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

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# 5

## Reemployment Services Research

### Job Referrals, Job Search Assistance, and the Unemployment Insurance Work Test

#### INTRODUCTION

A great deal of research other than the Unemployment Insurance (UI) Experiments has provided guidance for employment and training programs since the 1990s. This chapter reviews the results of a selection of research, demonstrations, and evaluations that have studied the effectiveness of job search assistance (JSA) and other forms of reemployment services provided to adult American workers by USDOL-sponsored One-Stop Career Centers. It reviews the evaluations of the services that have been provided separately and in service sets and assesses what these past studies mean for the workforce development system of today. The chapter puts particular emphasis on a number of research and evaluation projects that were completed during the Bush II administration and were suppressed for a number of years, until the Office of Management and Budget (OMB) compelled the department to release them during the summer of 2008. The overarching finding is that the major forms of reemployment services and administrative procedures—job search assistance, enhancing the UI work test, and referrals to job openings—are cost-effective separately and gain synergy when offered jointly.

Many workers need the reemployment services—core and intensive services in Workforce Investment Act (WIA) terminology—provided by the One-Stop centers. Whether workers who receive services are classified as adults or dislocated workers under the WIA programs, increasing numbers of them seek help when they become unemployed and permanently separated from their previous jobs. Demand for the services has increased for two reasons: 1) an increase in the propor-

tion of layoffs that are permanent rather than temporary, resulting in an increase in worker dislocation (Groshen and Potter 2003); and 2) the hard-to-employ are more likely now to have been previously employed than they were in the past. Indeed, welfare reform has increased the likelihood that former welfare recipients—who make up a significant portion of WIA Adult program participants—either have previously been employed and are applying for UI benefits, or are seeking reemployment services after becoming unemployed (O’Leary and Kline 2008).

Core and intensive services provided as Wagner-Peyser Act employment services are what most customers receive when they come to a One-Stop center. The One-Stops generally serve 13 to 20 million workers each year, whereas the current and planned capacity for providing occupational and on-the-job training is a few hundred thousand per year. Yet the Bush administration’s 2006 proposal to create training vouchers (Career Advancement Accounts, or CAAs) for fewer than 600,000 workers would have absorbed most of the funds available to run the One-Stop centers and to provide reemployment services. The result would have been a crippling of the ability of department-funded programs to continue to provide reemployment services to the millions of other job seekers who come to the One-Stops for help in finding jobs.

Reemployment services discussed below are divided into three categories: 1) job search assistance, 2) an enhanced work test, and 3) referrals to job openings. Helping workers return to work can be done either by providing referrals to job openings or by training those workers to use the tools to search for work themselves. Providing job search assistance can include assessment, testing, counseling, job search workshops or job clubs, and follow-up activities.

One long-standing intervention to increase the exposure of claimants to the labor market is an enhanced work test that generally includes a staff-assisted review of eligibility and efforts to search for work, as well as the referral to employment services. In the past this enhanced work test has been part of a department-funded Eligibility Review Program (ERP). Most states ceased operating these programs in the 1980s and 1990s.

In a change of policy, the department once again recognized the importance of putting more resources into the UI work test. Starting in March 2005, 21 states received grant awards for the Reemployment

and Eligibility Assessment (REA) initiative,<sup>1</sup> and in July 2009, 16 additional states received REA grants. REAs essentially are an enhanced UI work test. The effort to strengthen the work test continued in each succeeding year under the Bush administration, despite budget reductions for employment and training services. The REA initiative is a reinvigoration of the Eligibility Review Program (ERP), which was an important tool for enforcing the UI work test while providing referrals for limited reemployment assistance.<sup>2</sup> From a budgetary perspective, reviewing the continuing eligibility of UI claimants can be a cost-effective treatment (Benus, Poe-Yamagata, et al. 2008). Unfortunately, however, REAs have not been provided in conjunction with reemployment services because the department deemphasized and tried to eliminate the provision of reemployment services during the Bush years.

An enhanced work test generally consists of an interview to ensure that UI claimants are able, available, and actively seeking work. In demonstration projects, it also included increasing the number of work searches that are required to be made each week or adding verification of some number of work searches. In the process of enhancing the UI work test, UI claimants frequently also receive information and reemployment assistance that aids in their search for work.

## **RESEARCH ABOUT REEMPLOYMENT SERVICES**

### **Overview**

Research regarding reemployment services for adult unemployed workers has been of interest to the state workforce agencies, the department, and private researchers. Most of the research conducted in this area has been funded by the department, but states and private researchers have also played an important role. This section reviews some of the more rigorous research that has been undertaken in the last three decades, with particular emphasis on more recent research.

The department has been looking at the effectiveness of reemployment services for many decades. Researchers have searched for some combination of cost-effective services that would include referral to job openings, JSA, and an enhanced UI work test. A number of demonstra-

tion projects searched for such a cost-effective service mix and will be discussed in this chapter. Some states also have had an interest in testing what is effective in helping workers become reemployed and have been willing to commit their own resources and initiate programs based on the evaluation results. Those results will also be examined.

Providing the basic components of job search assistance—orientation, testing, job search workshops, an individual assessment interview, and follow-up contacts—has been shown to be cost-effective when participation in the package of services was made mandatory. Providing services through an individual service plan—tailoring job search assistance to the individual—also can be cost-effective if it is rigorously administered.

While it did provide job search assistance, the JSA Experiment revealed that more was happening than merely the provision of the demonstration services. In addition to the provision of services, the demonstration collected information that was used by local office staff to provide the UI system with information used to enforce the UI work test. Work test enforcement resulted in nonmonetary determinations relating to claimants' continuing eligibility, some of which in turn resulted in the denial of UI benefits. The more rigorous enforcement of the UI work test thus contributed to a reduction in compensated duration of UI benefits. Finally, some UI claimants who received JSA services also received job referrals to employers with job openings, and these job referrals had a small but contributing effect of speeding the return to work of UI claimants. This section deals with other research that assesses the effectiveness of JSA, the UI work test, and efforts to place UI claimants.

### **Reemployment Services: Job Search Assistance, the UI Work Test, and Referral to Jobs**

Previous chapters have looked at the results of evaluations of two UI Experiments that provided reemployment services—the New Jersey and JSA experiments. The analysis below divides reemployment services into three components: 1) job search assistance, 2) public labor-exchange referral of workers to jobs, and 3) administration of the UI work test (O'Leary and Wandner 2005; O'Leary 2006). Many of the studies cited deal with more than one of these components (Table 5.1).

### **Service-to-Claimants Projects**

These projects were the first departmental effort to use social science experimental methods to demonstrate the effects of employing a more systematic UI work test and adding job search assistance to the periodic interviews that preceded the Eligibility Review Program, initiated in December 1976. A Five Cities Service-to-Claimants Project operated during 1969–1970. The Service-to-Claimants Project in St. Louis, Missouri, followed in 1971–1973. Both projects refined the approach to applying the UI work test, but they also included a program of systematic job search assistance, working through the local Wagner-Peyser Act Employment Service (ES) agency. While these projects were not able to demonstrate conclusively the effectiveness of either the UI work test or the provision of systematic job search assistance (Austermann, Crosslin, and Stevens 1975; Stevens 1974), they were pioneering studies that prompted further research in the 1980s.

### **Nevada Claimant Employment Projects**

In the late 1970s and the 1980s, two different state-funded projects sought to find better ways to help return UI claimants to work. They were conducted under the guidance of the Nevada employment security research director, James Hanna. The project treatments—including referrals to job openings and training, eligibility reviews, and job search assistance—successfully reduced the length of workers' periods of unemployment by having a UI and ES team provide more intensive reemployment services to UI claimants.

