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Worker Profiling and Reemployment Services in **Solving the Reemployment Puzzle: From Research to Policy**

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Worker Profiling and Reemployment Services

Implementation and Operations

This chapter reviews the implementation of the Worker Profiling and Reemployment Services (WPRS) program and the results of the first decade and a half of its operation. The first section of this chapter reviews the WPRS legislation; the second discusses the development of the WPRS program. The worker profiling mechanism is discussed in the third section. The fourth section describes the delivery of reemployment services from 1994 to the present; it also discusses the use of worker profiling in other industrial nations. The chapter ends with a summary and conclusions.

FEDERAL LEGISLATION

The Unemployment Compensation Amendments of 1993, which became Public Law 103-152 on November 24, 1993, are the basis of the WPRS initiative. This statute amended the Social Security Act by adding a new subsection, 303(j), which requires each state agency charged with the administration of the state unemployment compensation law to establish and utilize a worker profiling system for all new claimants for regular compensation.

Worker profiling is a system that

- 1) identifies which claimants will be likely to exhaust regular compensation and will need job search assistance services to make a successful transition to new employment;
- 2) refers such claimants to reemployment services, such as job search assistance services available under state or federal law;

- 3) collects follow-up information relating to the services received by such claimants and the employment outcomes of such claimants subsequent to receiving such services and utilizes this information in making identifications (Step 1, above); and
- 4) meets such other requirements as the secretary of labor determines appropriate.¹

In addition, the conference report for P.L. 103-152 defined the reemployment services that should be provided to profiled and referred claimants: "Reemployment services will include job search assistance and job placement services, such as counseling, testing, and providing occupational and labor market information, assessment, job search workshops, job clubs and referrals to employers, and other similar services."

Thus, the system's emphasis is on speeding the return to work of job-ready dislocated workers.

The WPRS legislation is part of federal unemployment insurance (UI) law and requires that state workforce agencies establish WPRS systems and make participation in reemployment services mandatory for claimants referred through profiling.² It does not, however, provide any new or additional funding for the provision of these reemployment services: state agencies must provide reemployment services from existing state and federal funding sources. If the funds for reemployment services are not available, states are not required to supply them. The ultimate size and adequacy of the WPRS system thus has been constrained by the existing funding for reemployment services. In every state, WPRS funding has generally fallen well short of the potential demand that can be identified by profiling methods. The identification and referral process under WPRS must adjust the number of referrals to the available capacity of state and local service providers, and that capacity has been quite limited.

In March 1993, WPRS was enacted as a national program, but state participation in reemployment services was voluntary. Before the program became operational, however, the law was changed in November 1993 to make state participation mandatory (Table 4.1).

Table 4.1 Chronology of Worker Profiling and Reemployment Services

Period	Development
1986–1987	New Jersey Experiment is conducted.
1989	New Jersey Experiment final report published.
March 1993	WPRS enacted as a national program with voluntary participation in reemployment services.
Summer 1993	National worker profiling model developed.
September 1993	UI Program Letter 45-93 broadly describes the WPRS profiling model and the design of the WPRS system.
Fall 1993	Maryland is first state to implement WPRS.
November 1993	New WPRS legislation makes individual WPRS participation mandatory.
December 1993	ETA Basic Understanding Team makes recommendation on the WPRS process to ETA executive staff.
Winter 1994	State WPRS profiling model completed and implemented by Maryland.
March 1994	Field Memorandum 35-94 provides detailed description of WPRS.
Late 1994	WPRS guidance compiled and released in “Green Book.”
Spring 1996	All states implement WPRS.
June 1996	National WPRS Colloquium.
1994–1999	WPRS evaluation conducted.
October 1997	Employment Service Program Letter 1-98 published.
1998–1999	Federal-State WPRS Policy Workgroup meets and makes recommendations.
February 1999	WPRS Policy Workgroup issues its final report and recommendations.
1999	Significant Improvement Demonstration Grants awarded to 11 states to improve WPRS reemployment services.
1999	Funding for WPRS services (\$35 million) requested by USDOL.
2000	WPRS reemployment services funded.
July 2001	WPRS reemployment services funding of \$35 million per year begins.
2002	<i>Targeting Employment Services</i> (Eberts, O’Leary, and Wandner 2002) published.

Table 4.1 (continued)

Period	Development
2004	USDOL budget request excludes WPRS reemployment services funding.
2005	USDOL budget enacted without WPRS reemployment services funding.
June 2006	WPRS reemployment services funding terminates after five years of funding at an annual level of approximately \$35 million.
2007	Study of worker profiling models completed.
June 2007	Government Accountability Office report on WPRS published.
February 2009	Reemployment Services Grants appropriated in amount of \$250 million as part of the American Recovery and Reinvestment Act.

DEVELOPMENT AND IMPLEMENTATION OF THE WORKER PROFILING PROCESS

Overview

Under the permanent WPRS system, each state program has two components: 1) a worker profiling mechanism to identify dislocated unemployment insurance claimants who are likely to exhaust their UI, and 2) provision of available reemployment services during the early weeks of unemployment for these workers. There was no precedent for the WPRS initiative; state workforce programs had never before developed a statistical model as the targeting mechanism. Similarly, a large-scale, coordinated system of providing reemployment services to UI claimants had never existed. Ultimately, it would prove far easier to develop and implement worker profiling models than to provide eligible claimants with reemployment services. It has also proven difficult to maintain and fund the WPRS system.

How the Profiling Mechanism Works

Following their initial development between 1993 and 1995, worker profiling mechanisms for state UI programs are now operating throughout the United States. Generally the profiling mechanisms were developed by state workforce agency staff. In some cases, state agencies had assistance from state universities and private research organizations. Most state models reflect the technical guidance given by the department. Many models also reflect individual state policy or state technical innovations and adaptations.

A worker profiling model predicts the likelihood that given claimants will exhaust their total UI entitlement. States have considered two approaches to developing worker profiling mechanisms: statistical models and “characteristic screening.” Nationally, 45 states use a statistical model (Sullivan et al. 2007). Under this approach, profiling is a two-step process to identify permanently separated workers who have difficulty finding reemployment. First, permanently separated workers are identified by screening out two groups of unemployed workers who are considered job-attached: workers subject to recall and workers subject to a union hiring hall agreement.³ Claimants must also be eligible to receive UI benefits. They must pass these profiling screens before moving to the second step.

Second, reemployment difficulty is predicted statistically by using a logit regression analysis applied to historical data. The measure of reemployment difficulty is the dependent variable. It is generally a binary variable (i.e., a zero or a one, depicting whether or not the worker is likely to exhaust all entitlement to UI benefits).⁴ This variable facilitates creation of a profiling model where the outcome measure is the predicted probability that claimants will remain unemployed for about six months.

The worker profiling model estimates the probability of exhaustion for individuals based on their demographic characteristics as well as current state labor market conditions (i.e., the independent variables). These variables are evaluated for their impact on exhaustion. The impacts produce state-specific weights for the independent variables. The weights are incorporated into computer programs that apply the profiling model to identify and refer selected claimants to receive reemployment services. This profiling process is generally run weekly.

In addition to the two variables used to identify permanent separation (i.e., recall status and union hiring hall agreement), the USDOL recommended that states use five additional variables in designing and estimating their worker profiling statistical models. The variables are

- 1) education,
- 2) job tenure,
- 3) change in employment in previous industry,
- 4) change in employment in previous occupation, and
- 5) local unemployment rate.

States have generally adopted this modeling approach, but some states have incorporated substantial variations from the department's approach. These variations include three broad types: 1) introducing additional variables, 2) changing the specifications of some of the department-recommended variables, and 3) delaying introduction of one or more variables for which states did not have sufficient data when they implemented their WPRS systems.⁵ Despite the aging of state profiling models, many states have neglected updating their models. Nevertheless, the department encourages states to make continuing improvements to their profiling mechanisms and to update them every year or two to address changes in demographic and economic conditions.

In 1993, staff from the Department of Justice's Civil Rights Division advised the department that federal civil rights legislation prohibits states from using certain variables as part of their worker profiling mechanisms, including age, race or ethnic group, and gender. As a result, these variables are excluded from the statistical models. An analysis comparing the results of worker profiling selection when these variables are included or omitted indicates that the effect of omission is very small.⁶

In those few states that use characteristic screening, the process relies on a small number of characteristics, each of which has a preset cutoff value or criterion. Individuals are selected if they meet the criterion for each screen used, without any weighting mechanism. A number of states that initially used characteristic screening converted to statistical models because models have proven to be a more flexible and accurate targeting device for making referrals to reemploy-

ment services. For example, the model can rank referrals by probability of exhaustion, which characteristic screens cannot do. Thus, the model more precisely scales inflows to available services. After reviewing the two approaches, the department recommended that states use statistical models instead of characteristic screening.

Development of Early Intervention/Profiling Models

The New Jersey Experiment did not develop a worker profiling mechanism. While it targeted a dislocated worker population, it used a series of screens to select the treatment and control group members rather than a statistical model (Corson et al. 1989).⁷ Once WPRS was enacted, state employment security agencies needed an administratively simple mechanism that would allow them to target reemployment services. The mechanism would both select individuals in need of these services and allow limiting the provision of services in a rational and defensible manner.

No mechanism for conducting worker profiling existed, and the development of such a mechanism became a priority after the enactment of WPRS in March 1993. I was responsible for developing such a system during the summer of 1993. Kelleen Worden Kaye, who previously had worked on UI research projects as a researcher at the Urban Institute, developed a national worker profiling model, using a data set from the Current Population Survey (CPS) that was provided by Ralph Smith of the Congressional Budget Office (CBO). Kaye documented the approach, and a worker profiling approach was ready for adoption and use by states by the end of the summer (USDOL 1994b, pp. 121–163).

This national model was designed to be a prototype for state use in developing state-specific worker profiling models. It was based on past research regarding the nature and characteristics of dislocated workers. It was designed to provide a flexible, accurate, and defensible mechanism for selecting unemployed workers to participate in reemployment services.⁸ In 1994, the department began providing technical assistance to the states, helping some of them to develop and test their own worker profiling models using their own state data (USDOL 1994b).⁹ The department had a small technical assistance staff, consisting of federal employees and contractors, who provided technical assistance to all

states requesting such help. Technical assistance to update and improve worker profiling models has been ongoing: every few years, a worker profiling seminar is conducted to provide assistance to the states.¹⁰

In the fall of 1993, Maryland became the first state to implement WPRS. It did so without a statistical worker profiling model. Late that year, concerned about the inflexibility of its characteristic screening model, Maryland volunteered to be the first pilot state to implement the new worker profiling model.¹¹ The state model was developed by the department profiling modeling team that had been brought together to assist the states (USDOL 1994b, pp. 164–272).

Since WPRS implementation was mandatory for all state workforce agencies, states reviewed the national worker profiling model as adapted for use by Maryland. Initially, most states adopted this model, generally without changes. A small number of states developed a characteristic screening system for UI claimants, selecting WPRS participants who met the screens and excluding those who did not.

While the worker profiling model is a relatively crude tool for identifying dislocated workers who require reemployment services, it has worked reasonably well. A long-term follow-up study to the New Jersey Experiment simulated what would have happened if the New Jersey worker profiling model of the mid-1990s had been used to select participants for the 1986–1987 experiment. The simulation measured how accurately the worker profiling model would have identified UI program exhaustees if it had been used as part of the experiment. The report provides additional support for the WPRS approach, stating that “using a profiling model to target reemployment services on workers with high probabilities of UI benefit exhaustion directs reemployment services to a group of workers who are likely to benefit from the services . . . thereby generating relatively large savings in UI receipt for the given level of expenditures on services” (Corson and Haimson 1996).

The department sponsored an evaluation of profiling models in order to better understand how the models are working and to determine how they might be improved (Sullivan et al. 2007). In 2005, the researchers conducted a survey of all 50 states and the other three jurisdictions that have UI and WPRS programs (Table 4.2). With respect to the operation of the WPRS models, the study found that most states use statistical models and update their models with new data but have never revised the structure of their models (Sullivan et al. 2007).

