screen of age 25 or older was applied to eliminate the broad category of young workers, who have traditionally shown limited attachment to the labor market, and whose employment problems may be quite different from those of older, experienced workers.

Tenure. Demonstration-eligible claimants had to exhibit a substantial attachment to a job, so that the job loss was likely to be associated with one or more reemployment difficulties. Each claimant was required to have worked for his or her last employer for three years prior to applying for UI benefits and could not have worked full time for any other employer during the three-year period. The department's Bureau of Labor Statistics used the three-year requirement to define dislocated workers (Helwig 2004).

Temporary layoffs. Because the demonstration treatments were not intended for workers who were temporarily laid off, it was desirable to exclude claimants on temporary layoff. However, previous research and experience showed that some claimants say they expect to be recalled even when their chances of actual recall are slim. To ensure that these individuals were not excluded from the demonstration, only

individuals who both expected to be recalled and had a specific recall date were excluded.

Union hiring hall arrangements. Individuals who are typically hired through union hiring halls exhibit a unique attachment to a specific labor market and were thus excluded from the demonstration.

The treatments

The demonstration tested three treatment packages designed to enhance the likelihood of reemployment. Eligible claimants were randomly assigned to a control group that received existing services or to one of the three treatment groups: 1) job search assistance only, 2) JSA plus training or relocation, or 3) JSA plus a reemployment bonus.

The initial components of all three treatments were the same: notification, orientation, testing, a job search workshop, and an assessment/counseling interview. These services were delivered sequentially, early in claimants' unemployment spells. First, a notification letter was sent to claimants approximately four weeks after they filed their initial claims. Claimants usually began to receive services during their fifth week of unemployment. Services were provided when claimants reported to a demonstration office (usually an ES office). They received orientation and testing during a one-week period. In the following week, they attended a job search workshop, consisting of five half-day sessions, and a follow-up, one-on-one counseling/assessment session in the subsequent week. These initial treatment components were mandatory; failure to report could lead to the denial of all UI benefits.

The job search workshop was conducted from Monday through Friday for approximately three hours per day, for a total of approximately 18 hours. The workshop followed a standard curriculum that included sessions on topics such as the following: adjusting to the job loss, conducting an effective self-assessment, developing realistic job goals, organizing an effective job search strategy, developing resumes and job applications, and practicing interview techniques. The curriculum included both individual activities and group discussions.

Beginning with the counseling/assessment interview, the nature of the three treatments differed. In the JSA-only group, claimants were told that, as long as they continued to collect UI, they were expected to maintain periodic contact with the demonstration office, whether

directly with staff to discuss their job search activities or by engaging in search-related activities at a resource center in the office. The resource center offered job search materials and equipment, such as job listings, telephones, and occupational and training literature. Claimants were encouraged to use the center actively and were told that, if they did not come to the office periodically, ES staff would contact them and ask them to do so. These periodic follow-up contacts were to occur 2, 4, 8, 12, and 16 weeks following the assessment interview. Local ES staff were expected to notify UI when the claimant did not report for services.

Claimants in the JSA-plus-training group also were informed about the resource center and their obligation to maintain contact during their job search. They were told about the availability of classroom and on-the-job training and were encouraged to pursue training if interested. Staff from the local JTPA service delivery area worked directly with these claimants to develop training options. These claimants also were advised about the availability of relocation assistance, which those who elected not to pursue training could use for out-of-area job searches and moving expenses.

Claimants in the JSA-plus-reemployment-bonus group were offered the same set of JSA services as the first group (JSA only), in addition to a bonus for rapid reemployment. The maximum bonus equaled one-half of the claimant's remaining UI entitlement at the time of the assessment interview. This amount would be paid if the claimant started working either during the assessment week or within the next two weeks. Thereafter, the potential bonus declined at a rate of 10 percent of the original amount per week, until it was no longer available. Claimants recalled by their former employer could not receive a bonus; neither could those who were employed by a relative or in temporary, seasonal, or part-time jobs. Claimants who collected a bonus received 60 percent of the bonus if they remained employed for four weeks, and the remainder if they stayed employed for 12 weeks.

Each treatment tested a different aspect of the employment problems dislocated workers faced. The JSA-only treatment was based on the assumption that many dislocated workers have marketable skills but do not have enough job search experience to identify these skills and sell them in the job market. In contrast, the training treatment was based on the assumption that some workers' skills are outmoded and must be

upgraded. Finally, the reemployment bonus treatment was based on the assumption that JSA alone is an insufficient incentive for claimants to seek to obtain employment rapidly, and that an additional incentive will help them recognize the realities of the job market and accept a suitable job more quickly.

With the exception of the reemployment bonus and relocation assistance, the demonstration services were similar to those available under existing ES and JTPA systems in New Jersey. However, there were important differences. The likelihood that a claimant would be offered and would receive demonstration services was considerably greater than under the existing system. The timing of the receipt of services also differed: demonstration services generally were provided earlier in the spell of unemployment. In addition, the mandatory nature of the initial services differed. Under the existing system, non-job-attached claimants were expected to register with the ES, but registration was sometimes delayed during peak load periods, and subsequent services were generally not mandatory. In the demonstration, claimants were expected to report for initial services, and this requirement was enforced.

Findings

Effectiveness of the eligibility definition

The eligibility requirements targeted demonstration services to about one-quarter of the claimants who received a first UI payment. The first round of exclusions (for delayed first payments, partial first payments, special claims, and under 25 years of age) was made on the basis of routinely collected UI agency data and an examination of the records of all claimants who received a first payment. This process excluded about 28 percent of the claimants, with the largest number being excluded because of the age restriction.

The rest of the eligibility requirements (consisting of screening out workers based on job tenure of less than three years, temporary layoffs, and union hiring-hall arrangements) were applied with data collected specifically for the demonstration by UI staff. The most restrictive screening device applied at this point was the tenure requirement, which excluded individuals who had not worked for their pre-UI employer for

three years. This requirement excluded about half of the claimants who passed the initial eligibility screens.

The other important eligibility requirement was the temporary layoff screen, which excluded claimants with a definite recall date. This screen excluded about 13 percent of the claimants who survived the initial examination. In devising this screen, the demonstration designers decided it was important to establish that the layoff was indeed temporary, rather than relying solely on the claimant's expectation of recall to his or her prior job. Having a defined recall date was used for this purpose. As expected, the percentage of claimants who said that their layoff was temporary was substantially larger than the number who actually had a recall date. Only half of the claimants who expected to be recalled, but who had no recall date, did return to their pre-UI job.

