

UI Research Exchange



Unemployment Insurance
Occasional Paper 89-4

U.S. Department of Labor
Employment and Training Administration



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Occasional Paper 89-4

U.S. Department of Labor
Elizabeth Dole, Secretary

Employment and Training Administration
Roberts T. Jones
Assistant Secretary of Labor

Unemployment Insurance Service
Mary Ann Wyrsh, Director

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This publication was prepared by the Division of Actuarial Services, Office of Legislation and Actuarial Services, Unemployment Insurance Service, under the direction of Stephen A. Wandner. The editor of this issue is Esther Johnson. The material in this document was contributed by the Unemployment Insurance Service and State employment security agency staff and does not necessarily represent the official position or policy of the Department of Labor.

INTRODUCTION

The UI Research Exchange is published by the Unemployment Insurance Service (UIS) to increase the effectiveness of research throughout the UI program. To achieve this goal, the Exchange provides a means of communication among researchers and between researchers and policymakers. The Exchange is designed to be an open forum for all UI researchers.

The seventh issue contains a variety of research information. There are reports on a seminar, a study tour and a presentation on the development of expert systems. The Exchange includes the descriptions of twenty-five research projects in progress and seven completed projects. The UIS and the State agencies sponsored these projects.

Three contributed papers are included in this issue. The first paper, contributed by David Balducchi and Wayne Zajac of the National Office, discusses developing and implementing expert system technology in a UI operating environment. The second paper, contributed by Richard G. Tillema of the Wisconsin Department of Industry, discusses the probability that a State unemployment reserve fund will remain solvent. The third paper, contributed by the Colorado Department of Labor and Development, discusses the work search error claimant profile.

This issue also includes a section on research data and information sources and a section on financial and legislative developments. A supplement to the UI Research Bibliography, which lists UI-related research from the collection of the International Social Security Association, has been included.

Thanks to the contributors of this seventh issue. Special thanks to Ms. Rosalind Thomas, a member of the Summer Youth Employment Program, who typed much of our information. We look forward to broad based participation in the next issue. For a description of the format which should be followed when submitting materials and the person to submit materials to, see the Appendix.

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I. SEMINARS, MEETINGS AND SIGNIFICANT ACTIVITIES

A. QUANTITATIVE METHODS SEMINAR

A four and one-half day Unemployment Insurance (UI) Quantitative Methods Seminar for selected SESA staff was held in Tempe, Arizona during the week of May 22-26. Sample Design and Analysis was the topic covered. The seminar was taught by Robert D. St Louis and Richard K. Burdick of Arizona State University.

The subtopics discussed were design principles, sample survey design, descriptive data analysis, estimating percents and ratios, sample size calculations, comparing domains of populations, simple regression analysis, multiple regression analysis, observational studies, control strategies for observational studies, and experimental studies. At the end of each day the seminar participants worked on computer projects using the SAS statistical software. The computer projects were examples of how the lecture material might be applied to UI projects.

There were twenty participants representing eighteen States:

<u>Region I</u>	David E. Wilson	Rhode Island
<u>Region II</u>	Jean Behrens	New Jersey
<u>Region III</u>	William Mezeger Shawn Berry	Virginia West Virginia
<u>Region IV</u>	Chip Mitchell Mike Payne Carolyn Reed Mary Rollins	Florida Alabama Tennessee Tennessee
<u>Region VII</u>	Tammy Berg Jack Kopf Tom McClure	Missouri Nebraska Kansas
<u>Region VIII</u>	Ginny Helfert Sharon Schnabel	Montana South Dakota
<u>Region IX</u>	Sally Chun Mark Marra	Hawaii Arizona
<u>Region X</u>	Jack E. Bonner Michale Hurst Robert W. McMahon Lloyd Williams	Idaho Alaska Washington Washington
National Office	Steve Marler	

B. SELF-EMPLOYMENT PROGRAM STUDY TOUR TO GREAT BRITAIN, FRANCE AND SWEDEN

Staff from ETA and four State employment security agencies visited Great Britain, France and Sweden to observe the operational details of those countries' self-employment programs as a first step in the design of four self-employment projects in the U.S., which began in 1989.

The study tour was conducted October 22 - November 5, 1988. Participants were able to observe three different self-employment programs in operation and to learn from each of them through comparison. They were also able to determine which components of these programs could be adapted to the U.S. environment and the process by which it could be done.

This study tour also resulted in the collection of legislation, procedures manuals, forms, reports and evaluations, all of which will be useful in developing demonstration projects in the U.S. The Washington demonstration project becomes operational in September, 1989.

C. AUTOCON '89 (Automation in Employment and Training Conference)

Wayne Zajac and David Balducchi, of the U.S. Department of Labor (DOL), along with representatives from the Kansas Department of Human Resources, gave a presentation on the development of expert systems at AUTOCON '89, May 24-25, 1989, in Chicago. A demonstration of the Kansas Expert System prototype was included in the presentation. AUTOCON '89 was sponsored by Region V of the DOL Employment and Training Administration and the Illinois Department of Employment and Training. The conference, attended by several hundred employment and training professionals, focused on the applications of automation and technology to improve services and efficiency in operations. The expert system presentation and demonstration was well-attended with many questions relating to project development and the potential of expert systems in addressing operational issues.

II. RESEARCH PROJECT SUMMARIES

A. Research Projects Planned and in Progress

Study Title	Affiliation of Investigator	Page
Crossmatch	Montana Unemployment Insurance Division	7
An Evaluation of the Feasibility of a Sub-state Area Extended Benefit Program	Mathematica Policy Research	8
Expert Systems Demonstration Projects	U.S. Department of Labor ETA/UIS	9
Financing Unemployment Insurance in Kansas 1989-1997	Kansas Department of Human Resources/Research and Analysis	11
Geographic Shifts in the Incidence of Unemployment and Implications for Worker Adjustment	The Urban Institute	12
Kansas Nonmonetary Expert System	U.S. Department of Labor ETA/UIS	13
Legitimate Employer Tracking System	U.S. Department of Labor ETA/UIS	15
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Pennsylvania Reemployment Bonus Demonstration	Mathematica Policy Research	18
Performance Measurement Review (PRM) Project	U.S. Department of Labor ETA/UIS	19
Potential Agricultural Worker Survey	Mathematica Policy Research	20

II. RESEARCH PROJECT SUMMARIES

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Pennsylvania Reemploy- ment Bonus Demon- stration	Mathematica Policy Research	18
Performance Measure- ment Review (PRM) Project	U.S. Department of Labor ETA/UIS	19
Potential Agricultural Worker Survey	Mathematica Policy Research	20

Study title

Crossmatch

Problem to be studied

Six percent of the claims audited by Quality Control in 1988 had earnings misreported by claimants while they were drawing partial benefits. At the end of each quarter, claimant records are "crossmatched" against employer tax reports to catch misreported earnings. Twenty to twenty-five percent of the Earnings Verification forms the Claims Investigation Section of the Montana Unemployment Insurance (UI) Division sends to employers are not returned.

Method

The UI Division is surveying those employers that have not responded to the earnings verification form. When the survey is complete, the results will be studied to determine which areas of the form or instructions can be improved. The form and/or instructions will be changed and mailed to employers in the next scheduled mailing. The response rate will be compared to the response rate for the old form. A cost/benefit analysis will be done and additional changes will be made, if necessary.

Expected completion date

October, 1989

Contact person

Sid Woldtvedt
Unemployment Insurance Division
Planning and Evaluation Bureau
P.O. Box 172
Helena, MT 59624
(406) 444-2582

Study Title

An Evaluation of the Feasibility of a Substate Area Extended Benefit Program

Authors

John L. Czajka, Sharon K. Long and Walter Nicholson, Mathematica Policy Research, Inc.

Date of Publication

July 31, 1989

Results

This study assessed the feasibility of developing and operating a program of extended Unemployment Insurance (UI) benefits at the substate level. The authors concluded that while there do appear to be gains in targeting to be achieved by focusing the EB program on local labor markets, these gains are most substantial during non-recessionary periods and cannot be secured without incurring significant implementation and operational costs. Other principle findings were as follows:

Substate programs produce more frequent status changes than statewide programs, raising the administrative costs.

At least a moderate level of disaggregation may be required to produce much improvement in targeting.

With a finer geographic disaggregation, substate programs concentrate fewer of their benefit payments in recessionary years.

Some aggregation of MSAs and nonmetropolitan areas is necessary to approximate labor market conditions.

Longer, relatively shallow recessions are likely to generate larger numbers of EB first payments under a substate program than a statewide program. Short steep recessions, such as the one in 1982-83, produce only slight differences between substate and State programs.

Because of the longer data preparation time, a substate program will respond less rapidly to changing economic conditions than does the current program; the authors estimate the additional lag at 6-8 weeks.

Availability

DOL/ETA/UIS, Room S4519, 200 Constitution Ave., NW, Washington, DC 20210 (202) 535-0222

Study Title

Expert Systems Demonstration Projects

Problem to be studied

The area of artificial intelligence and expert systems holds forth the promise of greater efficiency and better service for certain unemployment insurance applications. The Kansas Nonmonetary Expert System Project, while not yet totally complete, has shown enough promise to warrant additional examination of this relatively new technology.

Three expert system demonstration projects are being funded in FY 1989 and a fourth is under consideration. The three that are scheduled for development, testing and evaluation starting in September 1989 are:

Oklahoma -- DUA (disaster unemployment assistance) expert system for use in taking DUA claims and making decisions regarding eligibility.

Texas -- nonmonetary expert system which will enlarge upon the work done in Kansas by adding complexity to what the expert system can handle.

Missouri -- a covered employer expert system to assist in making decisions regarding whether the employer is a covered employer under the law or an independent contractor. This has great potential application in the UI tax arena.

Method

The same basic methodology will be used in the above projects as was used in Kansas. The approach is essentially the structured expert system development method in which the knowledge engineer works closely with the domain expert or experts to initially develop a prototype that can handle one or more cases. Additional complexity is added piece by piece until a much larger number of cases can be accommodated and the system rules established. After review of the prototype and the rules, the expert system will be field tested and the results will be evaluated.

Expected completion date

March 1991 for all projects

Contact

Wayne D. Zajac
Project Officer
U.S. Department of Labor
ETA/UIS
(202) 535-0222

Study Title

Financing Unemployment Insurance in Kansas, 1989-1997

Problem to be Studied

What course should the unemployment insurance financing structure in Kansas follow to maintain a sound, stable fund while fairly paying benefits to claimants and collecting contributions from employers.

Method

The study will be written in such a manner that a non-technician can gain an understanding of the elements which constitute unemployment insurance. It can be basically divided into five sections:

1. A review of the Kansas economy during recent years.
2. Claimant benefits and eligibility in Kansas.
3. The Kansas employer contribution plan.
4. A review of the 1981-1988 financial plan.
5. Assumptions and recommendations for the 1989-1997 planning period.

Expected Completion Date

Winter 1989 - Spring 1990

Investigator/Contact Person

William H. Layes or Thomas D. McClure
Kansas Department of Human Resources
Research and Analysis Section
401 Topeka Boulevard
Topeka, KS 66603
(913) 296-5058

Study title

Geographic Shifts in the Incidence of Unemployment and Implications for Worker Adjustment.

Problem to be studied

Past and current geographic patterns of unemployment and the changing underlying economic and demographic factors will be analyzed to determine future trends and composition of unemployment. The primary objective of the study is to determine what implications the projected unemployment trends will have in terms of workloads, organizational and administrative structure, program coverage and cost for the Unemployment Insurance (UI) Service, the Employment Service (ES) and the local service delinery areas (SDAs) of the Job Training Partnership Act (JTPA).

Method

The literature on regional economic models will be surveyed and a model (or models) selected and modified for the projection and economic analysis of the regional patterns over the next decade.

Expected Completion Date

December 1990

Name of Investigator

Wayne Vroman
The Urban Institute
2100 M Street, N.W.
Washington D.C. 20037

Contact Person

John G. Robinson
DOL/ETA/UIS
200 Constitution Ave., N.W. Rm. S4519
Washington D.C. 20210
(202) 535-0222

Study Title

Kansas Nonmonetary Expert System

Problem to be studied

Expert systems is a branch of artificial intelligence that seeks to replicate as closely as possible the human decision making process. In an expert system, knowledge is gathered through intelligent questioning and judgements or decisions can then be made by the expert system through the application of the system rules. The rules of the expert system represent the thought or decision making process of the human subject matter expert and are structured in a IF-THEN format. The Kansas nonmonetary expert system project is designed to determine whether an expert system can make accurate and consistent decisions about claimants eligibility for unemployment insurance benefits under Kansas law.

Method

A structured expert system development approach was used in this project. First, the expert system knowledge engineer gathered facts relating to the Kansas unemployment insurance law and claims processes. Next, the subject matter experts, or domain experts, were interviewed to ascertain what rules--formal or informal--were used in determining claimant eligibility for UI benefits. The rules were then written in an expert system software developmental package or "shell." This resulted in a basic prototype system which was reviewed by the domain experts and adjusted as needed. After two or three prototypes were reviewed, the testing phase was ready. Realistic testing in two local offices was conducted in order to gather case information to be used for evaluation purposes. This included the facts of each case and the decision rendered by the expert system. Each case is also reviewed by an experienced claims taker or adjudicator and followed through the appeals process. Information will thus be available for evaluating the initial accuracy of the expert system and how well the decision held up if appealed.

Expected completion date

March 1990

Contacts

Wayne D. Zajac
Project Officer
U.S. Department of Labor
ETA/UIS
(202) 535-0222

Geoff Hopwood
ERC, Inc.
3211 Jermantown Road
P.O. Box 10107
Fairfax, VA 22030

Study Title

Legitimate Employer Tracking System (LETS)

Problem to be studied

The LETS program is a computer software package that was developed by program staff in the Investigations Division of the California Employment Development (SESA). The program is written in a natural programming language of a data base software package (ADABAS). LETS contains several employer profiles which when matched against new employer registrations, would identify legitimate employers who may be prone to having fictitious employees on their payrolls. LETS is confined to the operation of the regular State UI program since only covered employees are verified. In addition to fictitious (ghost) employees, LETS also attempts to uncover fraud that may involve members of family owned businesses, self-employed individuals, corporate officers, new firms that take over old businesses and firms associated with illegal payrolling manipulations.

While LETS has been operating for a few years, on a limited scale, the system has not produced any schemes of worthwhile significance to date. With the volume of employers and claims activity in California, it is realistic to believe that the types of fraud that LETS would uncover do exist and that refinements of the present systems could lead to productive results.

Method

Recognizing the value of such a program, the ETA assisted the SESA by sponsoring a research project that: (1) reviews the present system, (2) runs tests on the profiles now used, (3) eliminates profiles that are nonproductive and (4) develops new profiles or upgrades present profiles that would enhance the operations of the LETS program.

To carryout this research project, a cooperative agreement was arranged with the SESA and Federal funds were made available for the SESA to solicit for outside-contractor assistance. The SESA has awarded a contract to Robert Proctor and Associates for the needed services. As a final output of this project, the refined software package would be made available to other SESAs who express a desire to use it.

Expected Completion Date

September 30, 1989

Contact Person

Robert Gillham
Chief, Payment Control Group
U.S. Department of Labor/ETA/UI
Frances Perkins Building - Rm. S-4516
200 Constitution Avenue, NW
Washington, D.C. 20210
(202) 535-0616

Study title

Misreported Earnings

Problem to be studied

Six percent of the claims audited by Quality Control in 1988 had earnings misreported by claimants while they were drawing partial benefits.

Method

Existing Quality Control data will be reviewed and evaluated. Local Job Service offices will be surveyed to determine what information is being given to claimants.

The claim card and instructions for filing will be reviewed. Other States will be surveyed for alternative methods of reporting earnings.

The information that is gathered will be analyzed and recommendations made. A cost/benefits study will be done for each recommendation. Each recommendation that is determined to be cost-effective will be implemented in test offices around the State. The results will be monitored for six months and the error rates compared to the error rates of offices using the current procedures. The test results will be analyzed and the most effective method implemented state wide. Analysis and changes will be on-going as required.

Completion date

July 27, 1990

Contact person

Sid Woldtvedt
Unemployment Insurance Division
Planning and Evaluation Bureau
P.O. Box 1728
Helena, MT 59624
(406) 444-2582

Study Title

Pennsylvania Reemployment Bonus Demonstration

Problem to be Studied

This demonstration is studying the effects of offering selected claimants a reemployment bonus in combination with a job search workshop. The basic research question is whether a bonus and workshop will induce the claimant to seek and obtain work faster than would otherwise occur. This study is a variant of the demonstration recently completed in New Jersey and of the on-going reemployment bonus demonstration in Washington State.

Method

The demonstration is being conducted in twelve local offices in Pennsylvania. A random sample of claimants is being offered variants of a bonus payment and a job search workshop. The variants, or treatments, consist of different combinations of bonus amounts using a multiple of the weekly benefit amount and bonus qualification periods of either six or twelve weeks. The job search workshop component is voluntary and claimants can receive the bonus without participating in the workshop. A control group of claimants is used so that a valid statistical evaluation can be made. A pilot study was used to validate procedures and the automated tracking system. A follow-up survey will also be conducted to collect data not available from normal operations.

Expected completion date

June 1991

Contact Persons

Wayne Zajac
U.S. Department of Labor
ETA/UIS
(202) 535-0222

Fran Curtin
Pennsylvania Department of Labor and Industry
(717) 783-2245

Study title

Performance Measurement Review (PMR) Project

Problem to be Studied

How to improve the UIS oversight system to assure it: a) covers all facets of the Department's responsibilities; b) is being administered appropriately and timely; and c) that the performance measures are true indicators of SESA UI performance.

Method

Contractor study complemented with Federal and State input.

Expected Completion Date

July 1992

Contact Person

James Laham
200 Constitution Avenue, N.W.
Rm. S-4516
Washington, D.C. 20210
(202) 535-0616

Study title

Potential Agricultural Worker Survey

Problem to be studied

The potential availability of rural and/or low skilled unemployed workers for farm work.

The Immigration Reform and Control Act of 1986 requires the Secretary of Labor to assess the potential availability of rural and or low skilled domestic (as opposed to alien) unemployed workers for farm work at various wages and under varying working conditions. This survey is to assist the Secretary in this task by assessing the attitude about farm work from a sample of unemployment insurance (UI) recipients who live in counties with significant agricultural activity.

Method

The basic methodology is a telephone survey of a random sample of UI recipients residing in rural, agricultural counties. Based on 1982 Census of Agriculture, 633 counties were chosen as the universe of "agricultural" counties. The criteria for inclusion was that a county had to have an annual payroll of at least \$750,000 in SIC codes 016, 017, and 018 (vegetables, fruit, and horticulture) as reported in the 1982 Census of Agriculture. Next, "rural" UI recipients were defined as UI recipients who were from these 633 counties. A sample of 15 States was chosen with probability proportional to their importance in terms of fruit, vegetable, and horticultural payroll. Sample sizes of UI recipients for each of these 15 States were selected so as to be proportional to their "rural" UI recipient population during calendar year 1988. The total sample size is 2,500 individuals who had received UI during calendar year 1988.

Expected completion date

September 30, 1989

Investigator/contact person

Investigator
Walter Corson
Mathematica Policy Research Inc.
P.O. Box 2393
Princeton, N.J. 08543-2393
(609) 275-2398

U.S. Department of Labor contact - Joseph E. Hight Office of
Assistant Secy. Policy,
U.S. Department of Labor
200 Constitution Ave., N.W.
Washington, D.C. 20210
(202) 523-6049

Study title

Reemployment Services for Unemployed Workers Having Difficulty
Becoming Reemployed

Problem to be Studied

To gather information about State programs that utilize the
Unemployment Insurance (UI) system to provide reemployment
services or benefits to unemployed workers having difficulty
becoming reemployed.

Expected completion date

September 1989

Contact Person

Investigator

Esther R. Johnson
DOL/ETA/UIS

John G. Robinson
DOL/ETA/UIS
200 Constitution Ave., N.W. Rm. S4519
Washington, D.C. 20210
(202) 535-0222

Study Title

Report of Hire System

Problem to be Studied

Improper UI payments caused by unreported earnings

Method

A vigorous media campaign was initiated by the Quality Control Unit to acquaint Maryland employers with the Report of Hire System. Efforts included statewide press releases and an instructional letter to 1% of the State's approximately 100,000 employers. A Report of Hire postcard was developed that would enable a group of 1,000 employers (selection based on payrolls over \$1 million and an experience rating of 4.0%) to voluntarily notify the agency whenever employment activity occurs. Initially, 50,000 Report of Hire postcards were mailed to the participating employers. The employers were requested to complete and return the postage-paid cards to the agency. Our Central Processing Unit manually reviewed the cards to determine if the newly hired or recalled employee was filing for and/or receiving UI benefits during a week the employer reported earnings ("hits"). For the preliminary report period of July 1, 1988 to January 31, 1989, approximately 25,000 responses were received and investigated. Of the 266 "hits" consequently referred to the local offices for adjudication, 134 claimants were determined to be overpaid, with a recoupment value of \$30,000.

Expected Completion Date

Ongoing, with plans for automation and statewide implementation by the end of calendar year 1989.

Contact Person

Angelique Burkhardt, QC Supervisor
Maryland Department of Economic & Employment Development
1100 North Eutaw Street, Room 504
Baltimore, MD 21201
(301) 333-5500

Study title

State Trust Fund Cash Management

Problem to be Studied

How to improve State UI Trust Fund Cash Management utilizing modern banking practices, current ADP technologies, and sound cash management techniques while preserving the security and integrity of the State UI Trust Funds.

Method

Contractor study complemented with State input and independent analysis.

Expected Completion Date

October 1, 1989

Contact Person

James Herbert
200 Constitution Avenue, N.W.
Room C-4514
Washington, D.C. 20210
(202) 535-0216

Study title

Study of Cyclical Effects of Unemployment Insurance (UI) Program

Problem to be Studied

The purpose of this study is to conduct an indepth analysis of the cyclical effects of the UI program. The objective of the study is to answer the question: How effective is UI as an economic stabilizer in today's economy?

Methods

The recent literature on UI countercyclical analysis and relevant economic models will be reviewed. A conceptional framework will be developed for the study and a structural economic model selected and adapted to estimate the UI program's countercyclical effects and their future trends.

Expected Completion Date

November 1990

Name of Investigator

Bruce H. Dunsan
Metrica
2203 Timberlock Place, Suite 213
Woodlawn Texas, 77380
(409) 846-4376

Contact Person

John G. Robinson
DOL/ETA/UIS
200 Constitution Ave., N.W. Rm. S4519
Washington, D.C. 20210
(202) 535-0222

Study Title

Three-State Self-Employment Demonstration

Problem to be Studied

The objectives of this study are to identify potential UI exhaustees and to provide self-employment assistance; including self-employment allowances and business support services.