In the second study, the Nevada employment security agency in 1987 budgeted \$400,000 from its UI penalty and interest fund to institute a pilot effort, the Claimant Employment Project (CEP). The project used random assignment. During the 12 months of operation (July 1988–June 1989), 1,424 treatment group members received services early in their spells of unemployment. Of the treatment group members, 1,294 received a combination of concentrated ES and UI services. Nearly all treatment group members received ES job referrals, over half completed a UI eligibility review, and a small number participated in job search workshops. As an early intervention project, it stipulated that participating claimants could not enter the program more than four weeks into their UI benefit year, but project services were available

**Table 5.1 Selected Reemployment Services Research, Demonstrations, and Evaluations**

Project	Dates	Sponsor	Services provided		
			Job search assistance	Public labor exchange	UI work test
Reemployment Service and UI work test studies					
Service to Claimants Project	1969–73	USDOL	Yes	No	Yes
Charleston Claimant Placement and Work Test Demonstration	1983	USDOL	Yes	Yes	Yes
Washington Alternative Work Search Demonstration	1986–87	WA	Yes	No	Yes
Nevada Claimant Employment Project	1988–89	NV	Yes	Yes	Yes
Reemploy Minnesota	1988–89	MN	Yes	Yes	Yes
Maryland UI Work Search Demo	1994–95	USDOL	No	No	Yes
Vroman and Woodbury	2004	USDOL	Yes	Yes	Yes
Wisconsin Reemployment Connections Project	2004–06	USDOL	Yes	Yes	Yes
Kentucky WPRS Evaluation	1994–96	KY	Yes	No	Yes
National WPRS Evaluation	1996–97	USDOL	Yes	No	Yes
Reemployment and Eligibility Assessments	2005–06	USDOL	Yes	Yes	Yes
Restart Evaluation	1986	UK	Yes	No	Yes
Restart Experiment	1996	UK	Yes	No	Yes
U.S. Employment Service Evaluations					
Public Labor Exchange (PLX) Evaluation—1983	1980–82	USDOL	No	Yes	No
PLX Evaluation—Washington and Oregon	1997–98	USDOL	No	Yes	No
National PLX Evaluation	1998–2004	USDOL	No	Yes	No

NOTE: Dates refer to the times during which demonstration projects or studies were conducted or when evaluations were completed and published.

SOURCE: Studies referred to in this chapter.

to a broad UI population and not restricted to permanently separated workers.

For the 1,294 claimants receiving these concentrated services, their compensated unemployment duration was reduced by 2.1 weeks, and savings to the Nevada UI trust fund account was estimated at \$409,500. Nevada research staff estimated that the benefit-cost ratio for these claimants was 2.39, indicating a \$2.39 reduction in UI expenditures for every dollar expended on this activity (USDOL 1990, pp. 150–163; USDOL 1995b).

### **Charleston Claimant Placement and Work Test Demonstration**

This USDOL-funded study was conducted in South Carolina with approximately 6,000 UI claimants, who were randomly assigned to three treatment groups and a control group. During 1983, the services received by the treatment groups consisted of the following: a “tightened and regularized” UI work test; special employment services consisting of a placement interview, job referrals, and job development; and a job search workshop after four weeks of unemployment. Under the UI work test, treatment registration was delayed until one week after claimants had received a first payment, but then there was a computer check of UI claimants (whose records were stored in the South Carolina ES registration file) who had been called in to register for work. UI benefits were terminated for claimants who had not registered, with benefits resumption depending on the outcome of a fact-finding interview regarding continuing, nonmonetary eligibility. The treatment resulted in reductions in UI-compensated durations of between 0.55 and 0.76 weeks.

All three treatments were found to be highly cost-effective, with treatment costs of less than \$20 per participant and reductions in UI benefits paid of between \$40 and \$60. The overall conclusion was that the most effective service was the enhancement of the UI work test, although the offer of job placement activities also substantially increased the percentage of UI claimants placed. For the treatment receiving an enhanced work test and job placement services, long-term placements increased by nearly 75 percent compared to the control group: 11.2 percent of that treatment group received long-term placements, as opposed to 6.5 percent of the control group (Corson, Long, and Nicholson 1985).

### **Washington Alternative Work Search Experiment**

This experiment was sponsored by Washington State and conducted in Tacoma, Washington, in 1986 and 1987. Over 10,000 new UI claimants were randomly assigned to four treatment groups. The experiment tested the effects of changing the required number of employer contacts per week. The current services treatment required three employer contacts per week. The experiment's three treatments did three things: 1) eliminated the requirement to report any employer contacts, 2) varied the number of contacts by claimant characteristics and increased the number of contacts over time, and 3) retained the number of employer contacts but added reemployment services early in claimants' spells of unemployment. The first treatment was a dramatic departure from existing procedures: it eliminated the requirement to submit continued claims forms as well as to report employer contacts, and it authorized payments without claimants' needing to submit these claims forms until they reported a change of status. This treatment created a substantial moral hazard issue: workers might continue to receive UI benefits after they had returned to work or had stopped searching for work. It greatly increased the spell of compensated unemployment—by 3.34 weeks (Johnson and Klepinger 1991, 1994). This treatment dramatically showed the importance of the continued claims process and the enforcement of the UI work test for maintaining the integrity of the UI system.

The Washington Alternative Work Search Experiment also evaluated job search assistance. It found that unemployment duration was reduced for those referred to JSA. However, because in most cases UI benefit receipt ended just before JSA was scheduled, the authors concluded that the shorter durations primarily resulted from an effort to avoid the hassle of job search assistance sessions rather than as a result of the content of its services (Johnson and Klepinger 1991, 1994).

### **Reemploy Minnesota Project (REM)**

This project tested the effectiveness of providing intensive job search assistance based substantially on the design of the job search assistance component of the New Jersey Experiment. The state employment security agency budgeted \$780,000 from its UI penalty and interest fund to administer the program for the first year (1988), and it funded

it again in 1989 because of the success of the first year of operation. REM assigned UI claimants to treatment and control groups, using random assignment methods. REM case managers worked one-on-one with a workload of 40 REM participants at a time. The REM participants accomplished the following: they developed a written employability plan, attended a video-based job-seeking skills seminar, were matched either with job orders from employers or with job orders that were developed for them based on their work history and requirements, and received follow-up services if they remained unemployed.

For the first 12 months of operation, Minnesota research staff calculated that average claimant duration of unemployment had been reduced by 4.08 weeks, or by about 25 percent, and that savings generated by the reduction in claimant duration had yielded a benefit-cost ratio to the state of Minnesota of nearly 2.0. These large effects appear to be related to the personalized and intensive manner in which the reemployment services were provided (USDOL 1990, pp. 68–73; USDOL 1995b, p. 49).

### **Pennsylvania Dislocated Worker Study**

A study of dislocated workers in Pennsylvania examined the effectiveness of providing job search assistance and referrals to job openings by the public employment service. It found that JSA was most effective if it was provided early in a spell of joblessness. It also found that job referrals to employers were more likely to result in placement after job seekers had exhausted other avenues of search (Katz 1991). This study supports the early provision of JSA to dislocated workers, an approach enacted into federal law two years after the study's publication as the Worker Profiling and Reemployment Services program.

### **Maryland UI Work Search Demonstration**

This demonstration examined alternative approaches to assisting the worker search process for UI recipients. Over 27,000 UI claimants were referred to four treatment groups and a control group. Random assignment occurred between January 1994 and January 1995. Treatments consisted of four approaches: 1) retaining the requirement of two work-search contacts per week and adding a job search workshop, 2) increasing the number of employer contacts required per week to four,

3) supplementing the normal work-search requirement with verification of 10 percent of employer contacts, and 4) not requiring claimants to document their employer contacts. The demonstration was able to show that changing the work-search requirement alone produced a significant effect, reducing the amount of UI benefits paid and the weeks compensated.

The increase in required work-search contacts from two to four per week reduced UI benefits paid by \$116 and weeks paid by 0.7 weeks—a reduction in each measure of about 6 percent (Table 5.2). Retaining two contacts per week but informing claimants about the introduction of employer contact verification resulted in the reduction of UI benefits paid in the amount of \$113 and weeks paid by a duration of 0.9 weeks—an 8 percent reduction for each. Requiring participation in a four-day job search workshop was also found to be effective in reducing UI outlays: relative to the normal UI work-search policy, offering the job search workshop resulted in reduced weeks paid of 0.6 weeks, and in reduced UI payments per claimant of \$75 (Klepinger et al. 1998).