Table 4.2 State WPRS Profiling Model Characteristics, 2005

State	Model type	Functional style	Date of last update	Model revision
Alabama	statistical	logit	never	2000
Alaska	statistical	logit	1/06	1/05
Arizona	statistical	—	7/03	7/03
Arkansas	statistical	linear regression	never	none
California	statistical	logit	12/01	none
Colorado	statistical	logit	never	none
Connecticut	statistical	neural network	never	none
Delaware	characteristic		never	none
D.C.	statistical	logit	1/04	10/04
Florida	no scoring		never	1/02
Georgia	statistical	logit	1/98	none
Hawaii	statistical	logit	1/95	1/02
Idaho	characteristic		5/05	5/05
Illinois	statistical	logit	1997	none
Indiana	statistical	linear regression	never	none
Iowa	statistical	logit	never	none
Kansas	statistical	logit	never	none
Kentucky	statistical	tobit	1/97	none
Louisiana	statistical	logit	6/03	6/03
Maine	statistical	logit	9/04	1/00
Maryland	statistical	logit	1/00	none
Massachusetts	characteristic		never	5/05
Michigan	statistical	linear regression	6/03	6/03
Minnesota	statistical	logit	5/05	5/05
Mississippi	statistical	—	never	none
Missouri	statistical	logit	12/04	12/04
Montana	statistical	logit	never	none
Nebraska	statistical	logit	2000	2000
Nevada	statistical	logit	never	none
New Hampshire	statistical	logit	4/05	none
New Jersey	statistical	logit	1/04	1/04
New Mexico	statistical	logit	1/04	none
New York	characteristic		6/05	1/03
North Carolina	statistical	logit	never	none

Table 4.2 (continued)

State	Model type	Functional style	Date of last update	Model revision
North Dakota	statistical	logit	9/05	1/03
Ohio	characteristic		1/00	none
Oklahoma	statistical	linear regression	8/06	none
Oregon	statistical	logit	7/03	none
Pennsylvania	statistical	logit	1/05	1/03
Puerto Rico	characteristic		never	none
Rhode Island	statistical	linear regression	1/00	none
South Carolina	statistical	logit	3/05	none
South Dakota	statistical	logit	never	none
Tennessee	statistical	logit	8/03	none
Texas	statistical	logit	9/03	7/03
Utah	statistical	logit	never	none
Vermont	statistical	logit	3/05	3/05
Virginia	statistical	logit	never	none
Virgin Islands	characteristic		never	none
Washington	statistical	logit	never	7/04
West Virginia	statistical	logit	8/01	8/01
Wisconsin	statistical	logit	1994	none
Wyoming	statistical	discriminate analysis	7/05	5/05

NOTE: Blank = not applicable; — = information not available.

SOURCE: Sullivan et al. (2007), pp. 98–102.

By 2007, of the 50 states and three other jurisdictions, the overwhelming majority—45—used statistical WPRS models. Seven states use characteristic screening models, and one state—Florida—uses no variables at all. Florida provides local One-Stop Career Centers with a list of all UI claimants who are eligible to participate in WPRS services, and the centers determine the number and type of claimants to be called in for services regardless of their worker profiling scores. Thus, despite urging by the department to adopt statistical models, eight states use less objective methods, and Florida uses a totally subjective method.

Although it is important to update the data in statistical models, 13 states have never updated their WPRS models. As a result, those

models reflect the characteristics of unemployed workers of more than a decade ago. These models do not reflect either the current state of the economy or the characteristics of workers who are currently searching for work. For the states that have updated their models, many model changes reflect data collection modifications, particularly the conversion of occupational and industrial coding.

Of the 45 states with statistical models, 26 have never revised the structure of their models. Twenty-three states have revised their models since 2000. As a result, the structure of most state models is in need of updating.

Having reviewed and analyzed state profiling models, Sullivan et al. (2007) recommend a number of technical modifications to state WPRS profiling models. They recommend use of logistical regression models and adoption of an expanded number of independent variables, including continuous variables, second-order, and cross-term variables.

Identification and Referral

Most states use the following general process to identify and refer workers to reemployment services. All unemployed workers who file for UI benefits and receive a first UI check are required to be profiled. However, state agencies may profile workers prior to UI benefit receipt. When claimants file for UI benefits, data are collected for use in the worker profiling model. Identification and referral are conducted on a weekly basis. If claimants are determined to be permanently separated and not job-attached, they are run through the state profiling model and assigned a probability of benefit exhaustion. For each local employment security office, UI claimants are arrayed by their exhaustion probability—from high to low—which is the basis for their referral to reemployment service providers. The number of claimants referred to receive reemployment services can be adjusted weekly. States are encouraged to establish flexible referral procedures that can adjust the number of UI claimants referred according to the availability of reemployment services.¹²

Under WPRS, identification and referral to services can only be done using the worker profiling mechanism. State workforce agency staff are not authorized to use their own subjective judgment as a factor in the process. On the other hand, provision of reemployment services

(e.g., job finding and placement services) is not restricted to WPRS participants. As a result, WPRS participants often participate in services alongside nonparticipants.¹³ These nonparticipants in WPRS can be selected by any method consistent with federal requirements that the state or locality chooses.

Participation in reemployment services is a UI program requirement for workers who are identified and referred to reemployment services through worker profiling. Claimants who refuse to participate can be denied UI benefits.

The purpose of WPRS is to provide reemployment services as soon as possible after the onset of unemployment, so states select and refer claimants to services within five weeks of claimants' filing their UI claims (USDOL 1994b). Unemployed workers can only be profiled once during a period of unemployment, and if reemployment services are not available to them within five weeks, they are generally not enrolled in WPRS. States' agencies have referred claimants to services in a timely manner. At least two states—Georgia and Illinois—have accelerated the process to assure early identification and referral to services by completing the profiling process in local offices at the time the initial claim is filed.

Once participants have been referred to reemployment services, they report to a designated reemployment service provider, generally the local Wagner-Peyser Act/Employment Service agency. The service providers develop an individual service plan for participation in WPRS-required reemployment services, which must be approved by their state agency counselor and is subject to the availability of services. There is wide variation among states regarding the extent to which counselors participate in plan development and in the degree of individualization of plans. Participants are required to complete all the services included in their plans in a timely manner—usually within one to three weeks. Upon completion, there is no further participation requirement, even if workers remain unemployed. The WPRS system does not affect the continuing entitlement to UI benefits, unless referred workers refuse to participate in reemployment services.

Unemployed workers can request additional services beyond those available through WPRS, including training. However, these additional services are provided separately from the WPRS program, usually through the Employment Service (ES) or through the Workforce Invest-

ment Act's (WIA) Dislocated Worker program, and thus participation is not guaranteed. Program slots must be available and program eligibility criteria must be met.

The WPRS system has succeeded in drawing attention and providing reemployment services to UI recipients who are permanently displaced. Virtually all initial claimants were profiled in the early years of WPRS—over 90 percent were profiled through 2002—however, that percentage has declined to between 80 and 85 percent.

The interim WPRS evaluation report funded by the department found that states were successful in implementing their profiling models, and that the models successfully identified those UI claimants most likely to exhaust their UI benefits. States appeared to be successfully determining service capacity for providing reemployment services. In some states this determination was done by the state, while in others it was conducted locally. The study found two common obstacles to the provision of services in many states: a shortage of employment counselors to provide services, and a lack of space in many local offices to provide orientations, workshops, and other group services (Hawkins et al. 1996).

IMPLEMENTING AND OPERATING REEMPLOYMENT SERVICES

Background

The 1993 WPRS legislation required that reemployment services be provided in a manner that necessitated close cooperation at the state and local level between staff working for the UI, ES, and JTPA/WIA programs. The cooperative effort would be much greater than was usual at that time. Many department staff members developed new working relationships as they came together to design the new system. They had to create the reemployment services component of the WPRS system from scratch. The worker profiling model had to be developed. The model was implemented as a prototype in one or more states and then had to be tailored to individual states. The states implemented an

approach that involved statistical methods that are not normally part of the operation of workforce development programs.

Mary Ann Wyrsh was the administrator of the UI Service when WPRS was enacted. A history major in college, she had studied the annals of the employment security system. She also had worked in employment security in Washington State. WPRS made sense to her: WPRS went back to the roots of the employment security system under which the ES had always provided reemployment services to UI claimants and administered the UI work test. WPRS also fit with her understanding that job search assistance was more cost-effective than training, and that WPRS would be beneficial to UI claimants. She was ready to support the implementation of WPRS.¹⁴

Enacted as an amendment to federal UI legislation, WPRS was considered by many to be the primary responsibility of the federal UI staff. Staff in the national UI office oversee the development of the worker profiling model, and state and local UI staff refer UI claimants to reemployment services. The provision of reemployment services, however, cannot be done by the UI program; it has to be done by state Wagner-Peyser Act and JTPA/WIA programs, which provide reemployment and training services. At the federal level, a complex system was developed quickly, involving a number of partners. Each program agency had to agree to the design of the system, determine how to implement it, provide guidance to the state and local workforce development partners who would carry out the program, and provide support for implementation and devotion of resources to carry it out.¹⁵

Thus, implementation of a WPRS system in every state represented a significant effort by the federal employment security agency community, especially the UI, ES, and JTPA dislocated worker programs.¹⁶ Implementation required the establishment of operational linkages between employment and training programs at the state and local levels. It also required cooperation between local, state, and federal government entities.

Federal planning for the WPRS program was based on a broad legislative interpretation of what it meant and how it would work. This interpretation of the WPRS legislation was provided to the states in three UI program letters during 1994 (USDOL 1994b, pp. 22–50).

During the spring of 1993, WPRS system design began with the development of the WPRS components and the claimant flows through

the new voluntary system. The design included four aspects: 1) the process and timing of worker profiling, 2) the referral process to reemployment service providers, 3) the content and design of the reemployment services, and 4) the responsibilities among agencies for providing these services. The basic design was reduced to a simple flow diagram that was distributed in September 1993 in UI Program Letter 45-93.

Shortly before the November enactment of the mandatory WPRS program, the Employment and Training Administration (ETA) formed a team consisting of ES, JTPA Dislocated Worker, and UI Service staff, representing the three major ETA programs. It was referred to as the Basic Understandings Workgroup, and its mission was to design the operational features of the WPRS system at the national, state, and local workforce area levels.¹⁷ At the time, the ETA recognized that WPRS was the first component of the emerging One-Stop delivery system, and the manner in which it was implemented reflected upon the potential success of the department's entire workforce reform initiative. The work group met daily for several months to hammer out a process that would foster cooperation between key state workforce agency partners.¹⁸

The Basic Understandings Workgroup reached an agreement in mid-December 1993 that was the basis of all subsequent ETA field guidance to the states.¹⁹ The agreement included a description of the delivery of reemployment services and training, a standard menu of reemployment services, requirements for individual service plans, a refined flow diagram of state and local operational responsibilities, and other state agency requirements. Subsequently, ETA program offices began work on developing specific operational guidance.²⁰

The overall WPRS design was summarized as a flow diagram, which evolved when program participation became mandatory. The design also was a summary of the efforts of the Basic Understandings Workgroup to develop the individual parts of the system, determine responsibilities for carrying them out, and ensure that the parts fit together well. This cooperative effort culminated in a final detailed design—including a new flow diagram—that was issued as Field Memorandum 35-94 and distributed directly to the states in March 1994 (USDOL 1994b, pp. 57–103).²¹

Federal Guidance

Field Memorandum 35-94 encompassed a broad view of WPRS. It emphasized the department's commitment to proactively support the goals of WPRS and serve the needs of its dislocated-worker customers. It attempted to encourage the development and implementation of comprehensive state WPRS systems, coordination and linkages between individual state employment and training organizations (i.e., UI, ES, and JTPA/WIA programs), and provision of the most effective possible services for dislocated workers (USDOL 1994a, pp. 57–103).²² The department tried to ensure that states understood the purpose of a WPRS system and how the profiling mechanism worked. The department also developed prototype designs for the provision of customized but comprehensive reemployment services, particularly comprehensive job search assistance.