This project will test the feasibility of using the Unemployment Insurance system to promote self-employment among UI claimants expected to have difficulty becoming reemployed in wage and salary employment; and exhaust their unemployment insurance benefits. The demonstration will provide UI recipients with information that will assist them in determining whether they should undertake a business venture and if so; provide them with the necessary knowledge, skills, and resources. Claimants who elect to do so will be provided self-employment allowance payments on a periodic, weekly or bi-weekly basis equal to the amount of their regular UI benefits. Participants will also be provided business development services such as: training, seminars, counseling and technical assistance.

Method

Eligible UI recipients will be randomly selected into treatment and control groups. The intervention strategy that will be tested in the demonstration will be self-employment allowances plus supportive business services. The demonstration will also test screening and analytical techniques to detect claimants who are likely to exhaust their UI benefits and have difficulty becoming reemployed. These predictors may be used as operational screens, and will also be used as research tools for determining the impact on policy-relevant UI sub-populations. Data sources for the analysis will be the State Employment Security Agency's mainframe benefit payment system, project data resident on a project micro-computer, and two follow-up telephone surveys.

Expected Completion Date

December 1993

Contact Person

Jon Messenger (202)
DOL/ETA/UIS
(202) 535-0208

Study title

UI Exhaustee Study

Problem to be studied

The UI exhaustee is a component of the gap between the insured unemployment insurance rate (IUR) and the total unemployment rate (TUR). This relationship is of important policy concern during recessions and economic slowdowns because the IUR is used for legislation which extends the duration of unemployment insurance benefits during periods of high unemployment. Current information is needed on the characteristics of exhaustees, their labor market experiences before and after exhaustion, their UI program experiences, and the factors contributing to their continued unemployment. All of these factors must be compared and related to non-exhaustees.

Method

A representative national survey will be conducted to ascertain the information described above. The sample frame consists of individuals who received a first payment during a one-year period. A total of 2,000 exhaustees will be selected from a sample of 20 states. The States are selected randomly with probabilities of selection proportional to their number of exhaustees during 1987. States with more than 1/20 of the country's exhaustees are sampled with certainty and allocated a self-weighting sample of individual exhaustees. Data on exhaustees will come from agency records and from supplemental telephone survey. The supplemental questionnaire is needed to obtain information not available from agency records and includes items such as reasons for exhaustion, job search efforts, use of education and training programs, post-claim employment, spouse earnings, and demographic information.

Expected completion date

August 1990

Contact Persons

Wayne D. Zajac
Project Officer
U.S. Department of Labor
ETA/UIS
(202) 535-0222

Walter Corson
Mathematica Policy Research
P.O. Box 2393
Princeton, NJ 08540-2393
(609) 275-2398

Study Title

UI Tax Equity Project

Problem to be Studied

Solvency, adequacy and equity characteristics of Texas' Benefit Finance provisions.

Method

Methods will vary.

Expected Completion Date

Mid-Summer 1989

Contact Person

Robert McPherson, Associate Director
(512) 471-7891
Center for the Study of Human Resources
107 West 27th Street
Austin, Texas 78712

Study title

Unemployment Insurance Benefit Payment Errors

Problem to be studied

Earnings errors while claiming benefits

Methods

The purpose of the project is to determine specific causes of earnings errors; to determine which causes may be corrected or controlled by the Agency; and to develop recommendations based on the project findings to: (1) improve the Benefit Payment Control (BPC) Crossmatch; (2) develop agency training needs; (3) make changes in claims procedures; and (4) reduce errors overall in the UI program. The control group sample consists of all BPC and Quantity Control cases with earnings errors during the October - December 1988 quarter. A second sample will be selected approximately 90 days after training/corrective action takes place. Methods of analysis to be used include cross-tabulations to determine correlation for claimant profiling and frequency of occurrence reports.

Expected completion date

September 30, 1989

Contact person

Herman Sanders
UI Research Section Rm G-3
Arkansas Employment Security Division
P.O. Box 2981
Little Rock, AR 72203

Study title

Washington Alternative Work Search Experiment

Problem to be studied

Despite recent national interest in the role of the "active search for work" requirement in claimant reemployment, little data exists on the efficacy of different work search policies. This experiment randomly selected 10,000 claimants from one Job Service (JSC) into four treatment groups that represent different interpretations of the work search requirements. The claimants remain in treatment throughout the duration of their benefit year. Final analysis will include comparisons based on duration, exhaustion rates, subsequent employment, total benefit cost, and administrative cost for each group. Preliminary analysis is already in progress, although the study will not be complete until March of 1989.

Method

The Washington State Employment Security Department is conducting the experiment in the Tacoma JSC. The Battelle Memorial Institute for Human Affairs Research is under a contract to review and monitor the experiment. The W.E. Upjohn Institute for Employment Research is providing Employment Security with \$27,000 for the basic research and funding some of the Battelle functions. Upjohn plans to publish the results. The U.S. Department of Labor has provided a \$60,000 grant to support the research.

Treatment groups

A) WARRANT CERTIFICATION is designed to test exception reporting. Claimants are given all eligibility requirements and asked to report only exceptions to eligibility. They are given no specific instructions on work search methods and there is no routine review of eligibility. Payments are made automatically every two weeks, with the signature on the warrant as certification.

B) STANDARD TREATMENT issues a blanket directive to claimants to make three in person employer contacts and report them on the continued claim form. An eligibility review is set at the average duration of benefits, currently about 14 weeks.

C) NEW YORK SEARCH POLICY tests a new state reemployment policy developed by local labor markets to specify work search requirements and timing of services to individual

circumstances and occupations, making maximum use of referral to other ES placement and training programs. A specific employability plan is developed at eligibility review, with followup.

D) JOBFINDERS is an intensive four week program offered early in the claim that is designed to teach job finding techniques. A two-day job search workshop is followed by twice-weekly sessions on phone banks making employer contacts. Clients follow up on these contacts the same week.

Expected completion date

September 1989

Contact persons

Lloyd Williams or Kathy Countryman
(206) 753-3809

Study title

Washington Electronic Benefits Distribution Project

Problem to be studied

The Washington State Employment Security Department (ESD) is conducting a demonstration project that uses the latest technology in banking and electronics to pay unemployment insurance (UI) beneficiaries. This pilot project tests an automated telephone-activated claiming system, and allows UI recipients to withdraw benefit payments under a variety of electronic fund transfer arrangements. The pilot represents a new direction in UI processes since current procedures rely on paper processing.

An evaluation of the pilot will address the impact, cost-effectiveness, and potential for expansion. The system provides more convenience to claimants, and faster payments for those with routine claims. Staff freed from routine processing will be redirected to tasks that improve the quality of the UI system. The automated systems will increase ESD linkages with the private sector, especially banks and retailers.

Method

New claimants receive a personal identification number (PIN) and a computer coded benefits card at the time of their initial application for benefits. These claimants then have the option to claim by dialing a special toll free number and answering selected questions from an audio response unit. If any answers indicate a potential eligibility issue, the claimant is told to telephone a UI interviewer to resolve the problem.

For more than ninety percent of the claimants, however, the answers will indicate a claim that is problem free. These claimants will select their preferred method of payment: electronic transfer to a personal bank account, withdrawal through an automated teller machine (ATM), use of a point-of-service (POS) device through a participating merchant, or the "old-fashioned" method of a benefit check.

Expected completion date

Pilot Report - June 1989

Contact persons

Dan Reagan or Rosie Macs
(206) 586-8395

Study title

Washington Reemployment Bonus Demonstration (WREB)

Problem to be studied

The Washington Reemployment Bonus Demonstration is designed to analyze the effect of a reemployment cash bonus as motivation to unemployment claimants to find work faster. The study replicates and extends similar studies completed by the State of Illinois and New Jersey, which found that the services provided were cost effective in assisting UI claimants' return to work. Impact measures will include claimant benefit durations, wage comparisons, and cost/benefit analysis of differing bonus levels.

Method

The Washington study will focus on a claimant bonus, measuring the effect of varying bonus amounts and durations. The bonus will be available to those claimants who find work within the allotted time and retain the job for four months. Claimants are randomly assigned to six treatment groups and a control group. The treatments will include three levels of bonuses, to be set as a multiple of the weekly benefit amount and two durations for the return to work requirement. A one-month pilot began in February 1988, with the statewide study beginning in March 1988. Bonus offers stopped as of November 1988. Data sources used for the analysis will be the State Employment Security Agency's mainframe benefit payment system, project data resident on a project micro-computer, a follow-up telephone survey, and findings from similar demonstrations.

Expected completion date

December 1990

Contact persons

Wayne Zajac
(202) 535-0222

Pat Remy
(206) 586-8396

Study title

Washington Self-Employment Demonstration

Problem to be studied

This demonstration will study the effect of providing UI recipients with a lump sum payment equivalent to their entire UI entitlement. The cash payment for the project will come from a federal grant rather than the State Unemployment Insurance Trust Fund.

The success of similar programs in other industrialized nations has prompted interest in this alternative use of unemployment insurance. Britain's Enterprise Allowance Scheme was created to provide year-long maintenance payments to unemployed workers who begin their own business. Last year, more than 100,000 entrepreneurs took advantage of this program. In France, the Chomeurs Createurs program provides a lump sum payment to be used as seed capital or for personal expenses during the start-up phase of business. Federal, State and local policy makers in the United States are interested in the potential for job creation and economic development.

Method

A broad population of UI recipients will be provided with information on the realities of business ownership, to help them decide if they should undertake a business venture. An experimental design will then randomly assign interested claimants to control and treatment groups. Approximately 500 participants in the treatment group will receive business start-up training, technical assistance, and cash out of their remaining UI entitlement. A pilot will begin in late summer 1989, with implementation in other sites fall 1989. The demonstration will follow these participants for two years. Data sources used for the analysis will be the State Employment Security Agency's mainframe benefit payment system, project data resident on a project micro-computer, the State Business Assistance Center system, the State Department of Revenue mainframe system, and a follow-up telephone survey.

Expected completion date

August 1993

Contact persons

Jon Messenger
(202) 535-0208

Judy Johnson
(206) 753-1993

Study title

Weeks of Work

Problem to be studied

Twenty-eight percent of the cases audited by Quality Control in 1988 had base period wage or "weeks of work" reporting errors, causing a significant number of under and overpayments to claimants receiving unemployment insurance benefits. The main cause of these errors seem to be employers' lack of understanding of what constitutes a week of work. The law governing reporting requirements is complex and causes confusion on how and when to report wages and weeks of work.

Method

The ideal solution to this problem is a legislative change eliminating the weeks of work reporting requirement. A recent attempt to introduce a bill to change this law failed. The Unemployment Insurance Division will continue to push for a legislative change next session while looking for other short term solutions.

Three major areas are targeted for further study:

Employer Reporting: All written material that is currently used to describe or explain weeks of work reporting to employers will be reviewed and simplified if necessary. The importance of reporting correctly will be stressed.

A chart showing what quarter each day should be reported and an explanation of weeks of work will be included with all quarterly reports and sent to all firms that provide reporting services for employers.

Field representative roles will be reviewed and recommendations for enhancements to that role recommended.

Small Business Clinic presentations will be reviewed and recommendations for improving the weeks of work reporting portion made.

Claimant Involvement: Local Job Service offices will be surveyed to find out what information claimants are given regarding weeks of work. The Benefit Rights Information Booklet that is given to claimants will be reviewed and recommendations for improvements will be made.

The process of notifying employers of potential charges to their accounts and the procedures used to adjust wages will be reviewed and recommendations for changes made.

Other Areas: Other States are being surveyed to determine if they have any methods that warrant investigation for use in Montana.

A study will be made of using a computerized program to produce error reports for all employers that report 12 weeks of work for all employees.

When the above procedures are completed, a cost/benefit analysis will be done. Based on the results of this analysis, recommendations for changes will be presented to the Unemployment Insurance Management Team.

Completion date

July 14, 1989

Contact person

Sid Woldtvedt
Unemployment Insurance Division
Planning and Evaluation Bureau
P.O. Box 1728
Helena, MT 59624
(406) 444-2582

Study title

Work Search

Problem to be studied

Claimants failing to make the required work search is the largest cause of errors in terms of dollars overpaid to claimants. While employers insist on requiring claimants to make a work search, they also object to the inconvenience caused by the large number of claimants applying for work. The effectiveness of a work search requirement is also in doubt.

Method

Current Quality Control data will be reviewed. Local Job Service offices will be contacted to determine what work search instructions are being given to claimants. Claimants and employers will be surveyed to determine how effective our work search requirements are in meeting the goal of moving claimants into employment. We will survey other states to determine methods that could be used in Montana.

The information gathered will be analyzed and options prepared. A cost/benefit study will be done on each option. The cost-effective options will be implemented in test offices throughout the state. The test results will be compared to offices using the current procedure. Several methods will be tested. A cost/benefit study will be done for the various test results and recommendations will be made.

Completion date

August 31, 1990

Contact person

Sid Woldtvedt
Unemployment Insurance Division
Planning and Evaluation Bureau
P.O. Box 1728
Helena, MT 59624
(406) 444-2582

Study title

Work Search

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Completion date

August 31, 1990

Contact person

Sid Woldtvedt
Unemployment Insurance Division
Planning and Evaluation Bureau
P.O. Box 1728
Helena, MT 59624
(406) 444-2582

B. Research Projects Completed

Study Title	Affiliation of Investigator	Page
An Examination of Declining UI Claims During the 1980s	Mathematica Policy Research	40
Bar Coding/Light Pen (BC/LP) Pilot Project	Pennsylvania Department of Labor and Industry	42
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Compendium of State Unemployment Insurance Operations, Organizations, and Relationships	Research and Evaluation Associated, Inc.	45
New Jersey Unemployment Insurance Reemployment Demonstration Project	Mathematica Policy Research	46
Referral of Long-Term Unemployment Insurance (UI) Claimants to Re-employment Services	Macro Systems, Inc.	48
Transfer QC Data From the DEC to an IBM PC	Montana Unemployment Insurance Division	50

Study title

An Examination of Declining UI Claims During the 1980s

Authors

Walter Corson, Mathematica Policy Research, Inc.
Walter Nicholson, Amherst College

Date of Publication

1988 (UI Occasional Paper 88-3)

Results

After declining gradually from the 1950s through the 1970s, the proportion of the unemployed claiming UI benefits dropped sharply in the early 1980s. While the long-term decline can be explained by changes in the composition of the labor force, the recent decline has been more difficult to explain and was the focus of this study.

The study found that there is no single overriding explanation for that decline. The authors identified five major factors that contributed to the relative decline in insured unemployment in the 1980s. First, many States tightened up their eligibility and disqualification rules, partly in response to financial pressures. These changes had a direct effect on insured unemployment as well as discouraging some workers from applying for benefits. Second, partial taxation of UI benefits began in 1979 and was expanded in 1982, somewhat reducing the incentive to collect benefits. Third, the proportion of the unemployed from the manufacturing sector has declined. These workers are more likely to claim benefits than others. Fourth, there have been changes in measured total unemployment that did not affect UI claims. Fifth, the unemployed in the 1980s were more likely to be in states with historically low proportions of UI collection than those in the 1970s.

The study estimated the proportion of the insured unemployment decline attributable to each factor, but some of the estimates have a wide range of uncertainty.

Method

The bulk of the analysis was done using a pooled time-series cross-section regression approach to measure the effect of changes in various factors on the ratio of insured to total unemployed. This technique allowed a large number of

explanatory variables to be used as well as taking advantage of differences among States. Dummy variables were used to measure the unexplained portion of the decline in the ratio. As variables were added to the model, the reduction in the size of these dummies served as a measure of the ability of those variables to explain the decline.

The data used in the regression analysis was primarily quarterly aggregate State data from required UI reports and from the Current Population Survey for 1971-86. In addition, variables describing State laws were constructed from a chronology of State law changes maintained by UIS.

A separate complementary analysis was done using data on individuals from the Panel Study of Income Dynamics for 1980 and 1982.

Availability

DOL/ETA/UIS
Room S4519
200 Constitution Ave., NW
Washington, DC 20210
(202) 525-0222

Study Title

Bar Coding/Light Pen (BC/LP) Pilot Project

Author

UI Programs Division of the Bureau of Unemployment Compensation
Benefits and Allowances

Date of Report

April 15, 1989

Results

The BC/LP Pilot Project involves the use of hand held bar code readers ("light pens") to process laser printed mail claim forms reflecting bar coded claims processing data. The current mail claims are line printed turnaround documents ("easymailers") that are processed by typing appropriate data from the forms into computer terminals. The pilot project was studied over a 12 day period in our Interstate Claims Office using liable State continued claims. The purpose of the study was to determine the potential savings and advantages of light pen processing of laser printed forms versus keyboard processing of easymailers.

The results of the project indicated that the average number of mail claims processed per hour by the typing method was 360 while the average number processed hourly by light pen was 540. This represents a potential 1/3 increase in productivity.

The staff that consistently used the bar code reader became proficient in using the device in a short period of time. Individuals who used the light pen only on an intermittent basis had some difficulty in achieving proficiency in its use. Comments from the staff that used the device on a continual basis were generally positive.

In addition to the increase in productivity, the project demonstrated that mail claims processing via light pen eliminates data entry errors, since none of the claims processing information is typed. This results in improved service and greater efficiency due to a reduction in computer response time because of the reduced number of input transactions.

In addition to the advantages of light pen processing, the pilot project also demonstrated the benefits of laser printed mail claims. These include greater flexibility due to the ability to make changes to the forms immediately, rather than waiting until the next reorder of easymailers from the vendor.

Method

It was hypothesized that mail claims processing via light pen input of bar coded claim data would be faster and more accurate than the typing method due to the potential elimination of typographical errors and the increased speed of direct input. It was anticipated that the expected time savings and increased processing accuracy would result in an overall improvement in staff productivity, efficiency and the quality of service to Pennsylvania's unemployed workers.

In order to conduct the test, it was necessary that the laser printed form reflect a bar code containing all necessary claim processing data i.e. claimant's social security number, claim week ending dates, effective date of the application for benefits, and type of program (regular UC, EB, TRA, etc.). The bar coding/laser printing was done in-house by the agency's data processing staff.

Except for bar codes, the laser printed mail claim forms contain the same information as the line printed easymailers. However, unlike the easymailer turnaround forms, which are ready for mailing when generated, use of the laser printed version required that: 1) the Interstate Claims Office's return address be printed on the return envelopes for the laser printed forms; and 2) the laser printed forms be tri-folded and inserted into a window envelop, along with the return envelope, prior to mailing.

The project was evaluated while in progress, over a 12 day study period. During this evaluation, it was determined that the average number of mail claims processed per hour using the typing method of data entry was 360. The same staff members were able to process an average 540 mail claims per hour during the 12 days reviewed. This represents a potential 33% increase in productivity. At best, one individual who became very proficient in using the bar code reader, was able to increase his productivity from an average of 360 mail claims per hour to an average of 1300 mail claims per hour; an almost 300% increase in productivity.

Contact Person

Bryan M. Diehl, Head Claims Section
Labor & Industry Building
Room 418
7th and Forster Streets
Harrisburg, PA 17121
(717) 783-1351

Study title

Claimant Survey

Problem to be studied

The objective of this study was to find out what unemployment insurance claimants thought about the UI program, the Job Service offices, service, attitude and any suggestions they had for improving the system.

Method

Using a scientific random sample method, we selected 900 claimants who had applied for benefits within a year to participate in a telephone survey. Of these 900 names, we required 500 completed survey responses. We contracted with an independent firm to conduct the survey. This firm provided us with raw results which we fed into "Pollstart," a software program designed for public opinion polling. Claimant demographics were entered as well as the survey answers. Crosstabs were run and the results analyzed and recommendations were made.

The information we received from the claimant survey is a valuable tool we will use for years to come. Several ideas are currently being considered. Cost/benefit analysis of recommendations are being conducted and changes will be implemented as appropriate.

Completion date

The Survey Report was completed in February, 1989.

Contact person

Raini Williams
Unemployment Insurance Division
Planning and Evaluation Division
P.O. Box 1728
Helena, MT 59624
(406) 444-2747

Study title

Compendium of State Unemployment Insurance Operations,
Organizations, and Relationships

Author

Research and Evaluation Associates, Inc., Chapel Hill, N.C.,
under contract to the Department of Labor.

Date of Publication

July, 1989

Results

The Compendium was prepared to provide information on key unemployment insurance (UI) practices in the States, which, heretofore, has not been available in a single compilation.

The information, which is presented in a tabular format, can be: (1) a source for State legislative changes; (2) a repository of the latest operating procedures where broad comparisons of State practices can be useful or researched when procedural changes are contemplated ; (3) a reference for providing answers to inquiries from State and Federal legislators; and (4) a source of information that may be used for UI program and/or budget analysis.

It is planned to update the Compendium on an annual basis.

Method

Questionnaire completed by all State Employment Security Agencies and data extracted from other State agency reviews or reports.

Availability

Very limited. Report primarily prepared for use by State and Federal staff.

Contact Darryl Bauman

U.S. Department of Labor, Unemployment Insurance Service
Room C4514

Frances Perkins Building

200 Constitution Ave., Washington D.C. 20210

(202) 535-0196

Study Title

New Jersey Unemployment Insurance (UI) Reemployment Demonstration Project

Authors

Walter Corson, Paul T. Decker, Shari Miller Dunstan, Anne R. Gordon with: Patricia Anderson, John Homrighausen

Date of report

April 1989

Results

Estimates of the effects of the impacts of the treatments on UI show that all three treatments reduced the amount of benefits collected over the benefit year; by \$87 per claimant for the first treatment, \$81 for the second, and \$170 for the third. These findings suggest that all the treatments were successful at reducing the time spent on UI and that the bonus offer provided an extra incentive to become reemployed. Data on the timing of these impacts indicate that the rate at which individuals exited from the UI system increased primarily during the early part of their claim spells. This was during the period in which intensive job search assistance was provided.

All three treatments also increased employment and earnings during the year following the initial UI claim. The training offer did not appear to contribute to the increases in employment and earnings (perhaps because insufficient time had elapsed for the effects of training to take place), while the reemployment bonus appeared to have a small effect. The increases appear to have occurred mainly because of mandatory participation in the job search assistance program.

Three additional findings should be noted. First, an important element of the treatments was the requirement that claimants report for the initial job search assistance services. Second, service delivery required strengthening linkages among the UI, ES, and JTPA. Third, the treatments were most successful in promoting the reemployment of individuals with marketable skills and less successful for individuals who face structural unemployment problems.