The New Jersey Experiment findings indicate that the eligibility screens directed demonstration services to a population that faced reemployment difficulties. An examination of the characteristics of the eligible population showed that it contained a substantial percentage of individuals whose age, industry of employment, and other characteristics are usually associated with a dislocated worker population and with difficulties in becoming reemployed. Moreover, compared with a sample of individuals who were not eligible for the demonstration, the eligible population experienced considerably longer periods of UI collection and longer unemployment spells, on average, during the initial benefit year. During the full six years of follow-up, the group targeted in the New Jersey demonstration continued to experience large reductions in earnings relative to group members' base-year earnings. These earning reductions were considerably larger than those realized by noneligibles, indicating that a dislocated worker population had indeed been identified. The long-term UI receipt of demonstration eligibles was significantly shorter than that of noneligibles, a finding that can be attributed, in part, to the fact that workers in seasonal industries were among the noneligible population.

However, it is unlikely that all demonstration eligibles actually required services. Some were in the prime of their working lives, and some were individuals from industries (e.g., service industries) that were strong and growing in New Jersey. Moreover, some claimants were recalled by their pre-UI employers.

Receipt of initial services

All claimants who were selected to participate in the demonstration treatment group were offered a common set of reemployment services early in their UI claim period. These services occurred in sequence and consisted of orientation, testing, a job search workshop, and an assessment/counseling interview.

Data on the receipt of these initial services show that 77 percent of the selected claimants attended orientations as requested. Most attended their scheduled session, but some attended a later session, generally after a follow-up contact by the UI claims examiner. Three-quarters of the claimants who attended orientations continued in the program through the assessment/counseling interview. However, not all such individuals received career testing or attended a job search workshop. Some were excused from participation, generally because their recall expectations could be substantiated. In addition, a large number were excused from testing and the job search workshop because of their language or reading comprehension difficulties, which precluded testing.

Most claimants attended orientation during the fifth week after their UI claim, and most completed assessment during the next three-to-four-week period. Thus, the goal of early intervention generally was achieved as planned.

The level at which treatment group members received the initial services—testing, job search workshops, and counseling—substantially exceeded the level at which control group members received such services from the ES and JTPA through existing referral mechanisms. Thus, the demonstration achieved its objective of increasing the level of services delivered.

Receipt of additional services

The additional services that were offered to claimants at the assessment/counseling interview included the periodic JSA activities, training and relocation assistance, and the reemployment bonus.

JSA follow-up. The objective of the follow-up activities was to encourage all claimants, except those engaged in training, to pursue an ongoing, intensive job search. This intensive job search was promoted by disseminating job search materials at the resource centers and by re-

quiring claimants to maintain periodic contact with demonstration staff, either through the resource centers or in person.

Data on claimants who were collecting UI at the five follow-up points (2, 4, 8, 12, and 16 weeks after assessment) showed that 92 percent satisfied the first follow-up requirement (that is, the two-week contact) and that 80 percent had a contact at 16 weeks. Although the rate of contact declined, the degree of contact was high relative to other employment and training programs, which typically do not have systematic follow-up procedures. However, these periodic contacts did not always follow the strict schedule that had been laid out in the design, nor were all contacts made in person as desired. In addition, only a few of the resource centers appear to have been extensively used; consequently, the use of these centers probably had a minor impact on demonstration outcomes.

Training and relocation assistance. Classroom and on-the-job training opportunities were offered to claimants in the second treatment to test the efficacy of a service package that, early in the unemployment spell, attempted to alter or upgrade skills no longer in demand.¹⁴ About 15 percent of the claimants who were offered training took advantage of it. Most of this training was classroom-based. Much of the classroom training was geared toward business and office services or computer and information services, while the on-the-job training tended to be in technical, clerical, and sales occupations. It appears that the training offered was in fact directed toward occupations with strong employment prospects in New Jersey.

The rate of training received through the demonstration project was higher than the rate observed for comparable groups of claimants who were offered training opportunities through referrals from the regular New Jersey JTPA program. Thus the offer of training under the demonstration achieved the objective of increasing the receipt of training, even though the overall rate of training was lower than initially expected.

Two general reasons appear to explain the lower-than-expected increase in training participation. First, the nature of the training intervention differed from that offered by other programs. The offer occurred early in the layoff period, which may have been before many individuals were ready to accept the fact that an occupational change was necessary. Moreover, not all individuals who were offered training

were interested in or needed reemployment services, let alone training. However, they were offered services because of the mandatory nature of the initial services.

The second reason that training participation was less than might have been expected pertains to the manner of the demonstration implementation. The training treatment relied on existing JTPA program operators to provide training placement, and some operators were considerably more successful than others at placing claimants in training.¹⁵ Their success stemmed from a number of factors, including an early and enthusiastic presentation of the training option and the capability to offer a wide range of individual training slots.

Reemployment bonus. The third treatment package included a reemployment bonus that was offered at the assessment/counseling interview. The purpose was to provide a direct financial incentive for claimants to seek work actively and become reemployed. The full bonus offer averaged \$1,644 and was paid for jobs that started by the end of the second full week following the interview. After that, it declined by 10 percent of the initial amount each week, falling to zero by the end of the eleventh full week of the offer.

Nineteen percent of claimants who were offered the bonus received a first bonus payment, which was paid to individuals who held a bonus-eligible job for at least four weeks. Eighty-four percent of this group also received the final bonus payment, which was paid after 12 weeks of work. Overall, the total of the two bonus payments averaged close to \$1,300.

Thirty-one percent of the claimants who were offered a bonus began a job within the bonus period, compared with 19 percent who were offered and then received a bonus. The remaining 12 percent appeared to be largely ineligible for the bonus, primarily because they obtained a job with their pre-UI employer.

Impacts of the demonstration on unemployment insurance receipt

The demonstration treatments were expected to affect the receipt of UI benefits by eligible claimants. The JSA-only and JSA-plus-reemployment-bonus treatments were expected to help eligible

claimants become reemployed rapidly, thereby reducing the amount of UI benefits received by treatment group members relative to the amount received by control group members. Further, the JSA-plus-reemployment-bonus treatment was expected to have a larger impact on UI receipt because of the reemployment incentives created by the bonus. Expectations about the effect of JSA plus training or the relocation treatment on short-run UI receipt were less clear. Individuals who received this treatment offer but did not participate in training were expected to experience a reduction in UI receipt, but those who entered training would experience an increase in receipt, since individuals who accepted training continued to collect UI while being trained.

