

**Worker Profiling and Reemployment Services
Policy Workgroup:**

Final Report and Recommendations

The Executive Summary

Final Report of the Worker Profiling and Reemployment Services Policy Workgroup

February 1999

Abstract

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The Worker Profiling and Reemployment Services (WPRS) Policy Workgroup was established in January 1998. The WPRS Policy Workgroup was composed of State, Regional and Federal workforce development staff. The Policy Workgroup's charge was to examine the WPRS system as it has evolved from 1994-98 and provide recommendations to improve its quality and to make it more effective in achieving its ultimate goal -- enabling dislocated workers to find new jobs as rapidly as possible at wages comparable to their prior wages. This paper presents a list of seven recommendations concerning the future direction of the WPRS system. Incorporated in these recommendations are the opinions solicited informally from stakeholders in the workforce development system by ETA concerning the document entitled, *A National Dialogue on The Unemployment Insurance Program in the Workforce Development System (1997)*. These recommendations address the following major topics: modeling and model use; how to profile; who and when to refer to reemployment services; what services and how many services to provide; program linkages between the Unemployment Insurance, Wagner-Peyser (Employment Service) and Dislocated Worker (JTPA Title III) programs; adequacy of funding; and communication, feedback systems, and reporting.

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Worker Profiling and Reemployment Services Policy Workgroup Executive Summary

The Worker Profiling and Reemployment Services (WPRS) Policy Workgroup was established in January 1998. The WPRS Policy Workgroup is composed of State, regional and Federal workforce development staff. The Policy Workgroup's charge was to examine the WPRS system as it has evolved from 1994-98 and provide recommendations to improve its quality and to make it more effective in achieving its ultimate goal -- enabling dislocated workers to find new jobs as rapidly as possible at wages comparable to their prior wages. In response, the Policy Workgroup has developed seven summary recommendations, which are presented below.

I. Modeling & Model Use: Within State resource constraints, States should update and revise their profiling models regularly, as well as add new variables and revise model specifications, as appropriate. The U.S. Department of Labor (DOL) should provide technical assistance to the States in profiling model development and collect and disseminate best practices from the States.

One of the primary areas of concern for the Policy Workgroup is the statistical model that almost all States use to determine the probability that an individual claimant will exhaust unemployment insurance (UI) benefits. This is a vital stage in the WPRS process because in order to intervene early in the unemployment spell of a claimant likely to exhaust UI benefits, one must be able to accurately identify this population of claimants. As Unemployment Insurance Program Letter (UIPL) 41-94 explains, at minimum, States must use first payment, recall status, hiring halls (if used in the State), and either industry or occupation as profiling variables to identify claimants for the purpose of referral to reemployment services. Other variables such as unemployment rate, job tenure, and education are recommended but optional. In the profiling statistical model, each variable has a State-specific weight. In addition, many States have included additional variables in their profiling models that may warrant inclusion in the models of other States.

From the experiences of the past few years, the Policy Workgroup has learned that States generally have not updated their profiling models since implementing their WPRS systems. This is likely to reduce the accuracy of the models over time--both because of changing conditions in the State and because the provision of reemployment services to referred claimants gradually changes the profile of claimants most likely to need services due to the impacts of the services¹. For these

¹ Marisa Kelso, "Worker Profiling and Reemployment Services Profiling Methods: Lessons Learned." U.S. Department of Labor, unpublished working paper, 1998. The provision of services to referred claimants gradually changes the profile of claimants likely to need assistance because the impact of the services on participants. For example, reductions in UI benefit durations among claimants who are WARS participants will

reasons, the Policy Workgroup encourages States to update the weights in their models periodically to reflect changes in their economy and in the demographic composition and labor market experience of unemployed workers.

