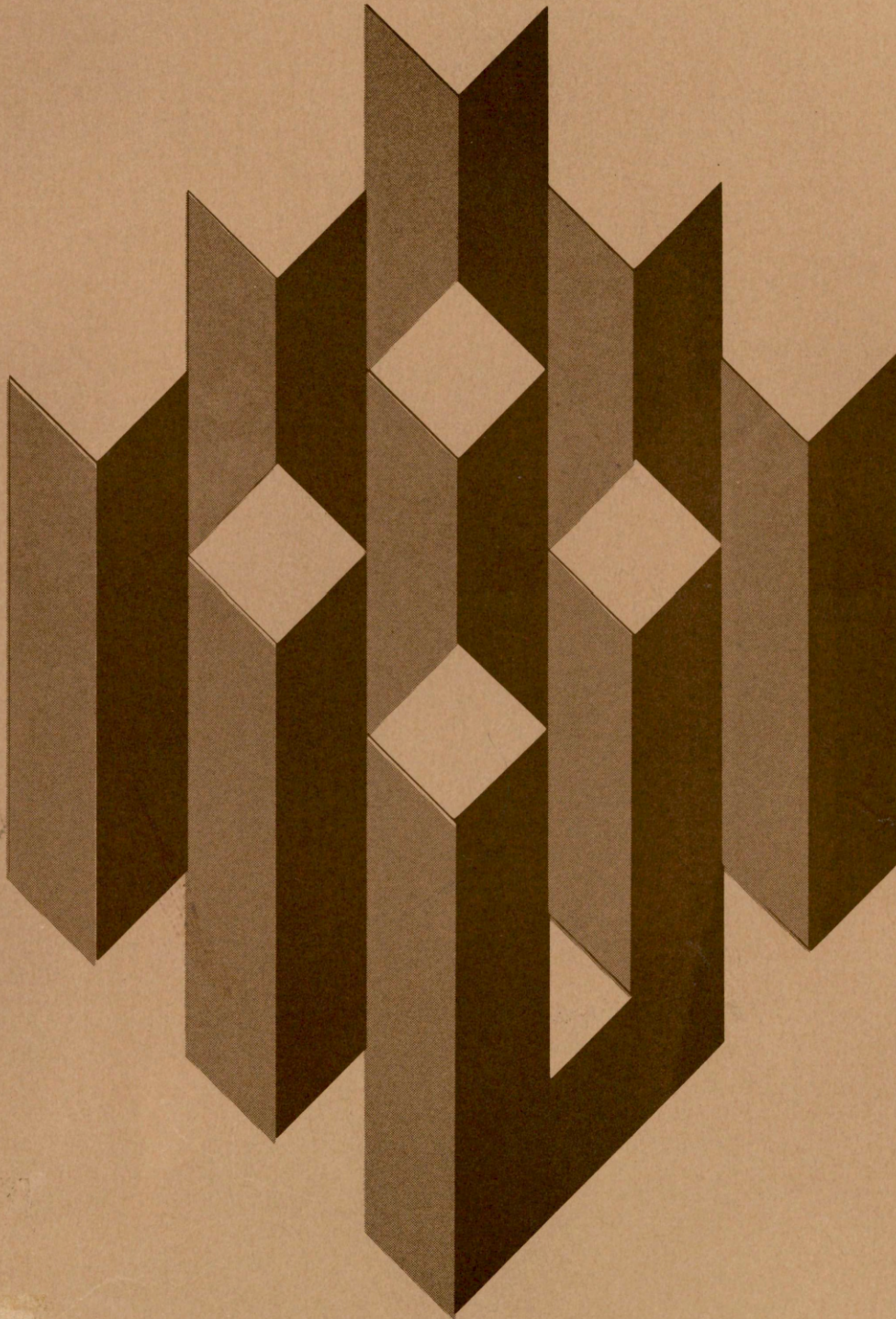



The New Jersey Unemployment Insurance Reemployment Demonstration Project Interim Report

U.S. Department of Labor
Employment and Training Administration
1987



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U.S. Department of Labor.
THE NEW JERSEY UN-
EMPLOYMENT INSURANCE RE-
EMPLOYMENT DEMONSTRATION
PROJECT INTERIM REPORT.
1987.

The New Jersey Unemployment Insurance Reemployment Demonstration Project Interim Report



U.S. Department of Labor
William E. Brock, Secretary

Employment and Training Administration
Roger D. Semerad
Assistant Secretary for Employment and Training
1987



This report was prepared for the New Jersey Department of Labor and the Employment and Training Administration, U.S. Department of Labor under New Jersey contract number S86042 with Mathematica Policy Research, Inc. The authors of this report are Walter Corson and Stuart Kerachsky. Since contractors conducting research and evaluation projects under government sponsorship are encouraged to express their own judgements freely, this does not necessarily represent the official opinion or policy of the N.J. Department of Labor or the U.S. Department of Labor.

