

TRAINING AND EMPLOYMENT NOTICE	NO. 47-09
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TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS
ONE-STOP CAREER CENTER LIAISONS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Release and Availability of Employment and Training Administration (ETA) Occasional Paper 2010-07 titled *Use of Unemployment Insurance and Employment Services by Newly Unemployed Leavers from Temporary Assistance for Needy Families*

1. Purpose. To announce the release and availability of ETA Occasional Paper 2010-07 titled *Use of Unemployment Insurance and Employment Services by Newly Unemployed Leavers from Temporary Assistance for Needy Families*.

2. Background. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) significantly altered social policy in the United States by placing a stronger emphasis on employment and self-sufficiency for recipients of public assistance. In the years following the law's enactment, states saw steep declines in beneficiary rolls of the Temporary Assistance for Needy Families (TANF), the new block grant program created by PRWORA, along with increases in the employment rate of former recipients. In this context, the degree to which TANF leavers attain economic self-sufficiency and whether existing programs and policies are adequate at mitigating adverse employment shocks for this population have emerged as key policy concerns. This report provides empirical evidence showing that the workforce investment system, especially the Employment Services (ES), as well as Unemployment Insurance (UI) programs, play an important role in helping former TANF recipients strengthen their attachment to the labor force and improve their economic security.

In 2008, ETA awarded a grant to the W.E. Upjohn Institute for Employment Research to conduct this study and advance our knowledge of employment and program participation patterns among TANF leavers. The Institute's researchers used administrative data from four states—Florida, Georgia, Michigan, and Ohio—to follow individuals who left TANF between 1996 and 2002 for at least 12 quarters after they left the program. The pooled analytic sample comprised 322,036 records.

The study focused on three sets of analyses and sought to answer questions, including:

1) *Unemployed TANF leavers and UI*

- What percent of newly unemployed TANF leavers applied for UI?

- What percent received benefits?
- What individual characteristics were associated with eligibility for and receipt of UI?
- What were the UI benefit levels and durations observed in the sample?
- How did the patterns in UI eligibility, application and use for the sample compare with non-TANF UI applicants?

2) *Return to employment and TANF of unemployed TANF leavers*

- What percent of newly unemployed TANF leavers returned to employment and/or TANF, by UI application and receipt status?
- What individual characteristics were associated with returning to employment and to TANF?

3) *Use of core and intensive ES by TANF leavers*

- What percent of unemployed TANF leavers used core and intensive ES?
- Was the use of ES associated with better reemployment and self-sufficiency outcomes?

3. Publication Description. The authors first examined the differences in the demographic and labor market characteristics of three categories of unemployed TANF leavers: 1) UI beneficiaries, 2) unsuccessful applicants for UI, and 3) non-applicants. They proceeded to analyze the differences in ES receipt between the three categories and related such receipt to reemployment outcomes. Following is a summary of the findings.

Newly Unemployed TANF Leavers: Eligibility for and Receipt of UI

- In the 12 quarters after leaving TANF for employment, 79% of the pooled sample experienced a spell of unemployment.
- Newly unemployed TANF leavers applied for UI at rates ranging from 17.9 percent in Ohio to 39.6 percent in Florida. UI applicants were more likely to be of prime age (25-44) and African American, and have dependent children and prior work experience.
- Eligibility for UI includes two aspects: monetary (whether the unemployed workers earned a sufficient amount in a given time to satisfy their state's eligibility requirements) and nonmonetary (whether the circumstances of the separation from the job warrant UI benefits—these usually exclude voluntary quits and terminations for cause, such as misconduct). While 87.2 percent of the pooled sample of applicants was found to satisfy the monetary criteria, 43.7 percent met the nonmonetary requirements.
- Among applicants, the percentage receiving benefits ranged from 30.0 percent in Ohio to 64.8 percent in Michigan (50.3 percent in the pooled sample). Compared to unsuccessful applicants, beneficiaries were more likely to be white, male, older, and Hispanic.
- Nonmonetary eligibility and benefit receipt rates were lower for TANF leavers than for other UI applicants, even after controlling for observable characteristics. In particular, with such controls, TANF leavers were 3.8 percentage points more likely to quit and 7.0 percentage points more likely to be fired than non-TANF UI applicants.

Return to Work and Use of Core and Intensive ES

- In the pooled sample, 77.5 percent of newly unemployed TANF leavers eventually returned to employment, while 36.5 percent returned to TANF (some people returned to both TANF and employment at different times).

- Controlling for observable characteristics, receipt of UI is estimated to increase return to employment by 4.8 percentage points and reduce return to TANF by 10.5 percentage points compared to non-beneficiary UI applicants.
- Application for UI was strongly associated with the use of ES. For example, in Georgia, 14 percent of UI nonapplicants received at least one core ES service after new unemployment, compared to 78 percent of UI beneficiaries and 77 percent of non-beneficiary applicants.
- Core ES services were found to be effective in helping unemployed TANF leavers find new jobs. Regression models show that in Georgia, job referrals boosted reemployment rates by 6.5, 4.9, and 10.7 percentage points respectively for UI nonapplicants, UI beneficiaries, and non-beneficiary UI applicants.

4. **Availability.** To download the report, visit the ETA Research Publication Database Web site at: <http://wdr.doleta.gov/research/keyword.cfm>.

5. **Inquiries.** Questions on the content of the report may be directed to Wayne Gordon, Division of Research and Evaluation, Office of Policy Development and Research, Employment and Training Administration, U.S. Department of Labor at (202) 693-3179 or gordon.wayne@dol.gov.