II. How to Profile: States should profile all claimants who file an new initial claim to better serve the widest possible group of dislocated workers. The Policy Workgroup believes that this change should be implemented in combination with additional resources for reemployment services (See Recommendation VI). Otherwise the total number of dislocated workers referred to services via profiling would not increase, since without an increase in funding for services, as more non-UI recipients are served, fewer UI recipients could be served. Thus, States will need flexibility in implementing this recommendation depending upon available resources.

As stated above, early intervention is one of the primary objectives of the WPRS system. Enactment of worker profiling legislation was meant to better meet dislocated workers' needs for early reemployment services by using the UI program to identify those workers most "at-risk" of long-term unemployment and then link them with the services they need to accelerate their reemployment. In turn, this would increase workers' total employment and shorten claimants' unemployment duration, thereby also providing a savings to the UI trust fund. Moreover, these studies indicate that job search assistance is most effective when it is provided both intensively and early in workers' spells of unemployment.

The combined findings of several State research demonstration projects -- in Minnesota, Nevada, New Jersey, South Carolina, and Washington -- provide strong evidence that intensive reemployment services, such as job search assistance services, for dislocated workers is an effective and efficient use of public resources. All of these projects were conducted as random assignment experiments (i.e., individuals were randomly placed into either a "participant group" that received some set of special program services or in a "control group" that did not receive those services). Although the results varied somewhat across the projects, overall, they showed the following common results:

- *Job search assistance participants found a new job more quickly and the duration of UI benefit payments was reduced.* Individuals receiving job search assistance (JSA) found new employment one-half to 4 weeks sooner (depending upon the State) than similar individuals who did not receive assistance.
- *The program was cost-effective for the government.* In each State experiment, the savings in UI benefit payments plus the increase in tax receipts due to faster reemployment were more than enough to pay for program costs. Savings to the government averaged around \$2 for every \$1 invested in targeted JSA services.

mean that claimants who are not served will have a *relatively* higher likelihood of benefit exhaustion, making them *relatively* more likely to be referred to services in the future. This is an evolutionary process.

- *Shorter job searches did not lead to jobs that paid less.* In the two experiments where earnings data were available, job search participants not only found a job more quickly, but hourly earnings were similar to those in jobs found by non-participant workers. This additional employment also resulted in increased total earnings in the year after the UI claim.²

Taken together, the strength of these results indicates that providing reemployment services to dislocated UI claimants as early in their unemployment spell as possible is of vital importance.

UIPL 41-94 stated that, although claimants likely to exhaust UI benefits can be identified prior to receipt of first payment, the Department of Labor recommended referral at the point of first payment. However, even then the need for early intervention was evident by the fact that the Department of Labor recommended that claimants be removed from the selection pool after only four weeks. When one takes into account the amount of time it takes for claimants to receive their first payment (generally about two weeks but often longer), it becomes evident that this delay limits the ability of the WPRS system to intervene early in a claimant's unemployment spell. Therefore, the Policy Workgroup recommends that States profile *all* new claimants for regular compensation at the time when they file a claim for UI benefits.

III. Who and When to Refer: States should accelerate their profiling and referral process to be certain that those individuals identified as likely to exhaust UI benefits and referred to reemployment services truly receive early intervention assistance, and ensure that the WPRS selection pool is limited to those claimants who are most likely to exhaust UI benefits. Also, States should consider using individualized reporting for claimants with high probabilities of exhausting benefits, especially for conducting Eligibility Reviews. Interstate claimants should participate in the WPRS system, using an approach that the States and DOL should jointly develop. In addition, DOL should provide technical assistance to the States in improving their selection and referral processes and collect and disseminate best practices from the States.

Based upon data from the ETA 9048 Report for Calendar Year 1997, the Policy Workgroup found that, *nationwide, only about one-third of all claimants profiled and subsequently placed in the "selection pool" gets referred to reemployment services.*³ This is of great consequence because all claimants in the selection pool have been deemed "likely to exhaust their benefits." These data highlight the need for a reexamination of how one determines which claimants are placed in the selection pool and when reemployment services can be provided to

² U.S. Department of Labor, Office of the Chief Economist, "What's Working (and what's not): A Summary of Research of the Economic Impacts of Employment and Training Program," Washington, D.C., January 1995, p. 49 (Table 2).