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**THE NEW JERSEY UI REEMPLOYMENT
DEMONSTRATION PROJECT**

INTERIM REPORT

April 1987

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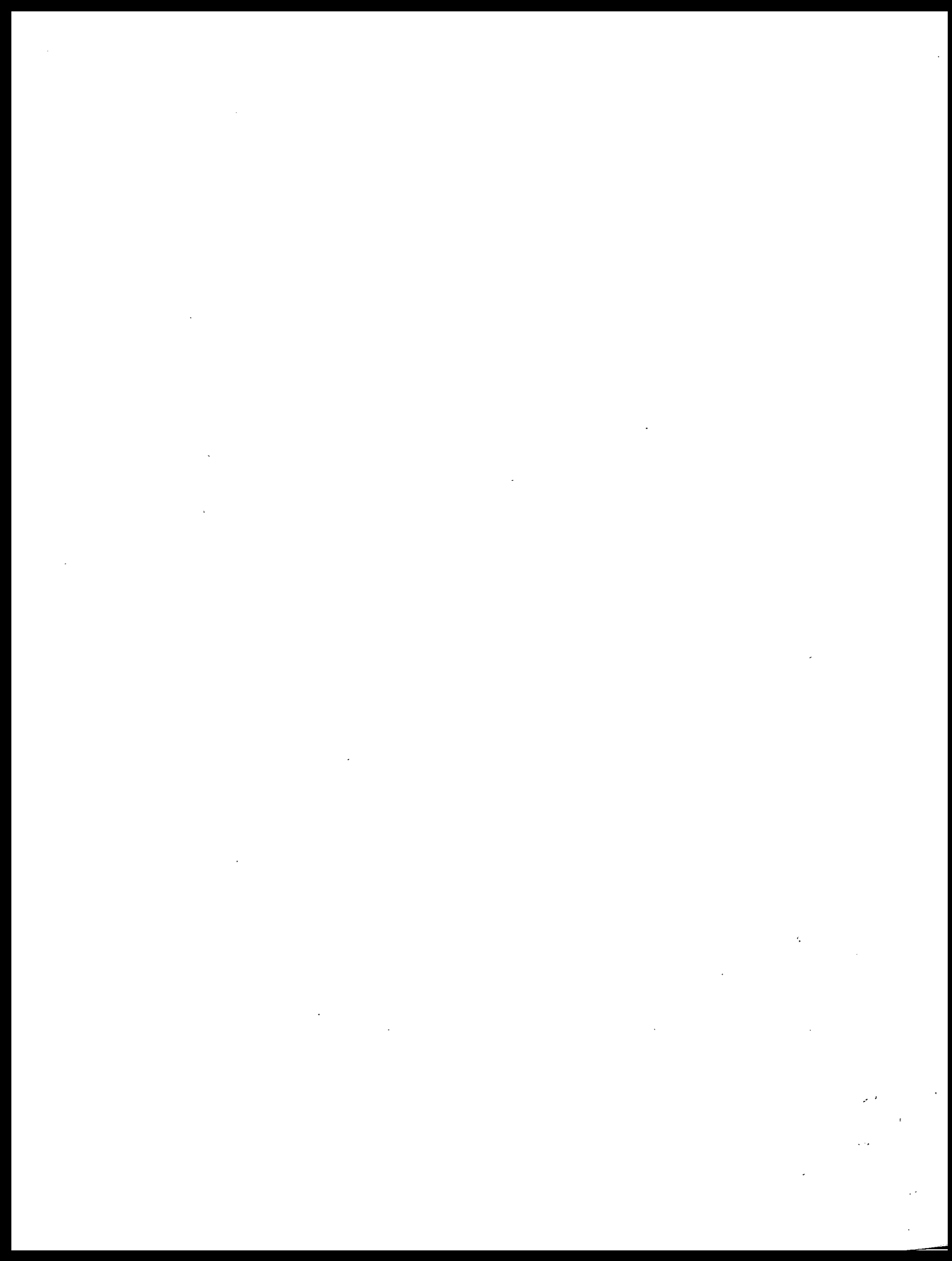
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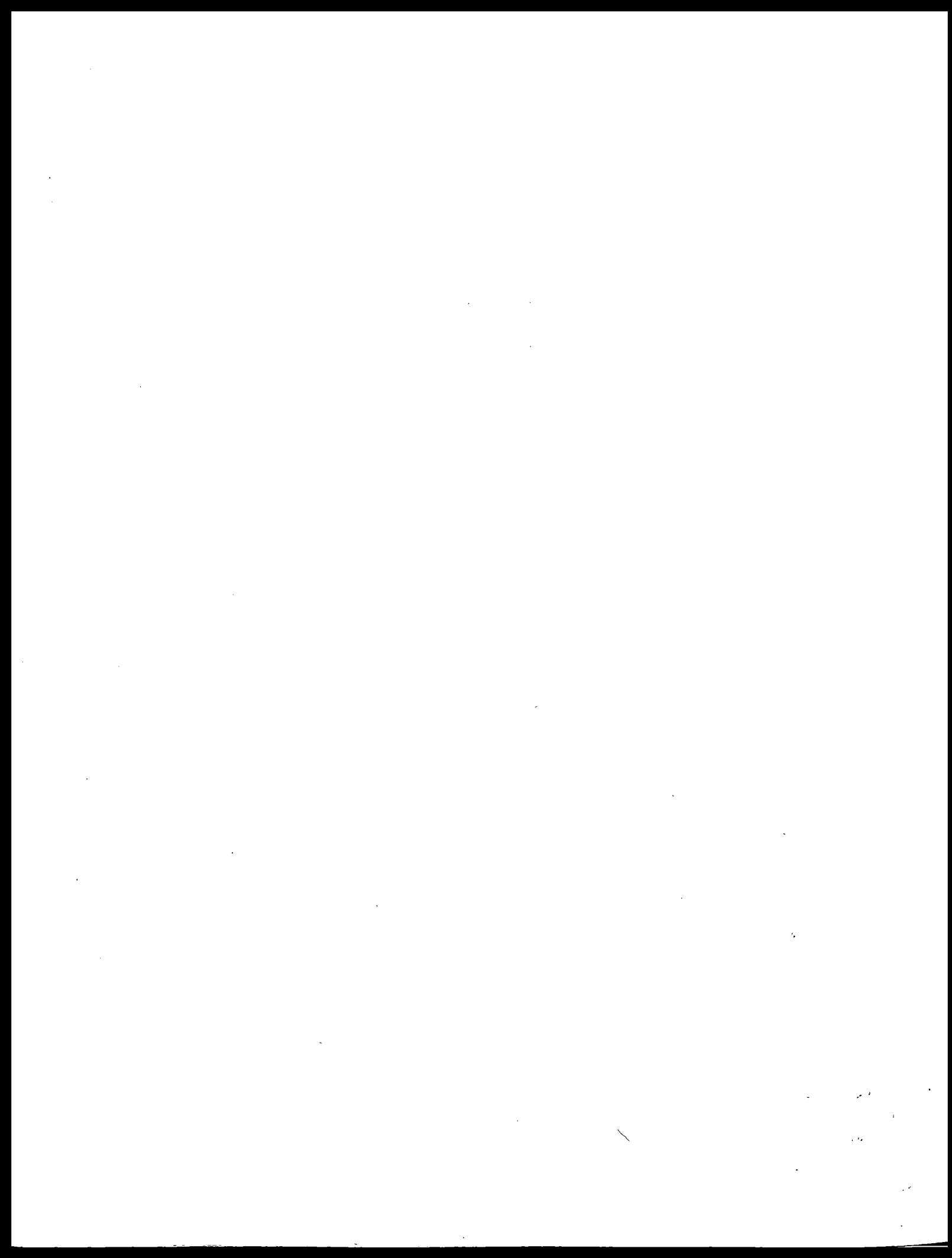
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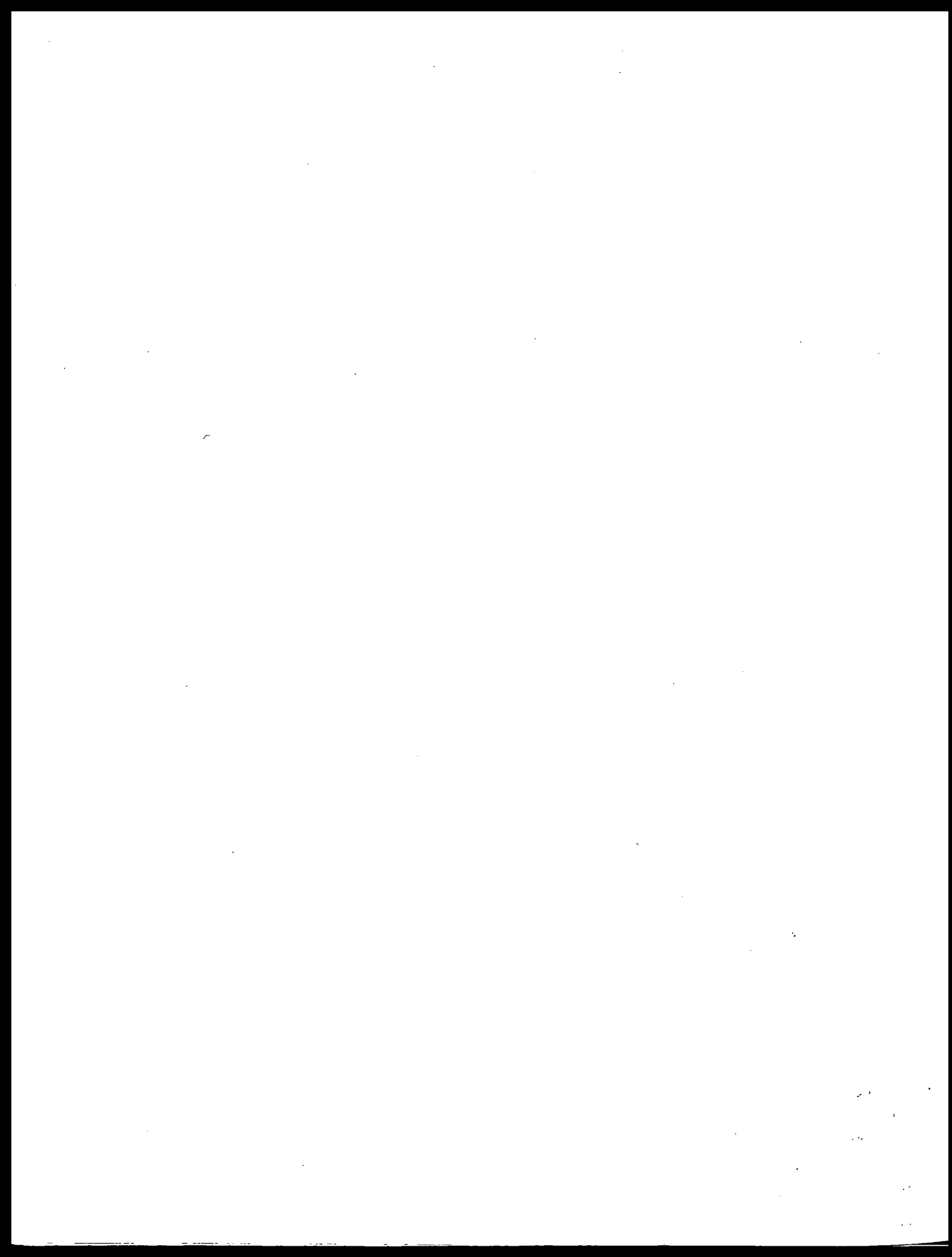
INTERIM REPORT



ABSTRACT

The New Jersey Unemployment Insurance Reemployment Demonstration Project is intended to examine if the Unemployment Insurance system can be used to identify displaced workers early in their unemployment spells and to test early intervention strategies to accelerate their return to work. The cost-effectiveness of three alternative packages of services that utilize job search assistance, training, relocation assistance, and a cash bonus for early reemployment is being examined. A key component of the demonstration is that the identification of eligible claimants and the provision of services is accomplished through the coordinated efforts of the UI, ES, and JTPA systems.