McVicar (2008) confirms the finding of the Maryland UI Work Search Demonstration regarding not requiring claimants to document their employer contacts. Between 2001 and 2008, local UI offices in Northern Ireland experienced interruptions in some of the usual bi-weekly “job search monitoring interviews.” Because these interviews were halted for approximately eight months and resumed thereafter, they could be studied as a natural experiment. Whereas in Maryland halting monitoring of employer contacts increased UI claimant durations by 10 percent, in Northern Ireland average claimant duration

**Table 5.2 Maryland Work Search Demonstration Treatment Impacts on UI Receipt, Full Benefit Year**

Outcome measures	Additional contacts	No reporting of contacts	Job search workshop	Verify contacts	Control group means
Total UI benefits paid (\$)	-116**	34	-75**	-113**	2,085
No. of weeks of benefits	-0.7**	0.4***	-0.6**	-0.9**	11.9
% exhausted benefits	-2.6**	1.6***	-1.1	-3.0**	28.3

NOTE: \*\* significantly different from control group at the 0.05 level (two-tailed test); \*\*\* significantly different from control group at the 0.01 level (two-tailed test).

SOURCE: Klepinger et al. (1998).

increased 16 percent. Agreeing with Klepinger, Johnson, and Joesch (2002), McVicar concludes that “periods of suspension of job search monitoring led to significantly lower exit rates from registered unemployment and increased average claim duration. In short . . . monitoring matters” (p. 24).

### **United Kingdom Restart Evaluation**

In the United Kingdom (UK) in the 1980s, UI was administered by that nation’s public employment service (PES) and had a uniform initial entitlement duration of 12 months. In 1987, a new program called Restart was introduced nationally. Under Restart, UI beneficiaries nearing six continuous months of benefit receipt were called in for an appointment at their local PES office and were provided an intensive package of job search assistance. A program evaluation by Dolton and O’Neill (1996) estimated the short-term effects of the UK’s Restart program to be similar to those observed by Johnson and Klepinger (1994) in the Washington Alternative Work-Search Experiment. Both evaluations suggested that there was a modest shortening in the duration of compensated unemployment and that the invitation for comprehensive job search assistance acted more as a spur to leave UI than as a support for reemployment. The Restart effort led to the introduction of further programs to increase the work focus of benefits, including the New Deal for Young People, the New Deal for Long-Term Unemployed, and the New Deal for the Disabled, each of which provides enhanced reemployment interventions.

### **United Kingdom Restart Experiment**

Dolton and O’Neill (2002) conducted a subsequent random assignment field experiment to determine what the effect would be of accelerating the offer of Restart services. In the experiment, the treatment group received the standard Restart comprehensive job search assistance services when nearing six continuous months of claiming UI, while the randomly selected control group was given the Restart services at the current services timing—when approaching 12 continuous months of receiving UI benefits. In the short run, their evaluation found that requiring participation in job search assistance spurred both groups of UI beneficiaries to go back to work. Over a longer five-year follow-

up period, however, the treatment group getting job search assistance support earlier in their jobless spell had measurably higher earnings. The fact that this study—and others—found a long-term earnings effect indicates that providing job search assistance can have a positive and long-term impact for UI claimants, over and above the impact of better enforcement of the UI work test.

### **National Worker Profiling and Reemployment Services (WPRS) Evaluation**

This evaluation (Dickinson et al. 1999) assessed the effect of the nationwide implementation of a program of reemployment services for dislocated UI claimants that was mandated in 1993 legislation. The evaluation assessed the period 1996–1997, immediately following the program implementation deadline of mid-1996 for all states. The evaluation included surveys of state agencies in both 1996 and 1997. A net impact analysis was conducted in six states: Connecticut, Illinois, Kentucky, Maine, New Jersey, and South Carolina, using a quasiexperimental approach and selecting a comparison group from claimants who filed their initial claims in the same period and who were subject to referral to WPRS but who were not referred. The evaluation of WPRS indicated shorter jobless durations for program participants, with significant duration reductions of 0.2 to 1.0 weeks in five of the six states. The research found that state WPRS implementation was uneven, and that providing reemployment services was less comprehensive than under the New Jersey and Job Search Assistance experiments. Funding for reemployment services was limited. As the New Jersey and JSA experiments showed, these modest results are not surprising for programs providing much weaker job search assistance treatments at much lower cost than the treatments provided by the two original experiments.

### **Kentucky Worker Profiling and Reemployment Services Evaluation**

This evaluation made use of an experimental design based on random assignment methods that were built into the procedure by which UI claimants were referred to WPRS in the state of Kentucky. The evaluation examined a number of different WPRS impacts. It found that the treatment group members collected 2.2 fewer weeks of UI benefits than

the control group. The treatment group members also received \$143 less in UI benefits and earned an average of \$1,054 more in the year after the start of their UI claim. The evaluators asserted that the larger reductions in benefit receipt in Kentucky compared to the Dickinson et al. (1999) study discussed above were due to the more comprehensive employment and training services offered in Kentucky. They also concluded that early increases in earnings by treatment group members are more closely related to the rigorous enforcement of the UI work test than to the provision of reemployment services (Black et al. 2003).

They concluded that providing reemployment services in Kentucky had little impact, which is likely attributable in large part to the fact that Kentucky provided fewer reemployment services as a part of its WPRS system than most other states during the study period of 1994–1996, and that Kentucky was providing far fewer services than were provided in the New Jersey and JSA experiments. Kentucky was one of the participating states in the national WPRS evaluation that was conducted for UI claimants filing for benefits in 1995 and 1996—the same time as the Black et al. (2003) study. The national WPRS evaluation found that Kentucky only provided five to nine hours of local services, considerably less than most of the other participating states (Dickinson et al. 1999, p. 1-8).

The Kentucky evaluation carried the title, “Is the Threat of Reemployment Services More Effective than the Services Themselves?” The answer to that question is that the impact of an enhanced UI work test—i.e., the “threat of services”—indeed was probably greater than the reemployment services themselves, but this likely was due, in part, to Kentucky’s providing only a minimal set of services.

### **Eight-State WIA Implementation Study**

This study (Barnow and King 2005) was conducted by a Rockefeller Institute for Government team of researchers using field network techniques. The study found that in all eight states the state agencies responsible for Wagner-Peyser Act ES funds played a major role in the provision of core services. In addition, Barnow and King found that at most One-Stops some additional core services were provided either by the One-Stop operator or by a WIA Title I contractor. They observed that states with more “comprehensive workforce policy frameworks,” such as Florida and Texas, concentrated their WIA resources more on

providing intensive services and training, leaving core services to be provided by the ES and Temporary Assistance for Needy Families (TANF)-funded employment services. The more traditional program-based states, such as Maryland and Missouri, had their One-Stop centers place a greater emphasis on providing core services in the overall mix of reemployment services provided.<sup>3</sup>

### **Historical Analysis of UI and the Employment Service**

Earlier studies have shown that a stronger work test can be imposed either as part of the ongoing administration of the UI program or in conjunction with the mandatory participation in job search assistance, such as provided by the WPRS system. Historically, all states operated Eligibility Review Programs as part of their determination of continued eligibility of UI claimants, but use declined over time. Claimants have reported for eligibility reviews at specified intervals for an assessment of their continuing eligibility and efforts to search for work. Some state workforce agencies, mainly in the Southern states, continue to operate ERP programs, and the substance of the eligibility review effort has been resurrected as the Reemployment and Eligibility Assessment (REA) initiative.

The impact of enforcement of the UI work test is also revealed from analyzing the aggregate UI reporting data for the individual states. In their analysis of trends and cycles in UI and ES data, Vroman and Woodbury (2004) look into the factors that contribute to the duration of UI benefits. Comparing states, they find that states with established eligibility review programs have shorter durations of compensated employment.<sup>4</sup> This analysis supports similar findings from experimental data that individual UI claimants subject to an enhanced work test also experience shorter UI durations than members of a control group that does not receive these services.

