

Evaluation of the Strengthening the Connections Between Unemployment Insurance and One-Stop Delivery Systems Demonstration Project in Wisconsin

Executive Summary

During the last decade, strides in technology have allowed states such as Wisconsin to more efficiently deliver Unemployment Insurance (UI) services. Almost all UI services are now delivered remotely, with unemployed individuals making initial claims either by telephone to a centralized benefit center or via the Internet. As a result of such strategies, however, the physical presence and interactions of UI staff with One-Stop Center staff in facilitating the reemployment of UI claimants has diminished, as has the provision of job search assistance to unemployed workers. Over the same period, other outcomes of the UI system have deteriorated. Since 2002, the average duration of UI benefits has increased sharply, to over 16 weeks in 2004. Similarly, the proportion of UI recipients who exhaust their benefits (the exhaustion rate) rose to nearly 45% nationally in 2003.¹

Another recent change is that fewer states are systematically reviewing the work search activities of UI claimants than in the past. Recent research has shown that both adherence to UI work search requirements and reemployment services tend to shorten claimants' duration of insured unemployment by speeding their return to work. Thus, changes in policy that reduce work search review and contact with reemployment services have resulted in longer benefit durations than in the past.² In sum, balancing the effects of using UI call centers and online claims processing with the availability of One-Stop Center services is a looming challenge for the workforce development system.³

In June 2003, the Department of Labor, Employment and Training Administration funded the Wisconsin Department of Workforce Development (DWD) to implement the *Strengthening Connections Between UI and One-Stop Delivery System* demonstration project. At the same time, the Department engaged Berkeley Policy Associates (BPA) to evaluate the demonstration and to provide technical assistance in its design.

The Demonstration

The demonstration sought to find innovative and effective approaches to facilitate linkages between the Wisconsin Division of Unemployment Insurance (UI) and the state Division of Workforce Solutions' (DWS) Job Service, which operates the state's One-Stop Career Centers (called Job Centers). The project's objectives were to: 1) better connect UI claimants with Job

¹ U.S. Department of Labor, Employment and Training Administration. *Unemployment Insurance Chart Book*, March 29, 2004 <http://www.ows.doleta.gov/unemploy/content/chartbook/chtbook.asp#chta3>.

² O'Leary, Christopher J. 2006. "State UI Job Search Rules and Reemployment Services," *Monthly Labor Review*, June 2006.

³ Barnow, B., and C. King. May 2005. *The Workforce Investment Act in Eight States: Final Report*, ETA Occasional Paper 2005-01.

Center reemployment services; and 2) better connect its UI and Job Service divisions via data-sharing and joint provision of services.

Wisconsin designed an expanded model of Worker Profiling Reemployment Services (WPRS)⁴ called the Wisconsin Reemployment Connections Demonstration Project. The project's features included:

- Integration of UI and One-Stop computer systems such that demonstration UI claimants were automatically registered for work;
- One-Stop Job Service staff made personal contact via telephone with UI claimants selected for the demonstration's WPRS services;⁵
- Development of strong working relationships between UI adjudicators and One-Stop Center staff. While in the rest of the state, UI staff and One-Stop Center staff have limited interactions, the demonstration's UI staff assisted in the reemployment orientation sessions (RES) conducted at the Job Centers, and returned at the end of participants' service periods to conduct a Review of Employment Plan (REP, a type of UI eligibility review) jointly with Job Service staff;
- Provision of expanded reemployment workshops (e.g., job search assistance and referrals to skill training, as appropriate) and new curricula, such as "Introduction to Computers;"
- Provision of reemployment services to all claimants referred from the WPRS pool; and
- Provision of at least one staff-assisted job referral to all demonstration participants who participated in the reemployment workshops. Such referrals did not happen elsewhere in the state.