The demonstration began operations in July 1986 and by the end of the project over 7,000 claimants will be offered services. To date, the demonstration services have resulted in an overall impact on UI benefit payments of 0.64 fewer weeks paid which translates into a reduction in benefits of just over \$100 per eligible claimant. Although complete benefit and cost data are not yet available, it appears that the size of this impact is such that one or more of the three alternative packages of services being tested are likely to prove cost-effective in the final analysis. A final report which addresses this issue and other important issues such as the impact of the services on employment and earnings will be available in the fall of 1988.



THE NEW JERSEY UI REEMPLOYMENT DEMONSTRATION PROJECT

INTERIM REPORT EXECUTIVE SUMMARY

The New Jersey Unemployment Insurance Reemployment Demonstration Project (NJUIRDP) is intended to examine if the Unemployment Insurance (UI) system can be used to identify displaced workers early in their unemployment spells and to test alternative, early intervention strategies to accelerate their return to work. Three packages of services or treatments are being tested: (1) job search assistance, (2) job search assistance combined with training or relocation assistance, and (3) job search assistance combined with a cash bonus for early reemployment. A key component of the demonstration is that the identification of eligible claimants and the provision of services is accomplished through the coordinated efforts of the UI, ES and JTPA systems.

The demonstration began operating in July 1986 in New Jersey, and by the end of sample selection in June 1987, over 7,000 claimants will be offered services. During this period New Jersey had a strong, growing economy, with an average unemployment rate of 5 percent in 1986. Nevertheless, there has been substantial worker displacement generated by a long-term secular decline in manufacturing.

This interim report focuses on the first six months of program operations. Because sample selection is continuing and because of the limited observation period, the results reported here are incomplete and quite preliminary. A final report which examines the entire demonstration period will be available in the fall of 1988.

The demonstration treatments are expected to facilitate reemployment and thus reduce the amount of unemployment insurance benefits collected. The reemployment bonus is expected to have the largest impact because it provides a strong financial incentive for early, intensive work search. As shown in the table, impacts as currently measured fit expectations, with an overall impact on UI benefit payments of 0.64 fewer weeks paid. This translates into a reduction in benefits paid of just over \$100 per eligible claimant. As expected, the largest impact occurs for the reemployment bonus, although the other treatments also result in impacts early in the claims spell, as expected with early intervention. These treatment impact estimates are likely to understate the ultimate impact of the demonstration treatments because the currently available observation period is shorter than the sample's full UI eligibility period. It appears that the size of these treatment impacts are such that one or more treatments are likely to prove cost-effective in the final analysis, although complete benefit and cost data are not yet available.

Other key preliminary findings relate to application of the eligibility requirements and the provision of the initial and additional

services which are offered claimants. These activities rely heavily on close UI, ES, and JTPA linkages. Findings in these areas are:

The demonstration uses the UI system to apply eligibility requirements which target demonstration services to claimants who are likely to be displaced. These requirements result in the offer of

ESTIMATED IMPACTS OF THE DEMONSTRATION TREATMENTS
ON UI RECEIPT BY TREATMENT GROUP

	TREATMENT GROUP			
	JSA Only	JSA Plus Training/ Relocation	JSA Plus Reemployment Bonus	All Treatments
Weeks of UI Paid	-0.54	-0.49	-1.00	-0.64
Dollars of UI Paid	-87.55	-69.42	-171.72	-102.56

demonstration services to about one-quarter of the claimants who receive a first UI payment. The most important requirement is a tenure requirement, which excludes individuals who have not worked for their pre-UI employer for at least three years. Other important requirements are a requirement which excludes individuals under 25 years of age and a requirement which excludes individuals with a definite recall date. The net result of application of the eligibility requirements is an eligible population that contains a substantial fraction of individuals whose age, industry, and other characteristics are usually associated with the displaced worker population and with reemployment difficulty. Nevertheless, the population does contain individuals in the prime of their working life and individuals from industries (e.g., the service industry) which are strong and growing in New Jersey. Moreover, services have been provided to some claimants who eventually returned to their former employer and who presumably did not require services. Thus, in the final analysis, it will be important to examine differential program impacts among various groups of claimants and to examine alternative targeting mechanisms to better define an appropriate target group for demonstration services.

An initial, sequential set of services is offered to individuals in all three treatment groups beginning at about week five of their UI claim spell. These services are provided by ES staff in conjunction with JTPA staff. They include orientation, testing, a job-search workshop, and an assessment/counseling interview. Participation is mandatory in the sense that failure to report for services may lead to a denial of UI benefits. Findings to date indicate that the goal of early intervention is being achieved: most claimants attend orientation during the fifth week after the UI claim date, and most complete assessment within a three- to four-week

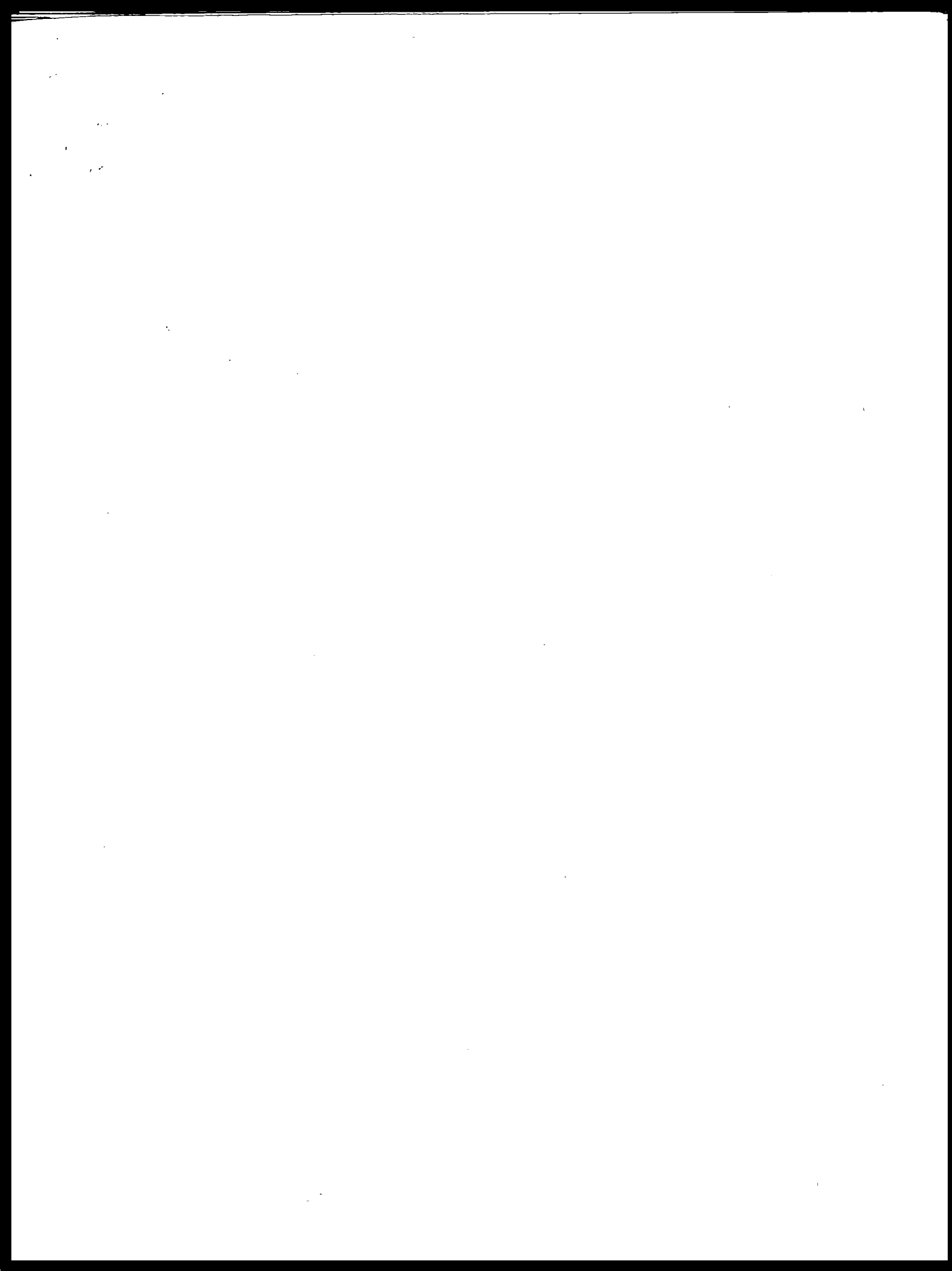
period. About 76 percent of the claimants attend orientation as requested, and three-quarters of these claimants continue through the assessment/counseling interview. Most claimants who do not report for the initial services have stopped collecting UI either before their scheduled service dates or shortly thereafter.