### **Workforce Development Services in Rural Areas**

An important workforce development issue is the geographic availability of reemployment services throughout the United States. The emphasis of WIA policy on comprehensive One-Stops, which have many participating service providers, puts nonurban areas with low population densities at a great disadvantage for access to reemployment

services. A study by Dunham et al. (2005), completed in 2005 but not released until 2008, analyzes the historical changes that have occurred in access to services, the nature of the service delivery system, and the programmatic partnerships that were forged in workforce development programs during the 25 years between 1979 and 2004. The study was based on field research in five states (Georgia, Iowa, New Mexico, Oregon, and Pennsylvania) and a quantitative geospatial analysis of the distribution of local offices in three years: 1979, 1999, and 2004. The study found that there are three types of permanent, staff-assisted access points to reemployment services under WIA and the Wagner-Peyser Act programs in rural areas: 1) comprehensive, 2) affiliates, and 3) satellite offices. Rural areas had all three types of offices, but to the extent that funds were available, rural areas concentrated more of their resources on replacing affiliate offices with comprehensive offices, both because of federal policy and because they appeared to be more efficient.

Of the five field research states, only one experienced an increase in access points to reemployment services, and that was due to the introduction of nontraditional access points in the form of libraries and churches. In the rural areas of the other four states, the number of access points declined and largely consisted of renovated Employment Service offices that served as affiliated One-Stop centers. To the extent that new One-Stop access points developed, they have tended to be comprehensive One-Stops, and they have resulted in a decline in the number of total access points. More recently, both comprehensive and affiliate One-Stop offices have declined in number as states have closed local offices in response to declining WIA and Wagner-Peyser Act program funding.

Nationally the number of access points declined from 1979 to 1999 and then increased by 2004, both for the country as a whole and in nonmetropolitan areas. The national decline between 1979 and 1999 was by almost a thousand, or by 28 percent, but the number sharply increased in the next five years, more than compensating for the prior decline (Table 5.3).

Despite the small increase in total access points between 1979 and 2004, there were large shifts in the number in almost all states, with positive or negative changes of 10 percent or more in all but three states. Twenty-six states experienced gains of 10 percent or more, while 23 experienced similar losses. The gainers were mostly in areas of popula-

**Table 5.3 State Workforce Agency Access Points in 1979, 1999, 2004, and 2008—Total, and by Rural and Metro Areas**

	1979	1999	2004	2008	Change in number of access points from 1979 to 2004 (%)
National	3,454	2,505	3,542	2,950	2.5
Rural	1,472	1,113	1,605		11.2
Metro	1,982	1,392	1,937		-2.3

SOURCE: Dunham et al. (2005); and America's Service Locator ([www.servicelocator.org](http://www.servicelocator.org)), December 31, 2008.

tion growth—the South and the Mountain West—while the losses were highly concentrated in Mid-Atlantic and Midwestern states.

The national losses between 1979 and 1999 were attributed to the sharp decline in workforce development funds available per worker between the late 1970s and today, as well as the decline in UI-only access points because of telephone and Internet UI claims-taking. The increase in access points from 1999 to 2004 is attributable to developments under the WIA program, including the development of satellite offices and computer-only, unstaffed access points. Satellite and unstaffed access points can provide limited services that would not otherwise be available in many nonurban areas. Satellite offices were found to be very small (about 400 square feet) and located in the offices of a host entity, such as the local chamber of commerce; they tended to be open part-time, staffed by one person, and offered limited services. Computer-only access points frequently consist of one computer located at a host entity. Host entities may include One-Stop partners, such as welfare (i.e., TANF) agencies, vocational rehabilitation offices, post-secondary institutions, chambers of commerce, libraries, and churches.

Rural areas experienced an increase in comprehensive One-Stops between 1999 and 2004 because of the WIA mandate that there be at least one comprehensive center in each local workforce area. Because of limited resources, each new comprehensive One-Stop has generally been offset by the closure of one or more smaller affiliate One-Stops. The affiliate One-Stops, however, perform an important function in rural areas. Affiliate access points are not stand-alone ES offices; they have either WIA Adult and Dislocated Worker staff or ES staff on-site full time, with at least one other partner program on-site part time. They

provide either WIA or ES services, plus services from at least one other partner agency. In fact, since affiliates are generally ES-staffed and provide primarily ES services, access to WIA intensive and training services is generally available by referral. The Dunham et al. (2005) study finds that other partner agencies are limited in rural areas, whether hosted by public, religious, or community-based organizations. Even if partners exist, however, they usually are not colocated in the One-Stops, and they do not contribute financially to the running of the One-Stop centers.

Despite a wide variety of access points, rural access to One-Stop services is very limited. The study finds that many poor rural residents—half or more—do not own cars and cannot travel to the workforce development access points. Public transportation is scarce, transportation assistance is not effective, and alternatives to travel such as Internet and telephone services are limited and less effective than in-person services (Dunham et al. 2005, pp. III 24–32).

While the Dunham et al. (2005) study was able to observe the changes that occurred over three time periods and the situation in 2004, it missed the downward trend in access points under WIA since 2004. The number declined steadily from 3,583 on December 29, 2004, to 2,950 on December 31, 2008. Similarly, access to workforce development services appears to have declined during the operation of the WIA program, resulting in a large decline in rural access to services.

### ***Anatomy of a One-Stop and Anatomy of Two One-Stops***

A pair of studies, *Anatomy of a One-Stop* (Stack and Stevens 2006) and *Anatomy of Two One-Stops* (Mueser and Sharpe 2006), completed in 2006 and released in 2008, looked at the activities conducted by One-Stops around the United States, even though their field research was concentrated in three centers, in Baltimore, Maryland; Camdenton, Missouri; and Columbia, Missouri.

The studies found that the type, number, and intensity of reemployment services received by job seekers varied greatly with their demographics. Comparing two One-Stops, one in the Eastside of Baltimore and the other in Columbia, the researchers found that the services offered varied with the needs of the job seekers. In the Eastside One-Stop, the emphasis was on helping job seekers get job-ready because they had relatively lower levels of education and marketable skills. In

Columbia, clients generally were job-ready, but they still made use of a variety of staff-assisted and self-directed reemployment services.

Some job seekers must rely heavily on programs and staff assistance to negotiate entry into the labor force. Other job seekers have fewer employment barriers but still benefit from having staff coach them through skills assessment, job analysis, and job search as they seek a career change or reemployment after dislocation from previous employment. Still other job seekers quickly become self-directed after receiving instruction in use of a job search system.

The One-Stops were diverse. Eastside Baltimore served a more disadvantaged population and experienced higher unemployment rates, while Columbia served a more advantaged population in a stable economy dominated by the educational, medical, and financial industries. Eastside placed emphasis on becoming job-ready through a six-hour, two-day group event and a computer-assisted lab used to help claimants work toward a GED. Columbia's clients, by contrast, were interested in getting a job quickly. Their visits to the One-Stop were shorter, but they still needed assistance with job search and with job applications and received one-on-one assistance. The results in Table 5.4 reveal that substantial amounts of reemployment services were provided, although visits to the Columbia One-Stop lasted about one-third the time of a visit to the Eastside One-Stop.

As a result, the researchers concluded that the Bush administration's proposal for Career Advancement Accounts (CAAs) "would appear to challenge the basic approach of the One-Stop Career Centers, as it implies a reallocation of resources directly to job seekers through a voucher system" (Mueser and Sharpe 2006, p. 156; Stack and Stevens 2006, p. 90).<sup>5</sup>

### **Wisconsin Reemployment Connections Project**

The advent of telephone and Internet UI claims in the 1990s has meant that most UI services are provided remotely. With little or no physical presence in the One-Stop centers, the interaction of UI and One-Stop staff has declined sharply. As a result, reemployment services to UI claimants have been reduced. At the same time, UI claimants have had less review than previously of their work search activities.