The benefit-cost analysis indicated that all three treatments offered net benefits to society as a whole and to claimants when compared with existing services. The JSA-only and the JSA plus reemployment bonus treatments also led to net gains to the

government sector as a whole, although none of the treatments led to net benefits to the Labor Department agencies which actually offered the services.

Method

The purpose of the project was to examine whether the UI system could be used to identify displaced workers early in their unemployment spells and to provide them with alternative early intervention services to accelerate their early return to work. Three packages of services were tested: (1) mandatory job-search assistance only, (2) mandatory job-search assistance combined with training or relocation assistance, and (3) mandatory job-search assistance combined with a cash bonus for early reemployment. The project tested the hypotheses that these treatments would result in a significant reduction in average weeks of unemployment and in weeks of UI benefits paid for the treatment groups in comparison with a control group.

Participants who passed certain eligibility screens designed to identify claimants likely to experience difficulty in becoming reemployed were randomly assigned to the three treatment groups and to the control group. Based on these requirements, about one-quarter of the claimants who received a first payment were eligible for demonstration services. Claimants in all three treatment groups were offered and expected to participate in: orientation, testing, a job-search workshop and an individual assessment/counseling interview. A resource center was also established in each office to provide job-search materials and equipment (such as telephones) to assist claimants in their job search.

Claimants in the first treatment group received only job-search assistance services.

Individuals in the second treatment group were offered classroom training, on-the-job training or relocation assistance by JTPA staff. About 15 percent of this group participated in training; very few received relocation assistance.

Individuals in the third treatment group were offered a reemployment bonus which was larger, the quicker reemployment occurred. About 19 percent of those offered the bonus received it.

Availability

DOL/ETA/UIS
200 Constitution Ave, NW Room S4519
Washington, DC 20210
(202) 535-0222

Study title

Referral of Long-Term Unemployment Insurance (UI) Claimants to Reemployment Services

Authors

Philip Richardson, Albert Irion, Arlen Rosenthal and Harold Kuptzin

Date of Publication

Revised, February 1989

Results

This project analyzed the feasibility of developing a program to address the problem of long-term unemployed workers. Provisions of reemployment services later in the spell of unemployment were examined as well as linkages between UI and ES/JTPA programs and services. Program options and costs are included in the report's recommendations. Major recommendations for improving coordination of reemployment services to long-term unemployed UI claimants include:

An integrated service delivery system at a single facility;

Availability of reemployment services from the beginning of the claim period;

Provision of individual in-depth assessments and a flexible program of service to meet individual needs;

Better use of the Eligibility Review Program (ERP) to identify reemployment problems and to refer claimants to services; and

Continuous tracking and targeting of UI claimants throughout the claim period to specialized services such as job search assistance.

Method

Telephone interviews were conducted with samples of UI claimants in 10 States approximately 4 to 6 months after they had reached the last 5 weeks of their benefit periods. Data were also gathered in the 10 States by in-person interviews with State and local program officials.

Contact Person

John G. Robinson
DOL/ETA/UIS200 Constitution Ave., N.W. Rm. S4519
Washington D.C. 20210
(202) 535-0222

Study title

Transfer QC Data From the DEC to an IBM PC

Problem to be Studied

The information stored on the Quality Control DEC is not readily available or easy to use. The software on the DEC is cumbersome and not user friendly.

Method

Develop a method of transferring the data from the DEC to an IBM PC for use on a Dataease data base.

Completion date

Completed August, 1988

Contact person

Annette Williams
Unemployment Insurance Division
Planning And Evaluation Bureau
P.O. Box 1728
Helena, MT 59624
(406) 444-3266

III. CONTRIBUTED PAPERS

DEVELOPING EXPERT SYSTEM TECHNOLOGY IN AN UNEMPLOYMENT INSURANCE OPERATING ENVIRONMENT

by

David Balducchi and Wayne Zajac*

Background

Unemployment insurance (UI) is a state operated income support program that provides limited benefits to qualified workers who lose their job through no fault of their own and who are looking for work. Benefits are paid as a matter of earned right and are not based on individual or family need.

The UI system consists of 53 cooperating state programs. In 1988, over \$12 billion was paid to approximately six million unemployed workers. Under common federal guidelines, state law sets forth the conditions which determine worker eligibility. In determining eligibility, an act or circumstance that is potentially disqualifying is called a "nonmonetary issue." A circumstance surrounding a worker's job loss is called a "separation." And, a situation where a worker chooses to leave a job when continuing employment is available is called a "voluntary quit."

Two UI experiments relying on a form of artificial intelligence are the subject of this paper. These experiments were designed to test the use of expert systems to assist UI claims adjudicators in determining worker eligibility. Expert system technology is a branch of artificial intelligence which captures human reasoning in a computer. Expert system experiments at both the U.S. Department of Labor in Washington, D.C. and at local offices of the Kansas Department of Human Resources sought to provide UI claims adjudicators with consistent and accurate fact finding and decision making capabilities.

State employment security agencies contemplating the development of expert system technology need to be mindful of the management issues and organizational responses which drive success or failure. The developmental path is fraught with high-tech mistakes. Today's expert system software can produce "builder over-confidence" in providing quick results. Such software provides the builder with attractive alternatives and concrete solutions. However, while these quick solutions may produce accurate responses from illogical reasoning in simple cases, they are destined to produce inaccurate responses under complex conditions. The design and development hazards singular to UI operations are unmapped and plentiful.

The lessons learned in two UI expert system experiments may help public administrators. The field of UI expert system research is in its infancy. The preliminary thumb rules discussed are based on the experiences of a pair of plodding UI observers. Therefore, these rules are by no stretch of the imagination axiomatic.

In the near future, the scope of UI expert system research will expand to other State agencies. From the results of these new research experiments, we hope to craft a solid administrative paradigm which will guide the implementation of UI expert systems into the 1990's. While no adequate UI expert system road map exists, these recommendations are our attempt to fill the administrative void.

In May 1989, a national automation conference for employment and training programs was held in Chicago, Illinois. The conference, called Autocon'89, was jointly sponsored by the U.S. Department of Labor's Chicago Regional office for Employment and Training and the Illinois Department of Employment Security. The conference provided an ideal forum for representatives of the Kansas Department of Human Resources, U.S. Department of Labor, and Evaluation Research Corporation to describe the research underway in developing and testing a UI nonmonetary expert system and to demonstrate the prototype.

The Chicago exhibition exceeded the authors' expectations. Conference participants expressed keen interest in the Kansas UI expert system. Discussions with employment security officials fostered observations on both potential uses of expert systems in UI operations and guideposts for their design and development. The idea for this short primer on UI expert system project management arose out of those discussions. However, the origins of this paper date back to the early 1980's.

Experimentation

In 1983 a small group of contractors and UI program specialists located in Washington, D.C. first became interested in furthering the automated capability of UI nonmonetary decision making. This pioneering group believed that it could be possible for an expert system to provide UI claims adjudicators with automated fact finding and automated decision making. During that time, a simple experiment was conducted. The project team developed an expert system using a single nonmonetary separation issue. The experiment successfully demonstrated that an expert system could be developed using the District of Columbia's UI law for a nonmonetary issue arising out a labor dispute. This limited expert system was able to make an accurate decision.

As a result of this rudimentary laboratory effort, the U.S. Department of Labor began considering an expanded research program. The scope of this expanded research was to perform an extensive evaluation to determine the effect of incorporating expert system technology into a UI operating environment. Such an evaluation would provide research data from which federal and state policy makers could make informed judgments. These judgments could help administrators determine whether to incorporate expert system technology into a state agency's existing UI operating environment. In October 1987 with the selection of Kansas as a test site, work finally commenced on the development, testing and evaluation of an expanded UI nonmonetary expert system.

The purpose of the Kansas agency experiment was to test the feasibility of developing a functional nonmonetary expert system in an authentic UI operating environment. We believed that certain elements existent in the Kansas agency's UI operating environment helped to ensure that adequate testing could be conducted. These elements were:

- o Existence of highly automated nonmonetary determination process;
- o High degree of clarity in its state UI law, regulations and policies for nonmonetary issues;
- o Development team consisting of individuals thoroughly familiar with the state's UI law and operating procedures; and
- o Nonmonetary decision making decentralized to local office claims adjudicators.

The nonmonetary expert system was developed using the voluntary quit segment of worker separations. In the Kansas agency, voluntary quit separations represent a dominant nonmonetary adjudicatory workload. The scope of nonmonetary issues to be tested consisted of eleven exceptions to voluntary quit disqualifications at Kansas Statutes Annotated (K.S.A.) 44-706. The issues raised by these eleven exceptions represented approximately 50 per cent of voluntary quit separations adjudicated. They include:

- o Illness or Injury
- o Left Temporary Work
- o Enlistment in Armed Forces
- o Transfer of Spouse
- o Hazardous Conditions
- o Entry into Approved Training
- o Unwelcome Harassment
- o Better Job Offer
- o Request to Violate Statute
- o Violation of Work Agreement
- o Personal Emergency

Simply stated, the nonmonetary expert system was designed to assist UI staff in determining whether a claimant is eligible for benefits. The design and development of the expert system software was completed in September 1988. A controlled experiment was conducted in the Kansas City and the Overland Park local offices. Claimant fact finding interviews using the expert system were conducted for 141 voluntary quit exceptions during the study period. Field testing of the expert system software was completed in April 1989.

Evaluation of the UI nonmonetary expert system is in the final stage. Preliminary findings indicate that the expert system performed exceptionally well during the course of the test. Final results of this experiment should be available in January 1990. However, quantitative results don't tell the whole story.

In the Kansas experiment, the study focus was aimed at fact finding and decision making. Design of the expert system was based on several administrative credos which underpinned the development of the entire project. As project managers:

- o We did not want to replicate the Kansas agency's existing automated nonmonetary determination process. We wanted to test the decision making aspects of the expert system.

In the Kansas agency, an automated notice of determination is completed containing the decision, the period of disqualification, if applicable, a summary of facts and reasoning for the decision and the claimant's appeal rights. Determinations are generated in a standard format from a mainframe computer after minimal input of information through a local office terminal. What the agency had not automated was the fact gathering and human decision making process.

- o We believed that the technology of expert systems could play a vital role in linking the fact gathering and decision making aspects of adjudication to the automated determination process. Therefore, a major component of the knowledge acquisition process was developing an appropriate "line of inquiry." In order that claims adjudicators could gather the essential facts, the "line of inquiry" had to be represented in the expert system.

In describing this aspect of knowledge acquisition, we referred to it as "automating the Guide Cards for Nonmonetary Adjudication." In most state agencies, Guide Cards containing key questions have been developed to help adjudicators gather the necessary facts. This informal characterization provided a valuable reference point for the development team.

- o We wanted an environment where local office staff were acquainted with automated nonmonetary determinations. We wanted to ensure that the learning experience was devoted to testing the expert system's vitality.
- o we didn't want the expert system to produce an appealable nonmonetary determination. The Kansas agency already had such a system in place. We wanted the expert system to assist the claims adjudicator in deciding whether or not a claimant was eligible or not eligible for benefits based on the facts gathered from the expert system "line of inquiry" and Kansas law. The experiment's end product was a decision and not a nonmonetary determination. We called these decisions "preliminary findings." Beyond that, it was paramount that the software be built so that decisions made by the expert system could be overridden by the claims adjudicator. We wanted to make certain that fear of a "rogue computer" short changing a claims adjudicator's authority didn't exist.

These simple credos proved to be an unbeatable blueprint. But, what did we learn? What insights can we provide to future explorers who venture into the world of UI expert systems?

Lessons Learned

Implementing an expert system requires project management skills similar to other endeavors. In addition, there are a number of unique determinants to consider in managing an expert system project. This is due to what is commonly referred to as the "computer fear factor." The specter of computers making decisions seems to create extreme apprehension in many individuals. This "fear" tends to cause resistance in the development of expert systems. Therefore, obtaining support for the project's concept from top management, organizing to do the project, and, above all, establishing a solid blueprint to ensure success are vital.

- o Lesson 1 -- Sell the project's potential, but don't oversell. Talk to key individuals in the agency and show them how an expert system could improve their part of the total operation. Be realistic about the system's limitations as well. In the Kansas experiment, the expert system was not built to resolve 100 percent of the cases. Rather, it was built to unravel less-complex and routine cases.

In order to obtain cooperation from the domain experts (knowledgeable program individuals) and other key staff members, broad organizational support is required. In most instances, it's easier to sell the project's merits on a one-on-one basis rather than at a group session. When explaining the value of expert system technology, we recommend using public sector and private sector examples of operating expert systems. These examples should be similar to your agency's intended application. This type of explanation will help decision makers see the potential of the proposed expert system.

- o Lesson 2 -- Organize to do the project development. Public agencies are often organizations with both formal and informal structures. The development team consisting of a knowledge engineer (software guru) and a domain expert must be aware of both structures before starting work on the expert system and especially before starting interviews.

Form two advisory groups - a top-level policy review board that will make formal recommendations to senior officials, and a working-level "murder board." The "murder board" should consist of several domain experts, representatives from data processing and other key divisions. These representatives should give detailed, "no-holds barred" reviews of the expert system's attribute hierarchies, questioning routines, and rules. The "murder board" provides input to the knowledge engineer and to the domain expert, not to the policy board or to senior officials. Therefore, membership should consist of individuals who can devote adequate time to the job, and who have the discretion not to broadcast every tidbit of negative news.

- o Lesson 3 -- Don't show-off too early. Most knowledge engineers use functional prototyping to develop their expert system. This means a lot of trial and error or repetitive fixes. Get the prototype beyond the simplistic stage and through the "murder board" review before demonstrating it to the policy board or to other agency officials. This doesn't mean having a total product. What it does mean is having a prototype that will demonstrate results and which won't "bomb." In any organization, there is a penchant for hypercriticism. Therefore, only demonstrate success. Bad news travels fast and it is very hard to correct.

- o Lesson 4 -- Spread-out the ownership of the expert system. The more shareholders in the project, the greater is the support given and the greater are the chances of success. Give individual walk-throughs to key staff members and show them what the expert system is able to do. Remember, have something good to show before you do this. Build your base of support slowly, but do build it.

- o Lesson 5 -- Field test under authentic conditions after the "murder board" has completed its review of mock decision making. We recommend using microcomputers for both development and field testing. The first field test should be a low publicity pilot test to isolate any problems in the fact gathering or in the rules. After these steps are completed, you're ready for full-scale testing and evaluation.

- o Lesson 6 -- The documentation needs to be incessantly screened. Obtain formal clearance from appropriate domain experts on attribute hierarchies, rules, questioning routines and sequencing. This helps to ensure a thorough review and spreads the project's ownership.

The lessons discussed are not esoteric but practical ones. There is an excitement in seeing the knowledge of human experts gathered, transformed and captured into an automated form. Change in any organization most often takes place incrementally. Within such an environment, observance of these practical lessons will increase the probability of success. The application of expert system technology in UI operations is just beginning.

*Thanks to those ETA staff who reviewed this paper.

WHAT IS THE PROBABILITY THAT A STATE UNEMPLOYMENT RESERVE
FUND WILL REMAIN SOLVENT?

By

Richard G. Tillema, Director
Office of Policy Research
State of Wisconsin Department of Industry
Labor and Human Relations Unemployment Compensation

Introduction

Like other types of reserves, State unemployment reserve funds are designed to finance a future known liability of an uncertain amount. Unemployment reserve supply money to pay benefits during and immediately after recessions when large numbers of people temporarily lack work. A search of the professional literature has uncovered only one standard that authors firmly stand behind when answering the question of what is an adequate unemployment reserve. Political judgement, on the other hand, has frequently produced lower reserve levels, sometimes followed by reduced benefits and taxes increased to repay debt subsequently incurred in recessions. In deference to the possibility that political judgement might be correct, authors concede that the one standard they offer may be modified by particular circumstances. However, these exceptional circumstances have not yet been articulated or tested through any systematic set of propositions.

The Reserve Multiple Rule

The one actuarial standard that has been offered for defining an adequate unemployment reserve fund level is the "reserve multiple rule." According to the reserve multiple rule, a State's reserve ratio should equal one and one-half to three times the state's highest benefit cost ratio. (See Figure 1.) The reserve ratio equals year-end reserves divided by total wages paid in covered employment in the preceding calendar year. The benefit cost ratio equals the amount of benefits paid in any twelve consecutive months divided by total covered wages for the same consecutive twelve month period. Covered wages are all wages paid to employees covered by the program.

Figure 1

RESERVE MULTIPLE RULE

RESERVE MULTIPLE RULE: An actuarial standard specifying that a state's reserve ratio should equal one and one half to three times the State's highest benefit cost ratio.

$$\text{Reserve Ratio} = \frac{\text{Year End Reserves}}{\text{Calendar Year Covered Wages}}$$

$$\text{Benefit Cost Ratio} = \frac{\text{Twelve Month's Consecutive Benefits}}{\text{Same Twelve Month's Covered Wages}}$$

$$\text{Reserve Multiple} = \frac{\text{Reserve Ratio}}{\text{Highest Benefit Cost Ratio}}$$

The reserve multiple should not be confused with the reserve percentage, an accounting concept used to set tax rates in thirty-three states. The reserve percentage expresses the relationship of a specific employer's benefit charges and tax payments to its taxable payroll. In contrast, the reserve multiple is a measure of the adequacy of the entire State's unemployment reserve fund.

"Adequacy" under the reserve multiple rule means having enough cash on hand to prevent a state from having outstanding federal loans at the end of any calendar year. In other words, reserves would be "adequate" to forestall borrowing from the Federal Unemployment Account except for certain interest-free, cash flow loans permitted each year to accommodate short term unevenness in the pattern of tax collections.

Another way of looking at the minimum "1.5" standard offered by the reserve multiple rule is to consider it as fifty percent more than the percentage of total payroll that was paid out in benefits during the severest twelve months of recession experienced by a State. The fifty percent factor (or any greater amount) associated with reserve multiples up to 3.0 is designed to take into account at least the following four limitations of the reserve multiple rule:

1. Although recessions since 1945 have averaged eleven months, as measured by the National Bureau of Economic Research, they can last for more than a year. For example, both the 1973-75 and the 1981-82 recessions lasted sixteen months.
2. Since 1945 total benefits in the year immediately following a recession have averaged about as much as total benefits during the year of recession. Benefits in both the year of recession and the following year have averaged approximately 170% of average annual benefit expenditures in the years of the economic expansion immediately preceding the recession. In other words, Unemployment Insurance benefits in the United States remain high for two years when there is a recession - even though the recession typically lasts for only one year.

3. Taxable payrolls decline during and after recessions so that tax revenues otherwise expected do not materialize. Although decreases in taxable payrolls have been offset to some extent by increases in the wage base, i.e., the amount of each individual's wages subject to the Unemployment Insurance tax, increases in the wage base require federal or State legislative action, which may or may not occur before a State's reserve fund is depleted.
4. Increases in the amounts provided by enhanced benefit formulas are not immediately reflected in the reserve multiple. By definition, the reserve multiple reflects benefit policies in effect during a past recession.

Adequacy of Reserve Funds Prior to Recessions of the Eighties

How adequate were State reserve funds as measured by the reserve multiple prior to the major economic downturns in 1980? The number of States with various reserve multiples on December 31, 1979, and the number of these that subsequently depleted their reserves are displayed in Table 1.

TABLE 1. Reserve Fund Adequacy 1979-1986

<u>Dec. 1979 Reserve Multiple</u>	<u>Average Multiple</u>	<u>Number of States*</u>	<u>States with Reserve Depleted</u>	<u>Percent Depleting Reserve</u>
1.60 or more	1.77	2	0	0%
1.20 - 1.59	1.34	3	0	0%
.80 - .19	.98	18	3	17%
.40 - .79	.60	13	7	54%
.00 - .39	.18	7	5	71%

All states	.80	43	15	35%

*Reserve funds in 7 states and 3 territories were previously depleted.

As shown in Table 1, no borrowing occurred in states with reserve multiples of 1.20 or greater. If the multiples in the 1.20 - 1.59 category are combined with the multiples at 1.60 or greater, they average 1.51.

Adequacy of Various Reserve Multiples for Preventing Trust Fund Depletion

While the data in Table 1 makes it clear that States that already had reserve multiples of 1.20 or more did not borrow, it does not speak to the question of whether other States would have avoided borrowing if their multiples had been 1.20 or more. The latter comparison is shown in Table 2.

Table 2: Adequacy of Various Reserve Multiples for Avoiding Trust Fund Depletion

<u>If Dec. 1979 Multiple Had Been at least</u>	<u>States Borrowing*</u>	<u>States Not Borrowing*</u>	<u>Probability Of Borrowing</u>
1.60	7	36	.16
1.20	9	34	.21
.80	14	29	.33
.40	27	16	.63
.00	37	6	.86

*N=43; 7 states and 3 territories were already borrowing before the recessions of the 'eighties.

If each State had built up a reserve multiple of 1.20, its chances of avoiding trust fund depletion would have been approximately four to one. No meaningful comparisons can be provided for States already in debt.

To extend the analysis in Table 2, Figure 2 was constructed by determining the number of States that would have borrowed at each reserve multiple from .10 to 2.70 in increments of .10 and then fitting to the points a smooth curve in the form $y = a + b(\ln x)$. The value of r measuring the goodness of fit is .98.

Figure 2 expresses the probability of trust fund depletion as a function of the reserve multiple. For any given reserve multiple shown on the vertical axis, the probability of borrowing can be read on the horizontal axis. As shown in the figure, the probability of borrowing is approximately 3 in 10 with a reserve multiple of 1.00. A complete set of probabilities for reserve multiples from .10 to 2.70 may be found in Table 3.