The demonstration began providing services in Oshkosh in July 2004 and in two Milwaukee Job Centers in September 2004. At the required orientation to Job Center services, demonstration staff assigned participants to one of two groups based on their preparedness for conducting a job search, the format and sophistication of their resumes, employment barriers, and confidence in their interviewing skills. Group A consisted of individuals who had more relevant and/or transferable work skills and job search skills; these claimants received minimal reemployment services. Group B was made up of those who were less prepared for looking for a job, and received more intensive services than Group A. Members of both groups were required to register for work, which was not required of Wisconsin UI claimants outside of the demonstration. In addition, all Group B members received a referral to an appropriate job opening.

⁴ WPRS was established via the Unemployment Insurance Amendments of 1993 (P.L. 103-152) which added Section 303(a)(10) and 303 (j) to the Social Security Act. The program 1) identifies claimants likely to exhaust their regular UI benefits and who will need job search assistance services to make a successful transition to new employment, and 2) refers these claimants to reemployment services. Wisconsin Department of Workforce Development, *UI Reemployment Services: Introduction to UI Profiling and Reemployment Services*, <http://dwd.wisconsin.gov/dws/bjs/Reemployment.htm>

⁵ The Wisconsin UI agency provided overall leadership of the DOL demonstration grant. Job Service staff are traditionally funded by the state's Wagner-Peyser Act grant, but funds for this project were derived from the DOL demonstration grant.

Members of Group B, as well as many Group A members, were directed to attend concentrated job search workshops that lasted up to four weeks (from beginning to end of project participation). Those who failed to attend any of the sessions were subject to suspension of their UI benefits. Claimants also were asked to make at least five job contacts per week, although their benefits were not affected if they made at least two contacts per week.

The workshop curricula included resume development, interviewing skills, career change, networking skills, labor market projections of “hot jobs,” budgeting, and stress management. The staff in Milwaukee added an “Introduction to the Computer” session to their curricula after they discovered that many participants had no experience using a computer. The last session of the workshop was a formal, individual plan review (the REP) with each participant who had not yet found a job. The review was a new service element, not offered in Wisconsin prior to the demonstration because of resource constraints.

The Evaluation

The evaluation documented the linkages that developed between Wisconsin’s UI and Job Service agencies as a result of the demonstration, and assessed whether the demonstration services, and these linkages, had an impact on claimants’ employment outcomes. The evaluation design included both process and outcome components, with the outcome study using a quasi-experimental design.

The process study documented the demonstration’s implementation, described the specific linkages created between the Job Service and UI agencies, and identified lessons learned during the project’s implementation that might be useful for other state workforce agencies. The quasi-experimental outcome study assessed the effectiveness of the demonstration’s service model in increasing UI claimants’ return to work post-claim quarterly earnings, and in reducing duration of benefits. This study component compared characteristics, service use, and employment outcomes of the demonstration participants with those of similar UI claimants in adjacent zip code areas. The comparison group received the same services they would in the absence of the demonstration, and were chosen from both individuals who received and did not receive WPRS to ensure that the sample included claimants who had a range of profiling scores.

The evaluation team used a matching algorithm to link each sample member in the demonstration group to multiple sample members in the comparison group. This approach increased the statistical precision of the study’s estimates and took advantage of the fact that more comparison group members were available to the evaluation than were demonstration participants. Matches were made on a propensity score calculated using individual background characteristics, including employment history and profiling score.

Findings of Outcome Study

The evaluation’s study sample included 6,373 members: 2,180 claimants in the demonstration group and 4,193 in the comparison group. The demonstration group included 1,175 claimants who participated in project services, plus another 1,005 who had either already found

employment when they were contacted about the project, had enrolled in services elsewhere, or failed to contact project staff or attend the orientation.⁶ Of those who participated in project services, 534 were assigned to Group A and 641 to Group B.

The typical claimant in the demonstration group was a 40-year-old white male with a high school diploma. On average, he had worked in his last job for four years and earned an average of \$6,340 per quarter. He had at least one previous UI claim in the past five years, and a 67% expected likelihood of exhausting his UI benefits during his current claim. The average comparison group member also fit this profile. The demonstration's subgroups (Group A, Group B, and no services) varied somewhat from this characterization. Interestingly, while participant data indicated that Group B had more barriers to employment than did Group A, the barriers were not reflected in the average WPRS scores for each group; the scores showed Group A with a higher expected likelihood of exhausting their UI benefits than Group B. This finding suggests that the WPRS and the demonstration's assessment measured different factors.