To counteract these changes, the "Strengthening Connections between Unemployment Insurance and One-Stop Delivery Systems Demonstration" operated at three sites in Wisconsin between July 2004

**Table 5.4 Average Time Spent in the Eastside of Baltimore, MD, and Columbia, MO, One-Stop Career Centers, by Destination, for Tracked Job Seekers**

One-Stop activities	Average number of minutes in activity
Eastside of Baltimore One-Stop center	
Attending workshops	
Early intervention workshop	337
Job readiness workshop	45
Adult education classes	69
Using labs	
Digital learning lab	84
High-tech lab	46
Meeting with staff	
Group information session	29
Meet with staff	26
Talk to staff informally	23
Assessments	40
Job search	
Job interview/application	58
Job search in career lab	45
Phone bank	36
Fax/copier	27
Information exchange	
Collect One-Stop information	15
Youth employment application	9
Pick up/drop off materials	7
Wait in reception area	50
<b>Mean overall customer time in One-Stop</b>	<b>83</b>
Columbia, MO, One-Stop center	
Four-week UI check	12
UI services	7
Job counseling	
WIA	55
Wagner-Peyser	15
TANF and food stamp recipients	56
Other	15
Job search	26
Job applications	23
Waiting time	2½
<b>Mean overall customer time in One-Stop</b>	<b>29</b>

SOURCE: Mueser and Sharpe (2006); Stack and Stevens (2006).

and March 2006 (Almandsmith, Adams, and Bos 2006). It operated as a quasiexperiment using treatment and comparison sites, with 2,151 claimants in the treatment group and 4,097 comparison group members selected using a propensity score matching process. Treatment and comparison group members were referred to reemployment services using the profiling mechanism of the WPRS system.

At the comparison group sites, claimants received services normally provided. Additional services were provided at the treatment sites, where UI and the One-Stop center staff—generally ES staff—worked together to provide enhanced services and eligibility reviews. Two treatments were provided, one more intensive and the other less so, with assignment depending on an assessment of the preparedness of UI claimants to conduct job searches, their knowledge of the local labor market, and their job search skills. Both treatment groups received enhanced reemployment services that included reemployment workshops, new job search classes (e.g., an introduction to computers), WPRS services, and at least one staff-assisted job referral (for participants who participated in the reemployment workshops). Job search workshops were much more extensive than those provided under the WPRS program in almost all sites, lasting up to four weeks. The UI work test also was enhanced through three ways: 1) increased communication between UI staff and One-Stop center staff; 2) UI staff participation in reemployment service orientations and reemployment planning sessions, both provided on-site at the One-Stops; and 3) encouragement of participants to conduct five work searches per week instead of the usual two, and monitoring of whether they do (Almandsmith, Adams, and Bos 2006).

The implementation evaluation showed that the One-Stop and UI staff established linkages and worked cooperatively according to the design of the project. The net impact evaluation was conducted for treatment group members selected in three different ways, relating to their WPRS profiling scores and whether they received services. The discussion below concentrates on Model 2's Group B, the group needing more services, whose members were assigned to services based on a profiling score of 0.47 or above, since they were WPRS participants and received reemployment services similar to those under the job search assistance treatment of the New Jersey and JSA experiments (Table 5.5). The demonstration results were significant:

- The duration of UI benefits was reduced by 0.9 of a week relative to the comparison group.
- The amount of UI benefits paid declined by \$233 relative to the comparison group. (The entire demonstration at all of its sites was estimated to have saved the Wisconsin UI trust fund account about \$385,000.)
- The treatment group members drew 3.4 percent less of their maximum benefit entitlement than the comparison group.

The change in average quarterly earnings was not statistically significant. The rate at which UI claimants entered into employment was not affected.

The evaluation was not able to distinguish the extent to which the reduction in the duration of UI benefits paid or the decrease in the proportion of claimants' maximum UI benefits paid was due to increased use of Reemployment Connection services as opposed to stronger enforcement of the UI work test, but the latter is likely to have been a component of these outcomes. For example, the in-person review of the reemployment plans of treatment group members enabled participating UI staff to identify continuing eligibility issues that they otherwise would not have known about.

The demonstration also showed that, despite the conversion of the

**Table 5.5 Impact of the Wisconsin Demonstration Program on Participant Employment Outcomes, Model 2, with WPRS Scores of 47 Percent or Higher**

	Treatment	Comparison	Difference
Sample size	1,824	3,333	
Entered employment (%)	77	77	0.3
Entered employment 1st qtr. after new claim (%)	54	52	2.3
Avg. quarterly earnings (\$)	3,107	2,912	194
Avg. benefit duration (wks.)	14.8	15.7	-0.9**
% maximum benefits drawn	64	67	-3.4**
Average UI benefits drawn (\$)	3,690	3,923	-233**

NOTE: \*\* significant at the 0.05 level (two-tailed test). Blank = not applicable.

SOURCE: Almandsmith, Adams, and Bos (2006), pp. 3–16.

UI system to remote telephone claims taken in call centers outside the One-Stop centers, UI staff can participate with One-Stop staff to speed UI claimants' return to work. Furthermore, the demonstration showed that requiring participation in extensive JSA services that are similar to the comprehensive JSA treatments of the New Jersey and JSA experiments can yield similarly strong net impacts.

### **Reemployment and Eligibility Assessment (REA) Evaluation**

This began as a new departmental initiative in 2005 and continued throughout the Bush administration as a commitment to provide UI recipients with an enhanced work test. This test has generally included a staff-assisted review of eligibility, as well as referrals to job search assistance and job referral services. The Reemployment and Eligibility Assessment demonstrations have been evaluated, but for reasons presented below the results for REA are inconclusive.

For a number of years, an Eligibility Review Program (ERP) received separate funding from the Unemployment Trust Fund, but when the separate funding was eliminated in the 1980s, many states ceased to operate ERP programs. Today fewer than a dozen states have ERP programs (O'Leary 2006). Reemployment and Eligibility Assessments are demonstration projects that act as a revitalization of an enhanced UI work test with the restoration of separate departmental funding. In March 2005, grants totaling \$18 million were given to 21 state workforce agencies. Additional funding was provided in each succeeding year during the Bush administration, culminating with a request for \$40 million for REAs in President Bush's FY 2009 budget, despite austerity throughout most of the proposed budget dealing with workforce development services. An important attraction for funding eligibility reviews was their promise of reducing UI benefit payments by identifying UI beneficiaries who were not able, available, and actively searching for work. All eligibility review programs have been funded with the expectation that the reduction in UI benefits will be greater than the cost of the programs, promising net savings to the Unemployment Trust Fund.

States participating in the Reemployment and Eligibility Assessment initiative require UI claimants to report in person to a One-Stop center within a specified time as a part of an eligibility assessment. Separately from the notice to report, claimants receive a call-in notice to report to the One-Stop to receive services from the WPRS system. The

state REA services include four aspects: 1) a review of ongoing claimant UI eligibility (including detection of eligibility issues and referral to adjudication when appropriate), 2) the provision of current labor market information, 3) the development and review of a work-search plan, and 4) referral to employment services or training when appropriate. Because REA funding has been provided as state UI administrative grants, REA funds can only be used to fund activities authorized under UI law. Thus, REA direct funding is restricted to paying for determination of UI eligibility only, and not the other three REA services. Funding for the provision of job search assistance, public employment services, or training must come from WIA, Wagner-Peyser Act, or other non-UI funds.

Staff identified to administer the REA initiative were selected from the local One-Stop offices. As REA is part of the UI work test, and in many instances UI staff are located in call centers, local administration fell, in most cases, to the Employment Service. In the five states designated for analysis (Connecticut, North Dakota, Minnesota, South Carolina, and Washington), ES staff were cross-trained or had UI backgrounds (Benus et al. 2008b, p. 8).

As with most discretionary grant programs administered during the Bush administration, the Reemployment and Eligibility Assessment grants were provided without requiring states to develop a consistent and rigorous program design and without rigorous federal guidance and oversight as to how to collect program data and construct comparison groups. An evaluation of the REA initiative was conducted in nine participating states that had the most promising programs and had collected data that might facilitate the evaluation (Benus et al. 2008b). Data collected by most of the states, however, proved to be inadequate. Ultimately, the evaluation concentrated on five states (again, Connecticut, North Dakota, Minnesota, South Carolina, and Washington), and implementation analyses were conducted in each of the five.