Additional services are offered to claimants at the assessment/counseling interview. These additional services differ by treatment group, but in all treatment groups, the claimants are expected to maintain ongoing, periodic contact with demonstration staff as they look for work. A set of up to five contact points has been established, and ES staff are expected to call-in claimants who do not maintain contact. To date, a large proportion of the individuals who continue to collect UI do maintain contact with the demonstration. While the rate of contact drops-off for the later contact points, the degree of contact seems high relative to other employment and training programs, which typically do not have systematic follow-up procedures.

Individuals in the second treatment group are offered classroom training, on-the-job training or relocation assistance by JTPA staff. To date, about 14 to 16 percent of the claimants who are offered training participate in training with most of the training being classroom training. This rate of training receipt is higher than the rates observed for comparable groups of claimants whose exposure to training opportunities comes through the regular JTPA service environment in New Jersey. Seventy percent of the training is in (1) business and office or (2) computer and information subjects, both of which represent areas in which employment prospects are strong in New Jersey. As has been observed in other employment and training programs, few individuals take advantage of the relocation assistance.

Individuals in the third treatment group are offered a reemployment bonus which is larger the more quickly reemployment occurs. About 20 percent of the claimants who are offered the bonus receive it. It appears that most claimants who are eligible for the bonus do, in fact, apply for the bonus.

These preliminary findings suggest that the types of services offered in the NJUIRDP are likely to accelerate UI claimants return to work and that useful information will be obtained concerning the targeting of these services. The analysis possible at this point in the demonstration is, however, quite limited. Important issues such as the impact of the treatments on earnings and the cost-effectiveness of the treatments and a fuller, richer analysis of impacts on UI benefit receipt, participation in demonstration services, and the definition of a suitable eligible population will be addressed fully in the final report in fall 1988.



The Unemployment Insurance (UI) system provides short-term income support to involuntarily unemployed individuals while they seek work. The UI system also attempts to promote rapid reemployment through various work-search requirements and through referrals to either the Employment Service (ES) and, through the ES, to services offered under the Job Training Partnership Act (JTPA). However, a number of observers have suggested that greater emphasis should appropriately be given to helping UI claimants become reemployed. It has been argued that such assistance should be targeted toward permanently separated or displaced claimants who are expected to experience difficulty in becoming reemployed.¹ It has further been argued that if reemployment assistance were provided early in the UI claim period, the savings in UI benefit payments could potentially outweigh the costs of providing services. In addition, even if paying for reemployment services for these workers does not prove cost-effective from the standpoint of UI, the UI system may play an important role in identifying a broad population of displaced workers early in their unemployment spells. For example, the UI system could play such a role in the recently proposed Worker Readjustment Assistance Program.

The New Jersey Unemployment Insurance Reemployment Demonstration Project (NJUIRDP) is evaluating these propositions by examining whether displaced workers who could benefit from employment services can be identified by the UI system early in their unemployment spells and by testing the ability of alternative employment services to help these displaced workers become reemployed. These alternative employment services supplement those currently provided by the ES and through JTPA. The demonstration is being operated in a strong, growing economy which had an average unemployment rate of 5 percent in 1986. Nevertheless, there has been substantial worker displacement generated by a long-term secular decline in manufacturing. The project is being operated under a

¹ The term "displaced worker" is used in this report to refer to experienced workers who are permanently separated from their pre-UI employer and who are expected to experience difficulty in becoming reemployed. These claimants are those who are likely to collect substantial amounts of unemployment compensation.

cooperative agreement between the U.S. Department of Labor (USDOL), which initiated the project, and the New Jersey Department of Labor (NJDOL). The demonstration began operations in July 1986, and by the end of sample selection in June 1987, over 7,000 claimants will be offered services.

This interim report examines the experience as of the end of December 1986 of claimants who were selected for the demonstration from July through November 1986. Thus, since additional claimants are being selected for the demonstration and since only a short observation period is available for this interim report, the results reported herein are incomplete and quite preliminary. Moreover, the data that are available at this point in the demonstration do not permit an examination of the impacts of the demonstration on employment and earnings, but only its preliminary impacts on UI benefit receipt. Two further reports are planned. A process report, which will examine implementation issues, will be available in fall 1987, when program operations are completed. A final report, which will examine the full range of program impacts on the UI system and on the claimants' post-UI employment and earnings, as well as the costs and benefits of the reemployment services, will be available in fall 1988. The analysis presented in the final report will be based on extensive program record data and on data collected through a telephone survey.

The remainder of this interim report consists of (1) an overview of the demonstration design, (2) an examination of the eligibility requirements that define the population, (3) an examination of initial service receipt, (4) an examination of the utilization of additional services such as training and a reemployment bonus, (5) the preliminary impacts of the demonstration on the UI system, and (6) a brief description of future research plans.

OVERVIEW OF THE DESIGN

The NJUIRDP design addresses three objectives underlying the demonstration: (1) to examine the extent to which UI claimants who could benefit from the provision of employment services can be identified early in their unemployment spells; (2) to assess the policies and adjustment strategies that are effective in helping such workers become reemployed,

and (3) to examine how such a UI reemployment program should be implemented. To achieve these objectives, the design calls for identifying demonstration-eligible individuals in the week following their first UI payment, and assigning eligible individuals randomly to three treatment groups that are offered alternative packages of reemployment services and to a control group that receives existing services. The design was implemented in 10 sites which correspond to state UI offices. The sites were chosen randomly, with the probability of selection proportional to the size of the UI population in each office.

Definition of Eligibility. An important objective of the demonstration is to provide reemployment services to experienced workers who, having become unemployed through no fault of their own, are likely to face prolonged spells of unemployment. Their job-finding difficulties may be due to the unavailability of jobs, a mismatch between their skills and job requirements, or their lack of job-finding skills. However, because previous research efforts have failed to establish predictors of prolonged unemployment spells, complex eligibility requirements could not be used to channel demonstration services. Thus, one objective of the demonstration research is to further investigate the possible predictors for use in future programs.

Faced with this situation, the demonstration plan incorporated a relatively broad sample definition, one that errs on the side of including claimants whom one might wish to exclude with better information, rather than on the side of excluding claimants whom one might wish to include later. With this broad definition, it is possible to evaluate the effects of the demonstration on alternatively defined samples.

The following eligibility screens were chosen for the demonstration:

1. First Payment. The demonstration excludes claimants who do not receive a first UI payment. To promote early intervention, the demonstration also excludes claimants who do not receive a first payment within five weeks of the initial claim. Individuals who are working and, consequently, who receive a partial first payment are excluded as well, since their job

attachment means that they are not displaced. Finally, claims of a "special" nature (e.g., Unemployment Compensation for Ex-servicemembers, Unemployment Compensation for Federal Civilian Employees, Interstate, combined wage claim, etc.) are also excluded.

2. Age. An age screen is applied to eliminate the broad category of young workers who may have limited attachment to the labor market and whose employment problems may be quite different from older, experienced workers. This screen was set so that workers under 25 years of age are excluded from the demonstration.
3. Tenure. There is a basic premise that claimants who should be eligible for the demonstration treatments should have exhibited a substantial attachment to a job (or at least to work) so that the loss of a job is associated with one or more of the reemployment difficulties described above. This premise was implemented by requiring each claimant to have worked for his or her last employer for three years prior to applying for UI benefits and not to have worked full-time for any other employer during the three-year period.
4. Temporary Layoffs. The demonstration treatments are not intended for workers who face only temporary layoffs. Thus, it is desirable to exclude claimants on temporary layoff. However, previous research and experience shows that many individuals expect recall even when their chances of actual recall are very slim. In order not to exclude such individuals from demonstration services, only individuals who both expect to be recalled and have a specific recall date are excluded.
5. Union Hiring-Hall Arrangement. Individuals who are typically hired through union hiring halls exhibit a unique attachment to a labor market (as opposed to a specific job), and are thus excluded from the demonstration.

Treatments. The demonstration tests three treatment packages for enhancing reemployment. Eligible claimants are randomly assigned to the three treatment groups and to a control group which receives currently available services. The evaluation compares the alternative treatments with each other and with the current service environment (the control

group) in order to measure the impact of the treatments on the claimants' employment, earnings, and UI receipt.

All the treatments begin with a common set of initial components (notification, orientation, testing, a job-search workshop, and an assessment/counseling interview), which are delivered in sequence early in the claimants' unemployment spells. A notification letter is sent after the first payment, which is about the third week of the claim; thus claimants usually begin receiving services during their fifth week of unemployment. At that time, they report to a demonstration office (usually an ES office) and receive orientation and testing during the same week. In the next week, they attend a week-long, half-day job-search workshop, and a follow-up, one-on-one counseling/assessment session scheduled during the following week. These initial treatment components are mandatory, in that failure to report can result in a denial of UI benefits.

