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
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
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
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
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)
Labor Supply Strategies

Work Test

- 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
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
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
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
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%
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
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
Labor Demand Strategies

- Self Employment
- Work Sharing
- Wage Subsidies
- Wage Insurance
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
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)
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
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
UI Partial Benefits as Wage Insurance

\[ WBA = $300, \ R = 0.5 \times WBA, \ t = 0.5 \]