The net impact analysis was restricted to Minnesota and North Dakota—the only states amenable to evaluation because only they had constructed appropriate control groups and collected reasonably valid REA data in accordance with departmental reporting instructions. The North Dakota REA did not yield statistically significant results, and neither did the Minnesota approach that consisted of a single REA interview. The other Minnesota approach, which used multiple interviews,

did have statistically significant impacts. The first interview typically came in the third week of a UI claim and was repeated up to three times for a total of four interviews, occurring at approximately one-month intervals. The Minnesota REA initiative was implemented with a rigorous random assignment process, targeting the middle third of profiled claimants whose profiling scores were just below those of individuals selected into the WPRS program.

The Minnesota REA treatment (T2) that had multiple interviews did speed the reemployment of participating UI claimants and reduce overpayments. The number of weeks claimed was reduced by almost one week, while the number of weeks claimed and compensated for was reduced by more than one week (Table 5.6). The likelihood of exhausting UI benefits was reduced by nearly four weeks. The percentage of claimants with some overpayments in their benefit year was reduced by nearly 4 percent.

The effectiveness of the Reemployment and Eligibility Assessment initiative is uncertain. Even though state grants were provided to conduct demonstration projects, the rigor of implementation did not reach reasonable research standards. Weak program design and weak data systems make evaluations of REAs highly questionable, even in the case of the Minnesota REA. The REA initiative is more of an enhanced UI work test program than a reemployment services program. An REA

**Table 5.6 Minnesota Reemployment Eligibility Assessment Net Impacts per Claimant, Treatment T2, Multivariate Analysis**

Claims and payments	
Number of weeks claimed	-0.9*
Number of weeks claimed and compensated	-1.2**
Total payments (\$)	100
Exhaustion	
Likelihood of exhausting UI benefits (%)	-3.7*
Overpayments	
% with some overpayment during benefit year	-3.8**
Amt. of overpayment among initial claims w/ overpayment (\$)	-82
No. of overpayment wks. among initial claims w/ overpayment	-0.9

NOTE: \* significant at the 0.10 level (two-tailed test); \*\* significant at the 0.05 level (two-tailed test).

SOURCE: Benus, Poe-Yamagata et al. (2008), p. 29.

interview that lasts for 20 minutes may be sufficient to complete a basic eligibility review process, but it cannot provide sufficient assessment and counseling to make individualized referrals to additional services, and it cannot provide a significant amount of reemployment services.<sup>6</sup>

### **THREE EVALUATIONS OF THE U.S. EMPLOYMENT SERVICE: IMPACTS OF UI CLAIMANT REFERRALS TO JOB INTERVIEWS**

The review above shows that in the Charleston demonstration, supplementing a more rigorous UI work test with enhanced referrals to employer job openings can substantially increase the percentage of UI claimants who receive long-term placements in new jobs. Several other demonstrations and program evaluations included an analysis of referrals to job interviews, including Reemploy Minnesota, the Maryland UI Work Search Demonstration, and the Wisconsin Reemployment Connections Project. This section looks at three department-funded evaluations of the Employment Service that concentrated solely on the effectiveness of the referral of UI claimants to job interviews.

#### **First National Evaluation of the U.S. Employment Service**

The effect of job placement services was explored in this early study, conducted in 30 local offices in 27 states between 1980 and 1982. This nonexperimental evaluation was based on administrative records and baseline and follow-up interviews. The outcomes of a group of applicants who received job referrals were compared to those of a group who received no job referrals. The evaluation found that job referrals were effective for women: women receiving a referral went back to work 2.8 weeks sooner and earned an additional \$325 over a six-month period. Job referrals were not effective for men taken as a whole, but they were effective for men over 45 years of age and men in urban areas (Johnson et al. 1983; Johnson, Dickinson, and West 1985).

### **The Two-State Evaluation of the Public Labor Exchange**

This evaluation (Jacobson and Petta 2000) was conducted for the USDOL in Washington and Oregon. It dealt with public labor exchange services provided between 1987 and 1998 and evaluated the effect of referring UI claimants to jobs. The evaluation used a quasiexperimental approach in which a treatment group was referred to available jobs and a comparison group was referred to jobs that One-Stop staff believed to be open. When the comparison group members applied for the jobs, they did not receive interviews, because the jobs were already filled (these are called “stale job openings”). In measuring the returns to direct placement of UI claimants, the study found that the treatment had an impact on the duration of unemployment, whether referrals to jobs resulted in a placement or not. In Washington, durations declined by 7.7 weeks if referrals resulted in a placement and by 2.1 weeks if they did not. The comparable reductions for Oregon were 4.6 and 1.1 weeks, respectively. The study also found that job placements were most effective for those workers with a strong record of job attachment. The cost-effectiveness of job referrals in Washington and Oregon was examined and was measured in a number of different ways. In all cases, job referrals were found to be highly cost-effective, having benefit-cost ratios that varied between 1.2 and 4.5 (Jacobson and Petta 2000).

### **Second National Evaluation of the Public Labor Exchange**

This Westat study (Jacobson et al. 2004) was a national evaluation covering six states—Colorado, Massachusetts, Michigan, North Carolina, Oregon, and Washington. The study goal was to evaluate the effectiveness of the public labor exchange in three traditional employment service states (i.e., states that used merit-staffed state workforce agency staff) and compare these states to three nontraditional demonstration states (i.e., states that used other public or private staff). The intent of the evaluation was to assess the overall effectiveness of the public labor exchange (PLX) and to make a determination about whether temporary privatization demonstrations in the other three states should be continued or terminated. The evaluation was started in 1998 and was completed in February 2004, but, because its findings were so contrary to Bush administration policy, it was not released or published by the Employment and Training Administration until September 2008.

According to WIA regulations (*Federal Register* 2000), despite the Wagner-Peyser Act requirement that employment services under the act must be delivered by merit staff employees of a state employment security agency, “the Department authorized demonstrations of the effective delivery of Wagner-Peyser Act services utilizing non-State agency employees in Colorado, Massachusetts, and Michigan. These three demonstrations were permitted as exceptions to the long standing policy . . . in order to assess the effectiveness of alternative delivery systems” (p. 49386).

Thus, the Westat PLX study was to determine the cost-effectiveness of alternative delivery systems. As a result, the evaluation was expected to guide the department’s decision on whether to continue, expand, or eliminate the demonstrations, depending on their cost-effectiveness compared to the traditional service delivery system.

The Westat study determined, among other things, the cost-effectiveness of the public labor exchange, the effect of the PLX administrative configuration—whether traditional or nontraditional—and the impact of increased automation on the PLX. The benefit-cost analysis was conducted in only five states because Michigan did not have the administrative data necessary to conduct the analysis.

The study found a fundamental difference between the PLX services provided in One-Stop centers in which the state workforce agency took the lead and those provided in One-Stop centers in which a different entity led. In the traditional sites, the One-Stop center tended to serve all potential clients, while in the demonstration sites attention tended to be limited to a smaller population of economically disadvantaged workers, and reemployment services provided were targeted to this population.

The benefit-cost portion of the study used quasiexperimental methods. The comparison group was drawn from UI claimants who were job seekers but did not receive public labor exchange services and had strong labor force attachment. This evaluation showed that the PLX had a large and significant effect on reducing the weeks of unemployment (Table 5.7). The effect was greater for direct PLX placements to job openings, since workers received jobs shortly after referrals. The result was significant but smaller for referrals that did not result in placements—only about one-quarter as large as for placements—since workers subsequently had to find their own jobs.

**Table 5.7 Public Labor Exchange Evaluation, 2004, Average Per-Claimant Effect of Placements and Referrals on Weeks of Joblessness, and Benefit-Cost Ratios**

	Placement effect (wks.)	Referral effect (wks.)	Benefit-cost ratio	
			Upper bound	Lower bound
Colorado	-3.1	-0.7	4.8	2.6
Massachusetts	-8.6	-2.4	4.3	1.4
North Carolina	-7.3	2.1	8.8	6.3
Oregon	-5.7	-1.1	3.1	1.6
Washington	-7.7	-2.1	2.8	1.2

NOTE: Upper-bound estimates include the value of placements and referrals, while lower-bound estimates only include the value of placements.

