

FINAL REPORT ON THE JOBS PLUS PROGRAM

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EXECUTIVE SUMMARY

Oregon's JOBS Plus program has operated statewide since 1996. As policy-makers consider its continuation, this report is designed to outline how JOBS Plus has performed and discuss opportunities to make the program even more effective.

1. An Initiative Called "JOBS Plus".

In 1990, Oregonians voted for a ballot initiative called "JOBS Plus." Passing in 35 of 36 counties, JOBS Plus is a short-term, on-the-job training program that works as a substitute for unemployment insurance benefits and welfare.

JOBS Plus encourages employers to hire a participant who could not find a job by subsidizing the participant's wages by \$6.50 per hour plus various employment taxes for up to six months. In doing so, JOBS Plus gives participants an opportunity to get their "foot in the door" with an employer and gain work experience while obtaining the dignity of earning a real wage. At the same time it helps employers cover the cost of training an employee that they otherwise would not have hired.

JOBS Plus is unique in two other ways. First, employers provide participants with an on-site mentor to acquaint them with the job. Second, after 30 days, the employer begins paying \$1 per hour into the worker's Individual Education Account. At the end of six months, an account is nearly \$900, enough money for five or six community college classes that can be used to continue the participant's career growth.

2. Welfare Experience.

For welfare recipients JOBS Plus has been an important tool to find and retain jobs. Participants who take a JOBS Plus job are guaranteed by law to have more spendable income than they did on welfare, and the average wage is now \$7.41 per hour. For many families dependent on welfare, this is nearly double the amount of spendable income welfare affords them. Since the inception of JOBS Plus, the number of Oregon families dependent on welfare has fallen over 60%. In other words, nearly 30,000 fewer families now depend on a welfare check to survive, than when JOBS Plus began.

Once in work, former welfare recipients are staying in work and climbing the wage ladder. One study shows that 90% of those who left welfare had not returned 18 months later. Moreover, one out of five former welfare recipients

who work are now supervising others, and most who went to work were satisfied or very satisfied with their work.

As people leave welfare in Oregon for JOBS Plus, they get job experience, make more money, build an educational account, and tend not to return to welfare. At the same time, in direct savings, the program saves the state \$1.17 for each dollar spent on JOBS Plus and has helped save the state over \$75 million per year in direct and indirect savings.

3. Unemployment Insurance Recipient Experience.

An estimated 150,000 Oregon workers will claim Unemployment Insurance (UI) in 2001. Unfortunately, most are among our poorest workers. In 1998, six out of ten earned less than \$10 per hour. To make ends meet until they find their next job, UI provides these workers with less than half of what they earned prior to filing for UI.

On average, recipients don't find a way off of UI for nearly three months. One in four take nearly six months and, of these, the vast majority are the poorest and lowest skilled of UI claimants.

In Oregon—and only in Oregon—JOBS Plus helps UI recipients who can't find a job: 1) get their foot the door with an employer; 2) receive the exact training they need; 3) earn a wage that is more than double their UI benefits; and 4) build an education account that can help them continue to grow in their career.

Currently, three of four JOBS Plus employees are UI claimants. Oregon Employment Department (OED) studies show that for them, the program improves job security and may increase wages. When surveyed, over 80% of participants approved of the program and would participate again, given the choice.

More than 6,000 Oregon employers have used JOBS Plus. Eighty percent said it helped their business and over 96% of participating employers want the program to continue.

JOBS Plus has shown direct cost returns of \$.66 for each dollar spent. The program's indirect savings appear to be substantial. While the UI caseload has not fallen as dramatically as the welfare caseload has, two other measures suggest that JOBS Plus may be having an important impact—the number of claims that people needed to make and the time they needed to survive on benefits. Both have decreased compared to the national average. Savings to the State have been over \$100 million per year since JOBS Plus was implemented.

While it is impossible to know what caused the savings, it is likely that JOBS Plus has been, in part, responsible.

Research on incentives in UI administration make it clear that JOBS Plus can continue to be an important factor in encouraging UI claimants to find work efficiently.

4. Opportunities for Improvement.

JOBS Plus can be made more effective for welfare recipients by developing a new brochure for recipients and employers and by emphasizing retention services such as the use of recipients' Individual Education Accounts and Workforce Investment Act incumbent worker training services.

