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# Evaluation of WPRS Systems

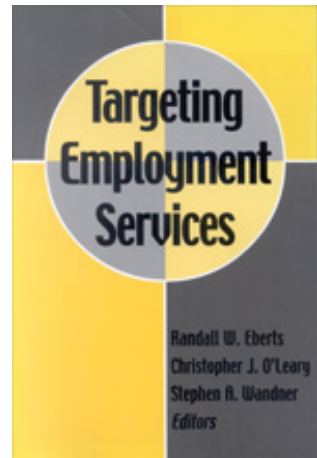
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# 3

## Evaluation of WPRS Systems

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In 1993, Congress enacted Public Law 103-152, which amended the Social Security Act by requiring states to establish a system of profiling new unemployment insurance (UI) claimants that

- identifies which claimants are likely to exhaust UI benefits and, therefore, need job search assistance to successfully transition to new employment,
- refers such claimants to reemployment services in a timely manner, and
- collects follow-up information relating to reemployment services received by such claimants and the employment outcomes subsequent to receiving such services.

The law also requires claimants referred to reemployment services to participate in those or similar services as a condition of eligibility for UI unless the claimant has already completed services or has “justifiable cause” for not participating.

The U.S. Department of Labor (DOL) funded Social Policy Research Associates and Mathematica Policy Research to evaluate the implementation and impact of this Worker Profiling and Reemployment Services (WPRS) Systems initiative. The goals of the evaluation were to

- 1) Describe the ways that states are operating WPRS systems. Aspects of WPRS implementation include
  - developing coordination among partnering agencies,
  - identifying and selecting claimants at risk of benefit exhaustion,
  - providing reemployment services,
  - obtaining feedback about the extent that profiled and referred claimants meet their participation requirements, and
  - identifying different strategies for implementing and operating WPRS systems that may influence the effectiveness of WPRS systems.
- 2) Determine the effectiveness of WPRS systems. Specifically, we evaluated the effectiveness of WPRS in
  - increasing receipt of reemployment services among those likely to exhaust their UI benefits,
  - reducing receipt of UI and the extent that UI benefits are exhausted, and
  - increasing subsequent employment and earnings of UI claimants.
- 3) Provide recommendations to enhance the ability of WPRS systems to meet the goals of the WPRS legislation.

This chapter highlights the results of this four-year evaluation.<sup>1</sup>

The results presented in this chapter are based on data from two primary sources. First, in both 1996 and 1997, we surveyed administrators in all states about the implementation and operations of their WPRS systems. Because WPRS requires coordination among several agencies, we surveyed four respondents in each state: administrators of the UI, the employment service (ES), and Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) programs, and the administrator responsible for coordinating WPRS operations.

Second, we obtained claimant-level data from a sample of eight states, which were chosen to represent variation in the intensity of reemployment services provided under WPRS. We obtained UI and labor market outcome data for all claimants who filed an initial claim in the last two quarters of 1995 or any time in 1996 and who were subject to referral to mandatory reemployment services through WPRS (that is,

not screened out because of a definite recall date, union hall membership, or other characteristics). Those who were referred to WPRS services constitute the “treatment group” and those who were not referred constitute the “comparison group.”

## **IMPLEMENTATION AND OPERATION OF WPRS SYSTEM**

Developing effective WPRS systems involves many complex tasks. States need to develop methods to identify claimants who are at risk of exhausting their benefits, refer such claimants to local offices for services, provide services appropriate to those claimants, track claimants’ progress in services, establish policies about determinations and denials for those who do not participate satisfactorily, and track the subsequent outcomes of WPRS claimants. To accomplish these tasks, states need to develop effective coordination and communication linkages among the participating agencies—usually UI, ES, and ED-WAA—that may not have worked closely together in the past.

The results of both the 1996 and 1997 state administrator surveys indicate that, by and large, states have carried out these complex tasks, meeting the legislated requirements as well as following DOL guidance for implementing WPRS systems. Below we describe the implementation of each of the WPRS requirements.

### **Identification and Selection of UI Claimants**

All states have implemented a two-step profiling process to identify claimants at risk of exhausting their benefits. First, all states screened out claimants on recall status and those attached to union hiring halls, as required in DOL guidance. States also frequently screened out claimants working in seasonal industries, who may also be expected to be recalled, and interstate claimants.

Second, all states then used a further profiling method to identify claimants who had high probabilities of exhausting their benefits. DOL encouraged states to use a statistical model to identify such claimants. To facilitate this, DOL developed a national model as an

example and provided technical assistance to states in developing their own models.

By 1997, about 85 percent of the states were using a statistical model to identify claimants at risk of exhausting their benefits. Among those states using a model, 85 percent developed state-specific models to predict which claimants were likely to exhaust UI benefits in their specific state. Most of these used a single model statewide, although a few states, such as Kentucky and Washington, developed multiple models that were fine-tuned to the specific circumstances of separate regions within their states.

In contrast, 15 percent of the states that used a statistical model simply adopted the entire national model, including its coefficients. Although the national model identified key variables that affected UI exhaustion nationally, we found that state-specific models varied widely both in the characteristics that affected UI exhaustion and in the direction of the impacts of those characteristics. For example, some states found that lower-wage workers were more likely to exhaust benefits, while other states found that higher-wage workers were more likely to do so. States that use the coefficients from the national model, therefore, probably are not targeting WPRS services as accurately as states that developed their own model.