³ This analysis is based on nationwide data from the ETA 9048 Report for Calendar Year (CY) 1997. This data is presented in Figure 2 of Appendix C of this paper.

claimants most in need of assistance. The WPRS Evaluation Report to Congress found that about one-third of the States did not have the flexibility to change the number of individuals referred to services based on need. As a result, “. . . areas with relatively low levels of dislocation served claimants with relatively low probabilities of exhaustion, while areas with larger dislocations served only those with the highest probabilities of exhaustion.”⁴ To address this concern, the WPRS Evaluation Report to Congress recommends that:

Both states and ETA should provide greater oversight and ongoing monitoring of profiling and referral practices to ensure that they are being carried out so that claimants with the highest probability of exhausting their UI benefits are given priority for services.⁵

An analysis of the early stages of the WPRS implementation by Dr. Terry Johnson of the Battelle Memorial Institute in Seattle prepared for the National WPRS Colloquium drew similar conclusions. Johnson found that States varied dramatically in the percentage of UI claimants referred to reemployment services (from less than 3 percent to more than 75 percent) and in the scope and intensity of reemployment services provided (from orientation alone to orientation, assessment, and additional job search workshops). His analysis of the data indicated that States that use a more highly selective profiling strategy are generally much more likely to provide job search workshops to referred claimants than States that use a less selective profiling strategy.⁶

One way of implementing a “more highly selective profiling strategy” is for States that have not already done so to consider establishing a “threshold probability”-- a probability of exhaustion score below which profiled claimants would *not* be considered likely to exhaust their UI benefits and thus should *not* be referred to reemployment services. The establishment of such a threshold probability recognizes the fact that not all profiled claimants who are assigned a probability score actually need reemployment services, and would establish a mechanism within State WPRS systems to ensure that these claimants are not placed in the selection pool. This ensures that the WPRS selection pool is limited to only those claimants who have a relatively high likelihood of exhausting benefits (as established by the State), which in turn helps to ensure that available funds for reemployment services are used efficiently. At the same time, it needs to be recognized that some individuals with low exhaustion probabilities may need services and have the option of volunteering for services. Consideration should also be given to making special referrals

⁴ Katherine P. Dickinson, Suzanne D. Kreutzer, and Paul T. Decker, *Evaluation of Worker Profiling and Reemployment Services Systems: Report to Congress*, U.S. Department of Labor, Employment and Training Administration, Office of Policy and Research, Washington, D.C., 1997, p. E-3.

⁵ *Ibid.*, p. E-9.

⁶ Terry R. Johnson, “Reemployment Service Strategies for Dislocated Workers: Lessons Learned from Research,” *Worker Profiling and Reemployment Services (WPRS) System: National WPRS Colloquium, June 1996: Selected Papers and Materials*, U.S. Department of Labor, Employment and Training Administration, Washington, D.C., 1996.

for claimants found to have been inaccurately profiled (e.g., due to inaccurate data).

Another major issue considered by the Policy Workgroup concerns which claimants are being profiled and referred to services and when to refer claimants to services. UIPL 41-94 states that the UI agency ultimately will profile *all* claimants -- intrastate, interstate, ex-service members, federal workers, and combined wage claimants. Up until now, interstate claimants have not been profiled; logistical problems resulted in the decision to delay the inclusion of interstate claimants in the population of claimants who are profiled and referred to services. Now that State WPRS systems are fully operational, the Policy Workgroup believes that the time is ripe for considering an expansion of WPRS to serve interstate claimants as well, and that a pilot test of interstate claimant profiling might be a useful first step in this direction.