In August 1994, the department provided comprehensive instructions to state UI programs as field guidance that described minimum requirements states had to meet to conform to federal law. These requirements encompassed such matters as the nature and process of identification and referral, the relation of the UI system to reemployment service providers, the definition of reemployment services, and a number of UI program administration issues, such as notification of claimants, what mandatory participation means for UI claimants, and due process considerations (USDOL 1994b, pp. 35–50).²³

By mid-1994, the department had issued four UI program letters, three field memorandums, and four UI Service information bulletins about the WPRS system. After discussion with state employment security agency staff who were concerned that they did not have all of the information they needed to implement the WPRS program, I assembled, edited, and wrote an introduction to all the material the department had produced about the program (USDOL 1994b). For the remaining two years of WPRS implementation, this “Green Book”—the color of its cover—was used by the states to implement their WPRS programs. The ETA issued three supplements to Field Memorandum 35-94 containing a total of 47 answers to questions posed by the state agencies. Furthermore, the ETA developed a WPRS implementation guide that was used by federal staff to conduct on-site reviews of each state's WPRS system as input to develop a statutorily mandated report to the Congress.²⁴

The ES took a strong and active role in implementing WPRS. It examined the early experience of WPRS implementation and provided guidance to states in late 1997 in ES Program Letter No. 1-98. The program letter emphasized the “long-standing” relationship between UI and ES programs and the “need to provide improved reemployment services to UI claimants.” To provide “quality reemployment services,” states were urged to consider a number of recommendations based on knowledge gained from past studies about how to best speed the return to work. UI claimants should receive job search assistance early, including “immediate job referrals” if they had suitable skills and experience. Reemployment services should be individualized to increase the likelihood of rapid reemployment. Specifically, it was recognized that many WPRS participants were only receiving a group orientation and a group job search assistance (JSA) workshop, rather than a more robust set of personalized services. Finally, states were encouraged to provide an “expansion of the variety, length, and number of services provided to claimants,” which had been shown to increase customer satisfaction. Specific examples of types of counseling, workshops, and technological procedures were recommended.

Implementation Process and Funding

The implementation of WPRS required new techniques and procedures. It was implemented in such a manner that the states could learn from one another. Five states (Delaware, Florida, Kentucky, New Jersey, and Oregon) were selected early in 1994 to develop prototype systems. They were followed by “first wave” states, which began implementing their systems later in 1994; a second and final wave of states began in 1995.

Because worker profiling is technically complex and represented a departure from prior methods of identifying program participants, the department provided extensive technical assistance to individual states to initially develop their profiling mechanisms. This assistance was provided by a small team skilled in econometrics and UI data systems. The team began by assisting a single state (Maryland) in developing and testing its profiling mechanism in early 1994. Gradually, it expanded the scope of assistance to other states, and it served a large number of states during the 1990s.

In addition to providing technical assistance to individual states, the department conducted a series of seminars for state technicians to help them develop and update their profiling models. These seminars included computer laboratory sessions during which state staff could work on developing state profiling models using their own state's data.

Beginning in 1994, the Department of Labor provided the states with start-up funding to initially establish their individual WPRS systems and to build capacity to provide reemployment services to claimants referred by WPRS. The UI national office provided over \$20 million in funding to assist states in building their own state profiling mechanisms as well as to develop other infrastructure for their WPRS systems. In addition, the JTPA Dislocated Worker Program provided states with nearly \$20 million in funds held in a national reserve account to expand their capacity to provide reemployment services to claimants through WPRS. In both cases, this funding was for one-time, capacity-building activities; the states were not provided with ongoing funding for WPRS reemployment services (Wandner 2008).

Worker Profiling and Reemployment Services Reporting

Since WPRS is a client-based system that involves the entire U.S. employment and training system, its analysis requires data that indicate how unemployed workers move through the system and what impact the system has on them. Two WPRS state reports were developed in 1996. The ETA-9048 Report is a quarterly report of the flow of UI claimants into and through the system. It follows claimants through the identification and referral process and counts participation in and completion of reemployment services.²⁵ In addition, the ETA-9049 Report is a quarterly report on program outcomes. It gathers data on employment and wage outcomes of program participants. It was hoped that the ETA-9049 Report could be used for evaluation purposes, but it has never been used for that purpose.

Worker Profiling and Reemployment Services Evaluation

The department funded an evaluation of WPRS in 1994, shortly after the program was enacted. The goal of the evaluation, conducted by Social Policy Research Associates (SPRA), was to provide an analysis

of the operations and effectiveness of state WPRS systems, so state and national policymakers could learn how to improve WPRS. The evaluation included an implementation and process analysis, based on case study site visits and a customer satisfaction survey. It also included an analysis of program impacts and effectiveness, using a comparison group methodology.

Two interim reports preceded the SPRA's 1999 final report. The first was based on the implementation and process analysis and the second (which went to Congress) on the program impact analysis, both for six early participating states (Dickinson, Kreutzer, and Decker 1997; Hawkins et al. 1996). The final report included program impact analysis for the six participating states, as well as a national survey of all states.

The evaluation was hampered by significant problems. First, unlike the New Jersey Experiment and the JSA Demonstration, which were run as random assignment experiments, SPRA evaluated an ongoing program. Second, much of the data needed to conduct the demonstration were not available because states did not retain WPRS data after the data were used to conduct the program. For example, without data on profiling scores for UI claimants, comparison groups were difficult to construct for an ongoing program. Finally, impacts were expected to be much lower than for the experiments because state WPRS-provided reemployment services were found to be quite limited because of the lack of direct funding for the program.

The second interim report's impact study determined the net impact of providing WPRS services on program outcomes. The study found that WPRS significantly reduced UI receipt. Evidence was insufficient regarding the expected increased employment and earnings under WPRS, although there was strong positive evidence in one of six states.

The study found that WPRS claimants received substantially more reemployment services than comparison group claimants. In particular, they were much more likely to receive an orientation and assessment, which are key initial components of the WPRS service package. Receipt of other services varied, as individual states had their own strategies for achieving reemployment. The study also found that under WPRS the states successfully accelerated the provision of services (Dickinson, Kreutzer, and Decker 1997).

The final report (Dickinson et al. 1999) presented the WPRS net impact analysis across six states. It found that in four of the six states

WPRS significantly reduced the receipt of UI. The two states for which there was little or no impact on UI receipt—Kentucky and South Carolina—were the states providing the least number of hours of services.²⁶ Participating states, however, generally appeared to provide fewer services and considerably fewer hours of reemployment services than in the New Jersey and JSA experiments. In comparing participating claimants, those with higher profiling scores (that is, scores indicating greater difficulty in securing new employment) were found to experience greater reductions in receipt of UI. Reduction in UI receipt also was greater in states with greater enforcement of WPRS participation, as measured by UI administrative determinations and denials of benefits. These results generally were consistent with the findings of the New Jersey Experiment and indicate that the WPRS system is more effective in states that both provided comprehensive services and enforced program participation.

The study's 1997 survey of all states found that many were providing relatively few hours of reemployment services through their WPRS systems. Forty-five percent of the states provided between one and nine hours of services (Table 4.3). Unlike the New Jersey and JSA experiments, the majority of claimants did not receive the most time-intensive

Table 4.3 Percentage of Profiled and Referred Workers Receiving Worker Profiling and Reemployment Services (WPRS) and Length of Required Services, 1997

Receipt of WPRS services	% of claimants
Assessment	60.4
Counseling	20.9
Job placement	58.4
Job search workshop/job club	37.2
Referral to education or training	16.6
Duration of required services	% of states
1 to 4 hours	16
5 to 9 hours	29
10 to 19 hours	18
20 or more hours	9
Claimants required to participate until UI benefits stop	22

SOURCE: Dickinson et al. (1999).

services: counseling and job search workshops/job clubs (Dickinson et al. 1999).

When the WPRS initiative was proposed, some interest groups expressed concern about possible negative effects flowing from its requirement of participation in reemployment services. Specifically, they were concerned that the enforcement of participation in reemployment services would be used to increase UI disqualification rates. These fears have not been realized. As is consistent with its policy goals, program operations appear to be directed toward helping unemployed workers find jobs; the program is not pushing claimants off the UI rolls. Program participants appear to be willing to participate, and UI local staff have rarely found reason to deny benefits because of refusal to participate. In fact, early results showed that less than 2 percent of claimants referred to services were denied any benefits for nonparticipation (Dickinson, Kreutzer, and Decker 1997).

The final report (Dickinson et al. 1999, II-14, II-15) found that ES programs were the major providers of WPRS services in over two-thirds of the states, while JTPA programs took the lead in the other states. Since the study found that the ES also was an active partner in the states where JTPA programs had the lead, I estimate that ES provides over four-fifths of reemployment services nationwide.

Funding of Services

Since its inception in November 1993 as a mandatory program, WPRS largely has been an unfunded mandate. That is, states are required to conduct work profiling and provide reemployment services to targeted dislocated workers within their existing budgets. No new funds were appropriated for this initiative in the early years of the program. States had to decide how much of their ES and JTPA (and later WIA) funds to commit to providing WPRS reemployment services. It quickly became clear to some federal policy officials that if the provision of job search assistance to UI claimants was going to become more widespread, dedicated funding would be needed to provide these and other reemployment services under WPRS.

One solution was to build reemployment services into the design of a new dislocated worker program. That was the proposal contained in a bill—the Reemployment Act (REA) of 1994—that was introduced

by the Clinton administration shortly after the enactment of WPRS. REA envisioned a workforce program built from the bottom up. The cost analysis for the bill estimated the mix of services based on historical data and the expected take-up rates for job search assistance, other employment services, and training. Department staff estimated that the combined participants served by both Rapid Response teams and WPRS would be 1.6 million in 2000, when the program would reach a steady state. Funding to serve these participants was estimated to be \$652 million per year. Thus, the WPRS funding per participant would have been approximately \$400—enough to provide comprehensive services similar to those provided in the New Jersey Experiment. If appropriations had been forthcoming, WPRS reemployment services would have been fully funded by the new REA program (Reed and Uhalde 1994). However, REA was not enacted. It was introduced in the year that the Republicans won control of the Congress. The Clinton administration would have to negotiate a compromise approach to replace JTPA.

New employment and training legislation was not enacted until four years later, as the Workforce Investment Act (WIA) of 1998. However, the WIA dislocated worker provisions did not address the provision of WPRS reemployment services. WIA authorized core and intensive services that might include reemployment services for WPRS participants, but provision of reemployment services to WPRS participants was not addressed directly by the legislation.

At the time, section 3(c)(3) of the Wagner-Peyser Act was amended to specifically authorize the provision of reemployment services. However, the authorization to provide reemployment services to UI claimants required to participate in reemployment services was not accompanied by any increase in federal funding for ES grants to the states.

From its enactment, provision of reemployment services by the ES under section 3(c)(3) would have been facilitated by dedicated funding for reemployment services. Increased funding was needed if these services were going to reach a reasonable scale and intensity. As a result, in 1997 the ES requested additional funds to provide reemployment services. For FY 1998, 1999, and 2000, the ES unsuccessfully proposed special formula funding from the Wagner-Peyser Act annual grants to provide reemployment services to UI claimants. These requests were rejected either by the department's policymakers or by the OMB. For

FY 2001, the Reemployment Services Grants were proposed again, and this time they became part of President Clinton's budget request. Congress provided funding for these Reemployment Services Grants in the amount of \$35 million for FY 2001 and then again in approximately the same amount for the next four years—through FY 2005.²⁷ The funds were provided to the state ES agencies based upon the number of state UI first payments and other factors. They were targeted for use in providing reemployment services to individuals referred to the Wagner-Peyser Act programs through the WPRS process, and they partially supplemented other ES funds.