The 15 percent of states that did not use a statistical model relied instead on a characteristics screen. Under this approach, the state identifies a few characteristics associated with exhaustion, creates a pool of claimants with those characteristics, and then randomly selects claimants among the pool to refer to WPRS services. This approach is also less accurate than a state model because it accounts for relatively few characteristics and makes no distinction among individuals within the pool.

States used a variety of characteristics in their profiling model or characteristics screens in 1997. Virtually all states included a measure of the claimant's previous industry or occupation. Over 90 percent of the states included some claimant characteristics in their statistical model or characteristics screen, most commonly education and job tenure. Three-quarters of states included some indicator of the local economy in the area where a claimant lived. Less frequently, states included a claimant's previous wage in their profiling methodology (30

percent) or measures of potential UI benefits, such as weekly benefit amount or total entitlement (45 percent).

Although all states intended to refer claimants with the highest probability of UI exhaustion to services, this did not always occur because of errors in implementing profiling and selection at both the state and local levels. In our impact analyses in this phase and an earlier phase of the project, we collected claimant-level data from 12 states. Two of these 12 states made errors in implementing their profiling procedures. One inadvertently matched the wrong profiling score to individual claimants' records; the other incorrectly identified which claimants had the highest scores. Further, in three additional states, we found that a substantial number of local offices did not systematically refer claimants with the highest scores to services. None of these states were aware of their implementation problems.

Given the problems that we uncovered, we strongly recommend that states or DOL establish quality control measures to ensure that states are carrying out profiling as intended and that local offices are selecting claimants as intended. We recommend that states review on an ongoing basis the information used for profiling and selecting claimants for WPRS services, the resulting calculated scores, and the relationship between those scores and referral to services in each local office.

The percentage of profiled claimants (i.e., those not initially

**Table 3.1 Percentage of States Referring Profiled Claimants to Services**

Percentage of profiled claimants referred to services	FY 96–97	FY 97–98
<5	24	31
5–9	33	29
10–19	25	22
20–29	6	7
30 or more	12	11

SOURCE: Employment and Training Administration Form 9048.

screened out) who were referred to services varied widely across states, from a low of 1 percent to a high of 100 percent, with an average of 13 percent. Further, the percentage of states that referred fewer than 5 percent of their claimants to WPRS services increased from 24 percent in FY 96–97 to 31 percent in FY 97–98, as shown in Table 3.1.

One reason for this trend may be that states increasingly deferred to local offices in determining the number of claimants referred in each office. Although this policy helped states and local areas match the capacity for service to the number of claimants who are referred (as required by DOL guidance), it resulted in states having less control over the number of claimants receiving reemployment services.

We found that the WPRS goal of referring selected claimants early in their unemployment spell was being met. Most states profiled claimants within two weeks of their initial claim, notified claimants promptly, and required them to report to services soon after notification. As states have gained experience in conducting these tasks, the timeliness of WPRS referrals has increased.

## **Reemployment Services**

The legislation authorizing WPRS allows a wide range of reemployment services within WPRS. An increasing number of states established specific requirements for a core set of mandatory services to be provided to all WPRS claimants, although the content of those services was most often left to local discretion. Virtually all states required an orientation—typically an hour or less—to explain WPRS services and claimants’ responsibilities.

More than half of the states then required claimants to attend a group workshop. Typically these workshops provided labor market information, training in job search methods, guidance in preparing resumes, and help in exploring career alternatives. In two-thirds of these states, required workshops also provided claimants with referrals to job openings. About half of these workshops culminated in the development of individual service plans. Most of these required workshops were brief, the majority lasting four hours or less. About three-quarters of the states required all profiled and referred claimants to meet one-on-one with an employment counselor, usually for one hour, to assess claimants’ interests and abilities and develop a service plan.

Although one of DOL's "basic operational concepts" for WPRS calls for customized services that are based on each claimant's needs, the extent that states conformed to this principle varied. In about one-third of the states, almost no claimants were required to participate in any services beyond the mandatory core services required of all WPRS claimants. In contrast, in 30 percent of the states, more than half of WPRS claimants were required to participate in varying types of additional services, as specified in their individual service plans.

As shown in Table 3.2, the length and number of services required of WPRS claimants varied widely among states.<sup>2</sup> Several states required substantial WPRS participation, whether measured as the number of required services or the length of required participation in services. About 26 percent of states required a large number of services (i.e., seven or more), while 27 percent required relatively long participation (i.e., more than 10 hours). At the other end of the spectrum, 23 percent of states required no more than three services, and 16 percent of states required no more than four hours of participation.

In states that provide less extensive services, customers are likely to be less satisfied with WPRS services. In an earlier phase of this

**Table 3.2 Length and Number of Required Services**

Services	Percentage of states in 1997
Length (hr.)	
1-4	16
5-9	29
10-19	18
20 or more	9
Claimants required to participate until UI benefits stop	22
Number	
3 or fewer	23
4-6	51
7-9	17
10 or more	9

SOURCE: Employment and Training Administration Form 9048.



study, we conducted a customer satisfaction survey of 2,000 claimants who were referred to services in six states that implemented WPRS early. We found that customers were far more satisfied with WPRS services when they received more services and services of longer duration. For example, among WPRS claimants who received two or fewer services, only 15 percent rated the services as very or extremely helpful. In contrast, among those who received seven or more services, nearly 55 percent rated WPRS services highly. Similarly, among claimants who participated in services lasting five or fewer hours, only 25 percent rated services extremely or very helpful compared to 60 percent of those who participated in services lasting 20 hours or more.

