

Unemployment Insurance

*Reemployment Services & Eligibility  
Assessments: Insuring Fairness for Workers  
Under the RESEA Improvement Act*

July 2018

# Overview

- Background
- Work Search Concerns
- New Law: RESEA Improvement Act
- New Due Process Safeguards
- Evidence-Based Interventions
- Policy Recommendations



# Reemployment Services History

- Since 2005, USDOL has been providing state grants to operate voluntary UI Reemployment & Eligibility Assessment (REA) program, which (for relatively limited numbers):
  - Insured compliance with UI eligibility requirements (including active work search)
  - Educated and referred claimants to appropriate reemployment services (RES)
- Beginning in FY2015, program became Reemployment Services & Eligibility Assessment (RESEA) with emphasis on:
  - UI claimants determined to be most likely to exhaust benefits under state Worker Profiling and Reemployment services (WPRS) system
  - Transitioning veterans receiving Unemployment Compensation for Ex-Service Members (UCX)

# Required Core Components of RESEA

- UI eligibility assessment (including work search review & referral to adjudication where issue identified)
- Requirement to report to American Job Center (AJC)
- Provision of labor market career services information
- Registration with state job bank
- Enrollment in Wagner-Peyser employment services
- Development of agreed-upon Individual Reemployment Plan (including work search activities, accessing services and/or approved training)
- At least one additional career service (e.g. career readiness activities like resume-writing, job interviewing)

# RESEA and Integrated Service Delivery

- Reemployment Services = Self-service, facilitated self-help, staff-assisted, but ≠ training
  - USDOL Research in 2009-2010 to test effectiveness of state job search assistance efforts; controlled studies in 5 states
  - Nevada was the sole state that used staff-assisted job counseling of UI claimants w/REA in 8th week of claim and follow up job search assistance
- Follow up Nevada studies found exhaustions fell 15% with 1.8 weeks shorter duration/\$2.60 savings for every \$1.00 of cost
  - Participants retained jobs longer at higher wages than control group
  - Study found key factor in NV success was that same staff delivered both REA and RES services.
- Since 2015, USDOL RESEA program guidance has encouraged integration of RES and REA activities.

# RESEA and Increased Benefit Denials

- NELP and other worker advocates have long supported quality job search assistance for UI claimants.
- Building on WPRS rationalizes allocation of resources by prioritizing services to those most at risk of otherwise becoming long-term unemployed.
- However, there is growing evidence that recent spikes in non-separation disqualifications are driven, in part, by some states' inflexible application of work search requirements and process denials under the RESEA program.
- See NELP report "*Closing Doors on the Unemployed*", George Wentworth (December, 2017); See also Urban Institute report "*UI Performance Since Great Recession*", Wayne Vroman (February 2018).

# As Percent of Unemployed Workers Receiving UI Hits Record Low, More Claimants Denied for “Continuing Eligibility” Requirements

- Non-separation issues relate to compliance with various weekly eligibility conditions like being able & available for work, making active work search, complying with various reporting requirements, etc.
- NELP “Closing Doors” report showed that the percent of claims denied for “non-separation” reasons increased from 12 in every 100 claims (2007-11) to 19 in every 100 claims (2012-16)
- By CY 2016, that number reached 24 in 100, the highest level ever recorded.
- This increase coincided with a 25% decline in percent of unemployed receiving UI nationally (CY 2007 v. 2016)..

# Ratcheting up Work Search Requirements

- Every state requires UI claimants to be able to work, available for work and making active work search.
- Majority of states (33) require 1, 2 or 3 employer contacts each week.
- Ten (10) states require 4 or 5 employer contacts weekly.
- Most states rely on random audit of claimant work search records, but some state systems requiring work search documentation weekly or bi-weekly (usually on-line).
- States that have increased required contacts have seen dramatic spikes in denials/drops in reciprocity (e.g. FL, NE, SC).
- Nationally 7 in 100 claims denied for able/available/work search reasons, but 12 states are denying between 15 and 31 percent of claims for these reasons. Half of these states require 4-5 work searches and most require weekly documentation.

# The Law: Bipartisan Budget Act Includes “RESEA Improvement Act”

New law provides

- 10 years of guaranteed funding for RESEA program, builds on program’s success, and leverages evidence-based policy to help more unemployed workers get good jobs quickly.
- Codifies DOL’s authority to operate the RESEA program in the Social Security Act.
- Gradually increases funding from its current level of \$117 million annually to \$750 million by FY 2027.



# Goals of the RESEA Program

Subsection (b) of 306 SSA outlines goals of RESEA program:

- (1) Improving employment outcomes and reducing average duration of receipt of benefits for individuals receiving unemployment compensation;
- (2) Strengthen program integrity and reduce improper payments through detection and prevention of payments to individuals who are not eligible;
- (3) Promote alignment with the workforce development system under the Workforce Innovation and Opportunity Act (WIOA); and
- (4) To establish entry point for individuals receiving UI to other workforce programs.

# Due Process and RESEA

- **State RESEA plans require due process.** To receive RESEA funding, states must incorporate several key protections to ensure that program's focus is on returning participants to work, not discouraging them from collecting UI benefits.
- States applying for RESEA grants must provide USDOL with assurances (and descriptions of how) programs will provide:
  - Proper notification to participating individuals of the program's eligibility conditions, requirements, and benefits, *including issuance of warnings*.
  - Simple, clear notifications to ensure that participating individuals are fully aware of consequences of failing to adhere to requirements, incl. policies re: non-attendance or non-fulfillment of work search requirements.
  - Reasonable scheduling accommodations to maximize participation for eligible individuals.