These Reemployment Services Grants provided only a small portion of the funds needed to provide WPRS services. For example, in 2005 approximately 850,000 UI recipients reported to the One-Stop centers to receive reemployment services under WPRS. Assuming that 80 percent of these workers were served by Employment Services and that comprehensive provision of these reemployment services cost \$400 per worker, the total cost of providing comprehensive WPRS services by the ES would have been approximately \$270 million. This means that 2005 Reemployment Services Grants paid for about 13 percent of comprehensive reemployment services. Because the underfunding was so great, the reemployment services provided by the states were far less comprehensive than they should have been, and funding for WPRS reemployment services in excess of the \$35 million came from the basic state Wagner-Peyser Act allocations.

Funds for Reemployment Services Grants were terminated in June 2006 at the end of program year 2005. The Bush administration did not request funding for FY 2006 or any succeeding year. In the FY 2006 appropriation, Congress did not include funds for the Reemployment Services Grants. The grants also were not included in the FY 2007 through 2010 budgets (Balducci, Johnson, and Gritz 1997, p. 497; Balducci and Pasternak 2004, pp. 42, 43, 62).²⁸

Worker Profiling and Reemployment Services Policy Workgroup

In 1998, USDOL policymakers reviewed how the fully implemented WPRS program was working and what could be done to improve it. They established a WPRS policy work group and asked me to chair the group. It consisted of USDOL national and regional office staff

as well as representatives of state employment security agencies. The group members came to a broad consensus about what needed to be done to improve the WPRS system, and their recommendations were comprehensive.

The work group made seven recommendations:

- 1) The worker profiling model should be updated regularly by states. The department should provide technical assistance to states and information on best practices.
- 2) States should profile all new initial claimants.
- 3) States should accelerate their profiling and referral process to ensure that WPRS is an early intervention system. States should ensure that workers referred to reemployment services are the workers most likely to exhaust their benefits.
- 4) Reemployment services provided should be greater in number and be comprehensive because provision of greater numbers of reemployment services yields greater customer satisfaction and is cost-effective.
- 5) For WPRS purposes, operational linkages between Wagner-Peyser Act, JTPA Title III (now WIA), and UI programs should be further strengthened.
- 6) Additional resources should be devoted to WPRS reemployment services through increased appropriations and reallocation of resources between employment and training fund sources.
- 7) The states and the department should work to improve WPRS communications, feedback systems, and reporting.

The work group's recommendations represented a consensus and were reasonable and balanced. They were consistent with prior federal guidance. These recommendations represented the views of practitioners and policy staff about what ought to be done to improve the WPRS program. The members also understood the mutual responsibilities that had to be exercised at all levels of government and by all employment and training programs. Beyond commitment to make WPRS work, the work group recognized that a key issue was the need for direct funding of reemployment services. While it was clear to the members that such funding was required, the provision of such funding was the responsi-

bility of the president and Congress, and in 1999 it did not appear that such funding would be forthcoming (Wandner and Messenger 1999).

Significant Improvement Demonstration Grants

By 1999, the WPRS system had been operating nationally for three years. Two evaluations of the program had been conducted—an external evaluation by SPRA and an internal evaluation by the WPRS policy work group. They both made recommendations for improving the program. The department provided more than \$5 million to 11 states to develop and demonstrate improvements in WPRS operations. The states receiving these Significant Improvement Demonstration Grants (SIG) conducted three types of demonstration activities: 1) making changes in the worker profiling mechanism and process to better target workers most in need of reemployment services, 2) improving reemployment services, and 3) improving the coordination and communication between agencies participating in the WPRS process.

An evaluation of the SIG grants was conducted by a third-party evaluator. The evaluation identified a number of ways to improve the WPRS program from the demonstration results. These recommended improvements in the WPRS system derived from best practices observed while conducting an implementation analysis for the demonstration states. The recommendations dealt with changing the worker profiling process, improving reemployment services, and enhancing communications between programs and agencies (Needels, Corson, and Van Noy 2002). The SIG grant recommendations were ignored. The Bush II administration marginalized the WPRS program and the provision of reemployment services in general. Despite research results to the contrary, Bush administration policy recommendations placed nearly all of the administration's emphasis on expanding short-term training.

Government Accountability Office 2007 Report

The Government Accountability Office (GAO) conducted a review of the WPRS program for the House Ways and Means Committee in June 2007. The study addressed three questions:

- 1) How do states identify UI claimants who are likely to exhaust their benefits?

- 2) To what extent do states provide reemployment services in the manner recommended by the department?
- 3) What is known about the extent to which WPRS speeds the return to employment?

The study used the USDOL-sponsored study of the worker profiling mechanism (Sullivan et al. 2007) to reiterate that 45 states use statistical models to identify and select individuals to participate in WPRS but that these models are not regularly updated. The GAO recommended that the department take a more active role in ensuring the accuracy of the worker profiling models.

The GAO found that states tended not to provide the recommended comprehensive reemployment services. The office examined seven states and found that six of them provided a weak service package: they referred individuals to services and made participation mandatory but then provided only one or more group sessions that included an orientation and job search skills. Only one state conducted an in-depth assessment and developed individual service plans for participants. The GAO recommended that the department take an active role in encouraging states to provide a more comprehensive package of reemployment services.

The GAO further concluded that little was known about the current effectiveness of WPRS because no evaluation had been conducted since the Dickinson, Kreutzer, and Decker (1997) study, and that study had made use of early WPRS data from the period 1994 through 1996. The department had no plans to conduct a new evaluation of WPRS, but the GAO recommended that it do so (GAO 2007).

While the GAO recognized state agency claims that the termination of the Reemployment Services Grants in June 2006 was a key reason for the decline in provision of WPRS reemployment services, the GAO did not deal with the key issue of inadequate funding for the WIA and ES programs, which made it unrealistic to expect these programs to provide comprehensive WPRS reemployment services.

Worker Profiling and Reemployment Services under the Bush Administration

The Bush administration took no interest in the WPRS program. As will be discussed in later chapters, the public policy initiatives of

the administration were at variance with the WPRS goal of providing reemployment services to dislocated workers.

In 2003, the Workforce Investment Act expired and required reauthorization. The key component of the Bush WIA reauthorization legislative proposal was the consolidation of the ES and all WIA components into a block grant. Consolidation meant eliminating the ES program, which is the principal provider of WPRS reemployment services. The elimination of the ES would likely result in a precipitous decline in the provision of WPRS reemployment services. Similar Bush administration bills were proposed in 2005 and 2007.

In his 2006 State of the Union address, President Bush announced the American Competitiveness Agenda. It was a many-faceted proposal, but one without new funding. One component of the proposal was Career Advancement Accounts (CAAs), training vouchers designed to provide maximum individual choice. Under a new Bush administration WIA reauthorization proposal that incorporated CAAs, funding for CAAs would consume nearly four-fifths of all employment and training funding. With no new funding, almost no funds would remain to provide WIA core and intensive services or to keep open the more than 3,000 One-Stops, located in almost every county across the United States. The likely effect of this proposal would have been to shutter the employment and training system and to eliminate virtually all funding for reemployment services for WPRS participants and other individuals in need of services.

When Congress rejected the Bush proposals for WIA reauthorization, the USDOL acted administratively to eliminate the U.S. Employment Service within the department. The organization that had provided leadership to provide WPRS reemployment services through Wagner-Peyser Act programs was thus silenced.

In an effort to justify the destruction of the ES, the creation of an employment and training block grant program, and the moving of nearly all funding into training vouchers, Bush administration spokespeople disparaged as wasteful the overhead costs to provide core and intensive services to more than 10 million individuals. WPRS was neglected, and no guidance or technical assistance was provided to the states with respect to the program requirements or the provision of reemployment services. Strangely, however, continuing technical assistance was provided to states to update and evaluate their worker profiling models.

The result was an effort to maintain good worker profiling models, while disparaging the reemployment services that were to be provided to likely UI exhaustees based on these profiling models. It was not clear what the worker profiling models would be used for if not to provide reemployment services.

Thus, there were two phases of WPRS from 1993 to 2008. In the first phase, WPRS was developed and encouraged. In the second phase, it was ignored and reemployment services were impugned. An examination of the provision of reemployment services under the WPRS program reveals that these two phases corresponded to a rise and decline in the provision of reemployment services.

THE SCOPE OF REFERRAL TO AND PROVISION OF REEMPLOYMENT SERVICES

WPRS Operations Begin

WPRS makes early provision of reemployment services to UI claimants practical. In the past, serving UI recipients soon after they became unemployed was a daunting task: UI recipients are too numerous to all be referred to service providers, and many of them do not need assistance. There was no rapid and systematic way to sort through all UI claimants to make appropriate referrals. WPRS allows referral of just those claimants who most appear to need services—and then, only of those claimants for whom services are actually available.

The USDOL recommended that the states provide a systematic and structured set of reemployment services that would provide customized assistance to dislocated claimants referred through worker profiling. Under this approach, a comprehensive set of reemployment services would be offered, but all participants would not receive the same set of services. Rather, the policy focus was on the development of an individual service plan for each referred worker, to meet the needs of the individual customer and to avoid the approach of “one size fits all.”

Although the WPRS process makes early provision of reemployment services practical, the states and their reemployment service providers must make the WPRS system work. They must determine who

delivers the services, what kinds of services are provided, and how many workers are served.

Reemployment services are generally funded by the ES and the WIA programs. Although WIA programs are a major service provider in a number of states, states have generally used the ES rather than the WIA programs to provide most reemployment services. This choice is related to the U.S. institutional history. The public Employment Service and Unemployment Insurance were created as two interdependent programs in the 1930s, and they have been closely associated at both the state and the local level. Organizationally, they are located in the same state workforce agency, and the Wagner-Peyser Act, in Section 7(a)(3)(F), has long required that the ES provide UI claimants with job finding and placement services and administer the UI work test. Before state UI staff began moving out of local offices in the mid-1990s in response to the introduction of telephone and Internet claims-taking, 9 out of 10 local employment security offices around the country were colocated, housing both the ES and UI units. It is this close working relationship between the two programs that explains why the great majority of WPRS reemployment services have been provided through ES programs.

By contrast, the WIA program and its predecessors have more recent origins. They were established as an alternative program delivery system, with operational authority that was locally rather than state-based, and they rarely have been colocated with the UI program. Program linkages with UI seldom developed prior to the implementation of the WPRS system. In addition, WIA's main focus was on the provision of training and intensive services rather than on job search assistance or labor exchange services. As a result, WPRS operational linkages with WIA remain limited. In most states, WIA has been the recipient of WPRS referrals to training by local WPRS service providers, rather than the provider of WPRS job search services.

The WPRS evaluation report politely found that "coordination linkages between the UI and ES programs were working relatively well, but in most sites, the linkages between UI and ES with EDWAA [JTPA Dislocated Worker] were less well established" (Hawkins et al. 1996). The report recommended improving linkages with the JTPA Dislocated Worker (now the WIA Dislocated Worker) program to take advantage of its expertise in serving dislocated workers.

The capacity to provide reemployment services varies widely by state. This capacity depends on factors such as which agencies provide the reemployment services, their resource availability, and their commitment to the system. There also are wide variations in capacity between localities within states.

From its inception, the nationwide WPRS system had a substantial effect on the behavior of reemployment service providers. For example, the ES has experienced a dramatic increase in the services it has provided to UI claimants. Of the 8 to 9 million UI claimants served by the ES in the three program years ending on June 30, 1996, the percentage of claimants receiving some "reportable services" increased during these three years from 46 to 52 and then to 54 percent. More specifically, from the perspective of the WPRS program, the percentage of UI claimants receiving job search assistance during this period increased from 17 to 23 to 29 percent. The ES expended a great deal more effort helping return UI claimants to work during this period of WPRS implementation than it did before.