In selecting providers of WPRS services, states generally followed two strategies. About two-thirds of the states referred most of their WPRS claimants to ES for reemployment services and generally referred claimants to EDWAA only for education or training services. In these states, ES provided services to 75 percent or more of the WPRS claimants.

The remaining states referred the most job-ready to ES for job referral services and referred to EDWAA those who needed more services, including more extensive reemployment services as well as occupational or educational skills training.

### **Tracking WPRS Claimants' Progress in Services**

The WPRS legislation requires referred claimants to participate in services as a condition of UI receipt. To ensure that profiled and referred claimants report to services and participate satisfactorily, WPRS service providers must provide UI with accurate and timely feedback.

Virtually all states developed an automated data system to track WPRS claimants' progress in services. The information contained in the automated systems, however, varied widely. Only half of the states automated WPRS claimants' service plans so that the progress of the claimants could be automatically tracked. In the remainder of the states, staff needed to manually check that claimants were participating satisfactorily in the services called for in their service plans.

About one-half of the states developed new data systems specifically for WPRS, although the sophistication of the resulting data systems varied. In many cases, the WPRS systems were not linked elec-

tronically to the UI or service provider systems. As a result, data often had to be entered twice, and paper reports were needed to communicate about WPRS participants.

Most of the remaining states modified their existing systems—predominately their ES systems—to track WPRS claimants' progress. Again, many of these systems lacked linkages with UI data systems so that data needed to be entered twice.

UI administrators reported that developing a system to track the progress of claimants was one of the most difficult WPRS-related tasks. It is clear that further automation of claimant tracking processes, especially automated service plans, could make these processes more efficient.

### **Determinations and Denials**

Because participation in WPRS services is a condition of continued UI eligibility, states needed to develop policies about how and when WPRS claimants would be denied benefits for failure to cooperate with the WPRS requirements.<sup>3</sup> The process of denying UI benefits because of failure to comply with WPRS requirements varied among states. About 25 percent of the states initiated the benefit-denial process when a claimant missed a scheduled meeting, while the other 75 percent of the states gave claimants a warning and a chance to reschedule. When claimants were denied benefits, about half the states continued to deny benefits until the problem had been corrected, while the other states denied benefits for only one week.

The most common reason that WPRS claimants were denied benefits was failure to report to orientation. Denials for claimants failing to make satisfactory progress in the required services were far less common. Increasingly, states assumed that claimants were participating satisfactorily unless notified to the contrary by providers. This is not surprising given the difficulty in automatically tracking claimants' progress in most states' management information systems.

### **Tracking Outcomes**

Legislation requires that states track the outcomes achieved by WPRS claimants, and DOL has established a required outcome report. In 1997, only 58 percent of the states collected information on

outcomes for WPRS claimants. It is likely, however, that the number of states tracking outcomes has increased since the DOL reporting requirements took effect last year. Among states collecting information on outcomes, states commonly tracked initial placements and/or entered employments, earnings for specific periods after initial claims, and reemployment industry. Over 40 percent of UI administrators reported that identifying appropriate outcomes or developing a system to track outcomes for WPRS was a very or extremely difficult task.

### **Coordination among Agencies**

In many states, the UI, ES, and EDWAA programs coordinated extensively in WPRS-related activities. To summarize the extent of cooperation, we grouped WPRS activities into three major tasks: tasks related to developing services, tasks related to developing data systems, and tasks related to developing a profiling method.<sup>4</sup> We found the following three modes of cooperation between UI and ES, the agencies most involved in WPRS activities:

- **Dominant agency:** In about 25 percent of the states, a single agency was either very or extremely involved in developing WPRS policies in all areas, while the other agency was at most somewhat involved. In a large majority of the cases it was ES that was the dominant agency.
- **Division of labor:** In another 20 percent of the states, ES and UI divided responsibility for WPRS tasks. Most commonly, ES led the tasks related to services and the data system, while UI led the development of the profiling model.
- **Shared leadership:** In the remaining 55 percent of the states, UI and ES shared the leadership of at least one of the three major tasks. Most commonly, these two agencies shared the tasks related to data systems and the development of the profiling model, while ES led the service-related tasks.

In about half of the states, EDWAA was not substantially involved in any of the three groups of tasks. When EDWAA was involved, it was almost always in cooperation with ES. Not surprisingly, EDWAA was most involved in service-related tasks, although in about one-quarter of the states EDWAA was also involved in developing data systems.

Even though WPRS requires extensive coordination among agencies, the administrators reported that getting the state agencies to work together was not difficult. States also reported that it was not difficult to get the local offices to work together on WPRS tasks.

## **FUNDING OF WPRS**

UI funds accounted for 40 percent of total funding earmarked for WPRS. Most UI funding came from grants that DOL awarded to help states cover the costs of implementing WPRS systems—such as developing profiling models and tracking systems.