Estimates of the treatment impact on the receipt of regular UI benefits show that all three treatments reduced the number of weeks claimants collected benefits over the benefit year: by a half-week for the JSA-only and JSA-plus-training treatments and by one week for the JSA-plus-reemployment-bonus treatment (Table 2.1). As expected, these reductions were largest for JSA-plus-reemployment-bonus. These impacts were mirrored in the amount of benefits collected.

Longer-run reductions in UI receipt were also observed. Significant reductions occurred in the second year for the JSA-only and JSA-plus-reemployment-bonus treatments. In addition, there was a significant reduction in extended benefit program payments for the JSA-plus-training-or-relocation-assistance treatment group.¹⁶ During the six-year follow-up period, the treatments reduced the receipt of UI benefits by about three-quarters of a week for the JSA-only treatment group, by one-and-a-half weeks for the JSA-plus-training-or-relocation-assistance treatment group, and by nearly two weeks for the JSA-plus-reemployment-bonus treatment group. These findings suggest that each of the treatment components—job search assistance, training, and the reemployment bonus—contributed to the longer-term impacts and that the treatments led to employment that was more stable than the employment of control group members.

Employment and earnings impact

The treatments were expected to promote quicker reemployment of claimants. Short-run impacts were expected to be greater for the JSA-only and JSA-plus-reemployment-bonus treatments than for the JSA-

Table 2.1 New Jersey Unemployment Insurance Reemployment Demonstration Project: Estimated Treatment Impacts on UI Receipt

	JSA only	JSA plus training/ relocation	JSA plus reemployment bonus	Control group mean
Regular UI				
Weeks paid in benefit year	-0.47**	-0.48**	-0.97***	17.90
Weeks paid in second year	-0.53***	-0.02	-0.44**	31.99
Weeks paid over six years	-0.76	-0.93	-1.72	31.99
Dollars paid in benefit year	-87*	-81**	-170***	3,228
Dollars paid in second year	-94***	-39	-78**	600
Dollars paid over six years	-181	-165	-333*	6,031
All UI programs				
Weeks paid over six years	-0.78	-1.47	-1.92	35.70
Dollars paid over six years	-222	-293	-375	6,852

NOTE: The category "All UI programs" includes regular UI, Emergency Unemployment Compensation (EUC), and two special state extended benefit programs. JSA = job search assistance. * statistically significant at the 90 percent confidence level for a two-tailed test; ** statistically significant at the 95 percent confidence level for a two-tailed test; *** statistically significant at the 99 percent confidence level for a two-tailed test.

SOURCE: Corson and Haimson (1996), pp. 23–42.

plus-training treatment, since individuals who entered training were expected to sacrifice short-run earnings for longer-run earnings gains.

Estimates of the short-run impacts of the treatments on employment and earnings suggest that JSA-only and JSA-plus-reemployment-bonus increased the claimants' short-run earnings. For these two treatments, the estimated earnings impact based on interview data was positive and statistically significant for the first two quarters in the year after the initial UI claim. The earnings impact estimates based on wage records for the JSA-plus-reemployment-bonus treatment also were positive and significant for the first calendar quarter after the initial UI claim (Table 2.2). In addition, employment impact estimates (not reported in the table) were also positive and significant for the same period. The timing of these impacts indicates that the treatments promoted early reemployment.

Another short-run employment and earnings issue was investigated—the impact of the treatments on the characteristics of the claimants' first job after receiving UI benefits. This is important because, by promoting rapid reemployment, the treatments might have prompted claimants to accept jobs that were less appropriate than those obtained by claimants who were not offered special services. An examination of this issue indicates that the early reemployment promoted by the treatments did not entail any sacrifice in hourly wages or hours worked. In fact, the treatments appeared to have led to modest increases in hourly wage rates in post-UI jobs (Table 2.2).

The evaluation also looked at long-run employment and earnings impacts. These estimates, based on wage record data, showed no statistically significant treatment impacts over the six-year follow-up period (beyond those observed in the initial quarters following the UI claim). Also, a relatively small number of claimants participated in training, so the impacts of training would have to have been quite large to have been detected through treatment-control comparisons.

For this reason, the evaluation examined the earnings experiences of trainees to determine whether the pattern of earnings suggested that training might have had an impact not detected in the treatment-control comparisons. This analysis showed that trainees who participated in classroom-based occupational skills training had relatively low earnings while they participated in training, but that compared with similar claimants not offered training they had relatively higher earnings

Table 2.2 New Jersey Unemployment Insurance Reemployment Demonstration Project: Estimated Treatment Impacts on Earnings and Post-UI Wages

Earnings	JSA only	JSA plus training/ relocation	JSA plus reemployment bonus	Control group mean
Interview data (\$)				
Claim quarter 1	125**	82	160**	687
Claim quarter 2	263**	103	278***	1,945
Claim quarter 3	171	83	131	2,701
Claim quarter 4	49	77	22	3,012
Wage records data (\$)				
Calendar quarter 1	28	58	176**	1,638
Calendar quarter 2	75	-23	79	2,174
Calendar quarter 3	101	47	46	2,507
Calendar quarter 4	31	28	79	2,517
Post-UI wages				
% change in post-UI relative to pre-UI hourly wage	0.041**	0.030**	0.041**	

NOTE: For percentage change in post-UI wages relative to pre-UI hourly wage, data came from the demonstration project interview. Quarters for the interview data are defined relative to the data of the UI claim. That is, Quarter 1 is the first three months following the date of claim, Quarter 2 is the next three months, and so on. Quarters for wage record data are calendar quarters beginning with the first full quarter after the date of UI claim. ** statistically significant at the 95 percent confidence level for a two-tailed test; *** statistically significant at the 99 percent confidence level for a two-tailed test.

SOURCE: Corson and Haimson (1996).

in later periods (relative to their base period earnings). Claimants who participated in on-the-job training had substantially higher earnings throughout the six-year follow-up period. Although these impact estimates could be biased, because the analysis could not completely control for unobserved factors that affect self-selection of training participants, the analysis suggests that both classroom (occupational skills) and on-the-job training did enhance trainees' earnings.