SOURCE: Jacobson et al. (2004), p. 166.

Table 5.7 shows that all of the PLXs had a substantial effect on reducing the duration of unemployment. The effect of a placement on weeks of joblessness varied between -3.1 and -8.6 weeks, while the effect of a referral to placement was between +2.1 and -2.4 weeks.

Overall, the evaluation found that all six of the states had cost-effective public labor exchanges—i.e., the benefits of providing a PLX were considerably greater than its cost. While the benefit-cost ratios varied considerably, in all cases benefits exceeded cost by at least 20 percent. Specifically, the benefit-cost analysis was conducted with benefits calculated using only the value of placements (the lower-bound estimates) and with benefits calculated using both the value of placements and referrals to jobs (the upper-bound estimates). In all cases, the benefit-cost ratios were quite large, reflecting the fact that the numbers of placements and referrals were quite large, while costs were quite low per placement or per referral, generally below \$350. The net benefits of the programs for UI claimants, however, varied significantly between traditional and nontraditional programs because the nontraditional programs targeted disadvantaged workers, who generally are not UI claimants. Thus, Colorado had the smallest net benefits measured in dollars because only 5 percent of placements went to UI beneficiaries, while the percentages were much higher in Washington (35), Oregon (38), and North Carolina (23).

Comparing the traditional and nontraditional One-Stops, the study found that the job-matching services were better in the traditional sites operated by state ES staff. Specifically, three of Westat's findings included 1) a much higher percentage of job vacancies were listed in the traditional states, and these listings resulted in a greater ability to make placements; 2) the job-matching systems in the traditional sites had extra features that improved job matches, provided additional information, and were easier to use; and 3) the nontraditional, devolved system resulted in lesser use of statewide job-matching systems and in greater use of job development systems that emphasized special populations, rather than a general PLX that served a wider population (Jacobson et al. 2004).

With respect to automation of public labor exchange services, the evaluation found that the increased use of automated technology resulted in increased quality of job-matching services at lower cost. The study examined the national automated PLX system that the department developed in the mid-1990s—America's Job Bank. It found that the pooling of resources among the states that was done through America's Job Bank resulted in "high quality, enormous capacity, and low cost of systems" (Jacobson et al. 2004, p. 3). The evaluation found that "America's Job Bank (AJB) provides a high-quality nationwide system for job-seekers to view job listings submitted by employers and for employers to review resumes submitted by job-seekers" (Jacobson et al. 2004, Appendix C, p. C-7).

A key finding about America's Job Bank related to how it provided job-matching to low-wage workers. The study found that "AJB's successes have engendered a degree of rivalry with state-run and private PLXs. Because AJB provides free services that encourage use by small employers and employers hiring low-wage workers, profit-making service providers would have to be subsidized in some way to serve these groups. Given the low cost and high volume of AJB, it is doubtful that . . . private firms could provide the services more efficiently" (Jacobson et al. 2004, Appendix C, p. C-8). When the department shut down America's Job Bank in June 2006, there were no subsidies offered to private providers to serve low-wage workers.

## REEMPLOYMENT SERVICES RESEARCH SYNTHESSES FOR THE UNITED STATES AND AROUND THE WORLD

Most studies of job search assistance and other reemployment services have found that these services are cost-effective. The findings relate to three components of reemployment services—1) job search assistance, 2) the UI work test, and 3) claimant referral to job openings—and they reveal several common findings. All of these studies of the effectiveness of these programs consistently report low cost per customer served—in the hundreds of dollars or even less. Low cost is one key to the cost-effectiveness of WIA core services and public employment service interventions.

These reemployment services do not have a large impact on the human capital of participants. Generally, they do not have long-term impacts either. However, they do provide tools: incentives or sanctions that help to reduce the compensated duration of the UI program and speed the return to work. Even services resulting in a modest reduction in the duration of joblessness show a significant return on public investment when costs are low. Interventions that improve access of UI beneficiaries to job search assistance and to job referrals as well as strengthen the operation of the UI work test (such as with Reemployment and Eligibility Assessments) have the potential to increase the efficiency of state workforce systems. These three types of interventions also seem to have a synergy that reinforces their individual effectiveness when they are provided together as a comprehensive set of reemployment services.

Many researchers have synthesized the results of studies regarding job search assistance and have generally come to positive conclusions. LaLonde (1995) examines the effectiveness of training programs—job search assistance training, on-the-job training, and classroom training for youth, adults, and dislocated workers. He finds that job search assistance is cost-effective for dislocated workers and adult women and that JSA compares very favorably to other forms of short-term training.

The department's Office of the Chief Economist summarized the research results regarding job search assistance experiments conducted in Minnesota, Nevada, New Jersey, South Carolina, and Washington. The study concluded that “job search assistance clients found a new job

more quickly, and receipt of UI benefits was reduced . . . The program was cost effective for the government . . . Job search participants did not end up in lower-wage jobs than non-participants” (USDOL 1995b, p. 48). Job search assistance raised earnings because it speeded reemployment and thus increased the number of hours worked. Job search assistance did not adversely affect the workers, as was demonstrated by their not taking lower quality jobs—their new employment did not adversely affect wage rates.

A Congressional Budget Office (CBO) study (1993) also analyzed the growing importance of worker dislocation and assessed alternative methods for improving the labor market outcomes for dislocated workers. It, too, finds job search assistance to be effective: “Among the options that have been discussed for helping displaced workers . . . would be to tie eligibility for additional UI benefits to participation in some activity such as a job club or other program that helps participants find jobs faster. There is strong evidence that such assistance is effective in shortening the length of time that participants receive UI benefits.”

Meyer (1995) similarly reviewed a number of state and federal experiments. He finds that “the job search experiments . . . try several different combinations of services to improve job search and increase the enforcement of work search rules. Nearly all combinations reduce UI receipt and . . . increase earnings . . . The main treatments have benefits to the UI system that exceed cost in all cases, and societal level cost benefit analyses are favorable.”

Meyer recommends that job search assistance be made routinely available: “On the services side we should consider making job search assistance universal,” he writes. “The exact combination of services we should include is not completely clear, but job search workshops and individual attention by the same personnel seem promising.”

International reviews of active labor market policies in industrial nations have come to similar conclusions, finding that job search assistance is highly cost-effective. The International Labour Organization conducted an analysis of the use of active labor market policies (ALMP) around the world in developed and developing countries (Auer, Efendioğlu, and Leschke 2005). Examining the evidence on the effectiveness of training and JSA programs in the industrial nations from four evaluation synthesis studies, the analysis reaches the following conclusion:

These evaluation overview studies show that the effects of programmes on employment and wages are usually small and positive, but not always . . . In general ALMPs seem to be rather effective for women and labour market re-entrants, but seldom for youth . . . Wage subsidies to employers and employees seem to especially serve the needs of the long-term unemployed, while self-employment schemes and micro-enterprise development programmes often show more success among better qualified individuals and especially men. All in all, as job-search assistance is the most cost-effective measure, it should be intensively used over all phases of unemployment. (pp. 61–62)

In addition, “carefully targeted measures achieve better results than broad measures applying to everyone or larger groups” but they tend to serve fewer unemployed workers (Auer, Efendioğlu, and Leschke 2005, p. 65).

The OECD also conducted an analysis of active labor market policies, but only in the industrial member nations (Martin and Grubb 2001). The authors find the following:

Job-search assistance is usually the least costly active labour market programme . . . evaluations of social experiments from several countries (Canada, Sweden, the United Kingdom and the United States) show positive outcomes for this form of active measure . . . investment in active placement efforts and raising the motivation of the unemployed, as well as taking steps to encourage and monitor their job-search behaviour, pays dividends in terms of getting the unemployed back to work faster. While the optimal combination of additional job-placement services and increased monitoring of job seekers and enforcement of work test is unclear, the evidence suggests that both are required to produce benefits to unemployment insurance claimants and society. (p. 27)

These research findings were strong and convincing enough to make them an important factor in the enactment of the Unemployment Compensation Amendments of 1993, which included the Worker Profiling and Reemployment Services provisions. (See Chapter 4.) The effectiveness of providing job search assistance early won widespread congressional support for WPRS on its merits. These findings also supported federal budget requirements that new legislation should not have an adverse effect on the U.S. budget deficit. The research findings also provided evidence of the cost-effectiveness of Reemployment Services

Grants, which were added to the Wagner-Peyser Act program budget for program years 2001 through 2005—and again in 2009 as part of the American Recovery and Reinvestment Act.