EDWAA funding of WPRS activities equaled UI funding in 1997. Most of the EDWAA funds came from Governor's Reserve funds, although supplemental EDWAA grants for WPRS implementation accounted for about 10 percent of WPRS funding. Because UI implementation grants were one-time grants, funds for dislocated workers will likely be a primary source of WPRS funding in the future.

ES funding specifically earmarked for WPRS accounted for less than 15 percent of total WPRS funding, despite the fact that ES was the major provider of WPRS services and many local offices have dedicated specific staff to WPRS activities. Over one-third of ES administrators reported that arranging for adequate funding for WPRS was a very or extremely difficult task.

## **OPINIONS ABOUT WPRS SYSTEMS**

Overall, state administrators were very supportive of the WPRS approach. About two-thirds of all administrators felt that WPRS met its goal of reducing the length of UI receipt among profiled and referred claimants. Most felt that the mandatory nature of services was justified.

Administrators indicated that WPRS had other benefits as well, including improving overall coordination among their agencies. Most also felt that WPRS improved services for all job seekers, not just WPRS claimants.

## OUTCOMES OF WPRS

The second component of this study is an analysis of the impacts of WPRS on UI and labor market outcomes of referred claimants. To determine the effectiveness of the WPRS systems on claimants' outcomes, we needed a method to determine what the outcomes for the referred claimants would have been in the absence of WPRS. To do this, we selected a "comparison group" of similar claimants who were not referred to WPRS. The ideal way to develop such a comparison group would be to conduct a classical experiment by randomly assigning claimants to two groups: one group that is referred to WPRS and another that is not. Because WPRS was implemented as an ongoing statewide program, however, we were unable to conduct such an experiment to evaluate it.

We therefore chose an alternative comparison group—claimants who passed the initial WPRS screens but were not referred to services. Although nonreferred claimants, by design, differ from referred claimants in that they have lower predicted probabilities of UI exhaustion, two factors enhance the validity of this design.

First, because claimants were referred to WPRS on the basis of known criteria, we can control for these criteria using regression methods. This situation is unlike that in other quasi-experimental evaluations where individuals choose to participate in a program. In those cases, the participation in services is determined partly by unmeasurable factors, such as individual motivation, which cannot be included in a regression model. Our ability to know and control for the factors that determine referral to WPRS should enhance the validity of our comparison group methodology and, therefore, the results of our analysis.

Second, the validity of our design is enhanced because the predicted probabilities of UI exhaustion for referred and nonreferred claimants overlap considerably. This overlap usually came about because of local capacity constraints. In the eight states in our study, each local office was responsible for selecting the number of claimants to refer to services, based on its capacity to serve new claimants each week. Because these capacity constraints varied by office and by week, the predicted probabilities of claimants referred to services statewide overlapped

considerably with the probabilities of those not referred to services. As a result, we can compare outcomes for claimants referred to services with those for claimants with similar scores but who were not referred to services.

### **Impacts on Services**

Comparison of referred and nonreferred claimants in our sample of states indicates that WPRS is meeting the goals of providing reemployment services at a greater rate and earlier in claimants' unemployment experience. Referred claimants were up to 50 percentage points more likely to receive at least one service (beyond WPRS orientation), and they received significantly more types of services than nonreferred claimants. WPRS had the largest impacts on receipt of job search workshops and job clubs. Referred claimants were also more likely to be enrolled in EDWAA, although usually for basic readjustment services rather than training. Finally, in most states, referred claimants received services earlier in their unemployment spells than did nonreferred claimants.

### **Impacts on UI Benefits, Employment, and Earnings**

WPRS services were expected to reduce UI benefit receipt among claimants targeted for services by assisting them in finding a new job quickly. Previous studies found that the general service approach used in WPRS can reduce UI receipt. For example, a mandatory job search assistance package offered to UI claimants in the New Jersey UI Reemployment Demonstration in 1986–1987 reduced average UI receipt by about half a week (Corson et al. 1989). More recently, similar mandatory job search assistance services provided to claimants in Florida and in Washington, D.C., in 1995–1996 reduced UI receipt by about half a week in Florida and about one week in Washington, D.C. (Decker et al. 2000). Experiments in job search assistance in other states have generated similarly moderate reductions in UI receipt (Meyer 1995).

To determine the impact of WPRS on claimants' UI receipt, we used two measures as dependent variables in our regressions: weeks of UI benefits paid and dollars of UI benefits paid. The estimated impacts of WPRS are shown in Table 3.3.

**Table 3.3** Estimated Impacts of WPRS on UI Outcomes

Benefit receipt	Connecticut	Illinois	Kentucky	Maine	New Jersey	South Carolina
Weeks	-0.25** (0.12)	-0.41*** (0.07)	-0.21* (0.12)	-0.98*** (0.32)	-0.29*** (0.05)	0.02 (0.12)
Dollars	-55.53* (28.42)	-64.28*** (14.11)	-20.92 (22.53)	-135.03*** (41.18)	-139.99*** (13.22)	2.50 (21.27)

NOTE: Standard errors are in parentheses. \*\*\* = Statistically significant at the 99 percent confidence level in a two-tailed test; \*\* = statistically significant at the 95 percent confidence level in a two-tailed test; \* = statistically significant at the 90 percent confidence level in a two-tailed test.