An early analysis of WPRS national reporting on program participation showed the types of reemployment services that WPRS participants received (Johnson 1996). For the early period of October 1995 through June 1996, 87 percent of all workers receiving UI first payments were profiled, and 11 percent of those profiled were referred to services. The number of referrals reflects only those dislocated workers for whom reemployment services were available. The larger population of UI claimants in need of reemployment services was not measured, but it was likely to number between 1 and 2 million claimants annually. The percentages of referred claimants reporting to individual services were as follows:²⁹

- orientation, 62 percent
- assessment, 61 percent
- counseling, 27 percent
- placement assistance, 70 percent
- job search workshops, 42 percent

Thus, the largest number of referred workers who received services between October 1995 and June 1996 were provided with an orientation, an assessment, and placement services. Fewer workers participated

in job search workshops and still fewer received individual counseling. It was the more costly and time-intensive services that had lower participation.

In looking at the level and mix of services provided by individual states, Johnson (1996) observed wide variation in service provision by state. The six WPRS service components that were reported consisted of orientation, assessment, counseling, placement, job search workshops, and referral to education and training. Levels of services were measured in terms of the percentage of referred claimants who reported to services. “High” and “low” participation rates were set at rates 25 percent higher or lower than the national average, respectively:

- *Comprehensive Services*: One-fifth of the states provided a high level of services in three or more services. Two-fifths of the states provided a high level in two or more services.
- *Limited Services*: Nearly one-fifth of the states provided a low level of services in three or more services. Twenty-nine states provided low levels of services in two or more services. Of these 29 states, 16 did not provide high levels of services in any service.

Thus, early in the operation of WPRS, state systems provided widely different levels of services to participating dislocated workers. Perhaps two-fifths of the states provided reasonably comprehensive services, while nearly one-third of the states provided minimal levels of services. The remaining states fell in between.

Individual participation in training is not a part of WPRS. Rather, if other reemployment services are not adequate to help unemployed workers return to work because they lack transferable skills, service providers are encouraged to refer workers to training. As part of the WPRS assessment process, participants may be referred to training on a voluntary basis. Early in its program operations, WPRS linked nearly one-fifth of referred workers with training and educational services.

The 1996 WPRS interim evaluation report found that the states were, in many cases, providing services that were neither comprehensive nor intensive. A major reason for the limited nature of the services provided was that many WPRS staff members were reluctant to refer claimants to an increased number of services because claimants might be denied benefits for nonparticipation in even one of the services con-

tained in their service plans. To guard against this possible outcome, staff members instead might offer claimants only what was minimally required. The staff's concern, however, was at odds with the results of the WPRS evaluation's customer satisfaction survey, which found that customers' satisfaction increased substantially as the number of services provided increased. As a result, the evaluation recommended that states "develop more comprehensive and intensive services, including a wider array of services and longer-term services appropriate for WPRS claimants" (Hawkins et al. 1996).

To achieve the WPRS system's goals, states must offer reasonably comprehensive reemployment services to WPRS participants. The effectiveness of the WPRS system depends on dislocated workers' receiving enough reemployment assistance to enhance their search for work, resulting in a more rapid return to work. In the mid-1990s, the WPRS system had not yet reached a steady state, and it was hoped that the delivery of reemployment services would increase. In fact, because of funding limitations, the provision of reemployment services declined as the state WPRS systems matured. Thus, the WPRS system as described below is but a shell of what it was supposed to be, referring fewer WPRS-profiled workers to reemployment services and then having participants receive a weaker mix of services.

Operations of the WPRS Program, 1994–2008

While some states began implementation of WPRS in 1994, all states did not have operational programs until mid-1996. Thus, we must also look at the evolution of the program from 1996 to the present. Table 4.4 summarizes the state WPRS reports to the USDOL on the provision of WPRS reemployment services. The table demonstrates the nature of the WPRS program and how it has evolved over time. The table reveals the scope of the program, the effectiveness of WPRS at identifying and referring workers to reemployment services, and the number and type of reemployment services that UI beneficiaries can receive.

The data show that first payments in the UI program have numbered between 7 and 10 million since 1994. Since WPRS became operational nationally in 1996, the great majority of UI beneficiaries have been profiled. Of the beneficiaries profiled, over 1 million have been referred to reemployment services each year since 2001. Most of the referred

Table 4.4 Worker Profiling and Reemployment Services (WPRS) Data and Unemployment Insurance Program First Payments, 1994–2009

Year	First pays	Profiled	Referral	Reported	Orientation
1994	7,959,281	122,065	23,087	17,184	14,126
1995	8,035,229	4,061,731	456,533	453,005	283,508
1996	7,995,135	7,208,694	821,443	1,036,806	512,045
1997	7,325,093	6,985,048	745,870	990,041	474,891
1998	7,341,903	6,882,571	783,779	1,033,482	477,913
1999	6,967,840	6,483,514	803,401	990,737	447,032
2000	7,035,783	6,475,605	977,440	1,229,352	557,250
2001	9,868,193	8,952,312	1,154,743	1,499,364	666,610
2002	10,092,569	9,178,024	1,220,466	986,719	619,917
2003	9,935,108	8,238,485	1,147,448	919,450	595,564
2004	8,386,623	7,037,337	1,106,776	880,263	602,833
2005	7,917,301	6,441,561	1,128,710	845,789	607,905
2006	7,350,734	6,340,253	1,170,126	856,587	627,668
2007	7,652,634	6,586,553	1,230,093	911,055	644,797
2008	10,052,694	8,539,918	1,262,651	935,378	665,376
2009	14,182,053	12,165,239	2,304,519	1,392,985	1,061,971

Year	Assessment	Counseling	Placement	JSW	Training
1994	9,876	5,883	5,671	11,042	4,492
1995	246,655	140,301	267,281	213,512	74,292
1996	507,824	214,528	613,544	338,508	166,456
1997	455,914	194,818	630,760	336,959	160,741
1998	416,027	191,315	676,284	296,681	156,462
1999	403,195	198,571	668,492	253,451	141,398
2000	471,712	146,917	645,170	342,856	113,879
2001	531,020	129,136	506,172	452,439	120,093
2002	462,643	125,103	376,757	369,756	76,448
2003	423,977	114,142	378,180	400,245	70,295
2004	343,903	93,215	378,181	379,735	73,508
2005	350,443	109,697	376,342	355,843	77,915
2006	406,158	134,837	405,558	369,564	92,200
2007	425,711	149,101	437,744	390,454	100,780
2008	479,230	141,806	402,902	382,888	122,234
2009	650,383	212,432	533,153	551,037	195,955

Table 4.4 (continued)

NOTE: Data is from the Unemployment Insurance Data Base as of July 2009. For WPRS data, Puerto Rico, the Virgin Islands, and New Mexico are missing in the 2004 and 2005 data; Puerto Rico and the Virgin Islands are missing in the 2006 data; and Puerto Rico is missing in the 2007 and 2008 data. Data for 2009 is from the Unemployment Insurance Data Base as of June 2010.

The column headings are defined as follows:

<u>Concept</u>	<u>Definition</u>
UI first pays	Number of first UI payments for new benefit years established.
Profiled	Number of UI claimants profiled by state WPRS systems.
Referred	Number of profiled claimants referred to reemployment services.
Reported	Number of profiled and referred claimants who report for WPRS services.
Orientation	Number of profiled and referred claimants who report to an orientation.
Assessment	Number of profiled and referred claimants who report to an individual assessment.
Counseling	Number of profiled and referred claimants who report to job counseling.
Placement	Number of profiled and referred claimants who report to placement services.
JSW	Number of profiled and referred claimants who complete a job search workshop.
Training	Number of profiled and referred workers who are referred to government-funded education or training.

SOURCE: Summary of monthly state reports to the ETA. UI first payment data from ETA Report 5159. Other WPRS data from ETA Report 9048.

workers have reported for services, but, strangely, substantially more beneficiaries reported for services than were referred for the years 1996 through 2001. A state-by-state analysis indicates that this anomaly was caused by the misreporting of a small number of states.³⁰

Most, although not all, claimants who reported to reemployment services received an orientation. However, a group orientation is not a true reemployment service; it only provides information about the WPRS process and requirements. After receiving an orientation, reportees can receive five true reemployment services: 1) assessment, 2) counseling, 3) placement services, 4) a job search workshop, and 5) referral to training.³¹ Recently, the most prevalent service is placement assistance, while referral to training and counseling are least prevalent. Assessment and job search workshops are in an intermediate position.

Assessment, counseling, and placement assistance are types of employment services that are less staff intensive and costly than skill and occupational training. Since 1994, as a result of technological innovations in job matching and decreased ES and WIA funding, there has been greater reliance on self-administered services and facilitated self-help and less on staff-assisted (i.e., person-to-person) reemployment services. Thus, it is not surprising that the decline in program funding has resulted in the provision of fewer staff-assisted WPRS reemployment services and that services are being provided as cheaply as possible: only job search workshops have not experienced a steady decline. This decline is not cyclical but occurred generally through the years of the Bush administration. By contrast, counseling has been declining ever since the establishment of the WPRS national program in 1996.

A countercyclical component also can be seen in the WPRS system. With the program having reached a steady state before the onset of the 2001 recession, WPRS activity peaked by some measures during the recession. The number of beneficiaries profiled and referred to reemployment services peaked in 2002, while the number reporting and receiving an orientation peaked in 2001. UI program beneficiaries reached a cyclical maximum of 10.1 million in 2002. The number of UI beneficiaries profiled (9.2 million) and referred (1.2 million) to the WPRS system also reached a maximum in 2002. The number of beneficiaries reporting for services peaked at 1.5 million in 2001.

The recession that began in December 2007 again created greater demand for WPRS. In 2008, worker profiling and referral to reemployment services increased sharply. Without new funding, however, the receipt of reemployment services did not keep pace. Orientations and assessment increased, but counseling, placement services, and job search workshops declined. Only referrals to training increased sharply, as WPRS referrals became an increasingly important source of trainees for the WIA system.³²

While the increase in unemployment during the 2001 recession resulted in a proportional increase in profiling, referral and reporting for reemployment services, and receipt of orientations, the receipt of WPRS services did not similarly increase. Between 1999 and 2001, UI first payments increased by 42 percent and the number of claimants profiled, reporting for services, and receiving an orientation increased

correspondingly. During the same period, however, only assessments and job search workshops increased substantially, while counseling, placement services, and referral to training declined substantially. Lack of funding significantly undermined the provision of needed services. The same was true in 2008, when the recession that had begun at the end of the previous year did not yield increased funding, and the provision of reemployment services under WPRS did not rebound.

Examining the changing percentage of UI beneficiaries who are profiled, referred, and receive reemployment services adds perspective to the provision of services (Table 4.5). The extent of the profiling and referral of UI recipients has changed over time. From 1996, when WPRS was fully operational in all states, through 2002, over 90 percent of workers receiving a first payment were profiled. Thus, nearly all UI recipients, and probably virtually all permanently separated recipients, were profiled during these years. That percentage has declined to between 81 and 86 percent in the period from 2003 through 2008. The number of UI beneficiaries who were profiled declined from 2002 through 2005, stabilized in 2006 and 2007, and increased sharply in 2008.

The number of beneficiaries who were referred to reemployment services was fairly stable at between 700,000 and 800,000 from 1996 to 1999, with a referral rate of 9 to 11 percent. That number actually increased and has remained at approximately 1 million or more from 2000 through 2008. These referrals have remained at this level because the percentage of profiled workers who were referred to reemployment services has increased to between 11 and 16 percent through 2007.

Because the state UI program only refers as many UI claimants to WPRS services as the availability of services in an individual career center permits, the referral rate approximates the capacity to serve profiled workers. This capacity has been quite steady over time. Thus, the referral of between 11 and 16 percent of all UI beneficiaries to the career centers represents the centers' ability to receive and serve them.