Probability of State Borrowing States with Positive Balance in 1979

Reserve Multiple

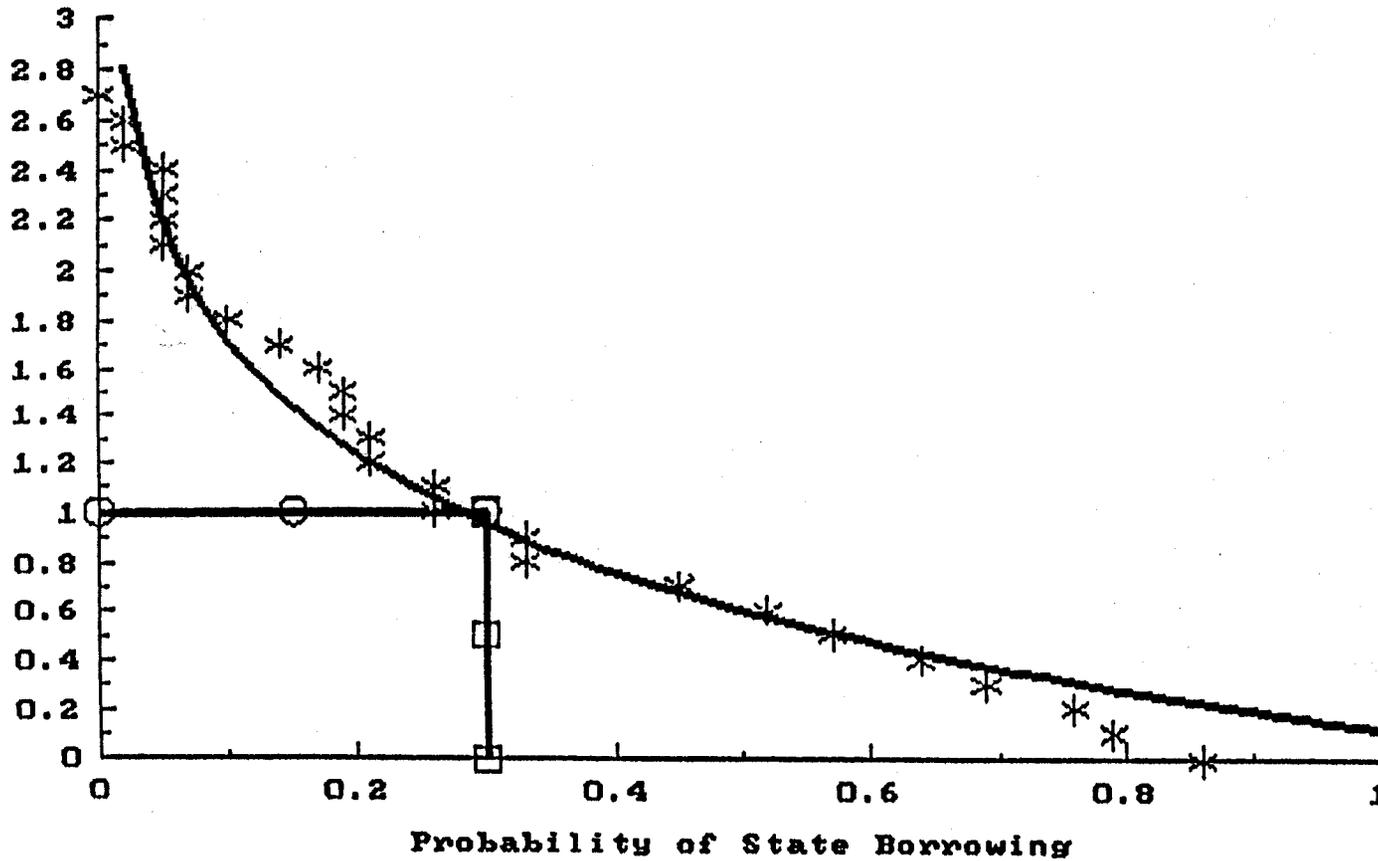


Table 3: Probability of Borrowing at Each Reserve Multiple, 1979

$$\text{where } y = a + b(\ln x)$$

$$y = .12 + .69(\ln x)$$

RESERVE MULTIPLE	PROBABILITY OF BORROWING
.10	1.00
.20	.89
.30	.77
.40	.66
.50	.58
.60	.50
.70	.43
.80	.37
.90	.32
1.00	.28
1.10	.24
1.20	.21
1.30	.18
1.40	.16
1.50	.14
1.60	.12
1.70	.10
1.80	.09
1.90	.08
2.00	.07
2.10	.06
2.20	.05
2.30	.04
2.40	.04
2.50	.03
2.60	.03
2.70	.02

To see how these probabilities compare with those found in a previous recession for which data is available, the same analysis was prepared for the 1974 recession. The results are shown in Figure 3. The goodness of fit as measured by r is .97.

Probability of State Borrowing States with Positive Balance 12/31/73

Reserve Multiple

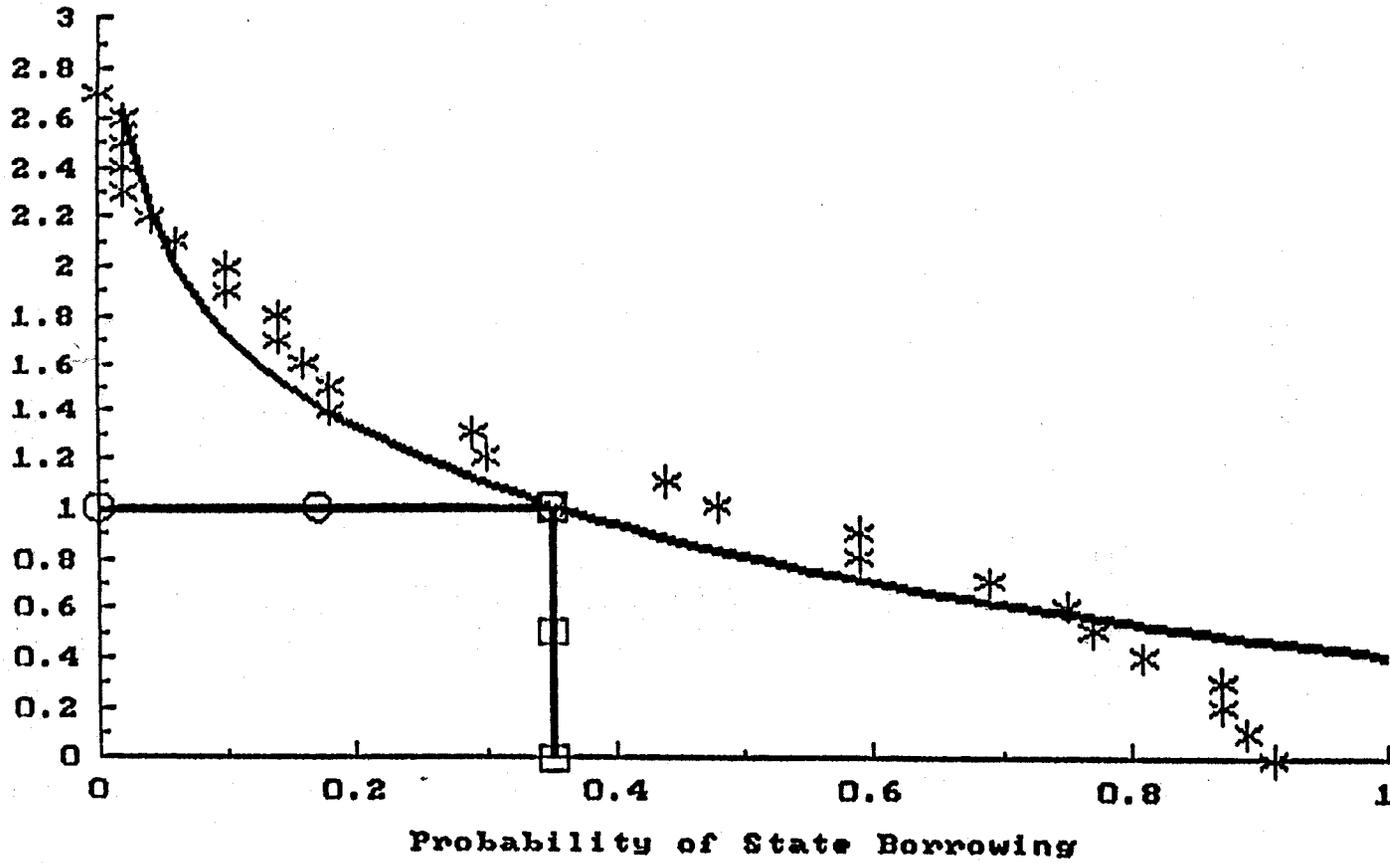


Figure 3

Again a complete set of probabilities has been computed in Table 4. The probabilities for borrowing with reserve multiples greater than 1.00 are within .05 of the probabilities found for 1979. At reserve multiples of 1.00 and less, the probabilities of borrowing begin to diverge more widely.

Table 4. Probability of Borrowing at Each Reserve Multiple, 1973

$$\text{where } y = a + b(\ln x)$$

$$y = .40 + .57(\ln x)$$

RESERVE MULTIPLE	PROBABILITY OF BORROWING
.10	1.00
.20	1.00
.30	1.00
.40	1.00
.50	.83
.60	.70
.70	.59
.80	.50
.90	.41
1.00	.35
1.10	.29
1.20	.25
1.30	.21
1.40	.17
1.50	.15
1.60	.12
1.70	.10
1.80	.09
1.90	.07
2.00	.06
2.10	.05
2.20	.04
2.30	.04
2.40	.03
2.50	.03
2.60	.02
2.70	.02

Comparison of Results for 1973 and 1979

The divergence of the probabilities of borrowing may be attributed to two factors. The first is a change in federal law affecting

borrowing. The second is the constraint that a limited reserve places on policy makers under all conditions.

First, the federal government made State borrowing more expensive by charging interest beginning in 1982. As a result, there was more pressure on State policy makers to act quickly to avoid interest charges. To the extent that States acted more quickly to raise taxes or reduce benefits in the eighties, the probability of borrowing would be lower than in the seventies.

Second, even if there were not the added incentive to act quickly at low reserve levels in order to avoid interest charges, the probabilities of borrowing may diverge solely because policy makers have less flexibility to respond whenever reserves are limited. Sometimes it is possible to enact measures improving fund solvency rapidly enough to avert borrowing and sometimes it is not. The difference in observed probabilities with low reserves may well reflect the specific events that occur during any particular recession. With a fairly substantial reserve, on the other hand, there is more of an opportunity for planning and one would expect smaller differences in the probabilities of borrowing.

Because both of the recessionary periods studied were relatively severe, the probabilities for borrowing with a reserve multiple greater than 1.0 seem to form a reasonable guideline in relation to borrowing. However, they would not be applicable in recessions substantially more severe than those of the last forty-five years; e.g., recessions that last two years as was common before World War II, or major economic dislocations lasting several years as have occurred on five or six widely separated occasions in United States history.

Applying the Measure of Adequacy to a State Reserve Fund.

The practical application of the preceding analysis to a specific case depends on knowing a State's highest monthly benefit/cost ratio. In Wisconsin the highest benefit/cost ratio was 3.23% reached in March 1983. In March 1983, twelve month benefit expenditures reached a high of \$717 million. The covered wages of taxable employers at that time was \$22,199 million.

Applying the 3.23% benefit cost rate to \$31,785 million, taxable employers' payroll expected in 1989, and then multiplying the result by various reserve multiples will identify the fund balances associated with the corresponding probabilities of avoiding debt. The results of the calculations for Wisconsin are provided in Table 5.

Table 5. Probability of Avoiding Debt at Various Reserve Multiples

$$y = .12 + .69(\ln x)$$

<u>Reserve Multiple</u>	<u>Trust Fund Reserve (million \$)</u>	<u>Probability of Avoiding Debt</u>
.10	103	.00
.20	205	.11
.30	308	.23
.40	411	.34
.50	514	.42
.60	616	.50
.70	719	.57
.80	822	.63
.90	924	.68
1.00	1,027	.72
1.10	1,130	.76
1.20	1,232	.79
1.30	1,335	.82
1.40	1,438	.84
1.50	1,541	.86
1.60	1,643	.88
1.70	1,746	.90
1.80	1,849	.91
1.90	1,951	.92
2.00	2,054	.93
2.10	2,157	.94
2.20	2,259	.95
2.30	2,362	.96
2.40	2,465	.96
2.50	2,568	.97
2.60	2,670	.97
2.70	2,773	.98

In Table 6, the reserves required to increase the probability of avoiding debt are displayed. As shown in the table, it requires substantially more in reserves to increase the chances of avoiding debt from 8 out of 10 to 9 out of 10 than from 1 out of 10 to 2 out of 10.

Table 6. Reserves Required To Increase the Probability of Avoiding Debt

<u>Probability Of Avoiding Debt</u>	<u>Reserve Multiple</u>	<u>Year-End Cash Reserve (million \$)</u>	<u>Additional Million \$ To Move to Next Higher Probability</u>
1/10	.19	195	--
2/10	.27	277	82
3/10	.36	370	93
4/10	.47	483	113
5/10	.60	616	133
6/10	.75	770	154
7/10	.95	976	206
8/10	1.23	1,263	287
9/10	1.76	1,766	503
98/100	2.83	2,906	1,140

After deciding how acceptable are the risks involved in borrowing, commonly known as an insolvent trust fund, one can select a trust fund level that will minimize or maximize the chances of avoiding debt. The minimum 1.5 reserve multiple standard suggests setting the trust fund level at a level that is associated with a probability of avoiding debt in 86 out of 100 situations. The maximum 3.0 reserve multiple standard may make debt unlikely for almost all reserve funds under almost all circumstances but seems rather high for eliminating a less than two in a hundred chances of debt.

WORK SEARCH ERROR CLAIMANT PROFILE: FINAL REPORT

COLORADO DEPARTMENT OF LABOR AND DEVELOPMENT

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1. ABSTRACT

Analysis of 1986 and 1987 Quality Control investigation results revealed that work search errors involved more overpaid dollars than all other error causes combined. The Q.C. unit proposed the development of a work search error claimant profile. The objective of this project was to identify the "key" characteristics of error prone claimants and condense these into the best group (or "set") of variables (i.e., the "profile"). We would thereby have a model which could be utilized to predict a claimants error potential. The profile could then be used to prevent or detect work search errors. We progressed from the Q.C. database to sample extracts obtained from the mainframe, then to the 1987 claimant population itself, before a statistically valid profile was produced. A valid profile was developed and is composed of five key characteristics. They are: W.B.A., N.M.I. (number of non-monetary issues), D.O.T. code, S.I.C. code and Age. The profiles "predictive value" was tested and results indicated that the profile worked quite well as a predictive tool.

This report details the developmental process undertaken by Q.C., outlines pertinent considerations/issues, presents/discusses project results, offers suggestions for utilizing the profile, and summarizes our overall evaluation and analyses. The "Process and Results" section is a detailed synopsis of the process by which the profile was developed and includes the results and analysis portions. The "Profile Utilization" section outlines suggested methods for utilizing the error-prone profile.

2. PROCESS AND RESULTS

An analysis of Quality Control (Q.C.) investigation results for 1986 and 1987 revealed that work search errors involved more overpaid dollars than all other error causes combined. It was also the most frequent "claimant-responsible" error cause for both years. Although the agency is attempting to address this problem area with several measures, management is always open to suggestions which serve to improve the U.I. program or reduce specific error rates. In October, 1987 the Q.C. unit proposed the development of a work search error claimant profile. The administration readily accepted the suggestion and the project was initiated by the Q.C. unit.

The fundamental idea is to identify several specific, "key" characteristics which are unique to the error-prone claimants. A profile (or "model") refers to this "set" of identified characteristics. A profile could be developed for several types of errors combined (i.e., multiple cause codes) or a single type of error. However, it is possible that no key characteristics exist for a given error. That is, there may not be any "set" of variables peculiar to the error group itself and thus no profile could be developed. Such a negative conclusion is really the only "risk"

involved in our attempt to develop an error-prone profile and, as such, is relatively minor as well as improbable. Our approach remained cautious though, as we wanted to identify the best variables for the profile as well as maintain the statistical reliability of the model itself.

The actual development of the work search error profile was an intricate and time-consuming task. The Q.C. analyst began the process by reviewing the Q.C. data itself, as the original idea was to utilize Q.C. results to develop the model. Each payment/claimant investigated by Q.C. could have up to 110 associated data elements identified and entered into the Q.C. microcomputer. While some of these variables were eliminated at the onset, many of them could be key characteristics of the error-prone claimant.

In order to evaluate and test these variables the analyst utilized the multivariate regression program available on the PRO (termed "regress"). A process of trial and error was necessary to isolate the "best" group of variables (which required over 70 separate regressions to be generated and analyzed) Although the regression program produces a great deal of information, the initial focus was on two primary factors. First, the correlation between the error cause (work search) and the particular group of variables which comprise each model. Secondly, the r-squared value, or how much of the variance in the dependent variable (work search error) is accounted for by the set of characteristics being tested. The correlation analysis reveals the strength of the relationship between each variable and the error cause as well as the "type" of relationship (i.e., positive or negative correlation). The second part of this analysis reveals how "good" the particular profile is in terms of accounting for the variance in the dependent variable. Unfortunately the results of these numerous analyses were negative - there were no significant correlation detected. Even the best models accounted for less than 10% of the variance between error/non-error - far too low for statistical significance.

Given these unproductive results, a decision was made to review and analyze a larger sample than was available in the Q.C. database. In order to accomplish this task an extract would have to be generated from the master database on our mainframe computer. The various samples and extracts discussed henceforth were generated by staff in our U.I. Reports unit.

The first data extract detailed the characteristics of 100 claimants that had been disallowed due to inadequate work search. The initial idea was to review these claimants' "demographics" to obtain a preliminary idea of the profile's merit. Based on this analysis we decided to examine and analyze several larger samples, since it appeared that the profile idea was worthwhile. The first step was to perform a frequency analysis to determine whether any of the observed

frequencies were "statistically significant." That is, to isolate these frequencies which were not attributable to the constitution (or "makeup") of the population itself and were thus unique to the work search error group.

As each sample review/analysis was completed it evoked new ideas and considerations pertinent to subsequent samples. These samples were then refined and modified accordingly. The sample sizes (i.e., number of claimants included in the sample) varied from 972 to 4,035. Due to the various modifications in form and content necessitated by prior analyses, a total of eight samples were reviewed. Throughout this process the review and analysis became more complicated as it included the computation and evaluation of various chi-square statistics and the associated probabilities.

Some explanation is necessary at this point. The data was generated from the mainframe in the form of crosstabulations (i.e., a data table reflecting two variables). In this case, the first variable was a breakdown of the error and non-error groups. Claimants who received a work search disallowance during a specified time period were included in the error group. The second variable could be any single data element, demographic or otherwise, related to the individual claimant. The crosstabs generated in the various samples included virtually every data element available on our master database to ensure a comprehensive review and analysis.

Every crosstab within a given sample was analyzed and key "cells" noted. A "cell" reflects the number of instances which meet specific values for the two variables. For example, a crosstab with sex as the independent variable would contain four cells - male/non-error group, male/error group, female/non-error group and female/error group. A frequency analysis reveals whether a significant difference exists between the error and non-error groups for any specific value of the second variable. Targeted cells may then be analyzed further to determine the percentage of the error group represented, the percentage of those meeting the specified value and the percentage of the sample group, as a whole, represented. Should an individual cell or cells appear significant, the tables chi-square statistic and probability are reviewed. The probability of the chi-square value reflects the probability of obtaining the table results by chance. The lower the probability the better (i.e., the less likely the results were obtained by chance). The analyst may then compute each cell's contribution to the chi-square value to determine its overall significance. Ideally, the cell should contribute the greatest amount to the chi-square value and the probability of the chi-square value should be low. This indicates that the specific value of the selected variable is a "key" characteristic of the error group. This brief digression should serve to explain the evaluation processes involved in our analysis of sample data and why modifications are required at times.

At this stage the first eight samples had been analyzed and several variables identified as peculiar to the work search error group. However, one potential problem still existed. Since the analytical results were based on sample data it was possible that they did not apply to the population itself; that is, the possibility that the sample data/proportions were not truly representative of the population data/proportions. The sample data itself could be atypical; even the best sampling methodology is subject to normal sampling error (i.e., seasonal factors, unknown biases, etc.). This concern intensified when the results from various samples were compared with one another. These comparisons revealed several fluctuations among the sample results and proportions. Because of the above observations and considerations, a change in approach was initiated. It was decided that a review and analysis of the entire claimant population would be more appropriate to the task and would resolve the potential sampling-error problem. This would not involve a change in format since the identical data would be generated, we would merely be dealing with much larger numbers.

In order to ensure that sufficient numbers of claimants would be included and that the "frame of reference" was appropriate, we selected all claimants from calendar year 1987. This involved a total of 117,153 claimants, the entire claimant "population" for 1987. We then subjected this data extract to the same review and analysis process detailed previously. A number of significant variables were identified, some of which were identical to those obtained from our evaluation of the samples and some of which were different. We organized these variables according to frequency, respective contribution to the chi-square value and the attendant probability.

We should note here that an additional comparison was performed (although we did the same comparative analysis on the latter samples). The work search error group was composed of claimants that had received a work search disallowance, but there exists two "sources" of these disallowances: decisions done by the Benefit Pay Unit based on pay order-card information and decisions done by local office staff based on information obtained from the claimant during an in-person visit. These latter transactions reflect instances where the claimant failed to substantiate his work search activity when called into the local office (sometimes for an ERP, sometimes for other reasons). The concern was that there could exist a significant difference between the two groups and a profile based on one "source" would differ from a profile based on the other source. Some minor discrepancies were noted between these two other subgroups in the last few samples, however, when the population itself was analyzed we found a greater degree of consistency between the two subgroups. The net result was the conclusion that the same group of error-prone claimants was being captured regardless of the source of the disallowance.

At this point, we had identified a number of specific variables which were, in some manner, unique to the work search error group. Ideally a model should contain four to six variables since, as more variables are added to a profile, the number of claimants "meeting" the profile diminishes. While we had isolated several key characteristics of the error group they were, as a whole, too numerous to be utilized as a profile. Thus began our process of selection and elimination to determine the best combination of variables for the profile. A number of considerations came into play during this process. It was more desirable to identify the error prone claimants early in their claim sequences rather than later. This consideration leads us to reject several characteristics (e.g., continued weeks claimed, continued weeks paid, etc.) because they occur too late in the claim sequence to be useful. We also decided to reject any variables which could be subject to charges of bias, selective treatment or discrimination. Another consideration regarded variables which were highly correlated with one another. A model should not include characteristics which have such a relationship with one another since they have, in essence, the same "predictive value." Ideally the profile variables should exist or be identifiable when the claim is filed and entered into the computer system. Alternatively, the profile variables should become apparent within the first few weeks of the claim sequence. Having eliminated undesirable and inappropriate variables, only a few select characteristics remained.

After some analysis and discussion, a set of five variables were selected. It was decided that a test run would be performed with these variables to verify the statistical validity of the model. In order to test this initial profile, we utilized the newly installed SAS program on the mainframe. Although there were some problems with this program which delayed our progress, they were eventually overcome and the appropriate statistics were generated. The initial profile was comprised of the following characteristics; W.B.A. = 1 to 100, S.I.C. code = 0 or services, D.O.T. code = service or clerical or processing, Age = 21 to 25 and SG3 records (i.e., number of lag period employers) > or = 1. Unfortunately our attempts to test this model utilizing the SAS program repeatedly "glitched out." In troubleshooting this problem, it was determined that the SG3 variable was the culprit. We then modified the profile by replacing the SG3 variable with the NMI variable (e.g., number of non monetary issues > or = 5). This proved to be a valuable addition to the profile and eliminated the aforementioned problem. A test run was generated and analyzed and the results exceeded our expectations.