WPRS generally reduced UI benefits received by the claimants in the states we examined. In five of the six states for which we were able to generate estimates—Connecticut, Illinois, Kentucky, Maine, and New Jersey—WPRS significantly reduced average weeks of UI benefits per claimant.<sup>5</sup> As shown in Table 3.3, the estimated UI reductions ranged from 0.21 weeks in Kentucky to nearly a full week in Maine.<sup>6</sup> In all five states except Kentucky, WPRS also significantly reduced dollars of benefits received, with reductions of up to about \$140 per claimant in New Jersey. In the sixth state, South Carolina, WPRS appears to have had no impact on UI receipt—claimants referred to WPRS services had approximately the same UI outcomes as did similar claimants not referred to services.

WPRS was also expected to help claimants return to work sooner, thereby increasing employment and earnings in the short run. Furthermore, to the extent that WPRS claimants learned about better paying, more stable jobs through WPRS than they would have found on their own, it was possible that WPRS would increase employment and earnings in the long run as well.

Earlier studies of the WPRS approach have generated inconsistent findings about the impact on employment and earnings. In the New Jersey UI Reemployment Demonstration, mandatory job search assistance was found to have significant impacts on employment in the first two quarters after the initial benefit claim and significant impacts on earnings in the first quarter (Corson et al. 1989). More recently, the Job Search Assistance Demonstration was found to have uneven impacts on employment and earnings of claimants, improving earnings in one demonstration state (Washington, D.C.) but not in the other (Florida).

Our estimates provide little evidence that WPRS increased the employment or earnings of referred claimants. Most of the estimated impacts on employment and earnings, which are presented in Table 3.4, are not statistically different than zero, and the statistically significant estimated impacts are as likely to be negative as they are to be positive. The only significantly positive impacts on earnings occurred in Maine (in the first, third, and fourth quarters) and New Jersey (in the third quarter), both states where WPRS significantly reduced UI receipt. However, our estimates also suggest that WPRS reduced the rate of employment in New Jersey.



**Table 3.4 Estimated Effects of WRPS on Employment and Earnings**

Effect	Connecticut	Illinois	Kentucky	Maine	New Jersey	South Carolina
Probability of employment (%)						
Quarter 1	0.61 (0.62)	-0.69* (0.41)	0.02 (0.67)	1.39 (1.41)	-1.61*** (0.31)	-1.05 (0.69)
Quarter 2	-0.54 (0.60)	-1.10** (0.44)	-0.49 (0.68)	-0.16 (1.35)	-0.75** (0.31)	-0.67 (0.66)
Quarter 3	-0.59 (0.62)	-0.03 (0.47)	-1.34* (0.77)	0.54 (1.53)	-1.84*** (0.32)	-0.88 (0.68)
Quarter 4	0.42 (0.69)	0.70 (0.53)	0.45 (1.00)	1.52 (1.86)	-1.90*** (0.35)	-2.31*** (0.75)
Earnings (\$)						
Quarter 1	37.25 (43.33)	-29.72 (29.82)	30.52 (38.43)	128.87** (57.57)	19.71 (24.64)	41.78 (44.64)
Quarter 2	-5.42 (44.92)	-64.40 (34.38)	40.85 (39.90)	98.23 (69.23)	126.91*** (24.24)	13.10 (40.50)
Quarter 3	-67.27 (50.00)	67.33* (38.04)	-94.35* (48.36)	158.81* (83.23)	41.55 (26.28)	-69.05 (43.68)
Quarter 4	8.83 (57.46)	-48.93 (44.94)	3.01 (64.08)	176.51* (101.28)	37.61 (28.71)	-116.35** (48.85)

NOTE: Quarters 1, 2, 3, and 4 are the first, second, third, and fourth full calendar quarters following the first payment. Standard errors are in parentheses. \*\*\* = Statistically significant at the 99 percent confidence level in a two-tailed test; \*\* = statistically significant at the 95 percent confidence level in a two-tailed test; \* = statistically significant at the 90 percent confidence level in a two-tailed test.

## CONCLUSIONS AND RECOMMENDATIONS

On the basis of the results of this study, we make the following recommendations to improve the implementation and impact of WPRS services.

### **Improving Profiling and Referral to Services**

- States should provide greater ongoing monitoring of state and local profiling and referral practices to ensure that they are being carried out as intended.

Profiling, selection, and referral processes are complex and involve many levels of staff: statistical analysts who develop the profiling procedures, programming and data processing staff who implement profiling procedures and calculate probability scores for claimants each week, and state and/or local program staff who select and refer specific claimants based on those probability scores. We found several states where staff were not carrying out these processes as intended, either because of errors or lack of understanding of the intent of WPRS. We strongly recommend, therefore, that states routinely monitor the ways that both state and local staff are implementing WPRS procedures.

- States should periodically update their models to reflect changes in the factors that affect UI exhaustion.

Many states have not modified their profiling models since they first implemented WPRS. In our discussions with state and local staff, several respondents indicated that they felt their models had become out of date, especially because industries and occupations in decline in their states have changed over time. We recommend, therefore, that states reestimate their models with current data.

### **Improving WPRS Services**

- States and local areas should provide more extensive, in-depth services that are customized to the needs of individual claimants.

