
Reemployment of Unemployment Insurance Beneficiaries

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Insurable Unemployment

- Sufficient work force attachment
- An unavoidable involuntary job separation
- Able and available for work
- Actively seeking reemployment

The potential for reemployment efforts

- Faster return to employment and earnings
 - Conservation of UI trust fund reserves
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Benefits of Faster Reemployment

Short Run Outcomes:

- Shorter UI durations
- Reduced UI payments

Long Run Outcomes:

- Employment and income stability
 - Growth in income and tax contributions
 - Reduced social assistance
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Savings from Shorter UI Durations

How much savings from shorter UI durations?

- For the 12 months ending December 31, 2009
 - UI first payments in the US: 14,173,822
 - Average duration of benefit receipt: 16.2 weeks
 - Average weekly UI benefit amount of \$304
 - Shortening average duration by a week saves \$4.3 billion
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Labor Supply Strategies

- UI Work Test
 - WPRS – targeted reemployment services
 - Eligibility Review Programs (ERP)
 - Reemployment Eligibility Assessments (REA)
 - Commissioner Approved Training
 - Trade Adjustment Assistance (TAA)
 - Reemployment Bonuses
 - Personal Reemployment Accounts
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Labor Demand Strategies

- Work Sharing under UI (17 states)
 - Self Employment Assistance (7 states)
 - Wage Subsidies
 - Dayton, Illinois Employer Bonus, TJTC, WOTC
 - Wage Insurance (UI partial benefits)
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Labor Supply Strategies

Work Test

Corson, Long, and Nicholson (1985) Charleston, SC

- Renewed UI-ES link -0.55 weeks
- UI-ES link and Placement -0.61 weeks
- UI-ES link, Placement, and JSW -0.76 weeks

Klepinger et al. (1998) Maryland

- 4 Employer Contacts -0.70 weeks
 - 2 Employer Contacts but no Reporting 0.40 weeks
 - 2 Employer Contacts plus JSW -0.60 weeks
 - 2 Employer Contacts both verified -0.90 weeks
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Labor Supply Strategies

Removing the Work Test

- Johnson and Klepinger (1994)
 - Tacoma WA -- 3.30 weeks longer

 - Mc Vicar (2008)
 - Northern Ireland -- 5.28 weeks longer
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Labor Supply Strategies

Targeted Job Search Assistance (JSA)

- Corson et al. (1989) New Jersey
 - JSA -0.47 weeks
 - JSA plus Training -0.48 weeks
 - JSA plus Reemployment Bonus -0.97 weeks

 - Decker et al. (2000) DC and Florida
 - DC Structured JSA -1.13 weeks
 - DC Individual Job Search -0.47 weeks
 - DC Individual Job Search plus Training -0.61 weeks
 - Florida Structured Job Search -0.41 weeks
 - Florida Individual Job Search -0.59 weeks
 - Florida Individual Job Search plus Training -0.52 weeks
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Labor Supply Strategies

Targeted Reemployment Services and WPRS

- Dickinson et al. (1999)
 - Connecticut -0.25 weeks
 - Illinois -0.41 weeks (More hours of services)
 - Kentucky -0.21 weeks
 - New Jersey -0.29 weeks
 - Maine -0.98 weeks (More hours of services)
 - Black et al. (2003)
 - Kentucky -2.20 weeks (experimental design)
 - USDOL TEGL 14-08 additional targeting
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Labor Supply Strategies

Recent Results on UI-ES Linkages

■ UI in One-Stops

- Almandsmith et al. (BPA, 2006)
 - Wisconsin -0.60 weeks

■ REA

- Benus (Impaq, 2008)
 - Minnesota -2.2 weeks

Labor Supply Strategies

Reemployment Bonuses

- Reemployment period half the maximum entitlement
- Illinois -1.15 weeks
- New Jersey -0.69 weeks (-0.96 weeks after 6 years)
- Pennsylvania -0.50 weeks
- Washington -0.50 weeks

WPRS Targeted Reemployment Bonuses (PA, WA)

- Low Bonus, Long Duration, Top 50%
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Labor Supply Strategies

Personal Reemployment Accounts

- Lump sum grant
 - Choices: Bonus, Services, Post Exhaust UI
 - WPRS Profiling for Selection
 - Simulations
 - Parameters of offers
 - \$3,000, 60-40, 13 week search
 - Field Tests
 - Supportive Services Chosen
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Labor Supply Strategies

- DOL Encouraged Commissioner Training
 - TEGL 21-08, TEGL 2-09
 - Effective for women
 - Earnings gains
 - Sometimes effective for men
 - Maintained earnings
 - Expensive interventions work for youth
 - Educational attainment
 - Employment
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Labor Demand Strategies

- Self Employment
 - Work Sharing
 - Wage Subsidies
 - Wage Insurance
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Self Employment Assistance

Field experiment cost effective (Profile targeted offers effective in Massachusetts)

- Targeting to older, educated, experienced, displaced – many of today's jobless
 - Only 7 states have operational programs
 - New York is the biggest program, but is underutilized since training funds are not available
 - New York had SBA training in early years
 - No state has dedicated SEA training funds
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Work Sharing

- Two comparison group design evaluations:
 - California poor data, National studies (BPA 1997)
 - Preserved jobs but some layoffs continued
 - Problem: high administrative costs
 - 16 states have programs, commonly used in 9 states
 - VT, RI, KS, AZ, CA, MA, MN, MO, NY
 - Case-by-case program implementation is costly
 - Massachusetts Internet based case management
 - Public domain software to sent to Vermont and others
 - Policy and staff support needed
 - A model for Internet based programs (e.g., FDSS)
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Labor Demand Strategies

Wage Subsidies

- Dayton Experiment – stigma problems
 - Illinois UI Incentive Experiment – low take-up
 - TJTC – 3 percent gain but deadweight
 - WOTC
 - W-t-W
 - Minnesota SEED
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Partial UI Benefits as Wage Insurance

Earnings disregard (R): 50% of WBA

Benefit reduction beyond disregard (t): 50%

Break-even income: $Y^* = R + (WBA / t)$

- For WBA = \$200, break-even = \$500
 - For WBA = \$300, break-even = \$750
 - For WBA = \$400, break-even = \$1,000
 - Targeting with WPRS
 - Sunset implementation with evaluation
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UI Partial Benefits as Wage Insurance

$$\text{WBA} = \$300, R = .5 \cdot \text{WBA}, t = .5$$