IV. What Services/How Many Services: States should continually evaluate the reemployment services provided to profiled and referred claimants and seek to continually improve those services by ensuring that these individuals are provided with an orientation and assessment and receive assistance in preparing individual service plans that will ensure that they receive additional services tailored to their individual needs. Since the receipt of job search assistance services has been shown to be cost-effective for dislocated workers, and the provision of more services generally yields greater customer satisfaction, existing resources should be allocated to provide these services, and additional resources should be provided to enable States to provide more intensive, in-depth services to WPRS participants. States should also consider linking the UI Eligibility Review process with WPRS to provide for follow-up with those profiled and referred claimants who are still unable to return to work, and thus may need further assistance later in their unemployment spell.

States vary widely in the breadth and depth of the reemployment services that are provided to profiled and referred claimants. According to the WPRS Evaluation Report to Congress, in three-quarters of the States, a “core” set of mandatory services is required to be provided to WPRS participants. These required services included a brief (one hour or less) orientation in virtually all States and, in about half of the States, a group workshop providing reemployment services-- typically, four hours or less.⁷ The report found that:

“In about one-third of these States, almost no claimants were required to participate in any services beyond the mandatory core services. In contrast, in 45 percent of the States, more than half of WPRS claimants were required to participate in additional services, as specified in their service plan. *These latter States were more in conformance with ETA’s ‘basic operational concept’ of customized services based on each claimant’s need.*”⁸

⁷ Dickinson, Kreutzer, and Decker, 1997, pp. E-3 and E-4.

⁸ *Ibid.*, p. E-4. Emphasis Added.

Thus, a third of States were providing only minimal reemployment services--five hours or less, on average--to WPRS participants. These minimal services are a major departure from the intensive JSA service strategies tested in New Jersey and other State demonstration projects, which produced the significant impacts described earlier; therefore, they are unlikely to produce the desired impacts on WPRS participants in terms of reduced unemployment and early return to work. In addition to the research results showing that intensive JSA services are cost-effective, the results of a WPRS customer satisfaction survey conducted for the WPRS Evaluation Interim Report clearly show that overall customer satisfaction was higher when individual service plans were created and when claimants received more intensive services.⁹

Dr. Terry Johnson's analysis provides some prescriptions for suggested reemployment services practices based upon the research literature on these types of services:

- Although there is strong evidence that providing intensive reemployment services early in the unemployment spell is cost-effective, don't package together any single set of services and provide them to everyone. This approach will not be as effective as individually developed service plans.
- Do not target broadly and spread a thin layer of reemployment services over the broad population. It will have a limited impact. Instead, target selectively and offer in-depth services to the targeted group. Give people the reemployment services they need to return to work.
- If you offer a job search workshop, make sure it is in-depth. Brief workshops will not provide real services to the participants.¹⁰

In keeping with these research-based prescriptions, the Policy Workgroup recommends that States provide comprehensive, in-depth reemployment services to WPRS participants, based upon the development of an individual service plan for each participant. This includes linking the UI Eligibility Review process with WPRS to provide a point of follow-up with participants who may need additional assistance later in their unemployment spell.

V. Program Linkages: For WPRS purposes and as part of the One-Stop initiative,

⁹ Evelyn K. Hawkins, Katherine P. Dickinson, Suzanne D. Kreutzer, Paul T. Decker, and Walter S. Corson, *Evaluation of Worker Profiling and Reemployment Services Systems: Interim Report*, U.S. Department of Labor, Unemployment Insurance Occasional Paper 96-1, Washington, D.C., 1994. See page A-19 of this report for an in-depth description of these customer satisfaction findings.

¹⁰ Terry R. Johnson, "Reemployment Service Strategies for Dislocated Workers: Lessons Learned from Research," *Worker Profiling and Reemployment Services (WPRS) System: National WPRS Colloquium, June 1996: Selected Papers and Materials*, U.S. Department of Labor, Employment and Training Administration, Washington, D.C., 1996, p. 209.

operational linkages between the Wagner-Peyser Act, JTPA Title III and UI programs should be further strengthened. The organizations responsible for operating these three programs should work closely together in the profiling/referral process, the providing of reemployment services, and in communications and feedback systems.

