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**Assisting Unemployment
Insurance Claimants:
The Long-Term Impacts
of the Job Search
Assistance Demonstration**

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EXECUTIVE SUMMARY

BACKGROUND

The Emergency Unemployment Compensation Act of 1991 authorized the U.S. Department of Labor (DOL) to conduct the Job Search Assistance (JSA) demonstration to test the feasibility of implementing job search assistance programs and measure their effectiveness in promoting rapid re-employment and reduced UI spells among Unemployment Insurance (UI) claimants. The demonstration was designed to identify UI claimants, at an early point of contact with the UI system, who were likely to face lengthy UI spells and to provide them with assistance in finding a new job. Three different assistance strategies, which are described below, were tested in the demonstration. In each case, assistance was provided in the demonstration by the local Job Service (JS) agencies, while the UI agencies monitored participation in the demonstration and sanctioned claimants who failed to comply with the demonstration's participation requirements.

The demonstration was conducted in the District of Columbia (D.C.) and Florida, which were chosen based on plans submitted to DOL. The D.C. demonstration operated in a single office and served a targeted sample of claimants from the full D.C. claimant population. Claimant selection occurred between June 1995 and June 1996, and a total of 8,071 claimants were assigned to the demonstration. The Florida demonstration operated in 10 local Jobs and Benefits offices scattered throughout the state. Each local office served a targeted sample of claimants from the local UI claimant population. Claimant selection occurred between March 1995 and March 1996, and a total of 12,042 claimants were assigned to the demonstration.

DESIGN OF THE DEMONSTRATION

The demonstration tested three service strategies for promoting rapid re-employment and reduced UI spells among targeted UI claimants:

1. ***Structured Job Search Assistance (SJSA)***. Claimants assigned to this treatment were required to participate in an orientation, testing, a job search workshop, and a one-on-one assessment interview. Claimants who failed to participate in any service, unless explicitly excused, could be denied benefits. After completion of the services, claimants were required to have two additional contacts with demonstration staff to report on their job search progress.
2. ***Individualized Job Search Assistance (IJSA)***. This treatment assigned claimants to services based on their assessed needs. All claimants were required to participate in an orientation and a one-on-one assessment interview. During the assessment interview, the claimant and a demonstration staff member developed a service plan to address the claimant's needs. If the service plan included demonstration-specific services, such as testing, a job search workshop, or additional counseling, these services would become mandatory.

3. ***Individualized Job Search Assistance With Training (IJSa+)***. This treatment was identical to the second treatment, except for the inclusion of a coordinated effort with local Economic Dislocation and Worker Adjustment Act (EDWAA) staff to enroll interested claimants in training. During the orientation, an EDWAA staff member discussed local opportunities for training. Training opportunities were also discussed during the assessment interview, and any claimant interested in training was scheduled to meet with an EDWAA staff member at the demonstration office.

The demonstration services were intended for claimants with the greatest need for assistance—those expected to face long unemployment spells. Eligibility for the demonstration was determined through a two-stage process designed to identify such claimants. In the first stage, a series of characteristic screens was used to exclude claimants for whom JSA services were inappropriate, including claimants with an expected date of recall to their previous employer and those using union hiring halls. In the second stage, the probability of UI benefit exhaustion was estimated, based on a regression model, for each of the claimants passing the screens in the first stage. Among those who passed the screens, claimants with the highest exhaustion probabilities were targeted for the demonstration.

Claimants targeted for participation were assigned randomly to a control group or to one of the three treatment groups. Random assignment ensures that the treatment and control groups exhibit similar characteristics and that each is representative of the target population. In this demonstration, random assignment also allowed the differences in outcomes between each of the treatment groups and the control group to be interpreted as unbiased estimates of the net effects of the three service packages.

IMPLEMENTATION OF THE DEMONSTRATION

The demonstration was, for the most part, successfully implemented in both D.C. and Florida. Both states were successful in using the two-stage selection process to target the demonstration services to claimants likely to face long UI spells. Claimants selected as eligible for the demonstration but denied services (the control group) had longer average UI spells and were more likely to exhaust their benefits than claimants determined to be ineligible for the demonstration. In Florida, for example, the benefit exhaustion rate was about six percentage points higher for the demonstration-eligible claimants than for the ineligible claimants. In D.C., the exhaustion rate was about 13 percentage points higher for the eligible claimants. The differences in average UI spells between eligible and ineligible claimants was two weeks in Florida and 1.5 weeks in D.C. These differences are not huge, but they are probably what would be expected from a statistical model of the determinants of benefit exhaustion among UI claimants.