We found that a substantial number of states are neither requiring nor making available extensive services for claimants. Our customer

satisfaction survey found that customers highly valued more extensive services, and those who received such services found WPRS much more helpful than did other claimants. Further, our impact results suggest that the states in which WPRS reduced UI receipt were also states with large impacts on claimants' receipt of services. Improving WPRS services, therefore, is likely to both increase customer satisfaction and result in greater UI savings.

The administration recently announced a Universal Reemployment initiative, which has a five-year goal of ensuring that every dislocated worker can receive the training and reemployment services that they want and need. To support this initiative, DOL has requested funding for Reemployment Services Grants to the ES, which are to be used for providing increased reemployment services to UI claimants. These grants, therefore, are a potentially important funding source for more extensive WPRS services.

- To facilitate improving services, DOL should provide guidance to states and local areas about Workforce Investment Act services appropriate for WPRS claimants.

The recently enacted Workforce Investment Act (WIA) revamps the workforce delivery system, replacing the existing EDWAA program with new dislocated worker services that must be delivered, along with ES services, through one-stop centers. The legislation calls for universal access to one-stop core services but limits access to WIA intensive services to individuals who have been determined in need of such services to obtain employment. Many WPRS claimants will likely need more than the core services, which are often self-access services that provide labor market information and information about job openings. To encourage states to provide WPRS claimants with intensive services when needed, we recommend that DOL provide guidance that claimants referred to WPRS services automatically qualify for WIA intensive services.

### **Increasing the Number of Claimants Referred to WPRS**

- States that currently refer few claimants through WPRS should increase the number of UI claimants who receive reemployment services.

In 30 percent of the states, fewer than 5 percent of claimants are referred to WPRS services. These states should increase the percentage of claimants referred. Further, trends within the UI system imply that other states should consider increasing the referral rates as well. As more states shift to taking initial claims by telephone and eliminate the requirement for mandatory ES registration, WPRS is increasingly the only means through which claimants are systematically linked to reemployment services. The proposed Reemployment Services grants could also be used to provide services to more WPRS claimants.

### **Enforcing Participation Requirements**

- States should enforce the requirement that referred claimants participate in the services required in their service plans.

Most states appear to enforce the requirement that WPRS claimants report for an orientation but are more lax in enforcing requirements for satisfactory progress in required services. Our outcome evaluation suggests that strict enforcement is important to WPRS achieving its goal of reducing UI receipt. We recommend, therefore, that states more strictly enforce participation requirements.

### **Improving Data Systems to Track Progress in Services and Outcomes**

- States should improve their WPRS tracking process to make it more efficient and more accurate.

One reason that states do not more vigorously enforce participation requirements may be that their data systems are not fully automated and do not link the UI and the service providers' information about claimants. Although DOL provided implementation grants to help fund more coordinated data systems, it appears more assistance is needed. As part of WIA implementation, states may be developing new data systems to better coordinate the management information systems of partners in their one-stop systems. If so, we strongly recommend that states explicitly design those systems to support WPRS.

- States should develop outcome reporting systems so that states can comply with the reporting requirements.

Although the WPRS legislation requires that states collect follow-up information about claimants' employment outcomes subsequent to receiving WPRS services, over 40 percent of the states have not developed a follow-up reporting system. Many UI administrators indicated that developing such a system was a very difficult task. We recommend, therefore, that DOL provide more assistance to states in developing such reporting systems. The implementation of WIA, which also requires states to track subsequent employment and earnings of customers, provides an opportunity to incorporate WPRS tracking requirements into states' one-stop reporting systems.

### Notes

1. Reports available from this study include U.S. Department of Labor (1996, 1997, 1999).
2. WPRS administrators were asked directly about the length of required services. We calculated the number of required services by summing the services provided in any required workshops, one-on-one services, and supervised job search.
3. When claimants are denied benefits in UI, they do not receive benefits for a specific period but their total entitlement is not changed. Thus, for claimants who receive their full entitlement, the effect of denial is to postpone their benefits, not to reduce them.
4. We grouped the tasks using factor analysis of the extent of involvement of the three agencies in individual WPRS activities.
5. We collected data from two other states, Mississippi and Texas, but we chose not to present estimates based on these two states because of problems with the reliability of these data for evaluation purposes.
6. A recent paper (Black et al. 1998) examined the impact of WPRS in Kentucky over approximately the same period used in our study. The authors of that paper found considerably larger impacts in Kentucky than we found. According to their estimates, WPRS reduced UI receipt by more than two weeks among their sample members, compared with the 0.21-week reduction for our sample. Black et al. used a random assignment design that focuses on claimants whose benefit exhaustion probabilities were near the probability threshold used to identify claimants to be referred to WPRS services. Since this approach focused on a relatively small subgroup of claimants, the findings it yielded apply only to that subgroup.

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## Comments on Chapter 3

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My biggest challenge in trying to comment on Worker Profiling and Reemployment Services (WPRS) systems is what to call it. It's really a mouthful, so in my comments I am mainly going to use the word "system." Although they reflect my own views, my comments come from the perspective of my office, the Unemployment Insurance Service (UIS) in the U.S. Department of Labor. It has been the primary responsibility of UIS to oversee development of the state WPRS systems from the federal perspective. I think it's fortunate that we have a panel of state policymakers immediately following my comments, because I can't possibly summarize state views on these systems.