Beginning with the assessment/counseling interview, the nature of the three treatments differ. In the first treatment group--job-search assistance (JSA) only--the claimants are told that as long as they continue to collect UI they are expected to maintain periodic contact with the demonstration office either directly with staff to discuss their job-search activities or through activities at a resource center situated in the office. The resource center contains job-search materials and equipment such as job listings, telephones, and occupational and training literature. Claimants are encouraged to use the resource center actively, and are told that if they do not come to the office periodically they will be contacted by ES staff and asked to do so. These periodic follow-up contacts occur at 2, 4, 8, 12, and 16 weeks following the assessment interview.

Claimants in the second treatment group--JSA plus training and relocation--are also told about the resource center and of their obligation to maintain contact during their job-search period. In addition, they are told about the availability of classroom and on-the-job training, and they are encouraged to pursue training if interested. Staff from the local JTPA Service Delivery Area (SDA) program operator work directly with these claimants to pursue the training options. These claimants are also told

about the availability of relocation assistance, which can be used if training is not selected to pay for out-of-area job search and for moving expenses.

Claimants in the third treatment group--JSA plus a reemployment bonus--are offered the same set of JSA services as are claimants in the first treatment group, but also a reemployment bonus. The maximum bonus equals one-half of the claimant's remaining UI entitlement at the time of the assessment interview. This amount is available to the claimant if he or she starts work either during the assessment week or in the next two weeks. Thereafter, the potential bonus declines at a rate of 10 percent of the original amount per week until it is no longer available. Claimants cannot receive a bonus if they are recalled by their former employer, if the job is with a relative, or if the job is temporary, seasonal, or part-time. They receive 60 percent of the bonus if they are employed for 4 weeks, and the remainder if they are employed for 12 weeks. This bonus is sizeable, with the average initial bonus offer equalling \$1,600. It is expected to provide a strong incentive to the claimant for early, intensive job-search.

Each of these treatments tests a different solution to the employment problems faced by displaced workers. More specifically, the JSA-only treatment is based on the assumption that displaced workers have marketable skills, but insufficient experience in identifying these skills and selling them in the job market. In contrast, the training treatment is based on the assumption that the skills of the workers are outmoded in many cases, and must be upgraded. Finally, the reemployment bonus treatment is based on the assumption that JSA alone is insufficient for obtaining employment rapidly, and that an additional incentive will help individuals accept the realities of the job market and, if necessary, accept jobs that pay less than they received prior to UI.

With the exception of the reemployment bonus, the services that are offered in the demonstration are similar to those that are available under the existing ES and JTPA systems in New Jersey. However, the likelihood that a claimant receives these services in the demonstration is considerably greater than under the existing system. The timing of service

receipt also differs, with demonstration services generally provided earlier in the unemployment spell than are existing services.

Provision of Demonstration Services. An important objective of the demonstration is to examine how a reemployment program targeted toward UI claimants should be implemented. Two aspects of that objective have been given considerable emphasis in the demonstration design: (1) using existing agencies and vendors to provide the services, and (2) using a computer-based participant tracking system to facilitate the delivery of services.

In the NJUIRDP, the first aspect has meant that the UI agency, the ES, and the JTPA's local program operators are all involved in delivering services, and that developing linkages among these agencies is an important component of the demonstration. UI staff collect the data that are used to select eligible claimants, and they monitor compliance by claimants with the demonstration's reporting requirements. Nonmonetary determinations are performed when claimants do not report for the initial mandatory services, and, if appropriate, benefit denials are issued.

The mandatory reemployment services, together with the additional services, are provided in each demonstration office by a four-person team. This team consists of three ES staff members--a counselor and two interviewers (one half-time)--and a three-quarter-time JTPA staff member from the local SDA program operator. The ES counselor is the team leader and has overall responsibility for service provision. ES staff provide all of the services for the JSA-only and JSA plus reemployment bonus treatment group members. The JTPA staff members are involved only with the JSA plus training/relocation treatment group members. They become involved with the claimants during the assessment/counseling interview, and they work with individuals who are interested in classroom or on-the-job training to identify appropriate opportunities and to place the claimants in them. The goal is to use the training opportunities available in each local JTPA SDA. Thus, this component of the demonstration is strengthening linkages between the ES and the local JTPA program operators in the ten demonstration sites.

The other important aspect of the implementation is the extensive use of a computer-based tracking system in program operations. Service delivery data are entered into the system, and local office staff are provided with weekly lists of claimants who are expected to receive services. A list of claimants who do not report for services is also generated for use by UI, and monitoring reports are provided to central office staff. The system helps ensure that services are delivered as specified, and that claimants are not "lost" from the program.

EFFECTIVENESS OF THE ELIGIBILITY DEFINITION

The eligibility definition is designed to identify claimants who, in the absence of demonstration services, would experience difficulty in becoming reemployed. At this stage of the demonstration, it is not possible to determine analytically whether the eligibility definition has achieved this objective or whether alternative eligibility screens would be more applicable.¹ Thus, in this section, we examine the importance of the eligibility screens that are used and the characteristics of the eligible claimants, and we comment briefly on the adequacy of the selection process.

Importance of the Eligibility Requirements. The eligibility requirements target demonstration services toward about one-quarter of the claimants who receive a first UI payment (see Table 1). Consequently, about three-quarters of the first-payment population are excluded. The first round of exclusions is done on the basis of routinely collected UI agency data on the state's mainframe computer. This pass through of the records of all new claimants selects out claimants who do not meet the demonstration age cut-off, who receive a partial UI payment, who did not receive a first payment within five weeks of their initial claim, or who receive payments through a special UI program. The impact of this

¹ The final report will consider the suitability of more restrictive eligibility definitions and, through an examination of unemployment experiences of claimants who are not selected for the demonstration, less restrictive definitions.

TABLE 1

IMPACT OF THE ELIGIBILITY SCREENS ON FIRST PAYMENTS
UNDER THE REGULAR STATE UI PROGRAM
(percent)

	Total
Excluded by the Age, Partial Payment, and Payment Timing Screens	30.8
Excluded by the Tenure Screen	47.7
Excluded by the Temporary Layoff Screen	14.3
Excluded by the Union Screen	6.1
Excluded by the Single Employer Screen	3.8
Excluded by All Screens	74.0
<hr/>	
Number with Matched Records on Tracking System	18,518

NOTE: The first set of reported screens (age, partial payment, and payment timing) is applied on the state's mainframe computer, and our estimates are based on a comparison of data on the number of regular state program first payments in the 10 demonstration offices with the number of records downloaded to the computer used for the demonstration. The remaining screens are applied to the downloaded data so the percentages which are reported apply to first payments which pass the age, partial payment, and payment timing screens. The sample size for these latter estimates is reported as the number with matched records on the tracking system.

examination of UI agency data is the exclusion of 31 percent of the population.

The rest of the screening is done with data collected by UI staff specifically for the demonstration. The most restrictive eligibility screen is the tenure requirement, which excludes individuals who have not worked for their pre-UI employer for at least three years. This screen excludes almost half of the potentially eligible claimants who survive the initial examination of UI agency data.

The other important requirement that merits discussion is the temporary layoff screen, which excludes claimants with a definite recall date. The impact of this screen varies over time as the nature of the UI

claimant population changes, but the overall impact to date is the exclusion of 14 percent of the population who survive the initial examination of UI agency data. In devising this screen, it was decided that it was necessary to establish some evidence that the layoff was indeed temporary, rather than to rely merely on the claimant's expectation. Having a definite recall date was used for this purpose. As expected, however, a substantially larger percentage of claimants say that their layoff is temporary than say that they have a definite recall date. Individuals who expect recall represent 33 percent of the eligible population, and it will be important to examine the impact of recall expectations on program participation and on the impact of the demonstration treatments. This issue will be addressed in the final report.

Characteristics of the Eligible Population. The following are some of the important characteristics of the eligible population:

- Slightly over half (52 percent) of the eligible population are males.
- About 60 percent of the eligible population are white, and sizeable proportions are also black (19 percent) and Hispanic (17 percent).
- By design, the eligible population does not contain individuals under age 25. There is a sizeable group under age 35 (26 percent) and a sizeable group age 55 and older (25 percent).
- The industry distribution shows that 38 percent of the eligible population are in manufacturing, with 21 percent in durable-goods manufacturing. Sizeable proportions are also in the wholesale and retail trades and in services.