Both states generally offered the services as they were designed for each of the treatments. Claimants assigned to SJSA were offered a set of mandatory services, including an orientation, testing, job search workshop, and an assessment. The majority of claimants assigned to the demonstration attended at least the orientation, and the majority of those attending the orientation also attended testing, the workshop, and the assessment. Most of the claimants who failed to attend a service did so because they had become reemployed and/or had stopped collecting UI benefits.

Claimants assigned to IJSA and IJSA+ were also offered the full set of services, but few of these claimants participated in any JSA group services other than the orientation and assessment. Orientation and assessment were the only mandatory services for all claimants assigned to IJSA and IJSA+ who wanted to continue collecting benefits. These claimants were required to participate in the other JSA services—testing and the workshop—only if these services were part of the individual service plan created as part of their assessment interview. Few claimants in either state participated in testing or the workshop. Attendance was especially low in D.C., where less than 1 percent of claimants who attended orientation also attended testing or the workshop. The corresponding attendance rates in Florida were higher but still modest—in the 10 to 20 percent range.

The low attendance rates for testing and the job search workshop in the IJSA and IJSA+ treatments suggest that demonstration claimants were reluctant to participate in services that were not universally mandatory. Furthermore, although IJSA and IJSA+ claimants were offered testing and the workshop, JSA staff were reluctant to make these services mandatory. Presumably, caseworkers either felt the services were inappropriate for most claimants or did not want to jeopardize claimants' benefits by requiring participation. Given this, the services received by SJSA claimants, who were automatically required to participate in all the group services, clearly exceeded those received by the IJSA and IJSA+ claimants.

To generate substantial rates of participation in group services, an ongoing program would probably need to make these services universally mandatory. Claimants are reluctant to volunteer for services, as has been shown in this and other demonstration evaluations. In addition, staff are unlikely to aggressively assign claimants to services. Given the reluctance of both claimants and staff to initiate service participation, the only way to ensure participation is to make the services mandatory.

D.C. emphasized individual counseling rather than group services for IJSA and IJSA+ claimants. Nearly half of the claimants assigned to IJSA or IJSA+ were reported to have participated in counseling. The emphasis on individual counseling in D.C. may have arisen because of the limited space and trained staff available to conduct group services in the D.C. office.

The timing of JSA services was consistent with the demonstration design, which was based on the objective of achieving early intervention. During the design phase of the demonstration, it was determined, given the time needed to identify and notify claimants, that services would ideally begin about 7 weeks after the initial UI claim. Our findings on timing of participation show that the demonstration generally achieved early intervention according to this standard—the average time from the beginning of the benefit year to orientation was about 7 weeks in both states, and about 80 to 85 percent of claimants participated in orientation within 8 weeks of the beginning of the benefit year. Most claimants also moved on quickly to subsequent services. Claimants assigned to SJSA typically finished all services by the end of the second full week after their orientation. Claimants assigned to IJSA or IJSA+ usually completed assessment within a week of their orientation.

Data on EDWAA training show that few demonstration claimants, even those assigned to IJSA+, participated in EDWAA training. However, the training rate was higher among the combined treatment groups than in the control group. In Florida, the training rate was 3.5 percent for the combined treatment groups compared with 2.8 for the control group, while in D.C. the corresponding training rates were 1.3

percent and 0.8 percent. These numbers imply that the information provided through orientation and assessment, the services offered in all treatments, was effective in inducing claimants to participate in EDWAA training. The effect, however, was fairly small and the resulting rate of training participation was also small.

The training rate was, however, no higher among the IJSA+ groups than among the other treatment groups, so we conclude that the IJSA+ approach was not any more effective than SJSA or IJSA in providing greater access to training. There were at least two reasons for this outcome. First, demonstration claimants were not treated as being automatically eligible for EDWAA, as was expected when the demonstration was designed. In most sites, before claimants could enter EDWAA training, they had several eligibility or procedural hurdles to clear, which greatly impeded their potential entry into training. Second, coordination between the local demonstration sites and EDWAA often fell short of our expectations. EDWAA staff did not always participate in the demonstration services as they were designed, so in some local offices IJSA+ provided no greater contact with EDWAA than the other treatment groups.