Benefit-cost analysis

An important question with respect to any program or policy is whether the benefits obtained from offering the services exceed their costs. This question was examined for the three treatments in the demonstration by examining the benefits and costs from the perspective of claimants, the government, and society as a whole. For example, reductions in UI benefit receipt represent a cost to claimants, a benefit to the government, and neither a benefit nor a cost to society, since UI payments are a transfer payment. The analysis for the government sector considered net benefits (including gains in earnings and taxes paid) and net costs, relative to the existing service system.

In terms of costs, the costs of providing the three treatments were estimated at \$169 per claimant for the JSA-only treatment, \$491 per claimant for the JSA-plus-training-or-relocation treatment, and \$299 per claimant for the JSA-plus-reemployment-bonus treatment. Because some reemployment services were already provided to UI claimants under the existing service system, the net cost of providing these treatments was lower: \$155 for the first treatment, \$377 for the second, and \$276 for the third.

The results of the benefit-cost analysis indicated that each of the treatments offered net benefits to society as a whole as well as to claimants, when compared with existing services (Table 2.3).¹⁷ The JSA-only and JSA-plus-reemployment-bonus treatments also led to net gains for the government sector as a whole and for the USDOL subagencies that actually offer the services, since the reductions in UI benefits outweighed the net cost of providing additional services to claimants. Overall, net benefits were similar for these two treatments, and the JSA-plus-training/relocation treatment was more expensive than the other two from all perspectives.

Table 2.3 New Jersey Unemployment Insurance Reemployment Demonstration Project: Benefit-Cost Comparison with Existing Services (\$ per claimant)

Perspective	JSA only	JSA plus training/ relocation	JSA plus reemployment bonus
Society	581	41	565
Claimants	407	200	400
Government	175	-159	165
Labor Department	52	-219	45
Other government	123	60	120

NOTE: Entries are net benefits (the sum of benefits minus costs) relative to existing services.

SOURCE: Corson and Haimson (1996).

Policy Implications of the New Jersey Experiment

Of the three treatments, job search assistance was the most cost-effective. Based on the strength of these findings, the job search assistance component quickly had an impact on workforce policy. The final evaluation report was published in 1989. Six years later the WPRS system was enacted into law, taking the lessons learned about the effectiveness of job search assistance for dislocated workers from the New Jersey Experiment and using them to launch a nationwide program.

The lessons learned from the job search assistance treatment went beyond the effectiveness of JSA. The requirement for claimants to participate in initial JSA demonstration services also played a role in the treatment's success. Failure to report to the orientation session was reported to UI local office staff, and UI staff members were expected to follow up with a fact-finding interview with the claimant. A formal determination of eligibility (a nonmonetary determination) was to be conducted if the interview raised a potential eligibility issue.¹⁸ This issue could result in the denial of benefits (a nonmonetary denial). In accordance with the project design, the evaluation found that mandatory participation was enforced, resulting in increased nonmonetary determinations and denials for the treatment groups compared to the control group. Nonmonetary determinations were made for 40 percent of the treatment group compared to 27 percent of the control group,

and most of the issues raised were related to reporting for demonstration services. Denials for treatment group members exceeded those for control group members, 19 percent to 15, with denials being higher for those not reporting for the orientation than for those who did. The evaluators found that enforcing mandatory participation in initial demonstration services contributed significantly to the reduction in duration of UI receipt, not only directly through the increase in benefit denials but also indirectly through the establishment of a rigorous compliance process (Corson et al. 1989, pp. 273–277). These findings, in combination with the findings from the other experiments that are reviewed below, argue for rigorous enforcement of the UI work test.

The lessons learned about the other two treatments—JSA plus training and JSA plus reemployment bonuses—had no immediate impact. As discussed below, reemployment bonuses were revisited as a policy initiative in 1994 and again in 2003. For training, there has been a continuing search for what kind of training works. Researchers have continued to review the evidence, and the department began an Individual Training Allowance (ITA) Experiment in 2001, a new experiment to determine what kind of training voucher is most effective.

JOB SEARCH ASSISTANCE DEMONSTRATIONS IN THE DISTRICT OF COLUMBIA AND FLORIDA

Overview

The efficacy of job search assistance for UI claimants that was found in New Jersey created interest in determining whether these results could be expanded and generalized to other states. This interest led to enactment of federal legislation in the early 1990s that authorized additional demonstration projects, requiring the department to conduct a new job search assistance demonstration to replicate the New Jersey Experiment. This requirement was contained in the initial 1991 law authorizing the Emergency Unemployment Compensation (EUC) program, which extended benefits during the recession of the early 1990s.¹⁹ Operational funds for the JSA Demonstration were provided from the Unemployment Trust Fund, following the precedent of the Massachu-

setts SEA Demonstration. The JSA Demonstration provisions were incorporated into the 1991 EUC extension in the expectation that further research work would be needed before a permanent JSA program for dislocated workers could be enacted. However, such a job search assistance program was enacted in 1993 as the Worker Profiling and Reemployment Services, before the new demonstration project even began (see Chapter 3).

The legislation authorizing the JSA Demonstration, Title II of the Emergency Unemployment Compensation Act of 1991, required the department to implement and evaluate a demonstration to provide job search assistance to UI claimants. The act's provisions defining the JSA program were modeled on those of the New Jersey demonstration. The provisions were as follows:

Eligibility. Eligible individuals would be those who were receiving unemployment insurance benefits and who had at least 126 weeks of work with their last base-period employer in the three years prior to the end of the base year. Individuals were not eligible if they had definite recall dates or if they were seeking employment through union hiring halls.

Comprehensive job search program. Eligible individuals would be provided with a comprehensive job search program that included orientation, testing, a job search workshop, an individual assessment and counseling interview plus ongoing contact with program staff, follow-up assistance, resource centers, and job search materials and equipment. These were the same service components and the same support services that were provided in the New Jersey Experiment. This basic job search assistance package was to be tested by using a design similar to that previously tested in New Jersey but also by testing alternative treatments building on the basic treatment.

Mandatory participation. Eligible individuals were required to participate in services, with failure to participate leading to benefit disqualification of up to 10 weeks. The state could waive the participation requirement for good cause or if the state determined that participation was not appropriate for the individual.

The legislation specified that the demonstration should use an experimental design, with random assignment of eligible claimants to each of the treatments. A control group would receive nondemonstration services. Thus, experimental methods would be used to measure the effectiveness of the treatments in promoting reemployment. This approach assured that the demonstration project could be rigorously evaluated, yielding results that Congress could use in its future decision-making.