# Quality of Notice & Customer Assistance

- Improved quality of notice and live customer assistance. States should review and, where necessary, upgrade quality & understandability of all notices regarding RESEA eligibility conditions and requirements.
- States should ensure that there is at least one opportunity for live customer assistance in the explanation of UI benefit rights and responsibilities during the RESEA orientation process.
- State RESEA plans should also include provisions for explaining to claimants how they can reapply and requalify for benefits in the event of benefits denial under the RESEA program.

# Warnings and RESEA

- “Warnings” explicitly included in RESEA law.
- States should not disqualify claimants for failure to adhere to a requirement for which they have not been explicitly advised. For most participants, RESEA orientation session will be first instance in which UI eligibility conditions will be explained through live customer assistance.
- Warnings (in lieu of benefits denials) should be accepted and advised practice in all state work search policies where claimant’s initial failure to meet a work search requirement was because requirement was not effectively communicated or where agency concludes the claimant had a good faith misunderstanding of the specific requirement.
- States should take into account any factors that may have impeded the claimant’s ability to understand the requirement including literacy and language barriers.

# Best Agency Practices for Promoting Claimant Responses and Participation

- Many states report substantial rates of non-response to initial RESEA call-in notices.
- This coincides with doubling of percentage of claims that are denied for process reasons (non-compliance with reporting requirements), comparing CY2007-11 to CY2012-16.
- Some states have adopted administrative measures to help decrease nonresponse rates (e.g. better quality notice, pre-orientation telephone calls, emphasis on live customer assistance/triage).
- USDOL should survey states for these best practices and include them in federal guidance for FY2019 RESEA state plans.

# Exemptions

- States should be encouraged to exempt reasonable categories of claimants from RESEA participation.
- These categories should include workers who are:
  - job-attached
  - on temporary layoff,
  - have scheduled start work dates,
  - serving jury duty,
  - already receiving professional job placement assistance
  - engaged in significant part-time employment
  - already participating in approved training

# Reasonable Scheduling Accommodations

- While RESEA prioritizes services to those who are most likely to otherwise exhaust benefits, states should have the flexibility to determine whether to reschedule or even excuse a claimant altogether from RESEA participation.
- Federal law already authorizes states to excuse non-attendance at worker profiling sessions if claimants have had similar services or there is “justifiable cause for failure to participate.”
- States should look to same standards used in their profiling programs for excusing and/or rescheduling claimants for orientation sessions.

# Evidence-Based Interventions

- New law requires states to establish/expand the use of evidence-based interventions that have a high or moderate causal rating (using DOL's existing evidence ranking system) in the operation of the RESEA program.
- States must use a percentage of the grant funds awarded for evidence-based interventions that improve employment outcomes for program participants, phased-in as follows:
  - FY 2023 and 2024 - at least 25% of funds
  - FY 2025 and 2026 - at least 40% of funds
  - After FY 2026 - at least 50% of funds

# Evidence-Based Interventions

- State RESEA plans should give as much or more weight to the program goal of improving employment outcomes as they do to shortening UI duration.
- The goal is not simply shortening UI durations; it is shortening durations by improving employment outcomes.
- USDOL should identify and provide information regarding job search assistance programs that have been evaluated and rated most highly by leading policy research organizations.
- States should be cautioned against exclusive reliance on on-line job search tools and should implement measures to insure that claimants with barriers to on-line learning are provided alternative forms of assistance.

# “Honest Broker” Staff-Assisted Reemployment Services

Employment Services have impact and value

- Job search assistance
- Job counseling
- Pre-and Post Career counseling and support
- Labor market information
- Workshops (Resume writing, Interviewing skills, On-line work search coaching)
- Skills Assessments
- Referrals to Work and Training

# Research Supports Staff-Provided Job Search Assistance

- **Impaq study and follow-up research:** Nevada's use of staff-provided job search assistance led to reduced exhaustions, shorter UI duration, trust fund savings and longer job retention at higher wages.
- **Upjohn Institute (David Balducchi and Chris O'Leary, 2017)** paper on history of Employment Service and UI program has broad research summary and makes policy recommendations favoring staff-provided job search assistance.
- **NBER (David Card , 2010)** review of 99 evaluation studies found job search assistance has “generally positive impacts, especially in the short run.”
- **Brookings Institution (Louis Jacobson, 2009)** concludes “there is overwhelming evidence that One-Stops positively affect the speed of returning to work without adversely affecting the quality of new jobs.”

# Recommendations: Making RESEA and Work Search Enforcement Fair and Positive

- **Explain.** Comprehensive and understandable explanations of UI rights & responsibilities.
- **Take measures to reduce non-response.**
- **Make live assistance available** to help claimants comply with ES registration and work search documentation requirements.
- **Make RESEA a positive opportunity** to provide guidance and direction in work search rather than impose automatic disqualification. Provide warnings where appropriate.
- **Adopt reasonable exemptions** from work search.
- **Beyond RESEA, rely primarily on random audits** of work search instead of requiring extensive weekly or biweekly documentation .
- **Make automated filing systems less complex and more accessible.**

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