My comments are directed to what I believe the chapter, and the larger evaluation on which the chapter is based, tells our office and the Labor Department more generally about the implementation and impact of this system for targeting services. The chapter really demonstrates the wisdom of beginning an evaluation at the time an initiative is launched. Most often that is not done, so we have a great deal of information on the system at what is still a very early point in its operation. This system has been a very complex undertaking for the states. The authors have done an excellent job of pointing out the many challenges and problems with system implementation. These include the profiling selection and referral practices, provision of reemployment services, enforcing participation requirements, and tracking progress, services, and outcomes.

My strongest impression from the chapter, however, is that the state systems have had a variable but limited impact on the intended outcomes such as reducing UI payments, benefit duration, and the rate of benefit exhaustion. Even though the impact estimates are preliminary,



it seems to me unlikely that the final version will turn out very differently. So I think the key question, which we cannot yet answer, is whether the lack of impact, particularly in some states, stems from faulty logic or from incomplete implementation of an inherently sound idea.

If we try to look for reasons for the lack of impact, I think they have to be teased out indirectly. The authors provide some clues, but one strong limitation of the evaluation is that it had a relatively minor field component. A point that was not brought up in the chapter itself concerns what is actually happening in the system as it was implemented at state and local levels. Nevertheless, here are what appear to be some of the factors. It is important in the context of this meeting, and as the chapter states early on, that developing effective systems involves many complex tasks.

The system that we are talking about here goes much beyond simply targeting services. It involves the whole range of how referrals are done, services are provided, outcomes are observed, and then what people do with that information. So, as designed, the system requires very sophisticated methods for identifying and prioritizing clients and referring them, developing individual service plans, providing the intensity and range of reemployment services, then tracking progress, establishing and enforcing policies about denial of benefits, and measuring and reporting the outcomes. I think the chapter does not get into this as much as I might emphasize. The system, I believe, requires strong management oversight of the total process so that all of the elements fit together.

The chapter implies that there are various points in the process where the logic can and does break down in full scale real world implementation. It points most clearly to two areas: 1) providing an adequate range of reemployment services to referred claimants, and 2) procedures on denial of benefits for failure to comply with requirements. One comment I want to make about Dickinson's presentation this morning concerns a point that was not made in the chapter. She hypothesized that states aren't requiring services in which clients are unlikely to participate, since states would then be forced to deny benefits. However, the evidence is that states don't deny benefits to people for failing to participate in services. I also want to note that because of the limited field component, the chapter does not provide a lot of informa-

tion on effective practice for reemployment services provision—not enough to provide a basis for system improvement.

Here are some other factors that go beyond the two that the chapter emphasized. Dickinson did emphasize these quite a bit in her presentation. The state-specific profiling models have not been fully implemented or consistently updated. As the chapter says, the states did not consistently refer to services claimants with highest probability of exhaustion. In her presentation, Dickinson reviewed the evidence on this.

Even though the authorizing legislation requires that states track outcomes, the chapter indicates that only about three-fifths of states were doing so in 1997. I looked at some of the more recent federal reporting data that have come in to us, and those numbers have edged up only slightly. Maybe two-thirds of the states recently reported that information. Reporting has been hampered to a large extent, I understand, by Y2K concerns. Furthermore, WPRS system reporting has not been fully automated. The WPRS report is not in the regular group of periodic reports which we receive from the states. Unless the outcome information is consistently tracked, validated, and reported, the vital feedback information is not available for oversight and corrective action. Finally, it's not clear exactly who is in charge of the system at either the federal or state level.

To summarize, the chapter shows us where in this complex process the train can run off the track, and it gives strong evidence of the number of places where it in fact has. I want to stress the following point: at this relatively early stage in the implementation of this complex initiative, in trying to do something with all of the elements that we have here, it is really soon to deduce much about what's going on. Furthermore, the evaluation is still incomplete, but I think the limited findings call for increased attention from both federal and state overseers to ensure adherence to principles of WPRS implementation.

I want to talk now about some of the next steps at the federal level that we are either doing, or in some cases should be doing more intensively. But before I do that, I again want to mention two points that Dickinson talked about somewhat in her presentation and in the chapter, they are: the issue of referral to employment service registration for people who are not in profiling, and the effect of telephone claims.

My understanding is that telephone claims don't change the process. They may change practices, but there is no relaxation of re-

quirements for referring profiled claimants to outside services simply because the claim is taken by telephone. I also think it goes too far to say that profiling is the only way UI claimants can get referred to services.

We are currently making funds available to states for significant improvement grants that are intended to increase the effectiveness of reemployment services. We are really hoping for creative proposals from states to address one or more of the implementation concerns mentioned above. One of the conclusions we've come to is that the most important thing to do right now is to go directly to continuous improvements and not overprescribe. Instead, we plan to make money available to the states to work on whatever they think will help make this complicated system work better. We need to ensure that there are complete and valid data reported to the federal government for use by the states on services provided and outcomes. The Labor Department should analyze that data and use the findings for oversight of the WPRS system.