Much of the demonstration-eligible population exhibit the attributes usually associated with the dislocated worker population and with reemployment difficulties. A substantial fraction of the population are older and a substantial fraction are in manufacturing, although the percentage that are male and the percentage in manufacturing are lower than

has been observed for populations of dislocated workers.¹ Sizeable fractions are black or Hispanic, groups that have traditionally experienced labor-market difficulties. Nevertheless, these groups do not account, by any means, for the entire demonstration-eligible population. Individuals in the prime of their working life and individuals in industries (e.g., the service industry) that are strong and growing in New Jersey are also included in the sample. Thus, in the final analysis, it will be important to examine the differential impacts of the demonstration among these various groups.

Adequacy of the Screening Process. A full assessment of the adequacy of the screening process is not possible for this interim report, but discussions with demonstration staff suggest that four types of claimants present service delivery problems and that reemployment services may be inappropriate for some of them.

The first group consists of individuals who expect recall but, since they do not have a definite recall date, are still eligible for selection. Because some of these individuals do return to their pre-UI employer while others do not, a better screen would seem to be desirable. The second group consists of individuals primarily from professional jobs with high earnings. Such individuals often believe that the demonstration services are not designed specifically for them, and they can thus disrupt service delivery for other claimants. The third group that presents problems are the elderly. Some elderly individuals are relatively uninterested in becoming reemployed, while others do want assistance but face substantial labor-market difficulties that counselors find frustrating. Finally, a substantial number of claimants in the demonstration have a language problem (primarily Spanish-speaking claimants) that impedes service delivery (particularly testing and the job-search workshop). While these claimants could probably benefit from

¹ For example, both the JTPA Title III population and the general dislocated worker population identified by the Bureau of Labor Statistics have higher proportions of males and individuals from manufacturing than the NJUIRDP sample.

services, they are often not able to participate in all service components.¹ The final analysis will examine whether or not the impacts of the program differ for each of these special groups.

THE RECEIPT OF INITIAL SERVICES

All claimants who are selected as demonstration treatment group members are offered a common set of employment services early in their UI claim period. These services occur in sequence and consist of orientation, testing, a job-search workshop, and an assessment/counseling interview. Failure to report for these services is reported to UI, and claimants who continue to claim UI benefits are subject to UI eligibility determination.

Service Receipt. Data on the receipt of mandatory services (see Table 2) show that 76 percent of the selected claimants attend orientation as requested. Most attend their scheduled session but some attend a later session, generally after questioning by the UI claims examiner. Three-quarters of the claimants who attend orientation continue through the assessment/ counseling interview. However, not all of such individuals are tested or attend the job-search workshop. A substantial number are excused from these services, generally because of language or reading comprehension difficulties (in the case of testing). The excusal rates vary considerably by office, even when differences in the characteristics of the claimant population are taken into account.

The Timing of Service Receipt. Most claimants attend orientation during the fifth week after their UI claim date, and most complete assessment within a three- to four-week period. Thus, the goal of early intervention is being achieved as planned.

Factors That Affect Participation. An analysis of the characteristics of claimants who report for services relative to those who do not show that females and older individuals are more likely to report

¹ This group, while substantial in size, was not large enough nor were resources available to provide a separate delivery mechanism during the demonstration.

TABLE 2
 RECEIPT OF MANDATORY SERVICES
 (percent)

	Total
Attended Orientation	
Scheduled orientation	67.9
Later orientation	8.0
Total	75.9
Tested	49.6
Excused from Testing	23.8
Completed JSW	53.8
Excused from JSW	12.2
Attended Assessment/ Counseling Interview	56.1
As Percentage of Those Attending Orientation	
Tested	65.4
Excused from testing	31.4
Completed JSW	70.9
Excused from JSW	16.1
Attended assessment/ counseling interview	73.9
Sample Size	3,645

than males and younger individuals. Individuals with recall expectations (but no recall date) are less likely to report than those without recall expectations. The analysis also shows that the majority of individuals who do not report for services have stopped collecting UI either before their scheduled service dates or shortly thereafter. For example, UI data show that 48 percent of the individuals who do not attend orientation stop collecting UI prior to the orientation date, and another 10 percent stop within two weeks after orientation. Although 31 percent of the individuals who do not attend orientation are still filing UI claims more than 5 weeks after the orientation date, fewer of such cases have been observed as the

demonstration has progressed, suggesting that the process of enforcing compliance with the demonstration's reporting requirements is improving.

THE RECEIPT OF ADDITIONAL SERVICES

The additional services that are offered to claimants at the assessment/counseling interview include the periodic JSA follow-up activities, training and relocation assistance, and the reemployment bonus.

JSA Follow-Up. The objective of the follow-up activities is to encourage on-going, intensive job search by all claimants, except those who are engaged in training in the second treatment. Following the assessment/counseling interview, the claimants' active job search is promoted by the availability of job-search materials at the resource centers and by periodic contact with the demonstration staff, either through the resource center or directly in person.

Data on claimants who are collecting UI at the five targeted follow-up points (2, 4, 8, 12, and 16 weeks after assessment) show that 72 percent satisfy the first follow-up requirement (i.e., the 2-week follow-up), while a smaller percentage satisfy the remaining follow-ups. About one-half satisfy the final 16-week follow-up requirement. Most of the individuals who satisfy the follow-up requirements are recorded as "no call-in needed," because they have voluntary in-person contact with demonstration staff around the reporting date. A considerably smaller percentage are actually called in and complete a call-in. Most of those who are recorded as "no call-in needed" appear to have direct contact with demonstration staff rather than to rely on resource centers. Site observations show that the use of the resource centers varies widely by office, with some offices promoting their use and others not.

In terms of nonreporting, about 5 percent of the total number of claimants who are expected to report are called in but do not report. Very few of these cases are reported to UI for an examination of their eligibility for benefits. No information is available on the remainder (representing 23 percent of the total for the 2-week follow-up, and rising

to about 45 percent for the final 16-week follow-up), suggesting that staff do not initiate call-ins for such individuals.

These data on the extent of follow-up call into question whether the follow-up rates of one-half to three-quarters experienced thus far in the NJUIRDP are high enough to conclude that the goal of maintaining on-going contact with claimants is being fulfilled. On the one hand, there is clearly room for improvement, particularly for the later follow-ups. On the other, on-going contact is being maintained with a large proportion of the claimants who remain on UI. Moreover, we believe that the degree of follow-up is probably quite high when compared with the experience of other employment and training programs. We base this conclusion on the fact that few such programs even have systematic follow-up procedures, let alone procedures that include multiple in-person follow-up calls. Thus, while improvements can be made in the NJ demonstration, we believe that the degree to which contact is maintained with claimants is high relative to the degree exhibited by other employment and training programs.

Training and Relocation. Classroom and on-the-job (OJT) training opportunities are offered to claimants in the second treatment to test the efficacy of a treatment that, early in unemployment spells, attempts to alter or upgrade the skills of individuals whose current set of job skills are no longer in demand.¹ The participation rate among those who attend assessment and are offered training is about 13 to 14 percent for classroom training and 14 to 16 percent overall.² As indicated by these data, most of the training provided in the demonstration is classroom training. The expected number of weeks of training is 19.4 for classroom and 14.5 for OJT. The mean costs are \$2,563 for classroom training and \$3,116 for

¹ Individuals in this treatment group may also choose to relocate to another area where their skills are in demand. As previous experience suggests, few individuals are interested in relocation, and, to date, fewer than 1 percent of those who have been offered relocation assistance have used it.

² Because enrollment does not occur immediately after assessment, these results are based only on the sample available in the first several months.

OJT. Although the number of OJT cases is currently quite small and these average cost estimates will undoubtedly change by the end of the demonstration, it is likely that average OJT costs will be higher relative to average classroom training costs than is the usual experience for JTPA. There appear to be two factors that contribute to this result. First, many classroom training courses are relatively short courses that are used to upgrade the claimants' skills, rather than to provide training in an entirely new area. These courses are relatively inexpensive. Second, because the claimants have substantial work experience, the OJT slots that are obtained offer much higher hourly wages than is typical for OJT. The mean subsidy of \$4.93 is based on a mean hourly wage of twice that amount (\$9.86). The wages of most JTPA OJT slots are much closer to the minimum wage, which appears to be one of the reasons for low OJT participation.

Data on the subjects for which classroom training is provided show that two major areas each account for 35 percent of the total: (1) business and office and (2) computer and information services. Employment prospects are strong in New Jersey for occupations in both areas, as they are for a number of the other areas in which training is being provided. Over half of the OJT occupations are in business and sales occupations. Thus, it appears that the training that is being provided is directed towards occupations that are in demand.