Our efforts to develop a work search error claimant profile were nearing completion. We had identified the specific key characteristics desired and developed our model. We had tested the profile and determined that it was adequate. One final hurdle remained, to determine whether the profile has "predictive value." The ability to predict an individuals "error potential" is a fundamental purpose of error-prone profiling. If successful, some

form of "treatment" (i.e., preventative measure) could be developed for targeted claimants. In addition, a successful profile could be utilized to detect errors which have already occurred. Thus we needed to test the predictive value of the model itself.

We decided to test the profile against the claimant population for the first three months of 1988. This should reveal the predictive value of the model since the profile itself was based on the 1987 claimant population and the first quarter of 1988 Claimant population is a different "universe." That is, if the profile has predictive value it should be applicable to the current claimant population. The claimants that have work search disallowance should also be the ones that meet the prediction parameter (and thereby targeted as error prone). In essence, one attempts to capture the largest percentage of the error group possible in the smallest possible percentage of population.

As the first step in testing the models' predictive value, every member of the current claimant population must be "ranked." This ranking is accomplished by utilizing a SAS procedure known as "logistic regression." This statistical process basically assigns a "numeric value" to each claimant according to how well they "meet" the profile. The numeric value is itself derived from a statistical calculation which considers the individual claimant's status for each variable in the model (i.e., whether included/excluded in the variables' parameters). A value is thereby generated for each variable and an aggregate value computed for all variables included in the profile. This composite value is the "numeric value" assigned to each claimant. A parameter is then selected to separate the "profiled" claimants from the remainder of the population. It is at this point that one attempts to capture the largest possible percentage of the error group in the smallest possible percentage of the population. The first parameter selected was .95 and the results indicated that we could capture 51.79% of the work search error group in only 15.08% of the population. Although these are adequate results we wanted to capture a greater percentage of the error group, so we selected another parameter (.985) and generated another test run. These results were even better, with 65.18% of the work search error group captured in 23.75% of the population. Such results yield strong support for our conclusion that the profile does indeed have predictive value.

As an aside, it should be mentioned that a comparison test was performed with Q.C. data. This was mainly done for informational purposes and, secondarily, to "test the Q.C. data against population (mainframe) data. Since we had developed a profile which had the desired predictive value, we questioned whether similar results would be obtained utilizing the Q.C. database. Three of the five variables included in the final error-prone profile are also Q.C. data elements (WBA, AGE and N.M.I.). The other two variables are included in Q.C. data, but in a slightly different fashion. There is but a single

D.O.T. code stored in the CUBS system whereas there are three separate D.O.T. codes contained in the Q.C. database (e.g., usual job, last job and seeking work). Similarly, there are two S.I.C. codes in the Q.C. database, one for the primary base period employer and one for the last employer. A series of multivariate regressions were generated from the Q.C. microcomputer utilizing the five profile variables. Given the multiple possibilities detailed above, these regressions included virtually every possible combination of variables. Suprisingly enough, even the best regression accounted for only 1.21% of the variance between error/non-error, far too low for statistical significance. This highlights a certain inadequacy in Q.C. sampling methodology and thereby a deficiency implicit in the Q.C. database, at least in terms of the current project.

Allow us to summarize our presentation thus far. Q.C. results for 1986 and 1987 revealed that work search errors involve more overpaid dollars than all other error causes combined. The Q.C. unit proposed the development of a work search error claimant profile which would identify error prone claimants. This project could not be accomplished utilizing Q.C. investigation results so mainframe data was utilized. The final profile was based on the 1987 claimant population. The profile contained five variables: D.O.T. code, S.I.C. code, W.B.A., Age and N.M.I. (non-monetary issues). The predictive value of the profile was tested and positive results were obtained. Thus, in short, we have developed a good, workable profile of claimants prone to work search errors.

3. PROFILE UTILIZATION

At this point the question arises, how could the agency best utilize this profile? We will attempt to outline some suggestions here which address this question. The profile could be used as a method of "detection." The claimant population would be evaluated in a "rank-order" established. The profiled claimants should, as a whole, make more work search errors than the non-profiled claimants. Profiled claimants could then be subjected to an intensive examination and verification of their work search activity. An independent call-in procedure could be created for profile claimants. Alternatively, the profile claimants could go through the normal ERP process but their work search activity could be scrutinized in greater depth, including actual verification of reported work search contacts. Such verification should, at the very least, cover the prior two weeks work search activity.

The efficiency of the profile, in terms of predictive value as a method of detection, could be experimentally tested. Three groups of claimants would be selected; an experimental group composed of claimants that meet the profile, a control group composed of claimants that do not meet the profile and a second control group composed of randomly selected claimants. Each group would then be subjected to the identical "treatment" - a comprehensive verification

of their work search activity. Verification results would be collected for each group in sufficient numbers for valid statistical inference. Ideally the experimental group should produce a higher, statistically significant, proportion of work search errors than the two control groups. This experiment actually serves a dual purpose. It should demonstrate that a greater number of work search errors can be detected, a greater number of recoverable overpayments established and greater savings to the Trust Fund realized by utilizing the profile. Secondly, it serves as a further test of the statistical validity of the profile. The reader should be aware that this option involves a trade-off of sorts. It would maximize the profiles' value as a method of detection, but would have minimal, indirect value as a deterrent. Such dissuasion would probably take the form of word-of-mouth (i.e., the claimant "grapevine") and/or admonitions from agency staff.

In contrast to the "detection method" outlined above we could develop a "prevention method." The focus of such a procedure would be to prevent work search errors from occurring. Here too, one would distinguish between profiled/non-profiled claimants within the population. The profiled claimants could be subject to a special "treatment" process which would act as a deterrent (for future work search errors). The procedure should involve an intense, comprehensive orientation and explanation of work search policies, practices and procedures. This could be performed in conjunction with a job search workshop or project. Essential ideas and work search requirements could also be reinforced throughout the claims process. Depending on final design, this follow-up process could be done during the normally scheduled ERP, during a specially scheduled ERP or when a targeted claimant comes to the local office for other reasons. Ultimately, this should result in a proportional decrease in the number of work search errors if the treatment is successful.

Testing the efficacy of such a "preventative method" would require a pre/post treatment analysis. The fundamental idea is to obtain a "base line" measurement prior to treatment and compare these figures to the post-treatment figures. The post-treatment results should reflect a statistically significant decrease in work search errors. The design could be limited to before/after results for profiled claimants. However, since the profiling process is itself subject to question, the addition of experimental control groups could also be a useful design. This should support the validity and usefulness of the profile as well as provide experimental validation of the preventative treatment methodology. The control group could be claimants that do not meet the profile, randomly selected claimants or both. Ideally, pre and post treatment data would be required for each group. This option also involves a trade-off, work search errors are being prevented but error "detection" is not addressed.

A third option exists, albeit somewhat more elaborate and involved. This option is probably best described as a method of prevention and and

detection. The fundamental idea is to identify the error prone claimants and subject them to "treatment" which would minimize or prevent errors, as well as detect the work search errors which may, nonetheless, occur. We will attempt to provide a rudimentary outline of this option, although a number of particulars would need to be addressed prior to its implementation.

As with the previously detailed options, a distinction would be made between claimants that meet/do not meet the profile (for the entire claimant population). The profiled group would be targeted for special "treatment," including intensive verification of their work search activity.. The treatment process itself should be manifold. Profiled claimants could be subject to a group or individual B.R.I. (benefits rights interview), which has been specially tailored to the error-prone claimants. The B.R.I. emphasis would be on work search activity and take the form of an educational/informational approach. This could include some precautionary statements by agency staff so that the claimants are fully aware of the negative consequences which will ensue if they fail to adhere to their work search plan or fail to observe proper work search procedures. Such information could be reinforced during the ERP, at the time of E.S. registration and/or during subsequent visits to the local office. The focus would be on "prevention" throughout this informational process.

The work search plan itself could be modified (or tailored to the error prone group) to include highly detailed instructions and requirements within a claimant-specific context. Thus, the "individuality" of the plan would be retained. For example, one local office currently completes a more detailed plan by merely typing the additional information/requirements onto the form. These additions are explained to the claimant and they endorse the plan by signature. This serves to provide a sort of "informed consent" whereby the claimant is made aware of any and all work search requirements and agrees to them as well. A similar process is being proposed here, although some variation in the specifics should be anticipated, given the demographic and geographic differences within the State. The enhanced plan could also include reference to the newly instituted "work search placement program" by way of suggesting or requiring attendance.

The Eligibility Review Program (E.R.P.) would also be utilized in this effort. Claimants are currently being called in for an E.R.P. on a fairly regular basis, usually at eight weeks (albeit some variance exists among the local offices). The E.R.P. provides a good opportunity to reinforce proper work search activity (i.e., prevention) as well as document and review the claimants' actual work search efforts (i.e., detection). We strongly recommend that any utilization of the E.R.P. include some form of verification, preferably an intensive review and verification of the prior two weeks work search activity. This review and verification would ensure that the appropriate number of work search contacts were made by the

claimant, that they were made in the appropriate week, that the "type" of contacts (i.e., phone, resume, in-person) adhere to the requirements of their plan (or general work search policies, if no plan is in effect), that the nature of the work sought was appropriate to the specific claimant (i.e., within the scope of their skills and abilities) and perhaps most importantly, that the reported contacts were, in fact, made by the claimant. The verification could be done by phone, letter or in person depending on final design, but employer contact would be necessary. Verification could be done for profiled claimants only or for all claimants. Appropriate verbal reinforcements would be issued by agency staff during E.R.P. review as well.

The verification process outlined above would be the primary method of "detection" under this option. The agency could, however, expand the verification process beyond the E.R.P. to enhance the detection of work search errors. This could be accomplished by reviewing a claimant's work search activity when they visit the local office. The review could be limited to profiled claimants or be done for all claimants. At the time they file a claim, or during the B.R.I., claimants would be instructed to bring their claimant handbook (B19) with them whenever they visit the local office. A U.I. staff person then reviews the work search activity he/she has recorded in the booklet and issues a disallowance when appropriate. At least one local office has already implemented a similar procedure and according to the responsible staff person, this results in the majority of the work search disallowances issued by this office - far more than the current E.R.P. process generates. As an aside, it should be noted that this office was, proportionally, one of the best at detecting work search errors in 1987. A similar procedure could be easily adopted for statewide utilization. Such a procedure also affords the opportunity for verbal reinforcement of proper work search practices.

Given the preventative measures detailed above, combined with a "beefed up" E.R.P. and a periodic verification procedure, the agency addresses their most significant problem area - the domain of work search. However, the prevention and detection methods we have outlined and discussed thus far are not discrete, independent processes. There exists a certain degree of interrelationship since each method, if effective will affect the other method. That is, an efficient method of detection will, directly or indirectly, elicit some measure of prevention. Similarly, an efficient method of prevention will circumscribe the effectiveness of detection methods. Adequate preventative measures will, eventually, undermine the efficacy of detection measures by virtue of a decrease in error frequency. Concomitant with this decrease is a net increase in error detection costs since fewer errors are being detected by the same expenditure of time, money and resources. In short, an effective "prevention" methodology diminishes the cost effectiveness of detection methodology. One further qualification should be

mentioned. The claimant population is itself a dynamic entity, subject to a certain degree of flux. Therefore, the error profile will eventually require modification, since the characteristics associated with the "targeted" group (i.e., claimants prone to work search errors) will change over time. We suggest a yearly review of the profile to verify its continued applicability.

Since this last option would involve a great deal of time and effort, not to mention resources, it may well prove useful to attempt a trial implementation. Such a test project would serve several purposes. It could demonstrate the utility of utilizing the error-prone profile in this fashion. It could provide a sound experimental basis for subsequent statewide implementation. It should document the profile's viability as a "predictive tool" or at the least, indicate the profile's capabilities in this regard. We should also be able to determine the cost effectiveness of the project and thereby generate reliable estimates for statewide implementation. In the unlikely event that negative results are obtained, the total outlay would be minimal when compared to system-wide implementation costs. Performing a trial-run would also allow certain procedural difficulties to be addressed and resolved prior to statewide utilization. Thus, a smoother transition would be possible and statewide implementation should prove to be less problematic.

In conclusion, the Colorado QC unit had developed a sound, usable claimant profile for work search errors. Ultimately, the utilization of the profile should include some sort of "testing" procedure to further substantiate the profile's utility and worth. Several options exist in this regard, some of which are outlined above. A number of beneficial results may be realized by utilizing the error-prone profile for prevention and/or detection of work search errors. At the very least we have developed a statistically valid profile, based on the claimant population itself, which management can use in their ongoing effort to improve the U.I. program.

TITLE: WORK SEARCH ERROR CLAIMANT PROFILE:
FINAL REPORT
AGENCY: COLORADO DEPARTMENT OF LABOR AND
DEVELOPMENT

TECHNICAL NOTE

Colorado's efforts in the area of Error Prone Profiling should be applauded as an efficient means to utilize resources to reduce work search errors. Colorado decided to use mainframe data consisting of all claims rather than the Q.C. database that is based on a sample of claims. Creators of Error Prone Profile models should understand the conceptual difference in the models, based on which database is used, so that an appropriate model may be created. The Colorado Error Prone Profile model identifies claimants who were identified by existing agency procedures and were actually denied benefits, where an Error Prone Profile model created using Q.C. data would identify claimants who should have been denied benefits, but were not until the Q.C. investigation detected the erroneous payment. The extent to which these two groups of claimants differ is indicated in this article. When Colorado's Error Prone Profile model was run on the Q.C. database, it had no significant ability to identify claimants that had work search errors that were detected by the Q.C. investigation. This may illustrate that there are differences between the claimants whose claims were denied through regular procedures due to work search errors and claimants who received benefits and whose work search errors were not detected prior to the Q.C. investigation identifying them.

IV. RESEARCH DATA AND INFORMATION SOURCES; RESEARCH METHODS AND TOOLS

A. REPORTING SYSTEM UPDATE

Electronic Reporting

The Unemployment Insurance Service electronic reporting of required statistical reports is beginning to take definite shape. The first module should be released sometime in March of 1990 to those SESAs for whom the Artecon hardware has been delivered.

UI has been planning to automate the receipt of required reports data for some time. The Cost Information System (CIS) was an early attempt at this. Taking what was learned from CIS and other areas, UI is developing an electronic reporting system that will allow SESAs to enter reports data on their Artecon equipment, run edits on the data, and send the report to the National Office. Electronic reporting will eliminate mail delays and, because of the edits, should reduce keying errors.

A first module consisting of the ETA 539, ETA 5159, ETA 5130, ETA 207, ETA 218, ETA 581, and ETA 586 has been developed. These programs and those necessary for tracking of reports and sending them to the National Office are being tested during the month of August. A further testing in 5 SESAs will begin in September and run through at least November. What we learn from these testing procedures will be used to fine tune the system. Training for SESAs on the new system will be held in February 1990. Systems should begin to be released to those SESAs with hardware in March when they will be used to transfer the reports. Further modules of the other UI required reports will be developed but release schedules have not been determined.

While the new electronic reporting system was designed primarily to have reports submitted in a more timely and accurate way, there will be side benefits to SESAs from this system. SESAs will have available their own reports data for the most recent three completed years plus the current year to date for use in any in-house research they might want to pursue. They will also have available software with which to manipulate the data: data base management system, spread sheet, statistical package, and graphics. Along with their own data, SESAs will be able eventually to request reports data on US totals, Regional totals, or other SESAs to be downloaded from the National office for their studies.

Reports Changes

ETA 8413 and ETA 8414 - These two reports are being replaced with a simpler, less detailed form. The changes are currently at OMB for approval.

B. BENEFIT FINANCING STATE MODEL STATUS

The State Benefit Financing Simulation Model was developed as a tool to help analysts project the condition of their UI trust Funds several years into the future and to quickly assess the impact of various economic scenarios and possible law changes. It was created in 1977 by the Mercer and Associates Acturial firm and since that time has been maintained by the Division of Actuarial Services in the Unemployment Insurance Division of the Dept. of Labor.

Specifically the model consists of two separate modules. In the first module called the Projection Program, twelve UI variables are projected by quarter for a ten year period. Several of these variables are projected by regression analysis; they include: the number of insured unemployed, taxable wages, regular weeks compensated, and average weekly benefit amount. Other variables in this program are called assumption or scenario variables. These include the most important economic factors which affect the financial status of the UI fund; they include: future rates of unemployment, wage levels, and changes in the insured labor force. The operator may vary these inputs so that different effects of possible economic scenarios can be measured.

The projection variables are then filtered through the individual States' taxation and benefit system in the second module called the Financial Forecast Program. The Financial Forecast requires the input of the States' entire tax table, an employer distribution, and numerous variables which mirror that State's unemployment insurance system. On this framework numerous flexibilities are incorporated to permit simulation of existing or contemplated systems.

From the ten possible output tables of the Financial Forecast, some of the important items that an analyst can measure are:

Future paths of contributions and benefits as different tax schedules trigger on and off;

State trust fund adequacy to ensure that tax provisions States adopt in the future will provide reasonable trust fund solvency against projected unemployment peaks; and

When any solvency and emergency taxes may trigger on, and what will be their effects on the trust fund.

To keep these forecasts current, the model can be updated with new base year data and a new employer distribution each year.

Since its inception, numerous additions have been made to the State Benefit Financing Model. Entirely new programs have been written for the inclusion of both benefit wage and benefit ratio states. Additionally, an entire loan program has been added in order to simulate the amount of borrowing and repayment that takes place when a state becomes insolvent. The latest additions made in the past year, include:

- * Confidence Intervals for all variables predicted using regression analysis;
- * A new equation deriving the total unemployment rate from the insured unemployment rate; and
- * A new equation for predicting the amount of extended benefits when necessary.

Many states have found this model to be an extremely useful tool especially in times of changing economic conditions and changing UI laws. A State wanting to begin using this model will work together with the Division of Actuarial Services in arriving at a model which sufficiently resembles that State's UI system. Once a working model has been developed, a State may then use the system without charge or assistance for as long as desired.

This model is written in Fortran and runs on a mainframe computer in Vienna Virginia through the Boeing Computer Service. It is available through an 800 number and requires a modem and a monitor. Any State wishing access to this model or having questions concerning its use may contact:

Robert Pavosevich
Division of Actuarial Services
200 Constitution Ave. NW Rm. S4519
Washington D.C. 20210
(202) 535-0640

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V. RECENT FINANCIAL AND LEGISLATION DEVELOPMENTS

A. EXPERIENCE RATING INDEX

Background. The Department of Labor has long been interested in experience rating and the degree to which States have used experience rating in their tax programs. An Experience Rating Index (ERI) was first suggested by the National Commission on Unemployment Compensation as written in their July 1980 Studies and Research Compilations. The idea was further developed by the Office of Inspector General (OIG). On August 16, 1985, the OIG issued an audit report, based on the experience of 12 States, citing a decline in the level of experience rating in the Unemployment Insurance (UI) tax system. The report recommended that the Employment and Training Administration (ETA) revise the State Employment Security Agencies' (SESAs) reporting of experience rating to provide for data which would enable the development and publication of an ERI. The OIG stated that this ERI would provide a measure of the relative degree of experience rating in the States' UI systems.

The UI Service contracted with Dr. Wayne Vroman to examine experience rating in general and review the OIG report in particular. In April 1986, Dr. Vroman's report, "Experience Rating in Unemployment Insurance: Some Current Issues" was delivered to the Department. The report concluded that the OIG's report had exaggerated the extent of the decline of experience rating that occurred between 1970 and 1983. Vroman further concluded that the OIG recommendations should be given serious consideration. These recommendations included changing the ETA 204 reporting form such that an ERI could be calculated for each State as well as several suggestions for desirable State level changes that would enhance the degree of experience rating. His report stated that if this information were to be collected, meaningful comparisons of ERIs across States could be made.

Manual Transmittal Letter No. 1460 revised the reporting instructions for the ETA 204, Experience Rating Report. The revisions were in response to the OIG audit and required in order to collect the information necessary to calculate an ERI for States.

Discussion. The attached table shows the Experience Rating Index by State for rate year 1988. This is the first year of this report that will be produced and distributed annually.

The ERI is a relative measure of the degree of experience rating in State UI programs. Specifically, it represents the percentage of benefits effectively charged to taxable employers.

It is emphasized that the ERI is best suited as an indicator of the change in the level of experience rating in a single State over a period of time in terms of economic fluctuations and law changes. It is less useful as a comparative measure among States because of the uniqueness of State laws governing financing.

Two States have pointed out that the index is an incomplete description of a State's experience rating system since it ignores fund balances and reports on only one year rather than cumulative experience.

The ERIs shown in the Table were calculated by the National Office using ETA 204 data submitted by States for the 1988 rate year. At this point, the ERIs are considered final. If States provided updated information by the required due date, the ERIs have been revised. Information not available (INA) is shown for those States which did not have the needed data at this writing. In some cases, INA indicates States that have a June 30 rate year ending date and had already completed the ETA 204 report for the rate year 1988, prior to receipt of the revised instructions. In other cases, INA reflects States for which all the data needed are not available because of involvement in automation projects, etc. In addition, the information needed to calculate an ERI is not available for Alaska (a payroll declines system) and Puerto Rico (uniform tax system). In benefit wage ratio States, benefit charges attributable to inactive employer accounts and noncharges were estimated based on benefit wage data. The ERI is also being published in the UI Data Summary and any publications deemed appropriate. A sample ERI calculation, with accompanying definitions, is shown in Attachment II.

Initially, the National Office intended to adjust the ERIs for States in which the taxable wage base changed between the computation year (12 months ending on the computation date) and the rate year. However, a review of several States with wage base changes showed that the impact, when the base change was small, was relatively minor and except for a few States, the taxable wage base change was less than ten percent. Accordingly, adjustments have not been made. However, depending on the magnitude and direction of a taxable wage base change, the ERI would have been slightly higher or lower if the impact of a change in the base had been considered and the ERI adjusted. The taxable wage base change in Hawaii was substantial, from \$15,600/16,500 during the computation year to \$8,700 during the rate year. Accordingly, the ERI would have been approximately 10 percent lower than that shown if the impact of the base change had been considered and the ERI adjusted.