To explore the impact of the demonstration on participant employment outcomes, we compared their outcomes with those of the comparison group using three models:

- **Model 1** used all of the claimants in the demonstration and comparison sites' profiling pools during the study period, including those who entered employment before the date of the orientation, received employment services from another program, or failed to respond to contacts from project staff. This model took into account the potential impact that the project's letter and telephone call might have had on claimants who did not actively participate in demonstration services.
- **Model 2** used only claimants in the study's profiling pools who had WPRS scores of 47 or higher, representing claimants most in need of reemployment services. Because Wisconsin does not set a profiling score above which all UI claimants must receive reemployment services (RES), the evaluation team chose this cutoff based on the lowest WPRS score of comparison group members who attended a Job Center orientation (most likely those required to attend RES). Since the Model 2 sample significantly overlapped with the Model 1 sample, the characteristics, service use, and outcomes of the two samples were very similar.
- **Model 3's** sample included only those claimants who actually received services from the project and claimants at the comparison sites who attended a Job Center orientation. While comparison group members could have attended an orientation without being required to do so by the WPRS program, we assumed that most of those who attended an orientation did so because of the WPRS requirement.

Impact of the Demonstration on Employment Outcomes

The evaluation used three key employment outcomes in examining the impact of demonstration services: 1) the rate at which the study sample entered employment, documented by the presence

⁶ Claimants in the profiling pools for the demonstration sites could choose whether to participate in the project if they were willing to risk their UI benefits, which introduced selection biases that must be considered when interpreting the study's results.

of earnings in the UI wage record database; 2) average quarterly earnings of those who did return to work; and 3) UI benefit duration and its corollary, amount of UI benefits drawn.

- **Entering Employment:** The Wisconsin Demonstration project did not have a significant impact on whether or not participants entered employment. About three-quarters of both demonstration and comparison group members in the study samples for all three analysis models went back to work during the study period.
- **Average Quarterly Earnings:** Demonstration participants had higher average quarterly earnings than did the comparison group across all three analysis models. The difference was statistically significant for Models 1 and 2. The demonstration increased claimant earnings by \$211 per quarter for the demonstration group in the Model 1 sample and by \$194 for Model 2 participants. In sum, the demonstration group earned roughly \$135,000 more than the comparison group over the project's 15-month period of operations.
- **Duration of UI Benefits:** The demonstration groups for Models 1 and 2 had significantly shorter durations of UI benefits than did the comparison groups, by almost a week for the Model 2 sample and by 0.6 weeks for the Model 1 sample. The Model 3 demonstration group showed a comparable reduction in benefit duration of 0.6 weeks, although this reduction was somewhat smaller in relative terms given the longer average duration of benefits among the Model 3 sample.
- **Amount of UI Benefits Paid:** The reduction in benefit duration directly translated into a similar significant reduction in the average total payout of UI benefits. Demonstration participants received \$233 less than comparison group members for Model 2 and \$147 less for Model 1. The Model 3 demonstration group also received \$155 less in UI benefits than the comparison group, however this impact was not statistically significant. Overall, the three demonstration sites saved Wisconsin's UI trust fund roughly \$385,000 over the project's 15-month period.

These modest effects compare favorably with the impacts documented by more ambitious employment training interventions, and are also consistent with other research on services provided to dislocated workers.

Relationship Between Service Use and Employment Outcomes

Use of Job Center services was limited among the evaluation's study sample; only 38% of the sample participated in any of the 18 services that we tracked. Analyses focused on the eight services that were used by at least 2% of the total population: initial assessment; self-service/information; job search services; workshops; job referral; one-on-one services; plan review; and follow-up services. All of these services were central to the demonstration's service model.