Because of steady decreases in ES funding, some states have curtailed the provision of WPRS service provision in recent years. This is often referred to as a WPRS "resource threshold"—the point beyond which profiled claimants who are likely to exhaust benefits are not referred to service providers, or beyond which providers do not call claimants in for services because of a lack of local workforce staff. For example, at various times in 2003, up to one-third of Wisconsin

Table 4.5 WPRS, Percentage of UI Beneficiaries Profiled and Referred to WPRS Services and of Referrals Receiving Reemployment Services and Referral to Training, 1996–2008

Year	As % of UI beneficiaries		As % of referrals					
	Profiled	Referred	Orientation	Assessment	Counseling	Placement	JSW	Training
1996	90.2	10.3	62.3	61.8	26.1	74.7	41.2	20.3
1997	95.4	10.2	63.7	61.1	26.1	84.6	45.2	21.6
1998	93.7	9.4	70.1	53.1	24.4	86.3	37.9	20.0
1999	93.0	11.5	55.6	50.2	24.7	83.2	31.5	17.6
2000	92.0	13.9	57.0	48.3	15.0	66.0	35.1	11.7
2001	90.7	11.7	57.7	46.0	11.2	43.8	39.2	10.4
2002	90.9	12.1	50.8	37.9	10.3	30.9	30.3	6.3
2003	82.9	11.5	51.9	36.9	9.9	33.0	34.9	6.1
2004	83.9	13.2	54.5	30.7	8.5	35.7	34.1	6.7
2005	81.3	14.2	53.8	31.0	9.7	33.3	31.5	6.9
2006	86.3	16.0	53.6	34.7	11.5	34.7	31.6	7.9
2007	85.6	16.1	52.4	34.7	12.1	35.6	31.8	8.2
2008	85.0	12.6	52.7	38.0	11.2	31.9	30.3	9.7

NOTE: Data is from the Unemployment Insurance Data Base as of July 2009. For the WPRS data, Puerto Rico, the Virgin Islands, and New Mexico are missing in the 2004 and 2005 data; Puerto Rico and the Virgin Islands are missing in the 2006 data; and Puerto Rico is missing in the 2007 and 2008 data.

SOURCE: USDOL, ETA Report 9048 and ETA Report 5159.

workforce areas were not providing WPRS services because of lack of reemployment service funding (Almandsmith, Adams, and Bos 2006).

Looking at individual reemployment services, a downward trend developed in the provision of almost all services. Orientations were initially given to 60 to 70 percent of UI claimants reporting for services (“reportees”) from 1996 to 1998, but orientations have declined to between 50 and 60 percent since then. Assessments were given to over 50 percent of workers through 1999 but have declined sharply since then—down to between 30 and 35 percent—with a small increase in 2008. Counseling was initially provided to one-quarter of reportees but is now provided to only 1 in 10. Placement services were initially provided to over two-thirds of reportees but are now provided to only 1 in 3. Job search workshops were initially provided to over 40 percent of reportees, but subsequently have been provided to between 30 and 40 percent. Referral to training was initially provided to 20 percent of reporting workers, but is now down to between 6 and 10 percent.

As expected, the one service that is provided to most reporting workers is an orientation session. However, less than 60 percent of reportees receive an orientation, when nearly all should. Placement services—trying to match job seekers with job openings—make up the second-most-used service, yet only about one-third of reportees receive placement services. The next most frequently provided services are assessments and job search workshops. Less than one-tenth of reportees receive counseling, and referrals to counseling services have declined in the 2000s. Referrals to training have declined the most sharply of any of the services, from a high of over 160,000 in 1996 and 1997 to fewer than 80,000 between 2002 and 2005. They now represent less than one-tenth of referees. Thus, the more time-intensive and expensive reemployment services—assessment and counseling, job search workshops, and referrals to training—are the least-used services.

All UI beneficiaries who report to WPRS reemployment services receive one or more reemployment services. While state data reports do not determine the number of the WPRS-reported services each worker receives, the average number of services provided is between two and two-and-a-half services per reporting worker. For example, in 2005, the 911,648 beneficiaries reporting to the career centers received 1.9 million services, for an average of 2.1 services per reporting worker. More reemployment services would be expected to be provided if states were

following the model of the New Jersey Experiment, especially since an orientation is an introduction to WPRS rather than a reemployment service.

WPRS-referred Unemployment Insurance claimants are closely related to the population of dislocated workers. The Bureau of Labor Statistics' biennial surveys of displaced workers show that between two-fifths and three-quarters of them collect UI benefits. The percentage is higher in recessionary periods, and at all times the percentage is higher still when those displaced workers who are unemployed for less than five weeks (and therefore not likely to apply for UI benefits) are excluded (Helwig 2004).

According to the Current Population Survey (CPS), the trend in the duration of unemployment has been one of increasing length, whether measured by the insured duration or the proportion of individuals who are unemployed for longer than 26 weeks. More reemployment services should be provided to dislocated workers as the difficulty of becoming reemployed increases, but the WPRS programs have not been able to respond to this need. Dislocated workers thus have been getting less reemployment assistance just when they need it more.

Role of the Employment Service in the Provision of WPRS Services

The ES has served UI claimants since the UI system began paying benefits in 1938. A statutory function of the ES is to conduct the UI work test, including work registration of UI claimants. Between 1994 and 2001, approximately 85 to 95 percent of individuals who receive a first payment from UI registered with the ES (Table 4.6). Generally all UI claimants are required to register with the ES unless they are subject to recall, and in recent years fewer of the unemployed are on temporary layoffs. The number of registrants is highly cyclical, increasing during periods of high unemployment.

In program year (PY) 2002, however, as a result of the advent of electronic self-help services and companion WIA performance requirements, new ES performance measurement and reporting requirements were established. The new requirements made it voluntary as to whether to register UI claimants who went to the state ES agency but did not receive staff-assisted services (Smole 2004, pp. 116–121). State agencies continued to be required to register UI claimants who used staff-assisted services. In PY 2002, unemployment increased, and we

Table 4.6 Employment Service Registrants and a Percentage of UI First Payments, 1984–2007

Year	Eligible UI claimants	UI first payments	Registrants as a ratio of UI claimants
1984	6,776,674	7,742,547	0.88
1985	6,504,592	8,372,070	0.77
1986	7,001,207	8,360,752	0.84
1987	6,431,701	7,203,357	0.88
1988	6,256,440	6,860,662	0.91
1989	6,525,583	7,386,766	0.88
1990	7,096,457	8,628,557	0.82
1991	8,973,942	10,074,550	0.89
1992	10,436,910	9,243,338	1.13
1993	9,235,977	7,884,326	1.17
1994	7,662,050	7,959,281	0.96
1995	7,413,036	8,035,229	0.92
1996	7,254,009	7,995,135	0.91
1997	6,663,475	7,325,093	0.91
1998	6,406,794	7,341,903	0.87
1999	6,165,645	6,967,840	0.88
2000	6,600,708	7,035,783	0.97
2001	8,432,026	9,868,193	0.94
2002	6,187,161	10,092,569	0.59
2003	5,648,894	9,935,108	0.54
2004	5,655,186	8,368,623	0.68
2005	4,822,914	7,917,301	0.61
2006	4,805,817	7,350,734	0.65
2007	5,573,634	8,338,028	0.67

SOURCE: USDOL, ETA Report 9002 and ETA Report 5159.

would have expected the number of registered UI claimants to have increased from the 2001 level of 8.4 million to somewhere in the vicinity of 10 million. Instead, many states began selective registration, resulting in a sharp decline nationally in the number of registrants, which fell to 6.2 million in 2002. Although these 2002 registrants averaged 59 percent of UI beneficiaries nationwide, they made up only 10 to 20 percent of UI beneficiaries in Louisiana, Montana, Ohio, Utah,

and West Virginia, and less than 10 percent in the District of Columbia, Michigan, South Dakota, and Wisconsin. Additional changes to the Wagner-Peyser Act performance measures and reporting requirements were instituted in PY 2005, which eliminated the term “registered job seeker” and replaced it with “participant.”

Wagner-Peyser Act programs have demonstrated their ability to handle the flow of UI claimants referred to state ES programs, both to register for employment and to receive WPRS reemployment services. In response to the enactment of WPRS, the U.S. Employment Service (USES) made clear that serving UI claimants was a priority through its policies and practices. Since full implementation of WPRS in 1996, over half of the eligible UI claimants have received “some reportable service,” according to the ETA 9002 report. In addition, comparing data for WPRS and state ES programs, we see that the state ES programs provided “some reportable service” to approximately three to four times the number of workers who reported for WPRS services. Thus, the ES has adjusted its priorities to handle the flow of workers referred to reemployment services through the WPRS system.

In national ES reporting data, the best measure of the responsiveness of the ES to the introduction of WPRS is the increase in the number of UI claimants who participate in a job search activity. A “job search activity” under ES is defined as job search assistance, the primary form of reemployment service that is to be provided under WPRS. The number of individuals participating in job search activities more than doubled—from 1.6 million in 1993, before the implementation of WPRS, to a high of 3.9 million in 2001 (Table 4.7). Participation in a job search activity, as a proportion of UI claimants who received a reportable service, also more than doubled from 1993 to 2001. This indicates that the state Wagner-Peyser Act agencies took the WPRS program seriously and made great efforts to increase their provision of job search assistance.³³

The impact of the USES policy of providing increased and improved JSA services to UI claimants is also evident in the concentration of the growth of state Wagner-Peyser Act agency provision of JSA compared to all reportable ES services. While the percentage of UI claimants receiving a reportable service increased slowly from 1992 to 2001, the percentage of claimants receiving JSA increased much more rapidly, more than doubling.

Table 4.7 Labor Exchange Activities of Eligible UI Claimants Registered for Work, 1984–2007

Program year	Eligible UI claimants (EUI)	Activity					
		Received some reportable service (RRS)		Participated in a job search activity		Entered employment	
		Number	% EUI	Number	% RRS	Number	% RRS
1984	6,776,674	2,264,907	—	—	—	716,327	31.6
1985	6,504,592	—	—	—	—	—	—
1986	7,001,207	—	—	—	—	651,992	—
1987	6,431,701	—	—	—	—	648,064	—
1988	6,256,440	—	—	—	—	642,178	—
1989	6,525,583	—	—	—	—	647,994	—
1990	7,096,457	—	—	—	—	644,070	—
1991	8,973,942	—	—	—	—	835,251	—
1992	10,436,910	4,681,358	44.9	—	—	924,632	—
1993	9,235,977	4,270,711	46.2	1,588,223	37.2	890,504	20.9
1994	7,662,050	4,012,523	52.4	1,740,209	43.4	885,721	22.1
1995	7,413,036	4,004,707	54.0	2,149,171	53.7	879,562	22.0
1996	7,254,009	3,985,194	54.9	2,306,738	57.9	924,322	23.2
1997	6,663,475	3,599,511	54.0	2,262,883	62.9	918,294	25.5
1998	6,406,794	3,343,018	52.2	2,287,296	68.4	959,248	28.7
1999	6,165,645	3,417,600	55.4	2,428,242	71.1	1,116,840	32.7
2000	6,600,708	3,788,435	57.4	2,867,806	75.7	1,300,663	34.3

2001	8,432,026	4,965,528	58.9	3,911,278	78.8	1,477,455	29.8
2002	6,187,161	4,799,028	77.6	3,731,966	77.8	—	—
2003	5,648,894	4,119,382	72.9	3,126,384	75.9	2,723,057	66.1
2004	5,655,186	3,969,739	70.2	2,958,718	74.5	2,881,434	72.6
2005	4,822,914	3,599,279	74.6	1,703,166	47.3	2,575,368	71.6
2006	4,552,614	3,198,429	70.3	1,544,704	48.3	2,049,253	64.1
2007	5,573,634	3,512,898	63.0	1,863,699	53.1	3,089,304	87.9

NOTE: Eligible UI claimants are ES registrants who are monetarily eligible for UI benefits. The requirement that UI claimants register with the ES was relaxed in PY 2002. The immediate state response to the relaxing of this requirement can be seen in the decline in eligible UI claimants beginning in 2002. — = not available; blank = not applicable.