EXPERIENCE RATING INDEX
BY STATE
RATE YEAR 1988
(\$ thousands)

<u>STATE</u>	<u>IEC</u>	<u>IAC</u>	<u>NNC</u>	<u>BEN</u>	<u>ERI</u>
Alabama	\$ 32,755	\$ 3,929	\$ 19,791	\$ 191,877	71%
Alaska	INA	INA	INA	INA	INA
Arizona	INA	1,528	17,536	120,634	INA
Arkansas	25,900	15,756	27,294	133,796	48
California	548,983	0	150,327	1,660,430	58
Colorado	72,714	27,092	24,587	225,035	45
Connecticut	INA	11,002	24,109	167,369	INA
Delaware	INA	INA	INA	INA	INA
Dist. of Col.	21,314	8,931	887	58,616	47
Florida	10,531	36,658	37,808	262,103	68
Georgia	24,915	15,979	66,671	235,093	54
Hawaii	1,608	3,870	6,999	43,557	71
Idaho	18,807	2,616	11,770	74,127	55
Illinois	170,731	28,026	232	1,180,791	83
Indiana	22,204	6,485	4,557	178,028	81
Iowa	4,079	13,871	14,270	143,393	78
Kansas	5,119	27,451	23,720	156,769	64
Kentucky	12,310	11,955	5,263	139,466	79
Louisiana	226,880	45,161	16,985	506,838	43
Maine	6,807	2,416	8,961	48,031	62
Maryland	INA	11,305	39,703	206,162	INA
Massachusetts	99,906	33,692	50,157	410,287	55
Michigan	92,654	56,176	20,123	833,671	80
Minnesota	INA	36,595	25,780	299,351	INA
Mississippi	36,291	11,297	18,287	111,201	41
Missouri	44,788	829	43,083	230,324	61
Montana	10,521	5,763	3,227	42,057	54
Nebraska	8,743	2,248	6,872	46,161	61
Nevada	6,574	10,386	7,414	71,105	66
New Hampshire	INA	20	1,103	INA	INA
New Jersey	INA	61,975	21,454	635,178	INA
New Mexico	16,148	10,940	11,551	79,638	51
New York	123,506	81,457	8,129	1,054,181	80

<u>STATE</u>	<u>IEC</u>	<u>IAC</u>	<u>NNC</u>	<u>BEN</u>	<u>ERI</u>
North Carolina	56,252	21,516	35,376	211,422	46
North Dakota	8,163	4,000	2,933	39,304	62
Ohio	INA	40,478	32,885	652,475	INA
Oklahoma	26,571	INA	INA	367,958	INA
Oregon	38,273	19,304	32,873	218,069	59
Pennsylvania	INA	INA	INA	INA	INA
Puerto Rico	INA	INA	INA	INA	INA
Rhode Island	1,668	2,589	11,605	62,282	75
South Carolina	6,771	8,146	25,289	96,791	58
South Dakota	1,687	1,367	1,562	11,310	59
Tennessee	INA	28,124	20,261	172,410	INA
Texas	245,855	167,206	144,543	1,188,042	53
Utah	9,909	9,559	14,448	86,730	61
Vermont	3,389	1,333	3,465	27,040	70
Virginia	24,097	7,951	15,397	134,934	65
Virgin Islands	INA	INA	INA	INA	INA
Washington	42,159	49,234	51,262	359,999	60
West Virginia	0	17,755	4,764	136,064	83
Wisconsin	12,965	11,670	7,714	324,307	90
Wyoming	22,979	8,107	6,232	60,198	38

IEC = Ineffective Charges
 IAC = Inactive Charges
 NNC = Noncharges
 BEN = Benefits
 ERI = Experience Rating Index
 INA = Information Not Available

ERI SAMPLE CALCULATION

$$\text{ERI} = (1 - ((\text{IEC} + \text{IAC} + \text{NNC}) / \text{BEN})) * 100$$

where,

IEC = Ineffctive Charges: ETA 204, Section C, Column 8,
Total All Subject Accounts

IAC = Inactive Charges: ETA 204, Section B, item 6(a)(2)

NNC = Noncharges: ETA 204, Section B, item 6(b) plus item 7(b)

BEN = Benefits: ETA 204, Section B, item 5 minus item 7(a)

$$\text{ERI} = (1 - ((15,143 + 8,900 + 995) / 61,395)) * 100$$

$$= (1 - (25,038 / 61,395)) * 100$$

$$= (1 - .41) * 100$$

$$= 59\% \text{ of benefits effectively charged}$$

B. ECONOMIC CONDITIONS/FINANCIAL STATUS

The six and one-half years of economic growth since the end of the last recession in late 1982 has had a significant positive effect on the financial status of the Unemployment Trust Fund, both State accounts and Federal accounts. In March 1983, 31 States had outstanding Title XII loans totalling \$14 billion. These numbers have been steadily reduced over the years by a combination of low unemployment and legislative action by many of the borrowing States. Currently, Michigan is the only State with an outstanding loan (approximately \$800 million) and even that State has a fund balance that exceeds its loan balance. In addition, all remaining deferred interest payments are due this year, leaving no outstanding interest balance, since Michigan's remaining loan is interest-free. The total of all State fund balances (after subtracting loans) has increased from \$-5.8 billion in 1983 to \$29.8 billion in March, 1989. Although a number of States could not withstand a severe recession without borrowing, the State trust fund accounts, as a whole, are healthier than at any time since the early 1970s.

The Federal accounts -- the administration account (ESAA), the extended benefit account (EUCA), and the loan account (FUA) have also done well. EUCA and FUA had a combined debt to the Treasury general fund of \$20.7 billion in 1983. EUCA made its final repayment in May 1987 and FUA will do the same this September. ESAA was forced to borrow for a short period of time in 1984, but its balance has exceeded the statutory ceiling each of the last three fiscal years.

The administration's recently released Midsession Review economic forecast (see table) shows a continuation of the economic expansion after a slight slowdown. The total unemployment rate (TUR) rises from the current 5.2% to 5.5% in 1990 before declining again. The resulting UI projections indicate continuing improvement in solvency status. Regular benefit outlays jump \$1.7 billion in 1990, but then resume slow growth (attributable to wage increases and labor force growth). Trust fund balances, in absolute dollars, continue to build throughout the 5-year projection period, but, as a percent of wages, level off after 1991.

Federal account balances continue to grow, even after the removal of the .2% FUTA surcharge in 1991. ESAA exceeds its ceiling in every year, as does EUCA starting in 1990. FUA, however, does not reach its ceiling during the projection period.

Midsession Review Projections

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
TUR (%)	5.6	5.3	5.5	5.4
IUR (%)	2.2	2.1	2.1	2.0
Real GNP Growth (%)	4.4	2.9	2.5	3.0
CPI Increase (%)	4.1	4.8	4.4	4.0
State UI Outlays (\$B)	13.2	13.4	15.1	15.3
State Revenues (\$B)	18.3	17.4	16.5	16.1
State Balances (\$B)	30.2	36.7	41.1	45.1
Federal Balances (\$B) (ESAA+EUCA+FUA)	5.6	8.8	12.7	15.9

Since the administration forecast was made, there have been increasing signs that the longest peacetime expansion in history may be nearing its end. The Commerce Department's composite index of leading indicators declined in June for the second month in a row and for the fourth time in the last five months. Three consecutive months of decline often forecasts a recession. Initial UI claims have exhibited a slow, but unmistakable, rise since late May, with insured unemployment doing the same since early June. There is no clear upward trend in total unemployment, however.

The consensus among economists seems to be that, if a recession does develop, it will be a mild one. The Federal Reserve appears committed to trying to achieve a "soft landing" for the economy, as long as inflation doesn't worsen. In addition, the impact of a recession on unemployment may be smaller than in past recessions because of very slow productivity growth in the economy.

Current data on State fund balances, benefit payments, unemployment rates, etc., is available in UI Data Summary, published quarterly. National projections based on the administration's economic assumptions are published twice a year in UI Outlook. To receive either of these publications or to get additional information, please contact:

Mike Miller or Julie Stanek
Unemployment Insurance Service
U.S. Department of Labor
Room S-4519
200 Constitution Ave. NW
Washington, DC 20210
(202) 535-0630

C. RECENT LEGISLATIVE DEVELOPMENTS

During CY 1988, a number of Federal laws were enacted which directly affected the Unemployment Insurance (UI) program and its operations. These included:

- OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1988
- FAMILY SUPPORT ACT OF 1988
- COMPUTER MATCHING AND PRIVACY PROTECTION ACT OF 1988
- STUART B. MC KINNEY HOMELESS ASSISTANCE AMENDMENTS ACT OF 1988
- TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988
- VETERANS' BENEFITS AND PROGRAM IMPROVEMENTS ACT OF 1988
- DISASTER RELIEF AND EMERGENCY ASSISTANCE AMENDMENTS OF 1988

Following is a review of the major provisions of each Act as they impact on the UI system.

OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1988

Reauthorized the TRA program for 2 additional years from September 30, 1991 to September 30, 1993.

Group Eligibility Requirements

Expands eligibility to workers in the oil and gas industry (exploration and drilling) effective on date of enactment. Retroactive to workers laid off after September 30, 1985, covered by a certification petition filed within 90 days after enactment.

Expands eligibility to otherwise qualified workers of firms that supply essential goods (parts, materials, or services) to directly affected firms. Effective one year after the Trade Adjustment Assistance Trust Fund is established.

Notice of Benefit Information

Requires the Secretary to provide written notice by mail of the trade adjustment assistance benefits available under the act to each worker whom the Secretary has reason to believe is covered by a certification. In addition, the Secretary is required to publish notice of such benefits in newspapers of general circulations in the areas in which workers covered by such certifications reside.

Cash Assistance for Workers

Requires training as a condition for receiving TRA benefits unless training is not feasible or appropriate. This requirement is waived when the Secretary has determined that it is not feasible or appropriate to approve a training program. Failure of the worker to begin or continue participation in the approved training program without justifiable cause terminates payment of TRA until the worker begins or resumes participation in the training program.

The Secretary is to submit an annual report to Congress on the number of workers who received certification that it is not feasible or appropriate to have training approved.

Workers are to be treated as participating in approved training and eligible for TRA benefits while in training during a training break which does not exceed 14 days if the break is provided under such training program (e.g., semester breaks).

Requires DOL to establish one or more demonstration projects to evaluate supplemental wage allowances as an option for workers qualified for TRA who take a new full-time job paying less than their previous job.

Secretary to submit report to Congress evaluating results, with recommendations within 3 years after enactment.

Job training for Workers

Removes appropriation limitation and requires the Secretary to approve training for a worker if the 5 criteria in present law are met, plus a new sixth criterion requiring training to be appropriate for suitable employment and available at a reasonable cost. Criteria also include requirement that approved training be "reasonably" available. Approval entitles worker to payment of cost directly or through a voucher system, subject to total annual training cost entitlement cap of \$80 million. Effective on enactment for workers certified eligible on or after that date.

The cap would increase to \$120 million effective on the date that is one year after the first date on which the Trade Adjustment Assistance Fund (see below) financed by a new uniform ad valorem import fee (see discussion below) is established.

Remedial education is included among options for approved training. OJT costs must be paid in 12 equal monthly installments. Permits partial payment of TAA training costs from other Federal and State funds.

Prohibits approval of training programs if: costs are paid in total or in part under a non-government plan or program; the worker has entitlement to obtain training or funds for training under such program (no double did); the worker is required to reimburse the plan or program for any portion of the costs of the training.

Provides for coordination at the State level of the administration of training and other employment services between worker TAA and the dislocated worker program of JTPA.

Requires each cooperating State or State agency to advise each worker who applies for UI benefits of the benefits available under the Trade Adjustment Act and of application procedures and deadlines.

Eliminates the current requirement that the State agency must interview each adversely affected worker within 60 days after application for training, changing the language to "as soon as practicable."

Time Limits for Payments of TRA

The most recent separation from employment shall be used for determining beginning of a worker's eligibility period. Applies on enactment and retroactively to workers who were separated from employment between August 13, 1981 and April 7, 1986, if they have been continuously unemployed since original layoff and are enrolled in training.

Authorization

Extends the TRA program authorities and authorizations through FY 1993.

Appropriates (with amounts used to be charged against FY 1989 appropriated amounts) such amounts as may be necessary for additional FY 1988 payments incurred as a result of the changes in training, job search and relocation provisions during the period after the date of enactment (August 23, 1988) and before October 1, 1988.

Trade Adjustment Assistance Trust Fund

Establishes a trust fund consisting of revenues from an import fee to go into effect if and when the import fee is imposed.

Imposition of Import Fee

President must seek GATT agreement and agreement of parties to bilateral free trade areas to permit imposition by parties of a small uniform duty on all imports (with limited exceptions) to fund TAA-type programs. Fee could not exceed program cost, up to a maximum level of 0.15 percent as valorem.

Provides 2 years for negotiations to seek agreement. If negotiations are successful, the fee would be imposed. If not successful, President to decide whether implementation of the fee was in the national interest. If he decides the fee is not in the national economic interest, he would not implement the fee, but instead would report to the Congress on his decisions and his reasons. Congress would have 90 days to pass a joint resolution disapproving President's decision.

FAMILY SUPPORT ACT OF 1988

The Family Support Act of 1988, which replaces the AFDC program with a new program emphasizing work, child support and needs-based family support supplements, includes amendments to Sections 303 and 304 of the Social Security Act requiring the SESAs to take actions in consonance with an agreement entered into between the Secretary of Labor and the Secretary of Health and Human Services to enable the Secretary of HHS to obtain prompt access to any wage and unemployment claims information, including any information that might be useful in locating noncustodial parents with child support obligations. Compliance with this provision and with the term of the agreement between the Secretaries is a necessary condition for receipt of administrative grants under Title III of the SSA.

This amendment becomes effective on the first day of the first calendar quarter which begins one year or more after the date of enactment. The agreement between the Secretaries is to be entered into not later than 90 days after the date of enactment.

It is the Congressional intent that the Department of Health and Human Services be billed by the Department of Labor for its costs and the costs incurred by the States and that DOL will, in turn, appropriately reimburse the SESA's for the cost of providing the information.

COMPUTER MATCHING AND PRIVACY PROTECTION ACT OF 1988

The purpose of this act is to regulate the use of computer matching conducted by Federal agencies or using Federal records subject to the Privacy Act of 1974 (5 USC 552(a)). The Act is designed to ensure privacy, integrity and verification of data disclosed for computer matching. The law contains three main elements:

- (1) It requires that Federal agencies participating in "computer matching programs" enter into written matching agreements outlining the terms of disclosure and use of information employed and produced by the matching program. No disclosure of information may be made for computer matching purposes unless a matching agreement has been approved.

- (2) It requires the establishment of a Data Integrity Board within each agency that conducts or participates in a matching program. The function of the Data Integrity Board is to oversee and coordinate the implementation of this Act by reviewing and approving matching agreements and by reviewing the matches in which its agency has participated in the last past year to determine compliance with applicable laws, regulations, guidelines, and agency agreements, and to assess the cost and benefits of such programs.
- (3) It requires the establishment of procedural safeguards for individuals whose records are matched in programs covered by the Act, including requirements for the independent verification of information yielded by computer matches, and notice to and opportunity for individuals to contest the findings of computer matching programs prior to adverse actions being taken against such individuals.

Generally, the law will cover only computerized matching involving a Federal agency as a source or recipient of information. It is limited to those matches involving a Federal system of records that are made for the purpose of verifying information related to Federal benefit programs.

These Provisions of PL 100-503 take effect 9 months after the date of enactment.

STUART B. MC KINNEY HOMELESS ASSISTANCE AMENDMENTS ACT OF 1988.

This Act includes two amendments of significance to Unemployment Insurance programs.

The Act amends JTPA to add a new program called "JEDI" - Jobs for Employable Dependent Individuals. In this new JTPA provision, bonus payments will be made to certain JTPA programs and program operators, based on successful placement of employable dependent individuals in continuous employment. "Continuous Employment" is defined as gainful employment under which wages or salaries are reportable for unemployment insurance purposes, and such wages or salaries are earned during a total of 4 out of 5 consecutive calendar quarters.

The JEDI amendments do not provide for JTPA access to individual wage records data from the UI system data bases. Access to the requisite data thus becomes a matter to be determined under the provisions of the individual State UI laws.

The Act allows for access to the records of the State Employment Security Agency concerning wage and unemployment claims information by the Department of Housing and Urban Development and by Public Housing Authorities. Under the provision, the Secretary of HUD may require any applicant for HUD assisted programs to sign a consent form authorizing the DHUD or Public Housing Agency to request from the State Employment Security Agency release of (on a reimbursable basis) wage and unemployment claims information concerning the applicant. Release of the information is restricted only to officers and employees of DHUD and Public Housing Authorities.

The provision amends Sections 303 and 304 of the Social Security Act to require State agencies to provide the requested information on a reimbursement basis. Compliance with this provision and with the implementing regulations to be issued by the Secretary of Labor is a necessary condition for receipt of administrative grants under Title III of SSA.

These amendments are effective (with the exception of the two options indicated below) on September 30, 1989.

- (1) At the initiative of a State or a State Agency, early implementation of the provisions may be approved by the Secretary of Labor on any date before September 30, 1989 which is more than 90 days after the date of enactment.
- (2) In the case of any State the legislature of which has not been in session for at least 30 calendar days between the date of enactment and September 30, 1989, the amendments to the SSA shall take effect 30 calendar days after the first day on which the legislative is in session on or after September 30, 1989.

These provisions and amendments cease to be effective (sunset) as of October 1, 1994.

TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

There are a number of provisions in this Act which impinge upon the UI program. Among these are:

The Treatment of Income Derived by Indians From Exercise of Fishing Rights Secured by Treaty.

Under this provision, income derived by individual members of an Indian tribe or by a qualified Indian entity, from Fishing-rights related activity is exempt from Federal and State tax, including income, social security, and unemployment compensation taxes.

Tax Treatment of Employer Provided Educational Assistance and Group Legal Service. (One Year Extension)

For tax years beginning through the end of CY 1988, excludes (within stated limits) from an employees income for employment tax purposes, certain --

- amounts paid for or incurred by the employer for educational assistance provided to the employee
- amounts contributed by an employer to a qualified group legal services plan for an employee.

These are one-year extensions of provisions that had been allowed to lapse at the end of CY 1987.

Treatment of Certain Family Service Providers.

Permits a State to treat certain persons who render dependent care or similar services as other than an employee for employment tax purposes for the period beginning on January 1, 1984, and ending on December 31, 1989. The term "employment tax" means any tax imposed by Subtitle C of the Internal Revenue Code of 1986.

Definition of Wages -- Section 3306 of FUTA.

- Amends the definition of "Wages" (section 3306(b)) to reflect treatment of amounts received under Cafeteria Plans as defined in Section 125 of the Internal Revenue Code of 1986.
- Adds a new subsection 3306(t) - Benefits Provided Under Certain Employee Benefit Plans - to reflect the treatment of "includable gross income" arising by reason of the nondiscriminatory requirements of employee benefit plans as they relate to highly compensated employees which are set forth in Section 89 of the Code.

VETERANS' BENEFITS AND PROGRAM IMPROVEMENTS ACT OF 1988

The Act requires that, not later than one year after the date of enactment, the Secretary of Labor and the Administrator of Veterans Affairs (Sic. Pursuant to P.L. 100-527 the VA is now the Department of Veterans Affairs) shall enter into a memorandum of understanding to define the relationship and responsibilities of the VA, DOL, and State and local agencies with respect to the provision of information to veterans on services and benefit eligibility, program application, issues resolution and the initiation of appeals procedures.

The Act also requires the Assistant Secretary of Labor for Veterans' Employment and Training, in consultation with the Office designated by the Secretary of Labor to coordinate the functions of the Secretary under Title III of JTPA as amended to coordinate the activities of the Secretary of Labor with respect to providing unemployed veterans with information, forms and assistance regarding the following programs:

1. Title IV C of JTPA
2. The Veterans' Job Training Act
3. Title III of JTPA
4. Employment Assistance and Unemployment Compensation under the Trade Adjustment Assistance Program and under any other program administered by the Employment and Training Administration
5. Educational Assistance
6. Certification of a veteran as a member of a targeted group eligible for TJTC.

DISASTER RELIEF AND EMERGENCY ASSISTANCE AMENDMENTS OF 1988

This Act amends the Disaster Relief Act of 1974 (PL 93-288). Included are several amendments to the Disaster Unemployment Assistance Program (DUA):

- Payment of DUA is limited to only weeks of disaster-related unemployment with respect to which the individual is not entitled to any other Unemployment Compensation or waiting period credit.
- Payment of DUA is limited to a maximum of 26 weeks after the declaration of a major disaster (previously, the limit was one year).
- Repealed was the provision reducing the amount of DUA by any amount of unemployment compensation or private income protection insurance compensation available to the individual.

Changes in unemployment insurance legislation during 1988

*Two new U.S. laws allow access
to wage and unemployment claims information;
among States, only Missouri made extensive changes
to its unemployment insurance law*

DIANA RUNNER

On October 13, the President signed into law the Family Support Act of 1988. The law amended the Social Security Act in such manner as to enable the Secretary of Health and Human Services to obtain prompt access to records of the State Employment Security Agencies on wage and unemployment claims information. Included in such information is intelligence that might be useful in locating noncustodial parents with child support obligations.

In a similar vein, the Stuart B. McKinney Homeless Assistance Amendments Act of 1988, signed into law on November 7, allows access, on a reimbursable basis, to the records of the State Employment Security Agencies concerning wage and unemployment claims information by the Department of Housing and Urban Development and by public housing authorities.

The Technical and Miscellaneous Revenue Act of 1988, signed into law on November 10, amends the definition of wages for employment tax purposes. The legislation also provides that income derived from fishing rights-related activity by individual members of an Indian tribe, or by a qualified Indian entity, is exempt from Federal and State tax, including income, Social Security, and unemployment compensation taxes.

In general, State legislatures took very little action this year, except for Missouri, where extensive changes were made. Seven States (Alabama, Arizona, Maryland, Mississippi, Missouri, Tennessee, and Virginia) increased the maximum weekly benefit amount. Three States (Alabama, Louisiana, and Rhode Island) changed their

method of computing an individual's weekly benefit amount.

Kentucky, Maryland, and Missouri amended their laws so as to be able to join in interstate arrangements that permit one State to recover the unemployment insurance benefit overpayments made to a claimant by another State. The means of recovery will be to withhold a portion of the unemployment insurance benefits and return that portion to the State that made the overpayment. The arrangements were authorized by the Consolidated Omnibus Budget Reconciliation Act of 1985, effective April 7, 1986. Some State laws already permit the recovery of benefits in this manner.

During 1988, Alabama established a temporary program to provide the employment security services with special job search and placement assistance for unemployment compensation claimants who wish to obtain employment. This program will be in effect from Jan. 1, 1989, to Dec. 31, 1991. Also, Rhode Island established a reemployment assistance program that will be responsible for developing initiatives and programs to improve the skill levels and expand the work opportunities for all segments of the work force. Both of these programs are funded through a special tax on employers.

The Massachusetts Employment Security Law was amended to permit the Massachusetts Division of Employment Security to enter into an agreement with the Secretary of Labor to conduct a 3-year self-employment demonstration project. Under the project, the division will be permitted to pay self-employment allowances to eligible individuals from the unemployment compensation fund in lieu of regular or extended benefits.