Based on the findings from previous JSA demonstration reports, we know that both states monitored and enforced the JSA participation requirements, but staff in the two states differed in their attitude and approach. Demonstration staff in both states told claimants that participation in the demonstration was mandatory and that claimants could lose their benefits if they refused to participate, but staff in Florida tended to downplay these aspects of the demonstration. Although staff in both states contacted claimants who failed to attend required services, D.C. tended to be more rigorous than the Florida sites in enforcing the requirements. In D.C., claimants who missed a single service were sent a noncompliance notice instead of their UI check, and they were required to report to the demonstration office to meet with a claims examiner to collect their benefit check. In contrast, most Florida offices allowed no-shows to maintain their benefits and reschedule missed services over the phone rather than by reporting to the demonstration office in person. Benefit checks in Florida were held up only if claimants missed multiple appointments.

These findings demonstrate that states are likely to enforce similar participation requirements very differently. States will come to different decisions about what constitutes noncompliance and how to warn claimants that they are at risk of losing benefits.

IMPACTS OF THE JSA DEMONSTRATION

We estimated impacts of each of the demonstration treatments on various measures of UI receipt, benefit nonmonetary determinations and denials, employment and earnings, job characteristics, and job search activities. The treatments were expected to increase search effort, speed re-employment, and reduce UI benefits.

Impacts on UI Receipt and Eligibility

Each of the JSA treatments reduced UI receipt in the initial benefit year (year 1). The largest impact occurred in the SJSA group in D.C., where UI receipt was reduced by more than a week, as shown in

Table 1. The other treatments in D.C. and all three treatments in Florida had more modest impacts, reducing UI receipt by about half a week. The treatments also reduced the percentage of

TABLE 1

ESTIMATED IMPACTS OF THE JSA TREATMENTS ON UI RECEIPT

Outcome	District of Columbia			Florida		
	SJSA	IJSA	IJSA+	SJSA	IJSA	IJSA+
Year 1 UI Outcomes^a						
Weeks of UI Benefits	-1.13***	-0.47**	-0.61**	-0.41**	-0.59***	-0.52**
Rate of UI Benefit Exhaustion (Percent)	-4.8***	-2.4*	-3.9***	-1.8*	-2.4**	-2.8**
Percent with at Least One Nonmonetary Benefit Determination	36.6***	29.0***	28.7***	4.4***	2.7**	2.8***
Percent with at Least One Nonmonetary Benefit Denial	10.8***	8.1***	7.0***	2.9***	3.0***	2.0***
Year 2 UI Outcome^b						
Weeks of UI Benefits	0.12	-0.15	-0.06	0.11	0.03	0.17

^aYear 1 is the initial benefit year.

^bYear 2 includes all UI receipt resulting from an initial claim filed within one year of the end of year 1.

*Statistically significant at the 90 percent level in a one-tailed test.

**Statistically significant at the 95 percent level in a one-tailed test.

***Statistically significant at the 99 percent level in a one-tailed test.

claimants who exhausted their benefits, with the estimated reduction ranging from about 1.8 to 4.8 percentage points. In studying the timing of the impacts on UI receipt, we found that the treatment-control differences in UI exit rates occurred early in UI spells, around the time that claimants were notified of JSA service requirements or when they would have been scheduled to participate in services. This finding implies that much of the impact on UI receipt is due to an immediate response to the participation requirements or the services rather than to a gradual application of the skills learned during program participation.

None of the treatments had a significant impact on UI receipt beyond the initial benefit year. This finding is consistent with our expectations--we expected the treatments to help claimants become re-employed more quickly but not to have an effect on longer-term job stability. At the same time, our findings are inconsistent with those from the New Jersey UI Re-employment Demonstration, which showed that a structured JSA package generated a significant reduction in UI receipt in the second year after the initial claim.