Examining relationships between specific services used and employment outcomes is complicated by the fact that the strength of a statistical relationship does not identify the direction of causality. For example, the study found significant negative associations between entering employment and participating in the initial assessment and plan review processes. Demonstration participants who started work before they were notified about the project were exempt from participating in the assessment. Similarly, those who started work before the date of their employment plan review (EPR) were exempted from attending the EPR meeting. Thus,

these associations essentially showed the negative impact on project participation of obtaining a job quickly, rather than vice-versa.

- **Entering Employment:** The evaluation found positive and statistically significant associations between entering employment and the one-time use of three services—job referral, one-on-one services, and follow-up services. The associations were stronger for claimants in the demonstration group than for those in the comparison group, which suggests that the Wisconsin Demonstration services were valuable in returning demonstration participants to work.
- **Duration of UI Benefits:** Among members of the Model 3 sample, all of whom used RES services, demonstration participants who used assessment and one-on-one services once experienced significantly shorter durations of UI benefits than did the comparison group.
- **Average Quarterly Earnings:** Model 3 demonstration claimants who used job referral and follow-up services once had significantly higher earnings than did the comparison group. In addition, Model 2 demonstration participants who used WIA supportive services (e.g., transportation assistance, information on child care services, energy assistance, food stamps, and health insurance)⁷ multiple times had quarterly earnings that were slightly but significantly higher than those of the comparison group.

Lessons from Implementation of the Wisconsin Demonstration Project

- **UI and One-Stop staff can provide services jointly without disrupting the UI call center structure.**

In the Wisconsin Demonstration project, the state's DWD developed a service model in which employment service and UI staff worked jointly, together providing both reemployment services and employment plan reviews. Furthermore, the demonstration operated without disrupting or creating other negative impacts on the UI call center structure. Both UI and Job Center staff, as well as participants, found the project's design to be effective and to improve the quality of information shared between agencies and with claimants.

- **Project activities must be aligned with project goals to produce congruent impacts on key participant outcomes.**

As the demonstration unfolded, the Job Services staff seemed to be referring to training claimants who may have already possessed marketable skills instead of finding good jobs immediately. Because the demonstration's goal was to assist claimants in entering employment rapidly and to reduce their draw on the UI trust fund, the project director asked staff to adopt a "work first" attitude in serving participants. In designing any type of service projects, staff should be aware of the measurable outcomes associated with each goal, and ensure that related activities have a harmonious effect on the project's key outcome measures.

⁷ Please note that supportive services were provided primarily to claimants who enrolled in WIA services.

- **The project’s design team should include both the staff that will be providing services and their supervisors.**

To ensure that the project’s design was realistic and reflected current practices, the demonstration staff were involved in designing the project’s service model; however, their One-Stop Job Service managers were not involved in the demonstration until the project was almost ready for implementation. Consequently, the supervisors of demonstration staff were not as knowledgeable about the project as they could have been. Both state and local staff realized that enlisting the supervisors’ involvement early in the design process would have prevented some of the challenges that later emerged during the demonstration’s implementation.

- **Build in mechanisms to reinforce consistency in program activities.**

State and local staff collaborated in creating a handbook that outlined the content of the orientation and workshops to ensure consistency in services and operations across the three sites. Staff developed their own workshop materials, however, and even with the handbook, staff thought the project’s services and record-keeping processes should have been better documented to improve the consistency of their operations. A related issue was that demonstration staff no longer met as a group once the project was in operation. Regular project conference calls would have allowed staff to discuss implementation issues as they occurred, to agree upon common data entry protocols, and to share solutions.

- **UI Benefit call centers are an efficient means of administering claims, but both Job Center staff and customers need more information about UI and better access to answers to their questions than call centers may provide.**

Demonstration staff noted that many customers had questions about their UI benefits that Job Service staff were not prepared to answer. One of the aspects of the project that staff valued the most was the formal connection created between Job Service and UI staff, so that Job Center staff knew whom to call about UI questions and were able to provide better customer service. Participants also appreciated the demonstration’s access to the UI adjudicators, and the information they provided. One-Stop Job Service managers should consider educating Job Center staff on basic UI benefit questions, and/or exploring other approaches to improve customer access to relevant UI information.