An issue of great concern to the Policy Workgroup is linkages between employment and training programs in the operation of State WPRS systems. The WPRS Evaluation Report to Congress found that, “In many States UI, ES, and EDWAA [JTPA Title III] coordinated extensively in WPRS-related activities.”¹¹ Linkages between the UI and Wagner-Peyser Act programs were working relatively well in almost all States, and in 60 percent of the States, EDWAA was “substantially involved” in at least one major WPRS task. However, in the remaining 40 percent of States, the linkages between UI/Wagner-Peyser Act programs with the JTPA Title III program were less well-established.¹²

For this reason, the Policy Workgroup recommends that operational linkages between these three programs should be strengthened to better serve their common customer: dislocated workers. In particular, States should make a greater effort to improve linkages with the JTPA Title III (EDWAA) program on WPRS tasks. As stated in the WPRS Evaluation Report to Congress, “Such cooperation not only may increase the menu of services available to WPRS claimants, but will also better align the major source of WPRS funding [for reemployment services] with EDWAA agencies’ involvement in and ‘ownership’ of the WPRS system.”¹³

VI. Funding: Since the provision of intensive and comprehensive reemployment services increases program effectiveness and customer satisfaction, it is crucial that adequate funds are devoted to providing these services through State WPRS systems. Additional resources for reemployment services could be provided through increased appropriations, or through a reallocation of resources between employment and training fund sources.

The key arguments for increased funding for WPRS reemployment services are based on findings that show job search assistance services to be cost-effective and valued by customers who receive these services. We have seen from the experiments in five States that individuals receiving substantial amounts of job search assistance (JSA) found jobs more quickly, increasing their employment and earnings. Providing this JSA proved cost effective to the government sector--due both to savings in UI payments and to increased tax receipts due to participants’ increased employment.

An impact analysis of the prototype and test States conducted as part of the WPRS

¹¹ Dickinson, Kreutzer, and Decker, 1997, p. E-6.

¹² *Ibid.*

¹³ Dickinson, Kreutzer, and Decker, 1997, p. E-8.

Evaluation confirmed these findings for the three States that had reliable data. The impact analysis for the WPRS Evaluation Report to Congress indicates that “Estimates based on the early implementation States provide reasonably strong evidence that WPRS, as it was implemented in those States, [statistically] significantly reduced UI benefit receipt.”¹⁴ On average, UI payments to profiled and referred claimants were reduced by more than half a week--which translates into a UI savings of about \$100 per referred claimant on average. In one of three States--the State with the most intensive set of services (New Jersey)--the evaluation also found that WPRS significantly reduced the proportion of UI benefit entitlement received by participants by about 2 percentage points and the rate of UI benefit exhaustion by more than 4 percent, when compared with the comparison group.¹⁵

Overall, “WPRS claimants received substantially more services than comparable claimants who were not referred to WPRS.”¹⁶ For example, these claimants were more likely to receive assessment services; more likely to receive other types of job search assistance services, with the specific services depending on the State (e.g., job placements and referrals in Delaware, job search workshops in New Jersey); and more likely to enroll in the JTPA Title III program. WPRS also changed the timing of services to dislocated workers so that they typically received services earlier in their unemployment spells.

Despite declining resources provided for the Wagner-Peyser programs over the past two decades, job search assistance services provided to UI claimants have been increasing, especially in the past few years with the enactment of WPRS legislation. ETA 9002 Report data on job search assistance services provided to UI claimants show that *ES-provided Job Search Activities (JSA) for claimants increased 40 percent from PY 1994 to PY 1996--from 1,740,208 claimants receiving JSA in PY 1994 to 2,306,738 claimants who received JSA in PY 1996. Much of this increase appeared to be attributable to the reemployment services provided to profiled and referred claimants through WPRS.*¹⁷ It is clear that the provision of JTPA Title III services to UI claimants who are dislocated workers has also increased, but specific national figures will not be available until the revised JTPA reporting system data for Program Year 1998--which will break out claimants referred through worker profiling as a separate subgroup--becomes available.