JOBS Plus can be used more effectively for Unemployment Insurance recipients by:

- 1) notifying them of the program more effectively up front;
- 2) referring claimants to JOBS Plus jobs earlier so that they are placed sooner than the current average of almost three months after filing their claim;
- 3) decreasing the subsidy to improve cost effectiveness;
- 4) eliminating the option of claimants to double their benefits by claiming 6 months of benefits and seeking 6 months of subsidized work; and
- 5) ensuring that claimants who are placed in jobs are those who could not get the same job without a subsidy.

5. Net Cost Savings of the JOBS Plus Program in the Unemployment Insurance Benefit Program.

By properly improving and implementing the JOBS Plus program for Unemployment Insurance recipients, the state can more effectively place claimants in jobs as well as save money for the state and the Unemployment Insurance Trust fund. Savings from using JOBS Plus for unemployment insurance claimants can be between \$5 million and \$48 million, depending on policy decisions and implementation. The amount of these savings that would accrue to the UI Trust Fund is between \$2 million and \$46 million.

Introduction: The Oregon Experiment

In the summer of 1996, Congress passed national welfare reform. The 1996 reform significantly changed the culture of public assistance. It ended the practice of unlimited stipends and required work in exchange for benefits.

The 1996 reform recreated public assistance. But Oregonians blazed the trail. A statewide poll taken in August 1990 by *The Oregonian*, found that 89 percent of Oregonians strongly favored linking welfare benefits to work.

And so, on November 6, 1990, Oregonians passed a ballot initiative, with affirmative margins in 35 of 36 counties, to implement a program called “JOBS Plus.” The program helps welfare, food stamp, and unemployment insurance recipients find employment.¹

In Oregon, as across the nation, the culture of dependency has changed. In January of 1994 (just months before the JOBS Plus pilot program was implemented), the number of Oregonians on welfare peaked: one out of every 27 individuals received welfare. Today, one out of every 78 Oregonians receives welfare.²

Reform has clearly reduced the number of families on welfare. But it has also sparked a national discussion on the impact of dependency.

The costs of not working are more than the sum of the benefits. Children who lived with families that received public assistance may be deeply affected well into adulthood. Compare women who grew up in families receiving welfare to similar women (same race, income, family structure, intelligence quotient (IQ) test results, and childhood residence) who did not grow up with welfare. Women who received welfare in childhood:

- Are almost twice as likely to become high school dropouts;
- Spend some 200 percent more time on welfare as adults; and
- Are some 50 percent more likely to have a child out of wedlock.

These negative effects are not just the result of poverty. The only difference between the women compared is their experience with public assistance.³

¹ Pursuant to the ballot initiative, the program was implemented on a test basis in 1994 in six Oregon counties: Baker, Clackamas, Gilliam, Lincoln, Malheur and Washington. In its first two years, JOBS Plus found great success and was expanded to every county in the state in 1996.

² Calculation based upon caseload data from the U.S. Department of Health and Human Services and population data from the U.S. Department of Labor Bureau of the Census.

³ M. Anne Hill and June O’Neill, *Underclass Behaviors in the United States: Measurement and*

A separate study by the University of Michigan found that welfare has a negative impact on the long-term employment and earning capacity of young boys. Holding constant race, parental education, family structure, and other variables, the more a boy's family received in welfare, the lower his earnings were as an adult. The study suggests that every increase of \$1,000 per year in welfare received by a family reduced the boy's future earnings by as much as 10 percent.⁴

Clearly, a culture of dependency negatively impacts children. Helping families find their way off of welfare is in the best interest of children. JOBS Plus appears to be just that help for many families.

1. Program Description: The dignity of a paycheck.

A short-term, on-the-job training program to help people move off of unemployment insurance benefits and welfare, JOBS Plus encourages employers to hire a participant by subsidizing the participant's wages by \$6.50 per hour plus various payroll taxes for up to six months. Through JOBS Plus, participants get their "foot in the door" and gain work experience while obtaining the dignity of earning a real wage. The program also allows an employer to test an employee at little to no cost.

At the state level, Adult and Family Services (AFS) and the Oregon Employment Department (OED) jointly administer the JOBS Plus program. At the local level, it is a cooperative effort between business and government. A JOBS Plus coordinator matches workers with appropriate JOBS plus positions. Participants receive four to six month on-the-job training positions at private businesses or public agencies.