Following a precedent from a 1987 congressionally authorized SEA demonstration sponsored by Congressman Ron Wyden of Oregon, the Unemployment Trust Fund was directed to fund the demonstration. For participating states, trust fund dollars equal to the state average weekly benefit amount per individual were authorized to fund demonstration services. This funding meant that the department could proceed with the demonstration project without seeking new appropriations to fund it, but that the department would still have to pay for the design, oversight, and evaluation of the project from its research budget.

The USDOL proceeded to implement the demonstration project as soon as authorizing legislation was enacted in 1991. In early 1992, the department announced a competition to participate in the project, and states applied to participate. In September 1992, three sites—the District of Columbia, Florida, and Wisconsin—were selected to participate in the demonstration.²⁰ As a result of the enactment of the WPRS initiative in 1993, implementation of the demonstration was delayed and did not begin until 1995. That April, just as implementation was about to begin, Wisconsin withdrew as a participant, leaving only two demonstration sites.

In 1993, a competition was conducted to select a research firm to design, oversee, and evaluate the project. Mathematica Policy Research was selected as the research contractor. The cost of the contract with Mathematica was \$1.4 million. The demonstration project operated in one local office in the District of Columbia. Based on statistical analysis, the demonstration targeted a sample of UI claimants from the entire population of claimants, selecting 8,071 of them to participate between June 1995 and June 1996. The Florida demonstration operated in 10 local offices and assigned 12,042 claimants to the project between March 1995 and March 1996.

Job Service Assistance Demonstration Design

In accordance with the authorizing legislation, the JSA Demonstration tested three packages of reemployment services designed to promote rapid reemployment among UI claimants expected to experience long spells of unemployment. Eligible claimants were identified early in their claim periods—in fact, as soon as their first UI payments were made—using a profiling model similar to the one developed by the department for the WPRS system. These claimants were then randomly assigned either to a control group that received regular services or to one of the three treatments: 1) structured job search assistance, 2) individualized job search assistance, or 3) individualized job search assistance with training.

Structured job search assistance (SJSA). This treatment replicated the basic JSA treatment tested in New Jersey. Claimants who were assigned to this treatment were sent a letter telling them to report to an ES orientation session. This letter was sent during approximately the fourth week of unemployment, assuming claimants applied for UI as soon as they were laid off. Claimants reported for orientation during approximately the sixth week of unemployment. At the orientation, claimants were told generally about the reemployment services available to them and specifically about the demonstration services. They were tested the same week and scheduled for a one-week job search workshop lasting approximately three hours per day, to be conducted the following week. After the workshop, they were scheduled for a one-on-one assessment/counseling interview to discuss their reemployment plans. Attendance at this initial set of services was mandatory, unless the claimant was explicitly excused from services. Individuals who continued collecting UI benefits had a minimum of two additional contacts with local office staff. In addition, each office established a job search resource center for participants.

Individualized job search assistance (IJSA). This treatment was similar to the job search assistance treatment, except that a decision was made on an individual basis about the services a claimant should receive. Eligible claimants were sent a letter telling them to report for a group orientation session held during approximately their fifth or sixth

week of unemployment. At that session, they were given an overview of the services available to them and scheduled for an individual assessment interview later that week or the next week. An individual service plan was developed during the assessment interview. This plan varied by individuals, but the services agreed to—such as testing, the job search workshop, or additional assessment/counseling interviews—were mandatory. Additional ongoing contacts could also be required. Claimants in this treatment could also receive any other services, such as placement assistance, from the local Employment Service office.

Individualized job search assistance with training (TJSA). This treatment was identical to the preceding one, except that a special effort was made to enroll interested claimants in training. In all treatments, the availability of JTPA dislocated worker training was mentioned during the orientation session. Referrals to JTPA were made for claimants who expressed interest in training. However, in this treatment, the discussion of training opportunities during the orientation was more extensive. (When possible, a JTPA staff member made the presentation.) In addition, the possibility of training was explicitly discussed during the individual assessment interview. Any claimant who expressed interest was scheduled to talk to a JTPA staff member. To the extent possible, this discussion took place in the Employment Service office immediately following the assessment interview. This one-stop approach to service delivery was facilitated by having the assessment interviews for this treatment scheduled on a day in which a JTPA staff member could be stationed at the Employment Service office. To ensure that training was available, the states participating in the demonstration were asked, as indicated in their agreements with the department, to designate a portion of their JTPA dislocated worker funds to provide training to members of this group (Decker et al. 2000, pp. 10–13).

Eligibility criteria for the demonstration

Before the JSA Demonstration could be implemented, a national WPRS program was enacted in 1993, and all states began to prepare to implement this JSA program. As a result, it made no sense to have the demonstration eligibility criteria—as specified in legislation—differ from those for WPRS, since the WPRS provisions were being implemented in all states. Using the WPRS provisions would allow the

department to test the new legislative design experimentally and would allow the department and the research contractor to provide technical assistance to Florida and the District of Columbia in setting up their state WPRS programs. This issue was solved by having staff from the USDOL and the House Ways and Means Committee meet and agree to allow the demonstration to follow the WPRS eligibility provisions.

As a result, demonstration-eligible claimants were identified using the worker profiling statistical model approach developed by the department during 1993. This model (discussed in Chapter 4) uses a two-step process to identify claimants who are expected to experience long spells of unemployment. The research contractor and the states agreed that the contractor would estimate the model for each of the states for their use not only during the demonstration but also for the WPRS program (Decker et al. 2000, pp. 7–9).

Delay of WPRS implementation

The enactment and upcoming implementation of WPRS also would have adversely affected the current services environment of the demonstration project if members of the control groups had been required to participate in WPRS and receive program services that were similar to demonstration JSA services. Once again there was agreement between USDOL and House Ways and Means staff that the demonstration was an adequate substitute for WPRS, and hence WPRS implementation could be delayed in the District of Columbia (since the entire District participated in the demonstration) and in the 10 participating Florida local offices until the project was completed (Decker et al. 2000, pp. 7–9).

Findings of the Job Search Assistance Demonstration

The JSA Demonstration, conducted in the District of Columbia and Florida, replicated the New Jersey Experiment. Participation rates in the JSA Demonstration varied from those of the New Jersey Experiment. More treatment group members participated in reemployment services in New Jersey than in D.C. and Florida. The orientation attendance rate of 79 percent in New Jersey was similar to that in D.C. (77 percent) but was higher than that for Florida (62 percent). Attendance

rates for services beyond orientation tended to be higher in D.C. than in New Jersey, while the Florida rates tended to be lower. For example, job search workshop attendance was 60 percent in D.C., while the New Jersey rate was 50 percent and the Florida rate was only 44 (Decker et al. 2000, p. 42).