These findings do not allow us to draw a definitive conclusion about which service strategy is most effective in reducing UI spells. In D.C., SJSA generated a larger reduction in UI spells than did IJSA and IJSA+. But in Florida, the impact of SJSA was nearly identical to the impacts of IJSA and IJSA+. Given these findings and our information about the enforcement policies in the two states, we conclude that the SJSA service approach is likely to generate larger UI reductions in settings where the additional participation requirements associated with SJSA are strictly enforced. Another factor that may have contributed to the large impact of SJSA in D.C. is that the D.C. control group had long UI spells, so there was the potential for substantial reduction in UI spells in response to the demonstration. The SJSA approach implemented in D.C. may be an effective strategy for realizing this potential.

All of the JSA treatments increased nonmonetary benefit eligibility determinations and denials in year 1. Table 1 shows that the treatments in D.C. increased the rate of determination by 29 to 37 percentage points and the rate of denials by 7 to 11 percentage points, depending on the treatment. The impacts on determinations and denials in Florida tended to be smaller but still substantial. Most of the increases in determinations and denials were related to regular UI benefit eligibility issues, not to JSA participation directly. It appears that local staff used the information gathered through the demonstration to more strictly enforce traditional UI eligibility requirements for claimants assigned to the treatments. The increase in benefit denials was responsible for part but not all of the impact of the treatments on UI receipt, especially in D.C., where the increase in benefit denials was largest.

Impacts on Employment and Earnings

The JSA treatments had somewhat uneven impacts on employment and earnings following the initial UI claim. On the one hand, the SJSA group in D.C. generally had higher earnings than the control group, and the differences tend to be statistically significant. Moreover, the impacts of SJSA on quarterly earnings in D.C. were fairly large, about \$200 per quarter, and persistent over the 10-quarter follow-up period (see Table 2). On the other hand, the estimated impacts of SJSA on quarterly earnings in Florida and the estimated impacts of IJSA and IJSA+ on quarterly earnings in both states tended to be smaller (often even negative in Florida) and not statistically significant in most cases. However, both IJSA and IJSA+ significantly increased quarterly earnings in D.C. during or shortly after the initial benefit year. The impacts on employment rates (not shown in Table 2) were similar to the impacts on earnings.

We found no evidence that the treatments pushed claimants into lower-quality jobs in order to hasten their re-employment. On the contrary, the treatments appear to have potentially improved the quality of the jobs accepted by participants. The treatments also did not affect the likelihood that claimants would switch occupations when they accepted a new job.

TABLE 2
ESTIMATED IMPACTS OF THE JSA TREATMENTS ON EARNINGS
(Dollars)

Quarter ^a	District of Columbia			Florida		
	SJSA	IJSA	IJSA+	SJSA	IJSA	IJSA+
1	30	22	22	53	-48	-24
2	172**	102	147**	-4	-6	20
3	152***	111	176**	-53	-18	14
4	281***	161**	83	-2	122	50
5	280***	191**	180**	-92	-36	-12
6	241**	183**	106	-66	-36	5
7	177*	96	-23	-57	-5	63
8	263**	129	38	-98	-41	-20
9	185*	76	10	-98	-41	-49
10	224**	100	50	-23	-30	-44
11				-33	6	14
12				-121	50	9

^aFull calendar quarters following initial UI claim.

*Statistically significant at the 90 percent level in a one-tailed test.

**Statistically significant at the 95 percent level in a one-tailed test.

***Statistically significant at the 99 percent level in a one-tailed test.

Impacts on Job Search

The JSA demonstration encouraged more aggressive job search efforts among treatment group members. In both D.C. and Florida, each of the JSA treatments led claimants to contact more employers per week in their job search, as shown in Table 3. For example, SJSA treatment generated 1.6 and 1.4 additional contacts per week in D.C. and Florida, respectively. The IJSA and IJSA+ treatments also increased the number of employers contacted as well as the hours spent searching for work.

TABLE 3
ESTIMATED IMPACTS OF THE JSA TREATMENTS
ON JOB SEARCH

Outcome	District of Columbia			Florida		
	SJSA	IJSA	IJSA+	SJSA	IJSA	IJSA+
Employers Contacted Per Week	1.6*	1.9*	3.0*	1.4**	1.5*	2.1**
Hours of Search Per Week	0.2	0.6	0.9	0.4	0.7	1.7**
Percent Receiving a Job Referral from the Job Service	8.7***	2.9	8.7**	3.4*	3.8	10.3***

*Statistically significant at the 90 percent level in a one-tailed test.