SOURCE: Program years 1984–1994, Employment Security Automated Reporting System (ESARS); 1993–1995, USDOL (1996); 1996–1999, USDOL (2001); 2000–2006, <http://www.doleta.gov/performance/results/reports.cfm> (accessed July 20, 2010).

In the recession year of PY 2001, the 3.9 million UI claimants who received a job search activity from state ES agencies was more than double the 1.5 million workers who reported receiving WPRS services. The ES served a substantial plurality of the 9.9 million UI beneficiaries that year.

Data for the “Great Recession” is limited, as the data for PY 2007 ends in June 2008. The data show that the percentage of eligible UI claimants receiving a reportable service declined, while the percentage of individuals receiving a reportable service and participating in a job search activity increased. The response to the recession, however, will be seen mostly in later program years.

In general, the ES has provided job search assistance to UI claimants well beyond those claimants who are required to participate in WPRS reemployment services: no more than 1.5 million workers reported for WPRS reemployment services in any year between 1996 and 2004, but the ES provided job search services to more than 2 million UI claimants in each of those nine years. In some of these years, the ES provided reemployment services to between two and four times more UI claimants than were required to participate. The ES response to WPRS can also be shown by the Wagner-Peyser Act programs’ provision of job search assistance to an increasing proportion of UI recipients between 1994 and 2004. Over that 10-year span, the proportion increased from about one-fifth to more than one-third.

Beginning in 2005, the ES’s support of the WPRS system declined sharply. Provision of job search activities dwindled from 3.0 million in 2004 to 1.7 million in 2005 and 1.6 million in 2006. The proportion of UI beneficiaries served with job search activities fell back to about one-fifth.

Promoting Reemployment

While all states offer job search assistance to UI claimants, a 2003 survey of state employment security agencies by the National Association of State Workforce Agencies (NASWA) provides some perspective on how these services are provided. The survey finds that the most common source of such assistance is through the WPRS process. The states cite the dissemination of labor market information, the provision of assistance in preparing resumes, and the provision of training to

improve job interviewing skills (e.g., job search assistance) as the principal services they provide to UI claimants (O’Leary 2006; O’Leary and Wandner 2005).

In the same state survey, state workforce agencies report that the only two methods they used to promote reemployment were WPRS and the state Eligibility Review Programs (ERPs). Since very few states have been operating such ERP systems in recent years, the principal method of promoting reemployment is currently WPRS. UI recipients, however, are free to use WIA core and intensive services to find reemployment services without being required to do so by state UI programs, and some UI recipients do this (O’Leary 2006; O’Leary and Wandner 2005).

The conclusion to be drawn from the survey results is that the WPRS system plays a key role in the provision of reemployment services and, in some sense, in enforcing the UI work test. Unfortunately, the decline in what was formerly the robust provision of WPRS reemployment services makes the WPRS program a weak reed to lean on. If WPRS is little more than a group orientation and perhaps a brief group workshop in job search, UI beneficiaries will get little help in returning to work, and the UI system will receive little information about whether beneficiaries are actively seeking work.

OTHER USES OF TARGETING EMPLOYMENT SERVICES

While the worker profiling aspect of WPRS is a targeting mechanism to determine which workers receive the limited supply of employment services, similar mechanisms can be used to serve a variety of populations who are in need of reemployment services. The worker profiling mechanism itself is being used for the Self-Employment Assistance (SEA) program, which is also a part of the UI program. Studies have explored the potential uses of such targeting mechanisms for other employment, training, and welfare programs. Targeting mechanisms have also been researched and adopted by other countries. The status of these targeting efforts is reviewed in the book *Targeting Employment Services* (Eberts, O’Leary, and Wandner 2002).

Targeting mechanisms also can be used more systematically to help workers find jobs. The USDOL encouraged such a systematic approach

by sponsoring a Frontline Decision Support System (FDSS) demonstration project to help local One-Stop office staff provide workers with the best and most appropriate services among those available. The demonstration used labor market and demographic information about workers seeking jobs and then determined how to best match them with available jobs. If the workers could not find jobs immediately, FDSS could direct them to the services that would be most effective for each individual worker. The demonstration was conducted in the offices of the city of Athens and the counties of Cobb and Cherokee in the state of Georgia, but it was never implemented statewide (Eberts, O'Leary, and Wandner 2002).

WORKER PROFILING IN OTHER COUNTRIES

The United States was an innovator in targeting reemployment services through the WPRS system. Interest in this targeting approach increased in the mid-1990s. In 1996, the Organisation for Economic Co-operation and Development (OECD) convened a meeting of experts from countries either interested in worker profiling or currently using it. At that meeting, the United States and Australia reported on programs they had made fully operational. I reported on the WPRS system. Canada reported on extensive research and developmental work it was doing to develop a sophisticated worker profiling approach (OECD 1998). Ultimately, Canada did not implement its profiling approach, in part because much of the responsibility for workforce development programs devolved from the national to the provincial governments.

The use of worker profiling spread to other industrial nations in the following decade. The European Union conducted a seminar on profiling in 2005 at which 12 countries presented what they had learned about worker profiling (Rudolph and Konle-Seidl 2005). The participating countries used profiling for three conceptual functions:

- 1) As a diagnostic tool
- 2) To target the scope and type of reemployment assistance provided
- 3) To allocate scarce resources

Thus, a number of industrial nations, trying to get the right reemployment services to the right workers, have adopted worker profiling as a targeting mechanism (Table 4.8). Australia has changed its approach to profiling. Some countries have used variables (such as age, gender, and nationality) that are not used in the United States because of antidiscrimination statutes. The Danes, Swiss, and Germans have developed statistical tools to assign workers to reemployment services, and the Swiss have conducted an experiment to assess the acceptance and use of their model by frontline case workers (Frölich 2006; Staghoj, Svarer, and Rosholm 2007).

The common goal of the industrialized nations using targeting mechanisms to provide workforce development services is to *rationalize* the provision of services.

CONCLUSIONS AND LESSONS LEARNED

Implementation of the state WPRS systems has resulted in a cooperative and interdependent relationship between the UI, ES, and WIA programs at the state and local levels. This interdependence and cooperation first developed over the period 1994–1996 with the inception of state and local One-Stop delivery systems and provided an added foundation for One-Stop shops for dislocated workers. The UI program has become a gateway through which dislocated workers pass to receive reemployment services from the ES and WIA programs and other service providers, including community colleges.

The primary emphasis of the WPRS system initiative has been the early identification of dislocated workers and their referral to reemployment services, especially comprehensive job search assistance. But as both state and federal experiments and the early implementation of the WPRS system have shown, a small but significant portion of dislocated workers cannot find employment through reemployment services alone. Some of these workers are referred to voluntary retraining services.

The future of the WPRS system depends on what state and local practitioners do to improve the system. Improving WPRS program outcomes depends on data gathering, data analysis, and application of improved methods of operation. States can also learn from each other.

Table 4.8 Uses of Profiling in Selected Industrial Nations

Country	Approach
Australia	In 2003, an “active participation” model replaced an earlier profiling approach. Job seekers are classified as at risk of becoming long-term unemployed (receive case management) or not (receive job search workshop after 3 months of unemployment and intensive customized assistance after 12 months), using a Job Seeker Classification Instrument—a statistical diagnostic tool that assesses risk of long-term unemployment using 14 factors, including age, gender, work experience, and training.
Denmark	In 2004, Denmark introduced the “Job Barometer” for use by placement officers to standardize profiling across the country. The Barometer is a statistical model calculating the probability of one’s finding employment within the next six months based on customer account information.
France	Since 2001, job seekers are assigned to one of seven groups that determine the type of services that are provided to them. A GAPP profiling tool has been used to assign job seekers to one of these groups.
Germany	A classification tool uses individual data, including gender, age, and job experience, to assign jobless workers into four categories of need for reemployment services, from none to intensive: 1) none, 2) job search assistance, 3) vocational training, and 4) special attention for long-term unemployed.
Hungary	For the PHARE project, which assesses the risk of long-term unemployment, Hungary tested a statistical model for estimating the expected duration of unemployment, using variables that included gender, age, general and vocational educational attainment, last wages earned, and place of residence.
Netherlands	Beginning in 1999, a number of different approaches to profiling were developed and used or were under development to determine job seekers’ job search readiness and to classify workers to determine what reemployment services they will receive.
Switzerland	A “Statistically Assisted Program Selection” tool identifies programs and reemployment services that have proved to be the most cost-effective for job seekers based on their characteristics. It was tested as a demonstration project in 16 regional agencies, and the results were compared to a control group.
United Kingdom	For the “Job Search First” strategy, statistical models were tested to estimate the probability of rapid reemployment and to model the most efficient forms of assistance for job seekers for use in “customer segmentation” in the provision of reemployment services.

SOURCE: Rudolph and Konle-Seidl (2005).

An early information exchange took place at the National WPRS Colloquium, held in June 1996 in Atlanta, Georgia. It was an opportunity for state, local, and federal officials to gather and exchange ideas about what works and what can be done to improve state WPRS systems to better serve dislocated workers in need of assistance in returning to productive employment. Celebrating the successful implementation of state WPRS systems, Secretary Robert Reich recorded a videotaped message for the colloquium participants: “Now, the old unemployment system was fine for its time, but it often failed to quickly deliver reemployment services to workers in transition from old to new jobs,” Reich said. “Our new ‘reinvented’ unemployment insurance system uses worker profiling and reemployment services to both identify and retrain but also place in new jobs those workers who would otherwise face long-term unemployment. Dislocated workers can now get the services they need to find the jobs they want—and it works” (Reich 1996).

The WPRS Colloquium included presentations that demonstrated the accomplishments states had made with regard to innovative design, development, and implementation of WPRS. It also offered a challenge to strengthen nascent partnerships in order for the ES, JTPA Dislocated Worker, and UI programs to better serve their common customers—dislocated workers (Balducci 1996). Such WPRS exchanges of information should be renewed.

State worker-profiling models need be updated regularly, and states should consider whether to respecify them. The seven states with characteristic screening models should be encouraged to convert to statistical models, and Florida should be required to adopt an objective WPRS model.

The WPRS system cannot be effective without the provision of comprehensive reemployment services and without adequate funding. Yet WIA Dislocated Worker and Employment Service real funding levels declined markedly in the period after the enactment of WPRS. As a result, WPRS became “WPRS Lite”: few reemployment services are made available to most participants.

WPRS cannot achieve the promise of the New Jersey and JSA experiments unless reemployment services are more comprehensive and better funded. Funding to the ES must be increased, and the Reemployment Services Grants must be resuscitated. Reemployment Services Grants would need an estimated funding level of \$200–\$300 mil-

lion per year to provide adequate reemployment services to all of the dislocated workers who could benefit from them.³⁴

Any assessment of what the WPRS system could achieve in today's economy would require a new demonstration project with strong, well-funded treatments. Without a buildup in resources, an evaluation of the current WPRS system would simply show that a weak treatment results in weak net impacts. Instead, a new WPRS demonstration should be conducted, providing reemployment services that are at least as strong as those used in the New Jersey Experiment. Such a demonstration is likely to reveal the greater effectiveness of providing comprehensive reemployment services, compared to the very modest services that were being provided through 2008.

Launching the WPRS system represented an innovative public policy approach. Implementation of the profiling component of the system reflects federal and state governments' willingness to identify and select program participants using a new and sophisticated targeting tool. Worker profiling has become a unique and highly flexible method for selecting those participants most in need of reemployment assistance and for allocating scarce government resources. WPRS also represents a willingness to implement a new system based on research results when those results reveal that a particular reemployment intervention (i.e., comprehensive job search assistance) is both effective and efficient.