Impact on UI receipt

The impact on UI receipt was measured in four ways: 1) the effect of the demonstration treatment on the number of weeks claimants drew benefits, 2) the rate at which UI benefits were exhausted, 3) the percentage of beneficiaries with at least one nonmonetary determination, and 4) the percentage of beneficiaries with at least one nonmonetary benefit denial. The four measures reflected the intent of speeding the return to work. The measures also recognized that calling UI claimants into a local UI office to offer them job search assistance would raise eligibility issues for some claimants, and those issues could relate either to whether they reported to receive demonstration services or whether they continued to be eligible for UI benefits.

For both D.C. and Florida, each treatment had a significant impact on all four measures of UI receipt during the initial benefit year (Table 2.4). Job search assistance treatments were expected to have short-term impacts rather than long-term impacts. In accordance with those expectations, none of the treatments had a significant impact after the initial benefit year. This result, however, is inconsistent with the New Jersey Experiment, which found that participants who received job search assistance had reduced receipt of UI in the second benefit year.

The structured job search assistance (SJSA) treatment in D.C. experienced a reduction of 1.1 weeks in UI receipt, far greater than the experience for all of the other treatments in D.C. and Florida, which varied between reductions of 0.4 and 0.6 weeks and were more in line with the New Jersey results. The rate of exhaustion of benefits decreased in all cases, declining between 2 and 5 percent. Examining the week-to-week exit rates from UI benefit receipt, the evaluators found that most of the effect of the JSA treatments was felt soon after the offer of services, indicating that exiting from UI benefit receipt was caused more by the requirement to report for services than by the job search skills learned from the receipt of reemployment services.

Table 2.4 Job Search Assistance Demonstration: Estimated Impact of the JSA Treatments on UI Receipt in Year 1

Outcome	District of Columbia			Florida		
	SJSA	IJSA	TJSA	SJSA	IJSA	TJSA
Weeks of benefits received in benefit year	-1.13***	-0.47**	-0.61**	-0.41**	-0.59	-0.52**
Dollars of UI benefits received in benefit year	-182***	-56	-37	-39	-100**	-73*

NOTE: SJSA = structured job search assistance; IJSA = individualized job search assistance; TJSA = individualized job search assistance with training. * statistically significant at the 90 percent confidence level for a two-tailed test; ** statistically significant at the 95 percent confidence level for a two-tailed test; *** statistically significant at the 99 percent confidence level for a two-tailed test.

SOURCE: Decker et al. (2000).

The evaluation did not yield a definite conclusion about which treatment was most successful at reducing UI receipt because of differences in outcomes between D.C. and Florida. These differences seemed to be primarily due to stricter enforcement of participation in the mandatory services under the SJSA treatment. Also contributing to the disparity was a substantial difference in economic conditions—spells of unemployment were longer in D.C. than in Florida. However, it appears that with strict enforcement, the mandatory participation approach of the SJSA is the most effective approach in reducing UI receipt.

As in the New Jersey Experiment, participation in the Job Search Assistance Demonstration was mandatory. If claimants did not report, UI staff conducted fact-finding interviews that could result in nonmonetary determinations and denial of benefits. In both D.C. and Florida, this process resulted in a significant increase in the rate of nonmonetary determinations conducted and denials of UI benefits based on those determinations—for all treatment groups. Because of stronger enforcement by the District of Columbia, these effects were much greater there than in Florida: they increased from 29 percent to 37 for the rate of nonmonetary determinations and from 7 percent to 11 for the denial rate. More specifically, for the structured JSA treatment there was a fourfold increase in denials stemming from determinations that claimants were “not unemployed.” The evaluators found that the effect of conducting

determinations went beyond enforcement of mandatory participation in the demonstration project: local office staff also used information gathered during enforcement of demonstration participation to increase the enforcement of UI continuing eligibility requirements. Much of the decline in UI receipt was related to that enforcement (Decker et al. 2000, pp. 122–135).

Impact on earnings

The JSA treatments had very different earnings impacts between the locations, with some statistically significant impacts in D.C. but none in Florida (Table 2.5). In D.C., the structured JSA treatment yielded positive earnings impacts throughout the 10-quarter period of follow-up, whereas for the other treatments there were positive and significant results only for some quarters during the first six quarters. In Florida, the earnings results were not significant. Thus, no apparent impact on earnings occurred in Florida.

In designing the Job Search Assistance Demonstration, one concern was whether the provision of JSA could result in workers taking lower-quality jobs. However, the results showed that the treatment groups found jobs paying as well as or better than those taken by the control group (Decker et al. 2000, pp. 137–164).

Impact on job search

Another purpose of the JSA Demonstration was to provide UI claimants with job search skills, and to have them make intensive use of these skills. Participants were expected to search for work more and receive more referrals to job openings from Employment Service staff. The impact of the treatments on claimants' ability to successfully search for jobs was measured by the following three factors: 1) the number of employer contacts claimants had per week, 2) the hours of job search per week, and 3) the percentage of claimants receiving a job referral from the Employment Service. The results showed a positive impact on the number of employer contacts and receipt of job referrals, but no effect on the hours of job search per week (Table 2.6).

Even though treatment members were more likely to receive job referrals from the Employment Service, there was no indication that these referrals had any impact on their likelihood of obtaining job offers

Table 2.5 Job Search Assistance Demonstration: Estimated Impact of the JSA Treatments on Earnings (\$)

Quarter	District of Columbia			Florida		
	SJSA	IJSA	TJSA	SJSA	IJSA	TJSA
1	30	22	22	53	-48	-24
2	172***	102	147***	-4	-6	20
3	152**	111	176**	-53	-18	14
4	281**	161**	83	-2	112	50
5	280**	913**	180	-92	-36	-12
6	241**	183**	106	-66	-36	5
7	177**	96	-23	-57	-5	63
8	263**	129	38	-98	-41	-20
9	185*	76	10	-98	-41	-49
10	224**	100	50	123	-30	-44

NOTE: SJSA = structured job search assistance; IJSA = individualized job search assistance; TJSA = individualized job search assistance with training. * statistically significant at the 90 percent confidence level for a two-tailed test; ** statistically significant at the 95 percent confidence level for a two-tailed test; *** statistically significant at the 99 percent confidence level for a two-tailed test.