Employers determine salary, but it must be at least minimum wage. The state reimburses employers at the state minimum wage plus payroll taxes. If businesses choose to pay above that level (as approximately 40 percent do), they are responsible for the overage. In December of 2000, on average JOBS Plus participants from welfare earned \$7.41 per hour and participants from Unemployment Insurance earned \$8.91 per hour.

Analysis of Determinants (New York: City University of New York, Barch College, August 1993); analysis of data on the National Longitudinal Survey of Youth, background AFDC receipts, and family income were base on survey data from 1970.

⁴ Mary Corcoran, Roger Gordon, Deborah Loren, and Gary Solon, "The Association Between Men's economic Status and Their Family and Community Origins, " *Journal of Human Resources*, Fall 1992, pp. 575-601.

If the participant is an AFS client, money that would have gone toward welfare and Food Stamp benefits reimburses the employer. If the participant was receiving unemployment insurance, the employer is reimbursed by the JOBS Plus Unemployment Wage Fund.

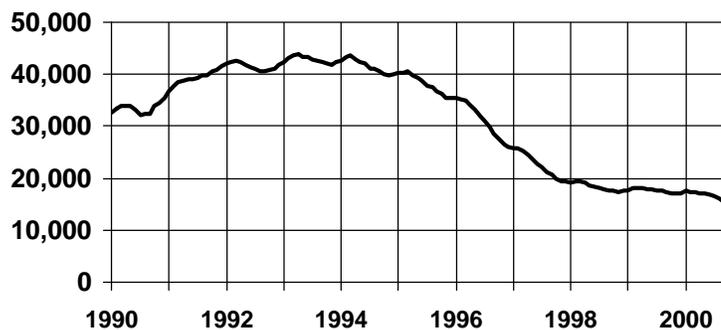
Two other unique aspects of JOBS Plus include its training components. First, employers must provide participants with an on-site mentor to acquaint them with the job. Second, after a participant has worked 30 days, the employer begins paying \$1 per hour into the worker's Individual Education Account (IEA). Once the participant finds unsubsidized employment, they or their family can use the funds for continuing their education. After six months, an IEA totals \$880, but as *The Oregonian* reports, it's "enough for a down payment on an education. A year's tuition at Portland Community College is about \$1,400 for a full time student."⁵

Since 1996, JOBS Plus has garnered much national attention and is considered by nationally-known welfare experts as one of the most participant-friendly and innovative programs in the country. Over 38 states, nine foreign countries and the U.S. Department of Labor have contacted Oregon for information about JOBS Plus.

2. Welfare Experience

a. People Becoming Self Sufficient. Since 1994, the number of families dependent on welfare in Oregon has fallen over 60%.⁶ In other words, nearly 30,000 fewer families now depend on a welfare check to survive.

Oregon's Welfare Caseload



Number of Oregon Families Dependent on Welfare: 1990-2000

⁵ *The Oregonian*, Tuesday, July 11, 2000.

⁶ The TANF caseload in Oregon went from nearly 45,000 families in 1994 when JOBS Plus began to 15,399 as in October 2000. See AFS agency web site, <http://www.afs.hr.state.or.us>, for data.

Some credit this dramatic drop in the welfare caseload to recent economic prosperity. However, empirical evidence suggests just the opposite (see Appendix A).

In the past 35 years, Oregon has experienced four periods of economic growth. In three of these four periods, welfare caseloads did not fall; instead, they rose. The economic prosperity of the late 1960s saw welfare caseloads jump an incredible 120%. In the growth period of the late 1970s caseloads rose 26%. And in the boom of the late 1980s, caseloads climbed 9%.

In recent times, caseloads fell only once during a period of economic growth; that was in the 1990s. It was also when Oregon reformed welfare and implemented JOBS Plus. During this time welfare caseloads fell by a dramatic 63%.

Across the nation, states have used varying methods to move people off of welfare. While most states rely upon sanctions and time limits, Oregon emphasizes work experience. As people leave welfare in Oregon, they get job experience, make more money, may receive an education account, and tend not to return to welfare.