Missouri, South Dakota, Washington, and Wyoming

Diana Runner is an unemployment insurance program specialist in the Office of Legislation and Actuarial Services, Employment and Training Administration, U.S. Department of Labor.

amended their laws so as to prohibit information obtained in the administration of the unemployment insurance law from being used as evidence in any proceeding between a person and the employer that is brought before an arbitra-

tor, court, or judge of the State in question or of the United States.

Following is a summary of significant changes in State unemployment insurance laws during 1988.

Alabama

Financing. For the 3-year period from Jan. 1, 1989, through Dec. 31, 1991, contributing employers will pay a special tax assessment of 0.06 percent, to be used for a special claimant placement program. Excluded are those contributing employers whose rates are 5.4 percent or more and new employers.

Benefits. The following changes are effective Jan. 1, 1989: (1) The maximum weekly benefit increases from \$120 to \$145. (2) The weekly benefit will be $\frac{1}{3}$ of the average wages in the two highest quarters of the base period. (3) The qualifying wages will be not less than \$774.02 in the base period and $1\frac{1}{2}$ times the high-quarter wage.

Alaska

Benefits. The ratio of base-period wages to high-quarter wages used for determining the minimum duration of 16 weeks of benefits was changed from 1.49 to 1.50.

Arizona

Benefits. The maximum weekly benefit amount was increased from \$135 to \$145, and on July 1, 1989, it will increase to \$155.

Disqualification. The Arizona Department of Economic Security may charge and collect a fee of \$25 from any individual who offers a bad check for payment on an amount due the department. However, the fee may be waived if the individual shows good cause for the nonpayment or the bad check.

California

Financing. The additional rate of tax on employers with a negative reserve account balance for benefits paid under work sharing has been repealed.

Disqualification. The law was amended to specify certain criteria to be used for verifying the eligibility for benefits of certain alien workers.

Colorado

Disqualification. An individual's weekly benefit amount will be reduced by the

amount of any temporary disability compensation amount paid under any workers' compensation law, unless the temporary disability compensation amount has already been reduced by the weekly benefit amount. An individual is now eligible for benefits if he or she is separated due to the use of alcohol or a controlled substance on or off the job, if the individual (1) admits to an addiction to alcohol or the controlled substance; (2) substantiates the addiction by a licensed physician's statement; and (3) participates in an approved program of corrective action to deal with the addiction.

Connecticut

Benefits. The maximum weekly benefit amount may not increase by more than \$18 in any benefit year. If an individual simultaneously holding a part-time and full-time job leaves the part-time job under conditions rendering him or her ineligible for benefits and subsequently is compensably separated from the full-time job, all wages paid to the individual during the base period, except those from the part-time job, will be included when calculating the individual's unemployment benefits. If separation occurs after compensable separation from the full-time job, the individual shall receive the lesser of the partial unemployment benefits based on any current part-time employment or the partial employment benefits due but for the separation from the part-time employment.

Delaware

Coverage. A new enactment excludes from coverage services performed by an individual as a direct seller as defined under Federal law.

Benefits. The law was amended to add seasonal employment provisions and requirements for the receipt of benefits. To qualify for benefits on the basis of seasonal employment, an individual must have earned more than 75 percent of the base-period wages in the operating period of the seasonal employment.

Disqualification. For the period July 1, 1988, through June 30, 1990, an individual will not be disqualified on the grounds of voluntarily leaving employment if the individual elected to be separated under a collective bargaining agreement or written employer plan for a temporary layoff

for lack of work not to exceed 30 calendar days.

Florida

Disqualification. The amount of wages needed to purge the disqualification of an individual whose work was terminated for violation of a criminal law punishable by imprisonment or for a dishonest act in connection with the work was increased from 10 to 17 times the amount of the weekly benefit. An individual disqualified from regular benefits for the three major causes may not receive extended benefits, even after the disqualification period ends, unless such period terminated because the individual earned wages as an employee. Benefits shall not be payable during periods between terms and during vacation or holiday recesses with respect to services performed for an educational institution by any individual who is employed to perform such services for or on behalf of the institution.

Georgia

Disqualification. Employees of educational institutions operated by the Federal Government will be disqualified for benefits between academic years, terms, and holidays.

Penalties. An employer who deducts an amount from the wages of any individual in his or her employ to finance the employer's contributions or payments in lieu of contributions will be guilty of a misdemeanor if convicted. Also, if a false representation or failure to disclose a material fact is made more than once in a benefit year, or if benefits received exceed \$4,000, the claimant, if convicted, will be guilty of a felony punishable by imprisonment up to 5 years.

Hawaii

Penalties. The penalty for falsely obtaining benefits was revised to be a misdemeanor if the value of the benefits or increase in benefits obtained is \$300 or less (previously less than \$200), and a Class C felony if the value exceeds \$300 (previously \$200 or more).

Illinois

Financing. The 1.0-percent contribution tax for local governmental entities which elected not to make payments in lieu of contributions was repealed.

Iowa

Financing. The period needed for an employer to qualify for experience rating was reduced from 5 to 3 years. The following provisions which applied to calendar year 1988 only were made permanent: (1) The reserve ratio tax formula was replaced with a benefit ratio tax formula. Under the benefit ratio formula, the years of benefits and the years of payrolls used in computing contribution rates for experience-rated employers will be the last 5 years. (2) The least favorable schedule of rates will range from 0.0 percent to 9.0 percent, and the most favorable schedule will range from 0.0 percent to 5.4 percent. (3) A new contributing employer who is not in the construction industry will pay contributions at a rate specified at the 12th benefit ratio rank (0.3 percent to 3.1 percent), but not less than 1.0 percent.

The following provisions were repealed: (1) the provision allowing an employer to avoid payment of contributions for a year if the employer's percentage of excess (total employer contributions divided by total benefits charged) is 7.5 percent or greater; and (2) provisions allowing such an employer to qualify for a reduced rate in the year after the one in which he or she paid no contributions because of a percentage of excess of 7.5 percent or more. Also repealed were provisions allowing an employer to make voluntary contributions in an amount sufficient to lower his or her rate to that for the next lower percentage-of-excess rank. Finally, the 1.0-percent surcharge payable by employers with a negative balance and employers involved in new construction was also repealed.

Disqualification. A person may not be held liable for slander or liable on account of a report or statement made to the Iowa Division of Job Services unless the report or statement was made with malice.

Kansas

Coverage. A new enactment excludes from coverage services performed by an individual as an oil-and-gas contract pumper.

Financing. Benefits paid to individuals who are unemployed because of an employer's participation in a work-sharing program will be charged to the em-

ployer's experience rating account. The work-sharing program may not apply to employers with a negative account balance. The provision disallowing charging of reimbursements to other States for the costs of benefits on combined wage claims was repealed.

Benefits. A temporary work-sharing program, under which individuals working shortened schedules to avert layoffs may collect benefits, was established effective Apr. 1, 1989, through Apr. 1, 1992.

Disqualification. An individual will be disqualified for benefits for any week in which the individual is registered at and attending an educational institution, or is on vacation during or between two successive academic years or terms. However, an individual will not be disqualified if he or she was engaged in full-time employment concurrently with school attendance or was attending approved training.

Kentucky

Financing. A new domestic or foreign proprietorship or partnership engaged in the contract construction trades will be required to pay the maximum rate in effect until the firm employs people in Kentucky for not less than 12 consecutive calendar quarters ending as of September 30 immediately preceding the computation date.

Benefits. The Kentucky Bureau of Employment Security may enter into or cooperate in arrangements with appropriate agencies of other States or the Federal Government under which Kentucky may deduct from unemployment benefits any overpayments made under any Federal unemployment insurance program and under the interstate program. The amounts so deducted will be paid to the jurisdictions under whose program the overpayment was made.

Disqualification. Overpayments made as a result of a reversal of entitlement to benefits in the appeal or review process will not be construed to be the result of departmental error.

Penalties. If benefits have been paid as a result of a false statement, misrepresentation, or concealment of material information by a recipient and have not been repaid by the individual within 1 calendar year from the date of the first notice, interest at the rate of 1.5 percent per month or fraction thereof will be added to the unpaid balance each successive month, provided that due notice has been given to

the recipient. If the amount of benefits fraudulently received is to be deducted from future benefits, such deduction is limited to 25 percent of the benefit amount otherwise payable.

Louisiana

Financing. An employer's contribution rate will be reduced 10 percent when the balance in the fund exceeds \$400 million. The contribution rate of an employer shall not be less than 1 percent for the first 3 years (previously 1 year) of experience. An employer's experience rating account will not be charged with benefits paid to a claimant who has requalified after a disqualification due to discharge because of the use of illegal drugs. The provision of the law which required new employers to execute and file a surety bond or to deposit money or securities with the Administrator of the Louisiana Department of Labor was repealed.

Benefits. The method for computing of an individual's weekly benefit amount was changed from $\frac{1}{20}$ of the high-quarter wages if less than \$875 or $\frac{1}{35}$ of the average of the two high quarters if more than \$875 to $\frac{1}{38}$ of the wages earned in the four quarters of the base period, rounded to the lower dollar. Beginning Jan. 2, 1989, an individual's weekly benefit amount is discounted 5 percent. As a result, the maximum weekly benefit amount is not more than \$181 and the minimum benefit not less than \$10.

Disqualification. The criterion for determining a disqualification on the grounds of voluntarily leaving employment was changed from good cause connected with the employment to good cause attributable to the employer. An individual's weekly benefit amount is reduced by 50 percent if the individual is disqualified on the basis of voluntarily leaving the job and engaging in misconduct connected with the work. If a base-period employer has provided severance pay which, when prorated weekly, equals or exceeds the claimant's weekly benefit amount, the claimant's benefit entitlement is reduced by 1 week for each week of severance pay, but not less than 1 week.

Administration. The number of members of the board of review has been increased from three to five. The State advisory council must include one member at least 60 years of age to serve as a representative of the elderly.

Penalties. If not waived, overpayments involving fraud cases may now either be deducted from benefits payable to the claimant or be repaid. The statute of limi-

tations for recovery of benefit overpayments will be 3 years from the date of the expiration of the benefit year.

Maine

Benefits. The earnings disregarded in computing the weekly benefit amount for partial unemployment have been changed from \$10 to \$25 per week.

Disqualification. A dislocated worker in approved training may not be denied benefits because of the training or because he or she had left work to enter training, provided that the work was not suitable employment. "Suitable employment" means work of a substantially equal or higher skill level than the previous employment.

Administration. The chairman of the Unemployment Insurance Commission must be an attorney. The name of the first-stage appeals body was changed from the appeal tribunal to the Division of Administrative Hearings.

Maryland

Coverage. Maryland provides for automatic exemption from coverage of aliens performing agricultural labor if the exemption exists under the Federal Unemployment Tax Act. Also, a new enactment excludes from coverage services performed by a full-time student in the employ of an organized camp and individuals on fishing boats, if certain conditions are met. Services performed by an individual under the age of 22 (previously 18) will be excluded from coverage if performed in the employ of the individual's father or mother.

Financing. An employer's experience rating account may not be charged with benefits paid to any employee discharged for gross misconduct. The amount of bond or other security required by non-profit organizations electing to make payments in lieu of contributions will be 2.7 percent of taxable wages if the organization has 25 or fewer employees or 5.4 percent of taxable wages if the organization has more than 25 employees.

Benefits. The maximum weekly benefit amount was increased from \$195 to \$205. Also, the dependency allowance was increased from \$6 to \$8 per dependent up to four dependents. The Maryland Department of Economic and Employment Development may enter into or cooperate in arrangements with appropriate agencies of other States or the Federal Government under which Maryland may deduct from unemployment benefits any overpayments

made under any Federal unemployment insurance program and under the interstate program. The amounts so deducted will be paid to the jurisdiction under whose program the overpayment was made.

Disqualification. An individual will be disqualified for any week in which he or she receives holiday or vacation pay if, on or before the date of the layoff or separation, the individual had been notified of a definite date for a return to work. However, an individual may not be disqualified if he or she receives holiday or vacation pay which is outside of the terms of an employment agreement which specifies scheduled vacation or holiday periods. The pension offset provision was amended to provide that, if an individual is receiving pension payments under the Social Security Act or railroad retirement program, then the individual's contribution to the pension will be taken into consideration and the weekly benefit amount will not be reduced. Also, lump-sum retirement benefits will not be deducted from an individual's unemployment benefits if the payments are made at the time of a layoff or shutdown.

Mississippi

Financing. A conversion contribution rate table was established in calendar year 1988. Under the new scheme, rates range from 0.1 percent for employers whose benefit ratios are under 0.5 percent to 5.4 percent for employers whose benefit ratios are 5.7 percent or more.

Benefits. The maximum weekly benefit amount was increased from \$130 to \$145.

Disqualification. An individual will be disqualified for any week in which he or she receives a back pay award. If an employer makes back payments to an individual who has received unemployment benefits during the same period covered by the back pay award, the employer will be required to withhold an amount equal to the unemployment benefits and to repay the amount to the trust fund.

Missouri

Coverage. Students 22 or younger no longer are covered for services performed in a work-study program. A new enactment also excludes from coverage services performed by a full-time student in the employ of an organized camp.

Financing. If the balance in the trust fund is more than \$400 million, an employer's

contribution rate shall be decreased by 12 percent (previously 10 percent). As a result, the maximum rate for the most favorable schedule will change from 5.4 percent to 5.3 percent.

Benefits. The law was amended to add an alternative qualifying requirement of wages in at least two quarters of the base period and total base period wages of at least 1½ times the maximum Missouri taxable wage base for the year. The definition of partial unemployment was changed to a week of less than full-time work if earnings for that week do not equal or exceed the weekly benefit amount plus \$20 (previously \$10). Also, the amount of earnings disregarded in computing the weekly benefit amount for partial unemployment was increased from \$10 to \$20. Moreover, termination pay and severance pay are not considered wages in the computation of partial benefits. For purposes of the extended benefits program, the weekly benefit amount and the total benefit amount will be reduced as specified in the Balanced Budget and Emergency Deficit Control Act of 1985. Missouri may enter into reciprocal arrangements with appropriate agencies of other States or the Federal Government under which the Missouri Department of Labor and Industry may deduct from unemployment benefits any amount of overpayments made under any Federal unemployment insurance program and under the interstate program.

Beginning Jan. 1, 1989, the maximum weekly benefit amount rose from \$140 to \$150. Beginning Jan. 1, 1990, it will increase to \$160, and beginning Jan. 1, 1991, it will increase to \$170. Beginning Jan. 1, 1992, the maximum weekly benefit amount will increase to \$180 if employer contribution rates are not subject to an increase due to a low fund balance. However, if the contributions that are due but unpaid on Nov. 1, 1991, do not exceed the contributions due but unpaid on Nov. 1, 1990, by more than 50 percent and employer rates are required to be increased by 20 percent or less, the maximum weekly benefit amount for 1992 will increase to only \$175. If a 30-percent increase in rates is required, the maximum weekly benefit amount for 1992 will remain \$170. If the calculated maximum weekly benefit amount reaches \$180 in 1992 or any year thereafter, it will not be reduced or increased thereafter. However, if the calculated maximum is below \$180 by Jan. 1, 1993, it will be subject to an increase or decrease depending on the percentage of any increase or decrease in tax rates. Beginning Jan. 1, 1991, the wages needed to qualify for benefits will increase to \$1,000 in one quarter (\$750

beginning 1990) and base period wages of $1\frac{1}{2}$ times the high quarter.

Disqualification. The amount of wages needed to purge a disqualification due to discharge for misconduct was decreased from 10 to 8 times the individual's weekly benefit amount. No individual may be considered unavailable for work solely because he or she is a substitute teacher or is on jury duty. Individuals temporarily laid off for no more than 8 weeks will be deemed available for work and actively seeking work if the employer notifies the agency that the layoff is temporary. However, the 8-week period may be extended, if requested by the employer, at the discretion of the Missouri Division of Employment Security. If an individual receives benefits at the time of a back pay award, the employer must withhold from the award the amount of benefits paid and remit that amount to the Missouri Division of Employment Security. The law was amended so as to exclude receipt of wages in lieu of notice or termination allowances as disqualifying income. Beginning Jan. 1, 1989, under specified conditions, an individual will not be disqualified for voluntarily leaving a job due to pregnancy.

Administration. The period for appealing an initial claim determination was increased to 15 days. The law was amended to prohibit information obtained in the administration of the unemployment insurance law to be used as evidence in court in a criminal prosecution at an appeal hearing, or for any criminal violation of the employment security law.

New Hampshire

Disqualification. To remain eligible for benefits while attending approved training, an individual must not fail to attend training without good cause.

New Mexico

Disqualification. A full-time student will be ineligible for benefits regardless of the daily period within which he or she attends classes.

New York

Benefits. The temporary shared work program was extended until Jan. 1, 1990.

North Carolina

Coverage. A new enactment excludes from coverage services performed by an inmate of the North Carolina prison system who is on work release.

Financing. A mandatory transfer of records is provided if an employer transfers all of his or her business. The account of the predecessor shall be transferred as of the date of acquisition of the business on the part of the successor for use in determining the employer's rate of contributions.

Ohio

Benefits. The Ohio Unemployment Compensation Act was amended to add an alternative base period of the four most recently completed calendar quarters for individuals who fail to meet the qualifying weeks and wage requirements using the first four of the last five quarters.

Oklahoma

Disqualification. An individual will be ineligible for extended benefits until the individual becomes reemployed and earns at least 10 times his or her weekly benefit amount if the individual was disqualified for regular benefits due to refusal to seek and accept suitable work during a week due to illness, death of a family member, or other extenuating circumstances beyond the individual's control.

Pennsylvania

Financing. For calendar year 1989, no surcharge or additional tax will be required from employers, employees will pay no contributions, and no reduction in benefits will be required. Beginning in 1990, a trigger percentage will be used to establish surcharge and contribution rates for employers and employees which will be based on the State's unemployment insurance trust fund balance as of July 1 each year compared to the previous 3-year average of benefit outlays.

Benefits. Beginning in 1990, the weekly benefit amount will be reduced by 5 percent or by the reduction determined by the trigger mechanism. However, no individual will have his or her weekly benefit amount reduced to less than half the maximum weekly benefit amount. The pension offset provision was amended to apply only to payments made under a plan maintained or contributed to by a chargeable or base period employer. The amount of the deduction was limited by taking into account employee contributions to the retirement plan. Also, no pension offset will be required if the services performed for the employer by the employee during the base period did not affect the employee's eligibility for, or increase the amount of, the pension. This exception will not apply, however, to payments made

under the Social Security Act or the Railroad Retirement Act.

Administration. Interest assessed on fraudulently received benefits cannot be recouped by deduction from an individual's future benefits.

Rhode Island

Coverage. A new enactment excludes from coverage services performed by an individual on a fishing boat if certain conditions are met.

Financing. For tax years beginning in 1989, all contributing employers will pay a job development tax assessment equal to 0.1 percent of taxable wages, to be deposited into the Job Development Fund. The money in the fund will be used for (1) reimbursement of the Department of Employment Security for the loss of any Federal funds resulting from the collection and maintenance of the fund; (2) refunds of contributions erroneously collected and deposited in the fund; (3) payment of administrative expenses incurred with respect to the collection of job development taxes and other administrative expenses; and (4) job training, counseling, assessment services, and other related activities and services established by the Workforce 2000 Council.

Benefits. The amount of earnings disregarded in computing partial benefits was increased from a flat \$5 to one-fifth of the individual's weekly benefit amount. An individual's base period will be the 52 weeks preceding the benefit year, excluding any weeks in which the claimant collected workers' compensation insurance benefits. The base period ends with the second week preceding the benefit year.

The following provisions will be effective Oct. 1, 1989: The base period will be the first four of the last five completed calendar quarters preceding the benefit year. The benefit year will be 53 weeks if the filing of a new valid claim results in an overlap of any quarter of the base period of a prior new claim previously filed by the individual. The qualifying wages will be 200 times the minimum hourly wage in quarter and base period wages of at least $1\frac{1}{2}$ times the high quarter; however, the total base period wages must be at least 400 times the minimum hourly wage. Also, the alternative qualifying wages will be three times the total minimum (400 times the minimum hourly wage) in the base period. An individual's weekly benefit amount will be 4.62 percent of the high-quarter wages in the base period.

The number of weeks an individual may receive benefits will be 36 percent of the total wages in the base period. To qualify for benefits in a second benefit year, an individual must have earned wages of four times the weekly benefit amount.

Penalties. Employers who fail to file a detailed quarterly wage report will be assessed a penalty of \$25 for each refusal or failure to file. An additional penalty of \$25 will be assessed for each month the report is delinquent, but the amount shall not exceed \$150 for any one delinquent report.

South Dakota

Financing. The transfer of a predecessor's experience rating account is mandatory if the ownerships of both entities are substantially the same. If a successor employer does not assume the predecessor's experience rating account, the successor will be assigned the appropriate new employer rate. The contribution rate for the most favorable schedule will range from 0.0 percent to 8.0 percent. New employers will pay at a contribution rate of 2.75 percent for the first year and 1.75 percent if the employer has a positive account balance, until experience rated. Also, new employers in construction services will be assigned 7.5 percent for the first year and 4.5 percent thereafter if the employer has a negative account balance.

Benefits. Wages earned for a successive benefit year must be in insured work.

Administration. The law was amended to prohibit information obtained in the administration of the unemployment insurance law from being used in any proceeding between a person and the employer brought before an arbitrator, court, or judge of the State of South Dakota or the United States.

Tennessee

Benefits. The maximum weekly benefit amount was increased from \$145 to \$155.

Vermont

Benefits. The temporary short-time compensation program was made permanent. The pension offset provision was amended to specify that unemployment benefits will be offset by the pension only to the extent of the employer's contributions to the pension plan.

Virginia

Coverage. The law was amended to exclude from coverage services performed

as a court reporter if remuneration is solely by way of commission.

Benefits. The maximum weekly benefit amount was increased from \$167 to \$176, with qualifying wages in the two highest quarters increasing from \$8,400 to \$8,800. The minimum weekly benefit amount was reduced from \$58 to \$56, and the amount of wages needed to qualify for the minimum was decreased from \$2,900 to \$2,800.

Disqualification. An individual will be eligible for 2 weeks of benefits if the employer terminated the employment immediately after being notified of the individual's resignation. However, to receive more than 2 weeks of benefits, the individual must have left the employment with good cause and must not have been discharged for misconduct.

Administration. An appeal for judicial review of an unemployment decision to the circuit court must be made in the county or city in which the claimant last worked.

Washington

Financing. An employer's experience rating account may not be charged for benefits paid as a result of a closure or curtailment of operations at work due to damage caused by a natural disaster.