SOURCE: Decker et al. (2000).

from these referrals. Nonetheless, the learning process of seeking jobs from job referrals may have had a positive impact on claimants' ability to search for work on their own (Decker et al. 2000, pp. 165–176).

Cost-effectiveness of the treatments

The benefit-cost analysis for the JSA Demonstration was examined from three perspectives: that of the U.S. Department of Labor, that of the federal government as a whole, and that of society in general (Table 2.7). Thus the government sector was considered both from the narrower perspective of the agency administering the UI programs and from the broader perspective of the entire federal government. During the budgetary stringency period of the 1980s and early 1990s, the interventions being tested were expected to be more policy-relevant if they were cost-effective from one or both government perspectives.

The evaluators measured the cost and benefits of each of the treatments in both D.C. and Florida. In all cases the cost of the treatments

Table 2.6 Job Search Assistance Demonstration: Estimated Impact on Job Search

Outcome	District of Columbia			Florida		
	SJSA	IJSA	TJSA	SJSA	IJSA	TJSA
Employers contacted per week	1.6*	1.9*	3.0*	1.4*	1.5*	2.1*
Hours of search per week	0.2	0.6	0.9	0.4	0.7	1.7***
% receiving a job referral from the Job Service	8.7***	2.9	8.7***	3.4*	3.8*	10.3***

NOTE: SJSA = structured job search assistance; IJSA = individualized job search assistance; TJSA = individualized job search assistance with training. * statistically significant at the 90 percent confidence level for a two-tailed test; *** statistically significant at the 99 percent confidence level for a two-tailed test.

SOURCE: Decker et al. (2000).

was low, varying between \$100 and \$300, while the cost of the structured JSA was between \$200 and \$300. The benefit-cost results showed that none of the treatments produced net benefits in Florida. In D.C., each of the treatments resulted in net benefits to the government sector as a whole and to society at large, but did not produce net benefits from the perspective of the Department of Labor (Decker et al. 2000, pp. 177–193).

Summary

The findings for the structured JSA treatment in the District of Columbia confirmed those from the New Jersey Experiment. The structured approach in both experiments led to net benefits to society and to the government as a whole. The findings for Florida, with its weaker enforcement of participation, were less favorable because of the lack of positive earnings outcomes.

The positive findings regarding a structured approach to the provision of job search assistance services suggest that the states' offer of these services at the One-Stop centers—whether through the WPRS system or some other mechanism—will be more effective if participation is mandatory, either through the provision of a single set of services

Table 2.7 Job Search Assistance Demonstration: Cost-Effectiveness of Treatments (\$ per claimant)

Benefits and costs	Claimant	USDOL	Other gov't	Gov't total	Society
District of Columbia					
SJSA					
Net benefits (\$)	1,930	-126	557	431	2,361
Rate of return (%)	—	-44	—	151	826
IJSA					
Net benefits (\$)	1,136	-110	327	217	1,353
Rate of return (%)	—	-55	—	109	680
TJSA					
Net benefits (\$)	806	-186	223	37	844
Rate of return (%)	—	-86	—	17	391
Florida					
SJSA					
Net benefits (\$)	-653	-224	-127	-351	-1,004
Rate of return (%)	—	-93	—	-146	-416
IJSA					
Net benefits (\$)	-196	0	-20	-20	-215
Rate of return (%)	—	0	—	-20	-222
TJSA					
Net benefits (\$)	-12	-55	7	-48	-61
Rate of return (%)	—	-54	—	-47	-59

NOTE: — = data not available. SJSA = structured job search assistance; IJSA = individualized job search assistance; TJSA = individualized job search assistance with training.

SOURCE: Decker et al. (2000).

for all participating claimants or through individual service plans that are customized for each claimant.

Beyond the provision of job search assistance services themselves, the JSA Demonstration had an effect on state workforce agency local offices. These offices used the information gathered as part of the JSA Demonstration in their administration of regular services to UI claimants. In the process, they increased the enforcement of the UI work test.

Enforcement of the UI work test yielded an increase in the identification of issues relating to continuing eligibility for UI benefits (e.g.,

nonseparation, nonmonetary determinations) and, in some cases, denial of benefits to claimants who were found to be collecting benefits but should not have been. Thus, making JSA participation mandatory was critical to identifying issues of continuing eligibility for UI benefits. The result was a more rigorous enforcement of the UI work test, both to determine whether UI claimants are unemployed and to determine whether they are searching for work. The evaluation showed that, if the provision of job search assistance is done rigorously, as it was in the District of Columbia, it is likely that eligibility issues will be identified and benefit denials will substantially increase (Decker et al. 2000, pp. 128–130, 195–207).

PROFILING THE NEW JERSEY EXPERIMENT RESULTS

The New Jersey Experiment's evaluation results were used to justify the WPRS system. The targeting of treatment group members (and control group members), however, did not use the worker profiling mechanism that is part of the ongoing program. Rather, unemployed workers were selected for participation in the project based on several screens. While the purpose of the screens was to identify dislocated workers, they did so in a very different way from the WPRS system.

The New Jersey Experiment included two follow-up studies which took place after the 1989 final evaluation report. The main purpose of the follow-ups was to measure the long-term impacts of training. The four-year follow-up did not find positive training results, and neither did the six-year follow-up.

The six-year follow-up study also tested the new worker profiling mechanism that was put into effect in 1994. The study included a simulation analysis that was applied to the original New Jersey Experiment microdata. Corson and Haimson (1996) conducted the simulation and found that, indeed, profiling both treatments and controls increased the cost-effectiveness of the job search assistance treatment.