- **The quality of staff can be a key factor in the success of a demanding project.**

The commitment, flexibility, and enthusiasm of the project staff, including the UI adjudicators, contributed to the success of the demonstration in several ways. RES staff not connected with the project commented that the project was “too much work” compared to the current RES process, nonetheless, staff from two demonstration sites carried over vacation time from fiscal year 2005 because no one was available to take over if they took a vacation. Project staff were extremely flexible in accommodating the needs of participants, scheduling make-up orientations, and providing individual orientations for claimants who spoke only Spanish. They also were excited and passionate about their jobs, and that enthusiasm was transmitted to participants.

- **Hire staff into permanent positions if at all possible.**

The demonstration was implemented during a period when Wisconsin's administrative policy prohibited the creation of new staff positions. Both state and local staff faced continuing challenges in implementing the project within this policy environment. They strongly recommended that other projects ensure that staff hold permanent positions and have sufficient seniority so as not to be "bumped" from their assignments if layoffs occur in the agency.

- **Offer WPRS more frequently.**

Staff at the comparison sites conducted Job Center orientations for UI claimants on a weekly basis, and thus claimants could be required to attend one of these meetings during their third or fourth week of UI benefits. The demonstration staff provided only one orientation per month, and participants might end up attending the orientation six weeks or seven weeks after first filing for benefits. In responding to the project's customer satisfaction survey, many participants said that they wished they could have started services earlier in their claim process. Offering services more frequently would provide job seekers with improved access to assistance, and this should be taken into consideration in planning the provision of RES.

- **Telephoning claimants to inform them about RES offered several benefits.**

UI benefit claimants selected for RES receive a form letter to let them know that they are required to attend a Job Center orientation on a certain date and time. In contrast, the project's service model included both the letter and a telephone call to claimants initiated by the One-Stop Job Service staff. The call reinforced the importance of attending the orientation, and demonstration staff found that some claimants were more open to participating in services because the phone call put a friendlier face on the requirement to attend. The phone call allowed claimants to ask questions about the orientation, and allowed staff to find out whether claimants might need an interpreter or had other issues that could affect their attendance. Finally, one of the UI adjudicators noted that the phone call provided a useful second source of information if a claimant reported that he did not receive the letter informing him about the orientation.

- **The WPRS score may not accurately project a claimant's need for job search assistance.**

The average WPRS score for the demonstration's Group A claimants was slightly higher than that for members of Group B, who needed more basic help in improving their resumes and job search skills. The WPRS score is formulated as an expected likelihood of claimants exhausting their UI benefits, while the project's assessment process (for assigning participants to Group A or Group B) focused on participants' need for assistance in improving their job search skills. Because the WPRS score is used to prioritize the referral of claimants to RES, UI staff should investigate whether changes to the WPRS algorithm could improve its usefulness in identifying claimants who need job search assistance.

- **Providing more intensive reemployment services is likely to mean serving fewer claimants.**

The demonstration's service model involved more intensive RES services than are currently being offered in Wisconsin. The state's Job Services Director anticipated reducing the number of RES participants if the model were to be adopted statewide because of budget constraints.

Balancing the quality of services provided with the quantity of claimants served becomes an important consideration when making such programmatic changes.

- **The Review of Employment Plan was very useful to project staff, but less appreciated by participants.**

UI and Job Service staff noted that the joint plan review offered another opportunity to meet one-on-one with participants and recommend workshops or other services, provide job referrals, and problem-solve. From the UI adjudicator's point of view, the review was the project's primary chance to investigate participants' job search activities. Project staff also said that claimants liked the plan review because it gave them closure; however, data from the project's customer satisfaction survey failed to confirm this observation.