The WPRS system also has broader potential than simply providing job search assistance for dislocated workers. Worker profiling is currently being used by states operating the SEA program, and it has been proposed for a reemployment bonus program. The profiling mechanism could be used for purposes other than for predicting who could make the best use of a dislocated worker program. For example, worker profiling could be used by the Job Corps to assist in selecting participants. A very different profiling mechanism could be used to identify hard-to-employ persons or former TANF recipients who also require reemployment and career advancement services (O'Leary and Kline 2008). The challenge in upcoming years is to provide states with sufficient resources to strengthen the WPRS system, expand targeting, and provide early intervention so that workers can quickly return to the labor market.

The proposed Reemployment Act of 1994 was designed to provide reemployment services to all unemployed workers who needed them, based on the research results from the New Jersey Experiment

and other research about the effectiveness of reemployment services. The reauthorization of the WIA should again build from the bottom up, and appropriations should assure that sufficient resources are provided to dislocated worker programs, so that they can provide reemployment services to the workers who need them.

Notes

1. Section 4(a)(1) of Public Law 103-52.
2. To require WPRS participation, Public Law 103-152 amends section 303(a) of the Social Security Act, adding a “requirement that, as a condition of eligibility for regular compensation for any week, any claimant who has been referred to reemployment services pursuant to the profiling system . . . participate in such services.”
3. The WPRS system is designed to provide reemployment services to permanently separated workers who are likely to be unemployed for long periods while they search for new jobs. Workers who find their jobs exclusively through union hiring halls, e.g., longshoremen, are considered to be job-attached and not searching for new jobs but waiting to return to their old jobs. They are not eligible to participate in WPRS reemployment services.
4. Benefit exhaustion takes place when claimants use up all of the potential duration of regular benefits to which they are entitled. In most states, potential duration varies among individuals according to their prior job attachment. The maximum potential duration is 26 weeks in all states except Massachusetts, where it may be as long as 30 weeks.
5. For initial screening, most states use recall status and union hiring hall participation. For statistical models, most also use some form of education, industry, and a measure of local economic conditions. Tenure is used to a lesser extent, in some cases because it has a negligible effect, in others because of lack of availability of data. Occupation is the least reliable of the original data elements, and it is the least used. Among the new variables used in some states are measures of five variables: 1) delay in UI filing, 2) former earnings, 3) work search requirement, 4) number of employers in the base period, and 5) potential duration of benefits.
6. Prohibited variables and the effect of their omission are discussed in USDOL (1994b), pp. 63, 151–152. Before the department completed the national worker profiling model, in the summer of 1993 I discussed the issue of prohibited variables with staff of the Civil Rights Division of the U.S. Department of Justice. Justice Department lawyers made clear that although a variable such as age might be prohibited, using a variable such as job tenure that is correlated with age would not be prohibited.
7. The screens used in the New Jersey experiment were the following five: 1) UI first payment receipt, 2) temporary layoff exclusion, 3) union hiring hall use, 4) age 25

- or greater, and 5) tenure of three years or more with last employer. Most of these screens were ultimately used as variables in the WPRS profiling process.
8. The national worker profiling model was developed from a CPS data set by Kelleen Worden Kaye during the summer of 1993 in anticipation of Maryland's implementation of WPRS, which occurred during the winter of 1994.
 9. Papers presenting the results of two prototype profiling mechanisms—a national model and a Maryland state-specific model—are contained in USDOL (1994b).
 10. Scott Gibbons of the Office of Workforce Security, interview with the author, June 22, 2006.
 11. Chuck Middlebrooks was the administrator of the Maryland employment security agency. He had previously worked on a temporary assignment at the USDOL and had observed the development of the WPRS system. He initiated the WPRS program in Maryland. When the characteristics screening model was not working well, he called the department to ask for help in developing the statistical worker profiling model.
 12. Identification and referral are generally conducted subsequent to initial claims filing, on a weekly basis, in a batch mode on states' mainframe or personal computers. The profiling mechanisms can either refer a specified number of UI claimants to reemployment services, or the service provider can select WPRS participants ranked in order of probability of exhaustion. The need to vary the flow of referrals is related to those factors that may influence the resources available to provide reemployment services, including the following four: 1) statewide resource availability, both annual and seasonal; 2) local resource variability within a state; 3) business cycle variation in the demand for services; and 4) competing needs for resources by other employment and training programs and other (nondislocated worker) populations.
 13. WPRS group services such as job search workshops or job clubs may have slots available for unemployed workers not participating in the WPRS system. These workers may have been selected through other methods, e.g., dislocated workers selected by rapid response efforts at the plant site prior to layoff. They may also represent other populations, e.g, walk-ins to the One-Stop centers under its open-access eligibility, or veterans who receive preferential access to some reemployment services but not under the WPRS system.
 14. Mary Ann Wyrsh, interview with the author, July 29, 2008.
 15. The establishment of the name of the WPRS system reflects concern that it be seen as a part of the entire employment and training system. In the postenactment period, ETA staff referred to the emerging system as "UI profiling," and early ETA field guidance uses this terminology. During the drafting of the March 1994 operating instructions, David Balducchi of the ES suggested to Jon Messenger of UI that there appeared to be staff resistance to mounting the cross-cutting effort required to implement a nationwide system. Many ETA staff believed that they were implementing another UI-type program and did not yet see how other program services fit into the overall design. Balducchi said that you don't profile UI, you profile workers; therefore, by changing the name of the emerging system, perhaps ETA staff would better see their roles. Messenger was in agreement, and he took this

proposal to me. Capitol Hill staffers provided similar feedback, not completely understanding that the UI profiling system would require coordination and support from the ES labor exchange and JTPA (Job Training Partnership Act) training service providers. At the same time Messenger suggested that ETA include the word “system” to describe the process. I agreed with both changes, and henceforth the name associated with the profiling system has been known as the Worker Profiling and Reemployment Services system. David Balducchi, interview and written materials provided to the author, July 31, 2008.

16. When WPRS was enacted, the JTPA Dislocated Worker Program was the principal dislocated worker program in the United States. Since the enactment of the Workforce Investment Act in 1998, the WIA Dislocated Worker program has taken its place. It has traditionally recruited participants through either 1) early outreach (“rapid response”) to workers experiencing mass layoffs/plant shutdowns, or 2) walk-ins to local intake centers. The Employment Service serves all employed and unemployed workers, including dislocated workers. Both programs now supplement their recruitment of program participants with WPRS referral and are active participants in the overall WPRS system. For the WIA Dislocated Worker program, most but not necessarily all WPRS-referred workers are eligible for WIA Dislocated Worker services.
17. The Basic Understandings Workgroup was a subgroup of the overall Workforce Security Team, a group formed to draft legislative specifications for the administration’s workforce reform bill. The U.S. Employment Service (USES) coordinated activities of the work group, and members included David Balducchi, Brian Deaton, Ingrid Evans, Eric Johnson, Wayne Zajac, and me. In the development of subsequent WPRS field guidance, ETA staff participation expanded to include Maurice Birch, Kitty Fenstermaker, Jon Messenger, and Richard Puerzer.
18. One final point of contention was how to classify “orientation.” The question became, “Was an orientation a reemployment service and therefore to be counted as meeting the states’ minimal provision of service requirements, or was it part of a standardized WPRS process?” By a narrow decision, it was held that an orientation would be classified as a reemployment service. In retrospect, this decision was wrong: an orientation provides basic information, but it does not provide reemployment services that help a UI claimant return to work. An orientation can count as a WPRS activity, and orientations should be provided as a standard practice, but states should subsequently provide at least one or more reemployment services. David Balducchi, interview and written materials provided to the author, July 31, 2008.
19. Wyrsh, January 4, 1994, memorandum to Jim Van Erden, Grace Kilbane, Robert Schaeerfl, and Sue Schlickeisen titled “Basic Understandings, December 17, 1993.”
20. David E. Balducchi, interview with the author and written materials provided to the author, July 31, 2008.
21. Issuances of field memorandums then and now were instructions to the Employment and Training Administration’s regional offices. However, to expedite the dissemination of FM 35-94, Assistant Secretary Doug Ross took the unprecedented step of sending it directly from Washington, D.C., to the state employment security

agencies and the state JTPA coordinators, in addition to the regional offices. This is the single known instance of such dissemination of a field memorandum, demonstrating the importance to ETA of WPRS implementation.

22. The primary field guidance was Field Memorandum 35-94, issued in March 1994. This and other guidance discussed in this section are reproduced in USDOL (1994b).
23. In USDOL (1994b), see “Unemployment Insurance Program Requirements for the Worker Profiling and Reemployment Services System,” UI Program Letter 41-94, August 16, 1994.
24. The supplements to Field Memorandum 35-94 were issued as Change 1, dated May 2, 1994; Change 2, dated June 9, 1994; and Change 3, dated July 31, 1996. Field Memorandum 50-95 contained the “Assessment/Review of State Implementation of Worker Profiling and Reemployment Services,” dated July 19, 1995.
25. These early WPRS program results are for the period October 1995 through June 1996, when the WPRS system became fully operational.
26. In Connecticut, Illinois, Maine, and New Jersey, WPRS had the expected impact on UI durations, reducing the receipt of UI benefits by between one-quarter week and one full week, and reducing the receipt of UI benefits by \$62, to \$140. In Kentucky and South Carolina, the results for UI effects were mixed or without impact. The study found little evidence that WPRS increased employment or earnings for referred claimants; the main effect of WPRS was the reduction of duration of compensation. More recently, a single state evaluation of WPRS in the state of Kentucky has shown that WPRS reduces the duration of unemployment by more than two weeks (Black, Smith, Berger, et al. 2003).
27. Because of rescissions, the Reemployment Service Grant funding levels were reduced in their last three years. Funding levels from FY 2001 to FY 2005 were as follows:

FY 2001	\$35,000,000
FY 2002	\$35,000,000
FY 2003	\$34,773,000
FY 2004	\$34,567,000
FY 2005	\$34,290,000
28. Balducchi, interview and written materials.
29. Orientation is considered to be a service under WPRS, but it consists of an introduction to WPRS and an overview of available services rather than constituting a true reemployment service. Job search assistance provides instruction in job search skills. It may consist of a variety of components including resume writing, methods of searching for jobs, and interviewing techniques.
30. An analysis of data for 1998 shows that only 12 states recorded fewer referrals than they reported, and three states—New Jersey, North Carolina, and Texas—accounted for most of the national difference. By 2007, only four states showed reporting greater than referrals, and the differences were small.
31. Referral to the Self-Employment Assistance (SEA) program is also a WPRS service, but referrals can only be made in the seven states with active SEA programs. Only four states report that they refer WPRS participants to the SEA program.

32. Reemployment services increased sharply in 2009, as state workforce agencies responded quickly to an infusion of \$250 million in Reemployment Services Grants made available in early 2009.
33. "Received Some Reportable Service" is defined as "all applicants that have received some reportable service during the program year. Services include: referral to job; job placement; placement in training; obtaining employment; assessment services, including an assessment interview; testing; counseling and employability planning; case management services; vocational guidance services; job search activities, including resume assistance; job search workshops; job finding clubs; specific labor market information and job search planning; federal bonding program; job development contacts; tax credit eligibility determination; referral to other services, including skills training, educational services, and supportive services; and any other services requiring expenditure of staff time although not required to be reported. Application-taking and registration are not included as a reportable service" (ETA Handbook No. 406, ETA 9002 Data Preparation Handbook, March 1993, III-13, III-14). "Job search activities" are defined as follows: "All applicants provide services which are designed to help the job seeker plan and carry out a successful job hunt strategy. The services include resume preparation assistance, job search workshops, job-finding clubs, provision of specific labor market information, and development of a job search plan" (ETA Handbook No. 406, ETA 9002 Data Preparation Handbook, March 1993, III-11).
34. The American Recovery and Reinvestment Act (P.L. 111-5), enacted on February 17, 2009, appropriated \$400 million for additional Wagner-Peyser Act services, of which \$250 million was targeted exclusively for reemployment services to UI claimants. Funding could be expended over a two-and-a-half-year period ending September 30, 2011.