LESSONS LEARNED FROM THE JOB SEARCH ASSISTANCE EXPERIMENTS

Much was learned from the evaluation results of the New Jersey and JSA demonstrations:

- Workers who are permanently separated from their jobs and who are likely to have difficulty becoming reemployed can benefit from receiving help as they seek to return to work. That help can come from a range of reemployment services, including job referrals, if a job is available, and job search training that provides tools for self-search for jobs. At the same time, stronger enforcement of the UI work test can also reduce the compensated duration of unemployment and speed claimants' return to work.
- Providing a comprehensive package of job search assistance (e.g., orientation, assessment, testing, counseling, job search workshop, and follow-up services) can reduce the duration of unemployment. The cost of these services is low, and savings from reduced UI benefit payments and increased tax payments can make the provision of these services cost-effective (Corson et al. 1989; Decker et al. 2000; USDOL 1990).
- For job search assistance to be cost-effective, participation must be mandatory. Otherwise, most workers who are offered the services will not participate, and the overall impacts on workers will be small (Corson et al. 1989; Decker et al. 2000).
- Required participation in job search assistance can be tied to either a standardized, comprehensive package of services or a customized package of services based on the development of an individual employability plan. A standardized, comprehensive package has a greater impact on reducing the duration of unemployment, but a customized package can also have a substantial impact if participation is carefully monitored and enforced. Without claimants' participation in a number of substantive services, JSA will not be effective (Corson et al. 1989; Decker et al. 2000).
- There is a synergy that results from calling dislocated UI claimants into the One-Stop center for JSA services. In addition to

offering JSA services, local office staff can provide immediate referrals to jobs from available job openings. Also, if UI claimants do not report or participate in JSA services, UI staff can use this information to enforce the UI work test (Decker et al. 2000).

- Cooperation between UI and ES staff can contribute to the effectiveness of providing reemployment services to UI claimants (Corson et al. 1989; Decker et al. 2000; USDOL 1990). Inter-agency cooperation and coordination is particularly needed in an era of remote claims-taking, in which UI staff generally are not available in the One-Stop Career Centers.
- Local office staff can refer these UI claimants and others to job openings. When claimants are provided with job search assistance services, referrals to job openings can result in significantly higher placement rates than normally result from such referrals (Corson, Long, and Maynard 1985; Decker et al. 2000).
- Stronger enforcement of the UI work test can reduce the duration of compensated unemployment, whether enforcement is done separately or in conjunction with job search assistance services. An enhanced UI work test can take the form of requiring claimants to report to the One-Stop center and demonstrate that they are able, available for work, and actively searching for work. It can also take the form of requiring a more intensive job search (Corson, Long, and Maynard 1985; Decker et al. 2000; Johnson and Klepinger 1991, 1994).
- Conducting eligibility reviews is an effective method of enforcing the UI work test and can be performed separately either by One-Stop Career Center staff or by UI staff. However, joint efforts by both One-Stop center and UI staff have been found to be more effective (Almandsmith, Adams, and Bos 2006; Corson et al. 1989; Decker et al. 2000; USDOL 1990).
- An effective way to increase the enforcement of the UI work test is to enhance the work search requirement by increasing the number of job search contacts. Verifying a sample of those contacts can also reduce duration (Johnson and Klepinger 1994; Klepinger et al. 1998).

- The implication for a program such as Worker Profiling and Re-employment Services is that, whereas providing reemployment services separately can be cost-effective, bringing together the three separate components of reemployment services can be even more cost-effective. [The three components are 1) a comprehensive job search assistance package of services, 2) referral to job openings, and 3) an enhanced UI work test.] A program that provides all three sets of services to UI claimants can reduce costs and create synergy.
- Simulations of the worker profiling mechanism used by the WPRS system starting in 1994 were shown to make the New Jersey Experiment more cost-effective (Corson and Haimson 1996). While the job search assistance treatment of the New Jersey Experiment was cost-effective for the government sector in the Corson et al. (1989) analysis, the result improved significantly when more focused targeting was achieved by applying the worker profiling mechanism.

Notes

1. For example, full-time-equivalent staff of the Employment and Training Administration peaked in Program Year 1971, numbering 4,283, but had declined to 3,185 by 1980. After two reductions in force in the early 1980s, the number of staff has been less than 2,000 since 1983, and has been less than 1,400 since 1996 (O'Leary, Straits, and Wandner 2004, p. 316). By 2008 the staffing level was less than 1,000.
2. William Brock, telephone conversation with the author, October 24, 2008.
3. Carolyn Golding, telephone conversation with the author, December 5, 2008.
4. Roberts T. Jones, telephone conversation with the author, July 15, 2008.
5. Brock, conversation.
6. Ibid.
7. Ray Uhalde, in-person interview with the author, August 12, 2008.
8. Robert Schaerfl, telephone conversation with the author, July 15, 2008.
9. Normally the department signed financial agreements either as contracts or grants, and with a state the department typically would have signed a grant agreement. However, in order to have more leverage on how the New Jersey Experiment was conducted, the department signed its first cooperative agreement to provide the department with more authority over the operation of the experiment.
10. Because of his stature in the Reagan administration, Brock had easy access to the president and to other senior officials, and, according to Assistant Secretary Jones, he took advantage of this access.

11. I developed the plan for the Department of Labor to conduct a series of UI experiments for testing interventions to assist dislocated workers to return to work.
12. The department selected three states to participate—Massachusetts, Minnesota, and Oregon—but the last two states dropped out of the project before operations began.
13. Unless otherwise indicated, this section is based on Corson et al. (1989), Anderson, Corson, and Decker (1991), and Corson and Haimson (1996). Walter Corson wrote most of this section for an article on the New Jersey Experiment that we never completed.
14. Individuals in this treatment group were also offered relocation assistance. As previous experience had suggested, few individuals were interested in relocation, and fewer than 1 percent of those who were offered relocation assistance received it.
15. The participation rate in training varied widely among the 10 demonstration sites, from 8 to 27 percent (Corson et al. 1989, p. 108).
16. Specifically, the reduction was in Emergency Unemployment Compensation (EUC) benefits.
17. The net benefits to society occur largely because it is assumed that claimants' increased employment and earnings represent a net increase in output; that is, the more rapid reemployment of claimants does not displace the employment of other individuals. This no-displacement assumption was reasonable given the strength of the New Jersey economy at the time of the study.
18. A nonmonetary determination is a determination of UI eligibility made at an initial level by state UI staff based on facts related to issues detected about either the conditions under which UI claimants were first separated from their jobs or about their continuing eligibility for benefits.
19. The JSA Demonstration provision was included in the EUC bill following discussion about the New Jersey demonstration and the usefulness of its replication for future policy purposes between Rich Hobbie (then senior majority staffer for the Human Resources Subcommittee of the House Ways and Means Committee) and me. At the time of this discussion, he and I did not anticipate the enactment of the JSA program in the form of the WPRS system without further experimental replication of the New Jersey demonstration results.
20. The District of Columbia—along with Puerto Rico and the Virgin Islands—is considered a “state” for purposes of federal UI legislation.