Disqualification. For purposes of applying a disqualification on the basis of a labor dispute, a labor dispute was redefined from a stoppage of work to a strike. An individual will be subject to a labor dispute disqualification if the individual is unemployed due to a lockout by employers who are members of a multiemployer bargaining unit after one member of the unit has been struck by its employees as a result of the multiemployer bargaining process.

Administration. The law was amended to prohibit information obtained in the administration of the unemployment insurance law from being used in any proceeding between a person and the employer brought before an arbitrator, court, or judge of the State of Washington or the United States.

West Virginia

Coverage. Exclusion from coverage of aliens performing agricultural labor was extended to Jan. 2, 1993.

Financing. The law was amended to extend the 1-percent surtax on employers with a debit balance and foreign corporations from 3 to 4 years. No contributing

base period employer's account is now charged for benefits paid to an individual employed by the employer on a part-time basis if the part-time employment continues while the individual is separated from other employment. West Virginia's share of extended benefits paid to an individual is now charged to the individual's base period employers.

Benefits. The law was amended to extend the freeze on the maximum weekly benefit amount until July 1989. For purposes of the extended benefit program, the weekly benefit amount and the total benefit amount will be reduced by the amount of any reduction mandated by the Balanced Budget and Emergency Deficit Control Act of 1985.

Disqualification. An individual will not be disqualified on the grounds of voluntarily leaving employment without good cause if the individual left due to health-related reasons and was medically advised and certified by a practitioner that continued employment would present a health hazard. The pension provision was amended to specify that an individual's weekly benefit amount may not be reduced to less than zero by the receipt of any type of retirement payment, including Social Security benefits.

Wisconsin

Disqualification. In a disqualification due to refusal of suitable work, an individual's benefits will not be reduced if the individual earned requalifying wages in covered employment. If it is discovered that a claimant receiving benefits for any week conceals wages earned in that week or any other material fact bearing on the claimant's eligibility, the claimant may be required to forfeit one to four times the benefits payable for the week.

Wyoming

Disqualification. Any individual who is disqualified from benefits for the following three major causes will be denied extended benefits until he or she requalifies. For disqualification on the basis of voluntarily leaving employment without good cause and of failure to apply for or accept suitable work, the requalifying requirement will be 12 weeks of employment and 12 times the weekly benefit amount; for disqualification on the grounds of discharge for misconduct, fraud, or receipt of disqualifying income, the requalifying requirement will be 4 weeks of employment and wages of four times the weekly benefit amount.

Administration. Any determination, finding of fact, decision, or final judgment not made or entered by the Wyoming Employ-

ment Security Commission is not binding upon the commission when administering the law, except when the commission was a

party to an action or proceeding brought in a court of competent jurisdiction of the State of Wyoming.

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B. RESEARCH AND ANALYSIS CHIEFS/OTHER KEY INDIVIDUALS

Research and Analysis Chiefs and Other Key
Individuals Involved in UI Research in State Employment
Security Agencies as of August 1989

<u>Region and State</u>	<u>R&A Chief</u>	<u>Other Key Individuals</u>
<u>Region I</u>		
Connecticut	Richard Vannuccini, Director Research & Information Tel. (203) 566-2120	
Maine	Ray Fongemie, Director Division of Research & Analysis Tel. (207) 289-2271	
Massachusetts	Rena Koppcamp, Director Research & Analysis Tel. (617) 727-6556	
New Hampshire	Wesley Noyes, Director Economic Analysis & Reports Tel. (603) 224-3311	
Rhode Island	Robert Langlaish Supervisor ES Research Tel. (401) 277-3704	Dennis Chief Research & Program Standards Tel. (401)277-3700
	Robert Ware, Director Office of Policy & Public Information Tel. (802) 229-0311	
<u>Region II</u>		
New Jersey	Arthur O'Neal, Jr., Assistant Commisioner Policy and Planning Tel. (609) 292-2643	Vivian Shapiro Assistant Director Analysis and Evaluation Tel. (609) 292-2643
New York	Jeremy Schrauf, Director Research & Statistics Tel. (518) 457-6181	Roger Gerby Program Research Specialist Tel. (518) 457-6398

Puerto Rico Agapito Villegas, Acting
Director
Dep. of Labor &
Human Resources
Tel. (809) 754-5385

Virgin Islands Elizabeth Deutermann Annie Smith, Chief
Director Research & Analysis
Bureau of Labor Statistics Tel. (809) 776-3700
Tel. (809) 776-3700

Region III

Delaware James McFadden, Chief
Office of Occupational & LMI
Tel. (302) 368-6962

District of Columbia Richard Groner, Chief
Division of LMI & Research
Tel. (202) 639-1642

Maryland Pat Arnold, Director
Office of Labor Market Analysis
and Information
Tel. (301) 333-5000

Pennsylvania Carl Thomas, Chief
Research & Analysis
Tel. (717) 787-3265

Virginia Dolores Esser, Director
Economic Information
Services Division
Tel. (804) 786-7496

West Virginia Ed Merrifield, Assistant
Director
Labor & Economic Research
Tel. (304) 348-2660

Region IV

Alabama Douglas Dyer, Chief
Research & Statistics
Tel. (205) 261-5461

Florida Linda Frazier, Chief
Bureau of Research & Labor
Market Information
Tel. (904) 488-1048

Georgia	Milton Martin, Director Labor Information Systems Tel. (404) 656-3177	
Kentucky	Ed Blackwell, Manager Labor Market Research & Analysis Tel. (502) 564-7976	Donny Hogan, Supervisor Statistical Services Section Tel. (502) 564-5403
Mississippi	Raiford Crews, Chief Labor Market Information Tel. (601) 961-7424	
North Carolina	Gregg Sampson, Director Labor Market Information Tel. (919) 733-2936	
South Carolina	David Laird, Director Labor Market Information Tel. (803) 737-2660	
Tennessee	Joe Cummings, Director Research & Statistics Tel. (615) 741-2284	
 <u>Region V</u>		
Illinois	Henry L. Jackson, Manager Labor Market Information Tel. (312) 793-2316	Richard Low, Research Economist Tel. (793-9822
Indiana	Charles Mazza, Chief Labor Market Information & Statistical Services Tel. (317) 232-7701	Carol Keppler, Supervisor ES-UI Data & UI Research Tel. (317) 232-7704
Michigan	Von Logan, Director Research & Statistics Tel. (313) 876-5445	Carol Fletcher, Administrator Analysis & Reports Tel. (313) 876-5452
Minnesota	Med Chottepanda, Director Research & Statistical Services Tel. (612) 296-6545	Bob Lowe Research Analyst Tel. (612) 296-6602

Ohio Dixie Sommers, Director
LaborMarket Information
Tel. (614) 481-5783
Jim Hemmerly,
Assistant Director for
Administrative Data
Tel. (614) 466-8806

Wisconsin Hartley J. Jackson
Director
Labor Market Information
Tel. (608) 266-7034
Karla Kelekovich,
Section Chief
Benefit Information
Tel. (608) 266-2722

Region VI

Arkansas Alma Holbrooke, Chief
Labor Market Information
Tel. (501) 682-3194
Herman Sanders, Chief
UI Research
Tel. (501) 371-1541

Louisiana Oliver Robinson, Director
Research & Statistics
Tel. (504) 342-3141
Leonard King, Assistant
Chief
Research & Statistics
Tel. (504) 342-3140

New Mexico Larry Blackwell, Chief
Research and Statistics
Tel. (505) 841-8645
Charles Lahmen
Assistant Chief
Actuarial Research
Tel. (505) 841-8645

Oklahoma Bernice Street, Chief
Research & Planning
Tel. (405) 557-7116
Dennis Martin
Supervisor
202 Unit
Tel. (405) 557-7231

Wayne Hugus
Supervisor
Employment & Unemploy-
ment Statistics
Tel. (405) 557-7262

Texas Horace Goodson, Chief
Economic Research &
Analysis
Tel. (512) 463-2316
Randall Kelling
Dep. Asst. Admin.
Unemployment Insurance
Tel. (512) 463-2619

Region VII

Iowa Steve Smith, Supervisor
Audit & Analysis Department
Tel. (515) 281-8181

Kansas William Layes, Acting Chief
Research & Analysis
Tel. (913) 296-5058

Missouri Tom Righthouse, Chief
Research & Analysis
Tel. (314) 751-3591

Nebraska Wendell Olson, Administrator
Labor Market Information
Tel. (402) 475-8451

Region VIII

Colorado William LaGrange Lowell Hall, Chief
Labor Market Information UI Research & Reports
Tel. (303) 866-6316 Tel. (303) 866-6174

Montana Bob Rafferty, Chief Ward Stiles
Research & Analysis Economist
Tel. (406) 444-2430 Tel. (406) 444-3254

North Dakota Tom Pederson, Chief
Research & Statistics
Tel. (701) 224-2868

South Dakota Mary Sue Vickers Director Phil George
Labor Market Information Management Analyst
Tel. (801) 533-2014 Tel. (605) 622-2452

Utah Mary Wardle, Chief Bill Horner
Labor Market Information Actuary
Tel. (801) 533-2014 Tel. (801) 533-2375

Wyoming Bill Davis, Director
Research & Analysis
Tel. (307) 235-3646

Region IX

Arizona Dan Anderson, Administrator
Dept. of Economic Security
Tel. (602) 542-3616

California	Jeanne Barnett, Chief Employment Data & Research Tel. (916) 427-4675	Dick Ficenec, Chief LMI Tel. (916) 427-4692 Tim Taormina, Chief Reports Section Tel. (916) 427-4934
Hawaii	Fred Pang, Chief Research & Statistics Tel. (808) 548-7639	Dayle Kobashigawa, Chief UI Research Staff Tel. (808) 548-5268
Nevada	James Hanna, Chief Employment Security Research Tel. (702) 885-4550	
<u>Region X</u>		
Alaska	Chuck Caldwell, Chief Research & Statistics Tel. (907) 465-4500	Chris Miller, Chief Labor Economist Tel. (907) 465-4500
Idaho	James L. Adams, Chief Research & Analysis Tel. (208) 334-2411	Jerry Fackrell, Supervisor Research & Analysis Tel. (208) 334-2663
Oregon	Don Steward, Assistant Administrator Research & Statistics Tel. (503) 378-3220	Mike Clark, Supervisor Research & Analysis Tel. (503) 378-8653
Washington	Gary Bodeutsch, Director Labor Market & Economic Analysis Tel. (206) 438-4804	

C. UNEMPLOYMENT INSURANCE SERVICE NATIONAL AND REGIONAL DIRECTORY

U.S. DEPARTMENT OF LABOR
EMPLOYMENT AND TRAINING ADMINISTRATION

UNEMPLOYMENT INSURANCE SERVICE

Frances Perkins Building
200 Constitution Avenue N.W.,
Room S-4231
Washington, D.C. 20210

DIRECTOR: Mary Ann Wyrsh
Phone: 523-7831

SECRETARY: Loryn Lancaster
Phone: 523-7831

EXEC. ASST.: Jeanette M. Rozzero
Phone: 523-7831

STAFF ASST.: Marie Q. Ross
Phone: 523-7831

Directives Control, Administration

Martha Higdon
Phone: 523-7831

OFFICE OF PROGRAM MANAGEMENT

DIRECTOR: Barbara Ann Farmer
Phone: 535-0610

SECRETARY: Claudia Corbett
Phone: 535-0610

DEPUTY DIRECTOR: Vacant
Phone: 535-0610

SECRETARY: Maria C. Winston
Phone: 535-0610

DIVISION OF PROGRAM & COST MANAGEMENT

CHIEF: Violet Thompson
Phone: 535-0616

SECRETARY: Lillian A-Cummings
Phone: 535-0616

QUALITY ASSESSMENT PROGRAM PLANNING

GROUP CHIEF: Vacant
Phone: 535-0626

SECRETARY: Vacant
Phone: 535-0626

Programatic & Key
Activity Assignments

Quality Appraisal
Program Budget Planning

Name
Santiago Silva
Edmund Johnston

Telephone No.
535-0626
535-0626

Time Lapse Report and Analysis Marcia Ekas 535-0626
Quality Appraisal

U.S. Oversight Systems/PMR James Laham 535-0616

PAYMENT CONTROL:

GROUP CHIEF: Bob Gillham
Phone: 535-0616

SECRETARY: Peggy Allen
Phone: 535-0626

Programatic & Key

Activity Assignments:

	<u>Name</u>	<u>Telephone No.</u>
BPC SAVE	Ginger Weight	535-0613
UI Automation, Wage Record Conversion, Internet	Clare Schmidt	535-0623
Automation	Dewey Scribner	535-0613
Automation, Computer Security	Winfred Chan	535-0613
Benefit Payment Control, SAVE	Mary Baldwin	535-0613
Audit Reports and Internal Security,	Barbara Campbell	535-0616
Internet	Jane Waid	535-0616

COST ANALYSIS AND ALLOCATION

GROUP CHIEF: Neal McCloskey
Phone: 535-0623

SECRETARY: Carolyn Lynch
Phone: 535-0623

Programatic & Key

Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
Productivity Analysis	Bill Jackson	535-0623
Productivity Analysis	Ron Jones	535-0623
OPM SBR Control	Brenda Hamlin	535-0623

Internal Security, OIG Audit Resolution Juanita Anderson 535-0616

Benefit Payment Control Bill Nicholson 535-0616

DIVISION OF PROGRAM DEVELOPMENT & IMPLEMENTATION

CHIEF: Sandra King
Phone: 535-0309

SECRETARY: Delma James
Phone: 535-0309

BENEFIT OPERATIONS & DETERMINATION

GROUP CHIEF: Lorenzo Roberts
Phone: 535-0309

SECRETARY: Vacant
Phone: 535-0196
535-0312

Programatic & Key
Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
Appeals	Melvin Bright	535-0196
Appeals	Gwendolyn Stroy	535-0196
UCFE	Mildred Enten	535-0312
UCFE	Louise TenEyck	535-0312
UCFE, State UI, Airline Deregulations, DUA Eligibility and Income Verification	Darryl Bauman	535-0196
UCX	Charles Longus	535-0197
TRA	Humberto Costa	535-0312
DUA	Sterling Green	535-0315
Interstate, CWC	Mary Montgomery	535-0196
Interstate, CWC, TRA	Crystal Woodard	535-0196
EB, Child Support Intercept, NMD, Workload Validation, State UI.	Ernest Carter	535-0197

CONTRIBUTION & FUND MANAGEMENT

GROUP CHIEF: Murrel Adams
Phone: 535-0216

SECRETARY: Kelvin O. Scott
Phone: 535-0216

Programatic & Key
Activity Assignments

<u>Activity Assignments</u>	<u>Name</u>	<u>Telephone No.</u>
Employer Tax, Accounting/ Enforcement Reed Act, FUTA	Neal Cook	535-0216
Unemployment Trust Fund, Cash Mgmt., Performance and Reports, Title II Loan/ Repayment Request Processing, EUCA/FECA Reconciliation	Kermit Stephens	535-7104
Tax Program Performance Monitoring, 581 Reports Control/Processing Reed Act Accounting/Reports	Constance Peterkin	535-0216
Unemployment Trust Fund; Cash Mgt. Performance Monitoring, Title XII, Loan/Repayment Processing, EUCA/FECA Recon.	James Gulley	535-0216
Tax Program Performance Monitoring; Cash Mgt. Contracts, Implementation of MHT Approaches, Training Logisties-RO/NO/SESA.	James Herbert	535-0216

OFFICE OF LEGISLATION & ACTUARIAL SERVICES

DIRECTOR: Robert Deslongchamps
Phone: 535-0620

SECRETARY: Mildred McDavid
Phone: 535-0621

DEPUTY DIRECTOR: Stephen Wandner
Phone: 535-0620

SECRETARY: Bertha Jackson
Phone: 535-0621

DIVISION OF LEGISLATION

DIVISION CHIEF: Joseph Hickey
Phone: 535-0200

SECRETARY: Carole D. Gill
Phone: 535-0200

Federal Legislation

GROUP CHIEF: Virginia Chupp
Phone: 535-0200

SECRETARY: Jeanne Springs
Phone: 535-0200

Programatic & Key
Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
Federal Legislation	Lynne Webb	535-0200
Federal Legislation	William Langbehn	535-0200
Federal Legislation	Robert Johnston	535-0200
Publications (Comparison, Significant Provisions)	Diana Runner	535-0200

State Legislation, Conformity

GROUP CHIEF: Jerry Hildebrand
Phone: 535-0204

SECRETARY: Tamara Guajardo
Phone: 535-0204

Programatic & Key
Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
State Legislation	Roger Corvin	535-0204
State Legislation	Tom Joyce	535-0204
State Legislation	Tom Joyce	535-0204
State Legislation	Jane Pomerantz	535-0204
State Legislation	Jeannette Walters-Marquez	535-0204

DIVISION OF ACTUARIAL SERVICES

DIVISION CHIEF: James Manning
Phone: 535-0640

SECRETARY: Marvin Holland
Phone: 535-0640

BENEFIT FINANCING

GROUP CHIEF: Vacant
Phone: 535-0630

SECRETARY: Delores Gray
Phone: 535-0630

Programatic & Key
Activity Assignments

<u>Name</u>	<u>Telephone No.</u>
Trust Fund Sovency, Workload Forecasting, National Model (Ben/Rev.)	Michael Miller 535-0630
Data Base, Internal Data Processing	Sheila Woodard 535-0630
Data Base, Internal Data Processing	Jean O'Donoghue 535-0644
Data Base, Internal Data Processing	John Levy 535-0640
State Benefit Financing Models	Robert Pavosevich 535-0640
State Benefit Financing Models	Tuan Nguyen 535-0640

BUDGET

GROUP CHIEF: Ronald Wilus
Phone: 535-0210

SECRETARY: Marguerite McPhaul
Phone: 535-0210

Programatic & Key
Activity Assignments

<u>Name</u>	<u>Telephone No.</u>
Base Allocation, Budget	Sherryl Bailey 535-0210
Contingency, FUBA, SBR	Tim Felegie 535-0210
UCFE/X Billing	Wanda Drew 535-0213
UCFE/X Billing, Financial Reports	Chuck Lauber 535-0210

ACTUARIAL STUDIES

GROUP CHIEF: John Robinson
Phone: 535-0222

SECRETARY: Vacant
Phone: 535-0222

Programatic & Key
Activity Assignments

<u>Activity Assignments</u>	<u>Name</u>	<u>Telephone No.</u>
Research, Special Studies	Norman Harvey	535-0222
Research, Special Studies	Jon Messinger	535-0208
Research, Special Studies	Wayne Zajac	535-0222
Research, Special Studies	Steve Marler	535-0208
Research, Special Studies	Douglas Scott	535-0208
Workload Validation, Reporting	Cynthia Ambler	535-0208

OFFICE OF QUALITY CONTROL

DIRECTOR: Charles Atkinson
Phone: 535-0220

SECRETARY: Marsha Hickman
Phone: 535-0220

Program and Key
Activity Assignments

<u>Activity Assignments</u>	<u>Name</u>	<u>Telephone No.</u>
QC Evaluations, Policy, Design, and Pilot Support	Burman Skrable	535-0220

DIVISION OF SYSTEM OPERATIONS AND ANALYSIS

GROUP CHIEF: John Sharkey
Phone: 535-0656

SECRETARY: Lenora West
Phone: 535-0656

Programatic and Key
Activity Assignments

<u>Activity Assignments</u>	<u>Name</u>	<u>Telephone No.</u>
QC Benefits Design, NQC Training Center	Diane Wood (Temp. Assignment)	535-0656
Statistical Analysis, and Reports	Andy Spisak	535-0637
Statistical Analysis, Design, and Reports, ADP User Group	Gordon Mikkelson	535-0637

Statistical Analysis, Design, and Reports, QC Annual Report	Yvette Sasseen	535-0638
QC Benefits Design, Correspondence and Handbook 400	Susan Makara	535-0656
QC Benefits Design, Pilots, and Automated Management Systems	Catherine Jackson	535-0656
ADP Users Manual and Assistance	Harry Minor	535-0650
ADP Users Manual and Assistance and ADP Contract Representative	Paul Hrabner	535-0650
ADP Applications	Renee Speight	535-0650

DIVISION OF CORRECTIVE STRATEGIES AND TECHNIQUES

GROUP CHIEF: William Coyne (Acting) SECRETARY: Pamala Pate
 Phone: 535-0604 Phone: 535-0604

Programatic and Key
Activity Assignments

	<u>Name</u>	<u>Telephone No.</u>
QC Training Coordinator and Desk Officer - Regions III and VI	Leslie Thompson	535-0634
QC Requirements and Desk Officer - Regions I & IX	Robert Whiting	535-0604
Program Improvements and Desk Officer - Regions V and X	William Rabung	535-0604
Training, QC Requirements	Robert Johnston	535-0607
Regional Reporting and QC Requirements	Curt Gatlin	535-0604

QC Review Oversight and Desk Officer - Regions II & VIII Julius Green 535-0607

Consistency Study Project Officer and Desk Officer - Regions IV and VI Kari Baumann 535-0607

QC Requirements and Training Jorge Figueroa 535-0607

QC REVENUE WORKGROUP

DIRECTOR: Janet Sten
Phone: 535-0634

SECRETARY: Pamala Pate
Phone: 535-0634

QC Revenue Design	Eve MacDonald	535-0607
QC Revenue Design	Robert Timms	535-0607
QC Revenue Design	Burman Skrable	535-0634
QC Revenue Design	Mail Eulenstein (IPA)	535-0220
QC Revenue Design	Gerald Smart (IPA)	535-0634
QC Revenue Design	Nick Guarriello (IPA)	535-0637
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Their Characteristics and Economic Welfare,
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Helen Manheimer, John Robinson, Norman Harvey, 86-1
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Phillip Richardson, Albert Irion, Arlen Rosenthal and Harold Kuptzin, Referral of Long-Term Unemployment Insurance (UI) Claimants to Reemployment Services. Second Edition. Systems and Mathematica Policy Research. 89-2

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Walter Corson, Shari Dunstan, Paul Decker, and Anne Gordon, New Jersey Unemployment Insurance Reemployment Demonstration Project. Mathematic Policy Research. 89-3

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APPENDIX

INSTRUCTIONS FOR SUBMITTAL OF ITEMS FOR UI RESEARCH EXCHANGE

For research projects planned or in progress , the description should include the following:

Study title
Problem to be studied
Method
--Any hypotheses to be tested
--Sampling design
--Data sources
--Methods of analysis
Expected completion date
Name, address, and telephone number of investigator/contact person for project

For completed research projects, the description should include the following:

Study title
Author
Date of report or publication (if published)
Results, including findings and any conclusions and policy implications
Method
--Any hypotheses tested
--Sampling design
--Data sources
--Methods of analysis
Availability (name, address, phone number of provider)

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