**Statistically significant at the 95 percent level in a one-tailed test.

***Statistically significant at the 99 percent level in a one-tailed test.

Another expected impact of the demonstration was to increase claimants' use of the state Job Service (JS) to assist in their job search. All of the JSA treatments increased contact with the JS as designed, and they also tended to increase the probability that claimants received job referrals from the JS, as shown in Table 3. However, we found no evidence of impacts on the likelihood of obtaining job offers through JS referrals. Thus, it appears that the JSA demonstration was successful in getting claimants to use the JS, but that it was less successful in matching claimants to job offers generated through the JS. Regardless, the expanded use of JS may have helped claimants find jobs on their own.

COST-EFFECTIVENESS OF THE JSA TREATMENTS

Table 4 shows estimated costs per claimant, benefits per claimant, and the implied rate of return for each treatment from the perspectives of DOL, the government as a whole, and society as a whole. The cost estimates in the first panel of the table reveal that, as expected, the individualized JSA treatments were less costly than the structured treatment. The costs are constant across the three perspectives since all demonstration costs were incurred by DOL, and DOL costs are also a subset of both total government costs and societal costs.

All of the JSA treatments yielded benefits for DOL primarily due to decreased UI payments. Most of the treatments also yielded benefits for total government. For society as a whole, the benefits estimates diverge substantially between D.C. and Florida. In D.C., the treatments yielded substantial benefits primarily due to the significant earnings increases caused by the treatments. In contrast, two of the three Florida treatments yielded negative benefits because our estimates suggest that the treatments reduced earnings (although the estimates are not statistically significant).

TABLE 4
ESTIMATED COSTS AND BENEFITS OF THE JSA TREATMENTS

Perspective	District of Columbia			Florida		
	SJSA	IJSA	IJSA+	SJSA	IJSA	IJSA+
Costs (Dollars per Claimant)						
Department of Labor	286	199	216	241	97	103
Total Government	286	199	216	241	97	103
Society	286	199	216	241	97	103
Benefits (Dollars per Claimant)						
Department of Labor	160	89	31	17	97	47
Total Government	717	416	254	-110	77	54
Society	2,647	1,552	1,060	-763	-119	43
Rate of Return $\left(\frac{\text{Benefits} + \text{Costs}}{\text{Costs}}\right)$						
Department of Labor	-44%	-55%	-86%	-93%	0%	-54%
Total Government	151%	109%	17%	-146%	-20%	-47%
Society	826%	680%	391%	-416%	-222%	-59%

The final step in our analysis of the JSA treatments was to combine the cost and benefit estimates to evaluate the cost-effectiveness of the treatments. In the final panel of Table 4 we present the estimated rate of return on the resources invested in each treatment, which is equal to net benefits (benefits-costs) divided by costs.

Our estimates imply that the JSA treatments were not cost-effective from the perspective of DOL. Table 4 shows that none of the treatments in either state generated a positive return on the resources invested by DOL--the estimated reductions in UI payments caused by the treatments were not large enough to fully compensate for the costs of the services. The best case scenario implied by our estimates is that DOL would break even on their investment in JSA.

Although the JSA treatments were not generally cost-effective from DOL's perspective, they may have been cost-effective from a broader perspective. The D.C. treatments generated substantial returns from the perspectives of government and society as a whole. For example, the societal rate of return for the

SJSA treatment was 826 percent, which implies that one dollar invested in SJSA yielded \$8.26 in benefits for society. In contrast, the same treatments in Florida failed to generate positive returns for either the government or society as a whole. We hesitate to draw strong conclusions on the returns to society based on the Florida findings, since these estimates are sensitive to the earnings impacts, which are imprecisely estimated. In Florida, for example, the negative returns are driven partly by the finding that the treatments negatively affected earnings, but these negative estimates are statistically indistinguishable from zero.

IMPLICATIONS FOR WORKER PROFILING AND RE-EMPLOYMENT SERVICES

The Unemployment Compensation Amendments of 1993 required states to develop Worker Profiling and Re-employment Services (WPRS) systems to identify UI claimants who might benefit from re-employment services and then refer them to re-employment services. These amendments directed all states to build their own statewide job search assistance systems. For WPRS, states are required to use the same two-step approach used in the demonstration to identify claimants to be referred to services. In most states, service referral in WPRS is similar to the IJSA treatment in the demonstration--each claimant is required to meet one-on-one with a counselor to develop an individual service plan and assess the claimant's interests and abilities (Dickinson et al. 1999). Most states in WPRS also require at least some claimants to participate in individualized services beyond the standard mandatory services. However, as in IJSA, the percentage of claimants in any state actually required to participate in additional individualized WPRS services may be fairly low.