- **Communicate clearly to all levels of the partner agencies the roles of each partner and of key staff.**

A Job Service supervisor located in northwestern Wisconsin was responsible for overseeing the demonstration. However, her role was not clearly defined and she was not formally introduced to local managers as having key responsibilities related to the project. Without the formal relationship, she often talked directly with the demonstration staff instead of going through their supervisors, although she was not empowered to be directive to the staff. Several Job Services managers and supervisors were unhappy because her relationship with the project staff was outside the chain of command. All partner staff need to know not only about the project's goals and activities, but the key players as well.

- **The rewards for increasing collaboration between the Job Service and UI agencies were far richer than originally anticipated.**

The project succeeded in increasing collaboration between UI and Job Service staff, and was effective in improving participants' quarterly earnings and reducing UI benefits duration. In addition, the demonstration also reinforced the fact that both agencies share a common goal of getting people back to work. At the state level, the project's Oversight Committee provided a structure for planning additional interagency collaboration tasks that went beyond the grant's original scope of work. Most importantly, interview respondents indicated that they valued the trust that developed between staff of each agency as a result of working together on the project, and noted that the demonstration improved the quality of their work environment.

- **Implementation of a project within a collaborative structure, such as is used by the One-Stop Career Centers, will always be impacted by partner agencies, and offers the opportunity to positively impact the partners.**

Each of the demonstration sites was affected by decisions made by other Job Center partners, such as the delayed start-up of the Job Center Northwest site because of negotiations with the Job Center operator over rent, the loss of partner staff who provided critical workshops in Oshkosh, and a comparison site moving its orientation to the HIRE Center's conference room.

While avoiding the resulting challenges may have been impossible, project staff at both the state and local levels might have been able to anticipate them with better—and continuous—communication with partner agencies. At the same time, the project's presence in each Job Center presented an opportunity for positively impacting the centers and their partner agencies.

For example, the presence of the project at Job Center Northwest, which had generally been regarded in the community as being only a “welfare center,” enhanced the center’s image. In each site, project staff provided workshops that otherwise would not have been available to the Centers’ universal customers.

- **Integrating data from multiple and complex management information systems will take longer—and be more expensive—than anticipated.**

Wisconsin was committed to creating a physical link between its UI and Job Service agencies to serve as the basis for further integration of the agencies’ databases in the future; thus creating a better interface between the UI and Automated System Support For Employment and Training (ASSET) data systems became a major task of the project. The link between the two systems provides a basis for further integration in the future. Unfortunately, the costs associated with the data-sharing project were high, and subsequent improvements to the interface under the grant were not possible. As a result, local staff had to do more data entry than they anticipated, and had difficulty interacting with certain components of the dual system.

- **Staff need timely performance information.**

Work started on the MIS integration process in November 2004 and first provided data four months later. Because of this timeline, summary information about project participants was not available until the seventh month of a 16-month effort. Staff at both the state and local levels needed more immediate feedback on the project’s progress. Earlier availability of this information also would have encouraged staff to complete their data entry into ASSET in an accurate and timely way.

Conclusion

The Wisconsin Demonstration project succeeded in increasing collaboration between the state’s UI and Job Service agencies through both its data sharing component and its implementation of expanded RES for UI claimants. In doing so, staff overcame a variety of barriers including administrative policies, the complexity of MIS systems, and the communications challenges associated with creating a new project.

Overall, the Wisconsin Demonstration project appears to have had a modest, but significant, influence on the employment outcomes of participants. In particular, demonstration participants drew UI benefits for a shorter period of time and had higher average quarterly earnings than did comparison group members. Use of specific services—such as assessment, job referral, one-on-one services, and follow-up—improved claimants’ likelihood of entering employment, decreasing receipt of UI benefits, and increasing quarterly earnings.

Staff from both the Job Service and UI agencies are continuing to collaborate in exploring strategies for improving the effectiveness of their RES statewide. The demonstration’s most important impacts may be realized in the future as UI and Job Service staff continue to work together toward their common goal of assisting individuals to return to work.