Despite these substantial increases in the provision of job search assistance services to UI claimants, *nationwide, only a third of those profiled claimants in the WPRS selection pool ever get*

¹⁴ *Ibid.*, p. E-10.

¹⁵ *Ibid.*

¹⁶ *Ibid.*, p. E-9.

¹⁷ U.S. Department of Labor, Employment and Training Administration, U.S. Employment Service, “U.S. Employment Service Annual Report: PY 1996 Program Report Data,” U.S. Department of Labor, December 1997, p. C-3.

referred to reemployment services.¹⁸ Also, while there are modest seasonal fluctuations from one quarter to another, the most significant finding was the wide variation among States in their ability to match the supply of reemployment services with the need for these services. *While several States are able to refer more than 90 percent of claimants in the selection pool to services, other States are unable to refer even 20 percent of these claimants to services.*¹⁹ Overall, the Policy Workgroup believes that these data clearly demonstrate the supply of reemployment services is a significant issue that needs to be addressed, and therefore, that additional resources need to be devoted to funding reemployment services provided through State WPRS systems.

The enactment of the Workforce Investment Act of 1998 places great emphasis on making a core set of employment-related services available through One-Stop Centers. This offers an important new opportunity to expand funding for job search assistance to serve both UI claimants and other job seekers in need of reemployment services.

VII. Communication, Feedback Systems, and Reporting: WPRS data and communications should be improved. States should improve the accuracy and timeliness of their reporting data, improve their WPRS communications and feedback mechanisms, and share data among State partners. DOL should monitor the WPRS outcomes from State reporting data, and disseminate data and program analysis to the employment and training system. DOL should also provide technical assistance to the States in developing their communications, feedback, and reporting mechanisms, and collect and disseminate best practices from the States.

According to the WPRS Evaluation Report to Congress, virtually all States had developed an automated data system to track referred claimants' progress in reemployment services, and about half of the States developed new data systems specifically for WPRS. In many cases, however, the UI data systems and the service providers' or WPRS-specific data systems were not linked electronically. This often resulted in duplicate data entry and the need to resort to paper reports for communicating about the status of WPRS participants. As a result, the report states that "It is clear that further automation of claimant tracking processes, especially automated service plans, could make these processes more efficient."²⁰

Since State WPRS systems depend on the coordinated efforts of several different partners, communication and feedback systems are vital to making sure WPRS works effectively and serves

¹⁸ This analysis is based on nationwide data from the ETA 9048 Report for Calendar Year (CY) 1997. This data is presented in Figure 2 of Appendix C of this paper.

¹⁹ This analysis is based on data for the individual States from the ETA 9048 Report for the 4th Quarter of CY 1997. This State-by-State data is presented in Figure 3 of Appendix C. While there is variation in referral rates within States across quarters (State-by-State 9048 data for other quarters is not presented in this report), the overall finding of wide variations in WPRS referral rates across States holds for all quarters in CY 1997.

²⁰ Dickinson, Kreutzer, and Decker, 1997, p. E-5.

its customers well. Partners need to keep good records and work to efficiently exchange the data needed to operate and manage the WPRS system. Also, DOL needs good reporting and evaluation data, if it is to be able to provide program analysis and best practices information on WPRS to the entire workforce development system. For all of these reasons, the Policy Workgroup recommends that the data and communications systems that support WPRS should be improved as follows: States should report WPRS data as accurately and timely as possible and share this data among State partners; DOL should monitor the outcomes of profiling using the ETA 9049 Report and WPRS evaluations; and States should increase the level of automation of their feedback mechanisms and WPRS operating systems. In addition, a data validation process for WPRS reports may also need to be created.