Finally, and this reiterates some of the points that Dickinson made in her remarks, we should give more attention to providing oversight and management of profiling and reemployment services. This should be considered a key part of ETA's (Employment and Training Administration, U.S. Department of Labor) implementation of the Workforce Investment Act. Only when we can say that this initiative is fully in place will we really be in a position to validly assess the system's impacts on outcomes, and conclude whether it is cost-effective.

# Comments on Chapter 3

Walter Nicholson  
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This chapter provides a summary of the ongoing research on the Worker Profiling and Reemployment Services (WPRS) Systems initiative. That initiative and the research on it are interesting from a variety of perspectives. On a conceptual level, WPRS represents one of the first attempts to use statistical modeling to target social services to clients. There is an obvious interest in determining how well this works and the circumstances under which it can be more or less successful. Evaluating the success of the process also raises some unique statistical issues that deserve detailed analysis. On a more practical level, the WPRS initiative raises questions about interagency coordination, the construction of appropriate information systems, and the actual selection of reemployment services. In these comments I focus primarily on Dickinson, Decker, and Kreutzer's treatment of the conceptual issues, concluding with only a few words about their analysis of the WPRS process.

## **PROFILING**

The unique aspect of the WPRS initiative is, of course, the use of statistical models to predict unemployment insurance (UI) claimants' probabilities of exhaustion of benefits and the use of those probabilities to target reemployment services. Dickinson, Decker, and Kreutzer report the interesting fact that most states have developed their own profiling models and that some states even disaggregate these models by substate region. As someone who has run many, many regressions on

unemployment insurance (UI) benefit exhaustions, I would have liked somewhat more detail about differences among the state models and why those differences arise. Are state models importantly constrained by the availability of certain variables on their administrative data files? How well do these models seem to fit the data, and do some states manage to achieve much higher explanatory powers than others? Are the models employed in a “pure” way to calculate an index of service needs? Or is there some tinkering with the model results to achieve what service deliverers believe to be “more reasonable” results? I believe more detailed answers to these questions would be interesting to researchers who wish to learn something about labor markets from the states’ experiences in seeking to model exhaustion. It would also be quite interesting to state UI staff charged with trying to develop as good a model as possible with existing data. Finally, the development of a more detailed typology of profiling models might be of help to the authors in their ultimate goals of evaluating whether profiling actually improves the delivery of reemployment services, the focus of my next set of comments.

## **EVALUATING PROFILING**

Although research on the effectiveness of the WPRS system is only in its initial stages, the Dickinson, Decker, and Kreutzer chapter gives a roadmap of how they intend to proceed. Because implementation of a random assignment experiment was infeasible in the current context, the authors have instead opted for methodology that uses as a comparison group claimants who passed the initial WPRS screens but who were not referred to services. In general, of course, those not referred to services will have lower profiling “scores” than will those referred, so a simple comparison between these two groups would undoubtedly yield biased results. Assuming that the profiling model can, at least with large errors, identify claimants who will experience substantial problems in finding new jobs, this bias would tend to understate the impact of reemployment services, possibly even to the extent of yielding the result that these services apparently harm claimants’ prospects. Dickinson, Decker, and Kreutzer assure us that their procedure is more

promising than most other comparison group analyses because they “control for these criteria (i.e., the profiling scores) in regression models.” They also point out, optimistically, that the variation in capacity constraints over both time and region will help to break up what would otherwise be an exact relationship between scores and service referral, thereby improving the independent explanatory power of the profiling score. This procedure and the arguments that the authors make in support of it remind me of the “design dispute” that took place nearly 30 years ago in connection with the New Jersey Income Maintenance Experiment. In that case also, the researchers argued that a nonrandom assignment could in principle be accommodated in a regression framework if the variables used to assign experimental cells were used as additional independent variables in the analysis of experimental results. The need to use such variables together with the inherent uncertainty about the correct regression specification raised many concerns about the validity of the New Jersey results, especially among practitioners outside the community of research economists. I fear the same result may occur here. At the very least, I hope Dickinson, Decker, and Kreutzer will investigate the assumptions that must be made both to assure that unbiased estimates can be obtained by including profiling scores and to assess the importance of varying capacity constraint effects across their samples.

## **THE PROFILING PROCESS**

The attention that Dickinson, Decker, and Kreutzer give to describing the profiling process and the data collection efforts that accompany it is, in my mind, one of the real strengths of the research. Two aspects of their discussion seem to me to be especially interesting: their attempts to measure the extent of reemployment services received, and their discussion of state tracking systems. With regard to the former, I would have liked to see even more on the actual content of reemployment services offered to claimants. Research on the effectiveness of such services continues to suffer from a “black box” approach that offers little insight about what clients actually get. Without such detail I fear we will never be in a position to determine what works. Dickin-

son, Decker, and Kreutzer have made a good start on trying to look into the box—I hope they will push that part of the project further.

I hope that the authors' discussion of the limitations of some state data systems will provide a spur for improvements, perhaps directed from the national level. In their research they have managed to learn quite a bit about how these data systems work in practice. One very valuable outcome of the project could be the development of a general blueprint for “best practices” that might be adopted more widely.

In all, this is an interesting progress report on one of the most important current initiatives in reemployment policy. The authors have done a good job of touching on both the practical and the analytical aspects of their project, and I look forward to seeing their final results.

# Targeting Employment Services

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