The overall rate of training participation for individuals selected for the second treatment is higher than the rate experienced by claimants in the control group. Thus, the demonstration program's offer of training made to treatment two claimants does appear to increase the rate of training participation relative to what would occur if the offer had come solely through the current service environment's referral process to JTPA services. However, it was expected that the increase in the training participation rate might be higher than is currently observed. This expectation was based on the training participation rate among individuals who participate in JTPA Title III and in other dislocated worker programs.

Two general reasons appear to explain the lower than expected boost in training participation. First, the nature of the training intervention

itself differs from that which is offered by other programs. The offering of training occurs early in the layoff period, which may be before individuals are ready to accept training. Also, because of the mandatory nature of the reporting requirements, not all individuals who are offered training are really interested in any reemployment services let alone training. Finally, some individuals who are selected and offered training may simply not need the services, and, with better selection criteria, they could be screened out. Each of these reasons suggests that fewer individuals would be interested in training (39 percent express some interest during the assessment interview) and that overall participation rates will be lower than is true of dislocated worker programs with voluntary enrollment, usually at a later point in the unemployment spell.

The second reason that training participation is lower than might be expected pertains to the implementation of the demonstration. The training treatment uses the existing JTPA local program operators to provide the training placement function, and experience to date shows considerable variation among the sites in the rate of training placement. Some sites are quite successful while others are less successful in placing claimants in training. Some reasons for these differences are:

- Start-up was faster in some sites than others. For example, some sites adapted readily to the flexibility and activity necessary to find training opportunities that may or may not be funded under existing programs, while others took longer to seek out new training opportunities.
- The offer of training is more intensive in some sites than others, a factor which may encourage increased participation. For example, in some offices, JTPA staff make presentations on training in the job-search workshop and sometimes during orientation to encourage prospective trainees to think about the possibility of training.
- Some sites have more flexible training arrangements than others. In particular, some sites place claimants in individualized training slots that start at any time, while others rely primarily on vendors whose classes begin at fixed calendar times.

At least two of these three reasons suggest that the timing of our current observation period may cause us to underestimate what is likely to be larger increases in the training participation rate. Specifically, the data for this report are necessarily drawn from the demonstration start-up period and are confined to relatively few months. For the final report, we will observe steady-state program operations and monitor activities over a longer time period. This will reveal the full impact of the demonstration program's offer of training on the rate of training participation.

The Reemployment Bonus. The third treatment package includes a reemployment bonus that is offered to claimants at the assessment/counseling interview. The purpose of the reemployment bonus is to provide direct financial encouragement for displaced workers to seek work actively and become reemployed. This treatment is designed to simulate, to the extent possible, a UI benefit cash-out program, whereby claimants receive at least part of their remaining entitlement as a reward for not exhausting it.

When offered, the bonus is available to the claimants over an eleven-week period, during which the bonus amount declines to zero. After the claimant finds a job, he or she must remain employed for four weeks to be eligible for the bonus. For these reasons, considerable lags in the bonus process occur. Moreover, because the observation period is truncated, there is little experience to date with the bonus. However, based on the limited evidence that is available, it appears that the bonus receipt rate is about 20 percent. The maximum bonus that is offered averages about \$1,600. The mean expected bonus is lower (about \$1,300) because not all individuals receive their maximum. In fact, about one-quarter of those who receive the bonus receive the maximum, and most others receive over 60 percent. To date, the average job for which the bonus is claimed starts about four weeks after the assessment/counseling interview.

Data on the claimants in the reemployment bonus treatment indicate that about 30 percent who reach assessment stop collecting UI during the period in which the bonus is available. Thus, it appears that not everyone who stops collecting UI receives a bonus. While little data are currently

available to examine why this might be the case, discussions with local office staff suggest that the main reason is that claimants are not eligible to collect the bonus, primarily because they either return to their former employer or because they obtain part-time or seasonal work.

EARLY INDICATORS OF THE IMPACTS OF THE DEMONSTRATION ON UI

The demonstration treatments are expected to affect the UI system in two major ways. First, because they require that claimants report to the demonstration for reemployment services and that their job-search behavior be more closely monitored, they are expected to facilitate identifying claimants who may not meet UI nonmonetary eligibility requirements. Consequently, the probability of a nonmonetary determination is expected to be greater for treatment group members than for control group members; the probability of nonmonetary denials is also expected to be greater. Second, the treatments are intended to lead to the rapid reemployment of participating claimants. Thus, it is expected that the amount of UI benefits received by treatment group members will be less than the amount received by control group members. Further, it is expected that the reemployment bonus treatment will have the largest impact on UI receipt because of the substantial reemployment incentives created by the bonus. It is also expected that training and relocation will have the smallest immediate effect on UI receipt, since individuals who accept training continue to collect UI. The benefits of training to the UI system are expected to occur in the longer run, by increasing the stability of employment and reducing the probability of future UI benefit receipt.

Nonmonetary Determinations and Denials. When claimants do not report for the initial mandatory services, their absence is reported to UI, and they are called in for a fact-finding interview when they file a claim for UI. A determination regarding their eligibility for UI benefits is also made. The results of this process can clearly be seen in Table 3, which shows that the probability of a determination for treatment group members is about 39 percent, compared with 27 percent for control group

TABLE 3
 NONSEPARATION ISSUE NONMONETARY
 DETERMINATIONS AND DENIALS
 (percent)

	Treatment Group			Control Group
	JSA Only	JSA Plus Training/Relocation	JSA Plus Reemployment Bonus	
Claimants with a Determination	39.5	38.7	38.9	27.0
Claimants with a Denial	17.3	16.9	16.3	12.8
Determinations Leading to a Denial	43.8	43.7	41.9	47.4
Sample Size	960	1674	1011	978

NOTE: The analysis is restricted to the first four nonmonetary determinations for any claimant during the current benefit year.

members. The probability that a denial occurs is also higher for treatments than for controls, but the difference is not as pronounced, because the probability that a determination results in a denial of benefits is lower for treatments than controls. The data show that the extra determinations for treatment group claimants disproportionately involve reporting issues associated with mandatory program services. It appears that many of those extra determinations lead to warnings rather than denials, at least for initial reporting violations.

Impacts on UI Receipt. The demonstration treatments, as described above, are expected to reduce the amount of UI collected in both the short and long-run, with the reemployment bonus showing the largest short-run impacts. In this report, only short-run impacts can be examined, and this analysis should be viewed with caution: sample members continue to be enrolled, and the impacts that are observed for the initial sample may not be the same as would occur for the future sample. In addition, the observation period for all of the sample is truncated as of the end of December 1986, which means that many sample members have not stopped

collecting UI as of the end of the observation period, and even those that have, have not completed their UI benefit years.

However, the interim analysis does suggest that the demonstration treatments are having the expected effect on UI receipt (see Table 4). The

TABLE 4
ESTIMATED IMPACTS OF THE DEMONSTRATION TREATMENTS
ON UI RECEIPT BY TREATMENT GROUP

	Treatment Group			
	JSA Only	JSA Plus Training/ Relocation	JSA Plus Reemployment Bonus	All Treatments
Weeks of UI Paid	-0.54	-0.49	-1.00	-0.64
Dollars of UI Paid	-87.55	-69.42	-171.72	-102.56

NOTE: Impacts are estimated with a model which controls for claimants' characteristics. The July to November sample is used. The impacts reported in the table are the treatment mean minus the control mean. All impacts are statistically significant at the 95 percent confidence level for a one-tailed test.

overall impact is a 0.64-week reduction in UI weeks paid, a reduction of about \$100 per eligible claimant. The pattern of impacts among the treatments is as expected, with the largest impact occurring for the reemployment bonus treatment. The difference in impacts between the reemployment bonus treatment and the JSA-only treatment is statistically significant. There is little difference between the JSA-only and JSA plus training or relocation treatments. Other impact estimates, not provided in the table, show that the impacts of the demonstration occur early in the claims spell, as expected with early intervention.