The demonstration findings suggest that the typical WPRS service approach, which does not automatically require claimants to participate in services beyond orientation and assessment, is unlikely to generate widespread participation in other group services such as testing or job search workshops. To generate widespread participation, the states probably need to mandate these services. Findings from the WPRS evaluation presented in Dickinson et al. (1999) are largely consistent with this argument. Among the five states with valid data on service participation, the two states that explicitly required claimants to participate in a job search workshop as part of their WPRS requirements (New Jersey and Maine) generated fairly high workshop participation rates--about 40 percent or more. The other three states (Connecticut, Illinois, and South Carolina), which did not have explicit workshop requirements, generated much lower participation rates. Hence, it appears that in the early days of WPRS, substantial participation in many services was only achieved through explicit requirements that were backed up by the threat of benefit denials.

Recommendation: If states want to expand services received by claimants through WPRS, states should make particular services mandatory for all claimants referred to WPRS, or at least encourage local offices to be aggressive in using individual service plans to set and enforce service requirements.

Findings from the demonstration also suggest that coordination under WPRS between UI/JS and local agencies authorized to provide training under the Workforce Investment Act (WIA) may be difficult. In both of the JSA demonstration states, as explained above, demonstration staff had some difficulty in working with EDWAA staff and getting claimants into EDWAA training quickly. This is consistent with

early observations of the WPRS systems presented in Hawkins et al. (1995), which reports that in many of the subject states, EDWAA played little or no role in WPRS. The researchers argue that improved linkages between EDWAA and the local UI and JS agencies involved in WPRS would allow the agencies to take better advantage of EDWAA expertise in serving dislocated workers with diverse needs. Coordination between UI/JS and EDWAA may have improved over time. Based on responses to a 1997 survey, Dickinson et al. (1999) report that in 50 percent of states, EDWAA was substantially involved in at least one major WPRS task. Furthermore, EDWAA has now been replaced by WIA. The WIA requirement that local areas establish One-Stop Career Centers, which bring multiple agencies together in a single location to serve all clients, should contribute to improved coordination between UI/JS and the WIA agencies.

Recommendation: DOL should continue to develop new tools, in addition to the One-Stop Career Centers, to encourage coordination of UI/JS and WIA and increase the exposure of WPRS claimants to WIA services.

WPRS participation requirements are likely to increase UI nonmonetary benefit determinations and denials. Some of the increase will be due to direct enforcement of the WPRS requirements. But much of the increase will be due to more strict enforcement of traditional UI eligibility requirements. This kind of enforcement will be possible because of the additional information that local offices collect from claimants to track WPRS activities. Dickinson et al. (1999) confirm that WPRS increased nonmonetary benefit determinations and denials in most of the states that they examined.

The JSA demonstration findings suggest that WPRS generates modest reductions in UI receipt. According to our estimates, the IJSA treatments, which most resembled typical WPRS services, reduced UI receipt by about half a week. Estimates from the WPRS evaluation reported in Dickinson et al. (1999) confirm that WPRS has an impact on UI receipt. WPRS reduced UI receipt in four of the six states investigated by Dickinson et al., with estimated reductions in the four states ranging from one-quarter of a week to one full week of benefits.

Implications of the JSA demonstration findings for the impacts of WPRS on employment and earnings are more mixed. The IJSA treatments increased earnings in some quarters in D.C., but we found no clear evidence that the treatments increased earnings at all in Florida. Dickinson et al. also found no clear evidence that similar services in WPRS increased employment or earnings, even in the states where UI receipt was significantly reduced.

Finally, our findings provide little evidence that moving WPRS to a more structured model would be cost-effective. While in D.C. the rate of return on investment in SJSA was somewhat higher than on investment in IJSA, in Florida we found just the opposite. Furthermore, these comparisons are very sensitive to the earnings impacts, which are estimated imprecisely.

Recommendation: Structured services do not necessarily maximize cost-effectiveness. States should use structured services only if their primary objective in WPRS is to expand service participation.