## **LESSONS LEARNED FROM JOB SEARCH ASSISTANCE RESEARCH**

A number of lessons have been learned from the research dealing with reemployment services. A good deal of confidence exists in these lessons, as they are almost all derived from rigorous experiments that were conducted by the state workforce agencies and the department. The lessons can be summed up as follows:

- Workers who are permanently separated from their employers and who are likely to have difficulty becoming reemployed benefit from receiving help in returning to work. That help can come from a variety of reemployment services, whether it be a job referral, if a job is available, or providing separated workers (through a package of job search assistance) with the tools to search for a job on their own. At the same time, stronger enforcement of the UI work test can also reduce the compensated duration of unemployment and speed the return to work, and can be provided with or without accompanying mandatory referral to job search assistance.
- Providing a package of job search assistance (e.g., orientation, assessment, testing, counseling, job search workshops/job clubs, and follow-up services) can reduce the duration of unemployment. The cost of these services is low. Savings from reduced UI benefit payments and increased tax payments make providing these services cost-effective (Corson et al. 1989; Decker et al. 2000; USDOL 1990).
- For job search assistance to be cost-effective, participation must be mandatory. Otherwise, most workers who are offered the services will not participate, and the impacts derived from the remaining workers will be small (Corson et al. 1989; Decker et al. 2000).

- Required participation in job search assistance can be based on a standardized, comprehensive set of services or a customized set of services based on the development of an individual employability plan. A comprehensive package has a greater impact on reducing UI durations, but a customized package can also have a substantial impact if participation is carefully monitored and enforced. Without participation in a number of substantive services, job search assistance will not be effective (Corson et al. 1989; Decker et al. 2000).
- There is a synergy that results from calling dislocated UI claimants into the One-Stop center for job search assistance. In addition to offering job search assistance services, local office staff can provide immediate referrals to jobs from available job openings. Also, UI staff can use information, particularly from nonreporting or nonparticipation in JSA services, to enforce the UI work test (Decker et al. 2000).
- Cooperation between UI and One-Stop center staff can contribute to the effectiveness of providing reemployment services to UI claimants (Corson et al. 1989; Decker et al. 2000; USDOL 1990).
- Local office staff can refer worker-profiled UI claimants and others to job openings. In conjunction with job search assistance services, the referral to job openings can result in higher placement rates than are normally experienced (Corson et al. 1985; Decker et al. 2000).
- One indication of the positive longer-term effect of providing job search assistance is the fact, both in the United States and in the United Kingdom, that there have been positive effects on employment and earnings not only immediately after the services are received but in subsequent years (Corson and Haimson 1996; Dolton and O'Neill 2002).
- Two careful examinations of the details of how One-Stops operate (Mueser and Sharpe 2006; Stack and Stevens 2006) reveal that individuals benefit from lots of assessment and counseling services, whether they are hard-to-employ or more skilled workers. The nature and intensity of the assessment and coun-

seling may vary, but One-Stop centers still find that these reemployment services are needed to assist workers in returning to work.

- Stronger enforcement of the UI work test can reduce the duration of compensated unemployment, whether done separately or in conjunction with the provision of job search assistance. An enhanced UI work test can take the form of reporting to the One-Stop center and requiring UI claimants to demonstrate that they are able, available, and actively searching for work, as well as determining that they are still unemployed. It can also take the form of requiring a more intensive job search (Corson et al. 1989; Corson, Long, and Nicholson 1985; Decker et al. 2000; Johnson and Klepinger 1991, 1994; McVicar 2008). Such past research is an indication that treatments tested in the Reemployment and Eligibility Assessment pilots could prove to be cost-effective if they are properly designed, properly implemented, and thoroughly evaluated.
- Requiring UI claimants to report to a One-Stop center can reduce the duration of compensated unemployment. Enforcing the UI work test can be performed by One-Stop center staff or by UI staff if they perform eligibility reviews. Joint efforts by both One-Stop center and UI staff appear to be highly effective (Corson et al. 1989; Decker et al. 2000; USDOL 1990).
- A specific way to effectively increase the enforcement of the UI work test is to enhance the work search requirement by increasing the required number of job search contacts. Verifying a sample of those contacts can also reduce duration (Klepinger et al. 1998).
- The implication for WPRS is that, whereas providing reemployment services (a comprehensive JSA set of services, referral to job openings, and an enhanced UI work test) separately can be cost-effective, bringing together the three separate components of reemployment services can be more cost-effective, as there can be reduced costs and synergy for a program that provides all three sets of services to UI claimants.

- Rural access to One-Stop services is limited and depends heavily on the availability of affiliated One-Stops, which are mostly funded and staffed by the Employment Service. Satellite and unstaffed access points provide very limited services. Rural residents also have limited access to One-Stop services because of limited access to private and public transportation and the Internet (Dunham et al. 2005).
- The Employment and Training Administration endured a period of research suppression during the Bush years. Studies whose release was delayed include Almandsmith, Adams, and Bos 2006; Dunham et al. 2005; Jacobson et al. 2004; Mueser and Sharpe 2006; Stack and Stevens 2006; and many others. These studies' findings—as will be seen later—directly contradicted major legislative initiatives of the department that were proposed but not enacted during the Bush administration.

## Notes

1. Nineteen states participated in the Reemployment and Eligibility Assessment initiative in fiscal years 2006 and 2007 after Connecticut and Massachusetts dropped out of the program.
2. An Eligibility Review Program (ERP) is an interview conducted during an active claims period to explore the eligibility of the claimant, the degree of the claimant's attachment to the labor market, and the possibilities for reemployment.
3. In February 2005, the WIA study had been completed for some months. ETA approval to publish the study was suspended until after a Senate mark-up session dealing with WIA reauthorization. Both Republican and Democratic senators reacted sourly to the administration's reauthorization proposal, and they were displeased about the lack of publicly available WIA evaluations. Just prior to the session, ETA staff was directed to formally submit the study for approval to Assistant Secretary DeRocco. The morning after the mark-up, February 17, 2005, David Balducchi was tasked with contacting Richard Nathan and requesting that he promptly send the study summary to each member of the relevant House and Senate committees. Nathan did so, including a cover letter, on the same day. Soon after, the study was posted on the ETA Web site and in hard copy. If not for the congressional discomfort with the WIA reauthorization proposal, it is unlikely that the study would have received a timely release. The study findings were conveyed to Congress before ETA publication or public release, and it is the only known instance

where a third-party evaluator sent an ETA-sponsored study directly to Congress. (Richard P. Nathan, letter to Sen. Lamar Alexander [R-TN] and other congressmen, February 17, 2005; and David Balducchi, e-mail to the author, 2010.)

4. On the technical support Web site linked to the U.S. Department of Labor's ETA Web site under the heading of "Best Practices," links were provided to descriptions of Eligibility Review Programs in four states—Florida, Michigan, Tennessee, and West Virginia. Several other states also operate ERP programs. I accessed the site ([http://www.itsc.org/info\\_tech/infotech.asp](http://www.itsc.org/info_tech/infotech.asp)) in early 2006, but the Web page can no longer be found.
5. During the period 2005–2007, the Bush administration supported consolidation of WIA and Wagner-Peyser Act funding into a single funding stream for the state workforce agencies to provide CAAs from. The failed CAA proposal would have provided selected individuals with self-managed accounts to pay for training services—up to \$6,000 per eligible worker over a two-year period.
6. The Reemployment and Eligibility Assessment interviews in Minnesota are considerably more intensive than those received by other UI claimants. While the typical REA interviews provided to WPRS-eligible claimants last 20 minutes, other WPRS participants who are not assigned to the REA program receive an average of three minutes of individual attention following group orientations (Benus et al. 2008b, p. 16).