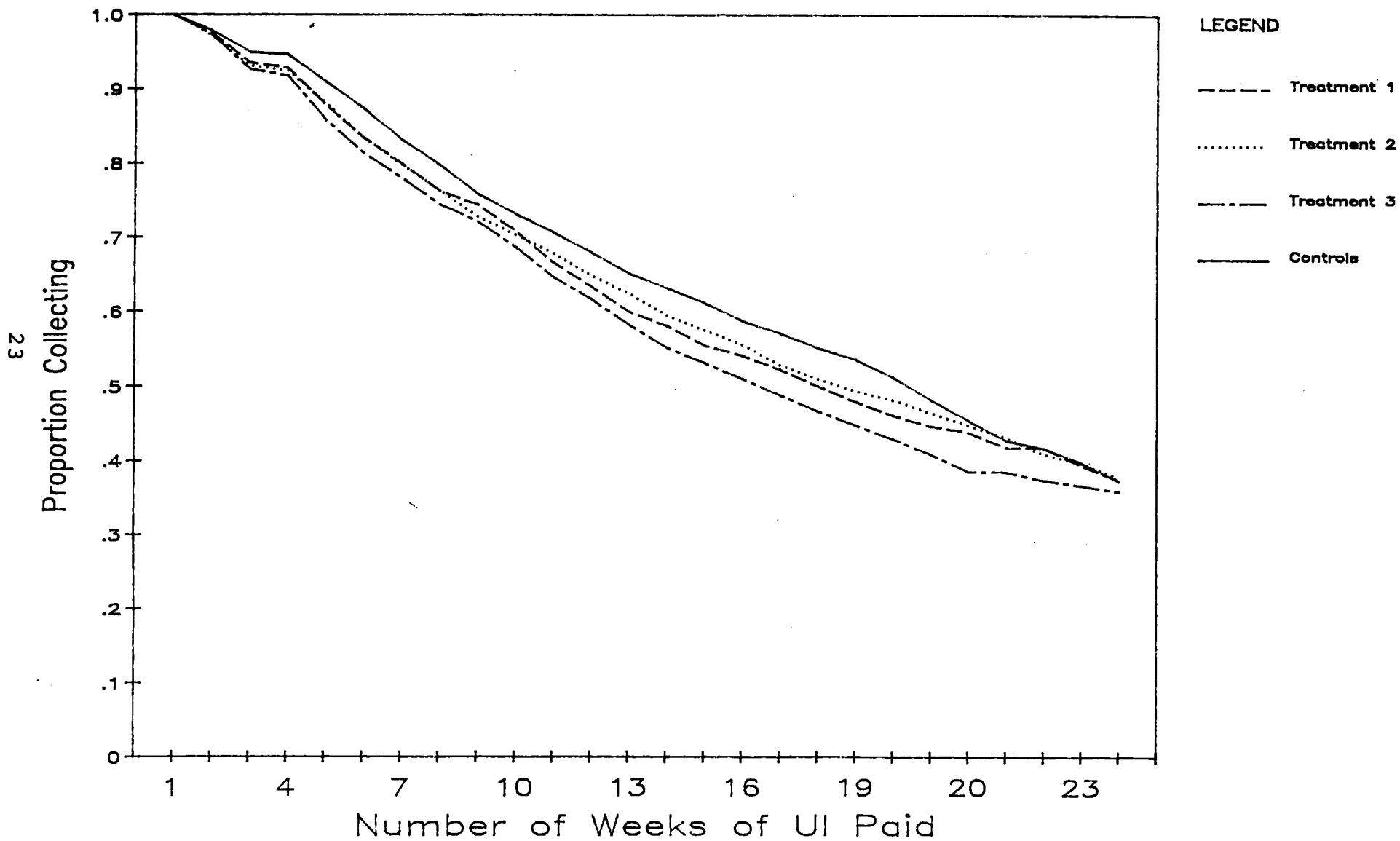
Because of the truncation of the observation period, the impact estimates shown in Table 4 are likely to underestimate the ultimate impact of the demonstration treatments. Data on impacts by the month of sample selection confirm this assessment; larger impacts are shown for the early months, for which a longer observation period is available.

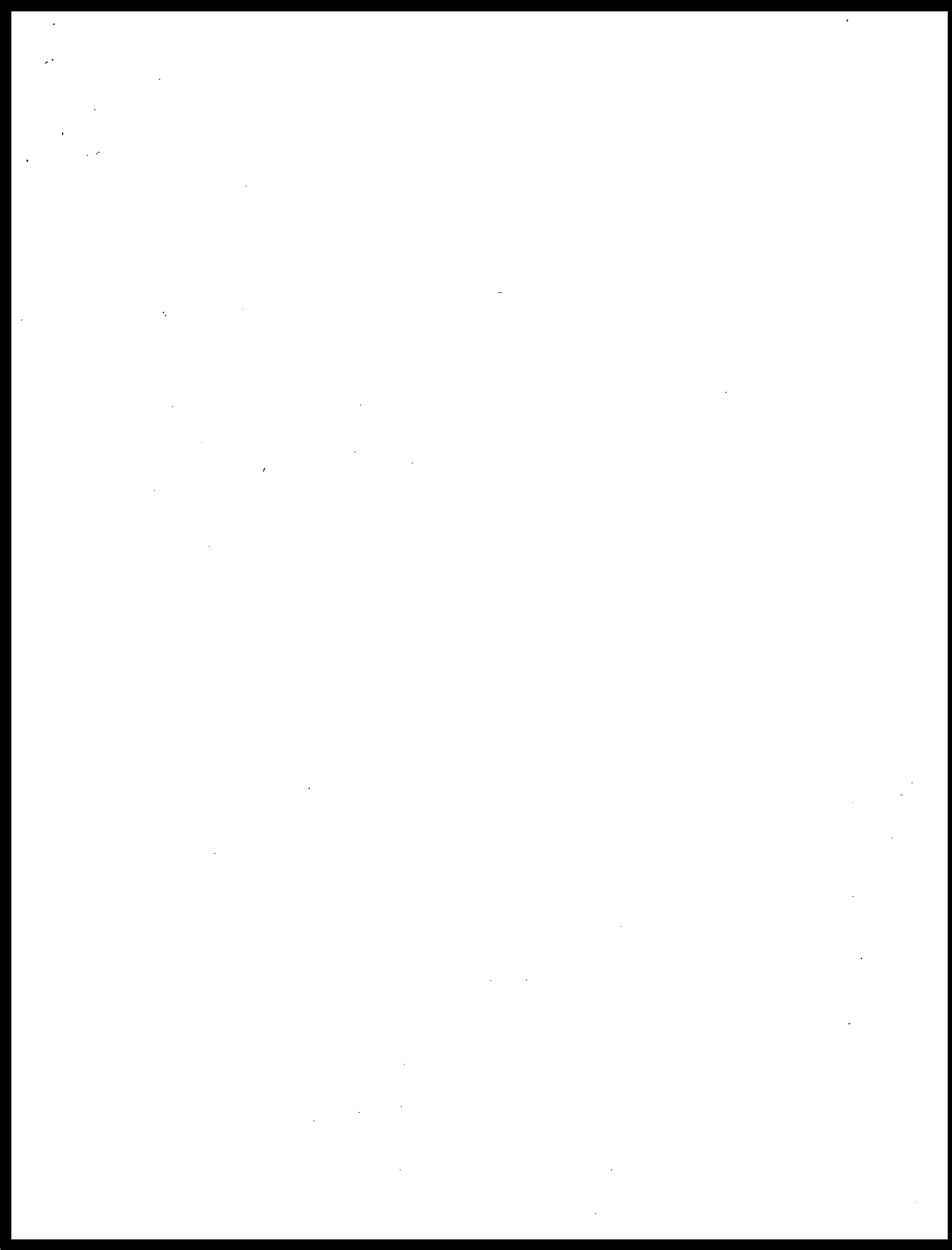
The treatment impacts can also be seen in Figure 1, which shows the proportion of the sample that continues to collect UI during each week of the UI entitlement. As indicated, 100 percent of the sample collect one week, and slightly less than 40 percent collect through week 24. The figure clearly shows that the proportion of treatments who collect UI is uniformly below the proportion for controls for all treatment groups. A difference appears at the second or third week, and the difference widens for some time even after the mandatory service period is completed. The figure also shows that the impacts which occur later as opposed to earlier in the UI claim period appear to occur as one would expect primarily for the reemployment bonus treatment.

FUTURE RESEARCH PLANS

The preliminary findings discussed in this interim report suggest that the types of services offered in the NJUIRDP are likely to accelerate UI claimants return to work and that useful information will be obtained concerning the targeting of these services. Moreover, although complete benefit and cost data are not yet available, the size of the treatment impacts on the receipt of UI benefits is such that one or more treatments are likely to prove cost-effective in the final analysis. The analysis possible at this point in the demonstration is, however, quite limited. Important issues such as the impact of the treatments on earnings and the cost-effectiveness of the treatments, as well as fuller, richer analyses of the impacts on UI benefit receipt, participation in the demonstration services, and the definition of a suitable eligible population, will be addressed fully in the final report in the fall of 1988.

FIGURE 1
PROPORTION COLLECTING UI
BY WEEK:
TREATMENTS AND CONTROLS







U.S. Department of Labor
Employment and Training Administration
Washington, D.C. 20210

Official Business

Penalty for Private Use, \$300

Postage and Fees Paid
U.S. Department of Labor

Third Class Mail

Lab-441