Work Experience. As noted above, JOBS Plus gives all participants immediate experience in a new job. In 1999, the University of Oregon conducted a telephone survey of people who left welfare (the “Leaver Survey”). It was taken 12-15 months after the former recipients left. The survey found that:

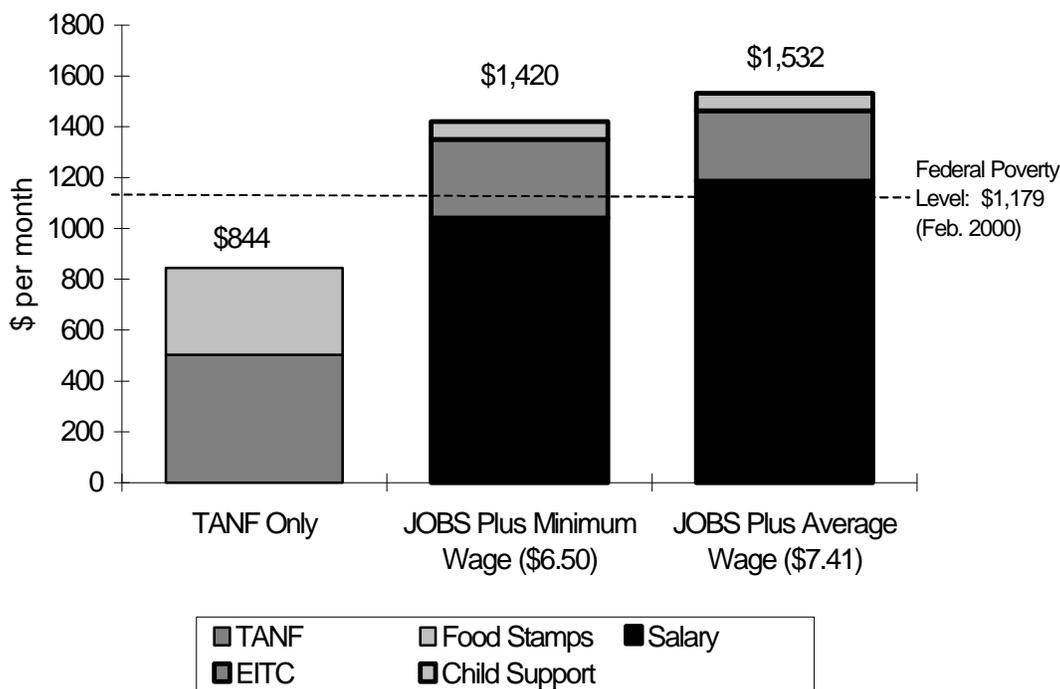
- 77% of those working found it either very easy or “somewhat easy” to find their jobs; and
- 69% of former recipients were currently working and 20% of these workers have gained a position where they supervise others in their jobs.⁷

More Money. Welfare recipients who leave to participate in JOBS Plus earn substantially more than they received from welfare. At a minimum, by law, JOBS Plus guarantees participants that they will receive the same or more money working than they would from welfare.

⁷ Welfare outcomes: Survey results for people who left welfare. (Source: Sandra Morgan, Joan Acker, and Terri Heath, “Oregon Families Leaving TANF: Self-Sufficiency and Family Well-Being Outcomes, First Telephone Survey, Spring 1999, Summary of Results and Methodology,” University of Oregon Center for the Study of Women in Society, January 14, 2000.)

Spendable Income: JOBS Plus for AFS Clients

One Adult with Two Children



Consider the example of a single parent with two children. Welfare benefits would give them \$844 of spendable income per month (\$10,128 per year). Now contrast that with JOBS Plus. In a JOBS Plus job participants are guaranteed earnings of \$6.50 per hour, so that same family would have \$1,420 of income per month to spend.

In actuality, the average JOBS Plus participant earns more than the minimum wage; they earn \$7.41 per hour or \$1,532 of monthly spendable income (\$18,314 per year).⁸ In other words, compared to welfare, JOBS Plus can nearly double the amount of spendable income a family receives. So, while welfare can provide families with spendable income nearly 30% below the poverty level, JOBS Plus can bring them about 30% above the poverty level.

Work not only gives those who leave welfare more income immediately, it also gives them a real opportunity to continue their career and income growth. According to the AFS Leaver Study, 66% of former welfare recipients who were working had received an increase in their wages at work within 15 months either because of a raise or a promotion.⁹

People Not Returning to Welfare. It appears that JOBS Plus participants have not only left welfare, but have not returned. According to AFS, of the welfare

⁸ AFS reported data for December 2000.

⁹ See Sandra Morgan, et al.

recipients placed in jobs (through JOBS Plus or otherwise), 90% were not receiving welfare 18 months later.¹⁰

Satisfaction. What's more, participants were quite satisfied with their experiences. Below are the results of a 1999 telephone survey of people who left welfare (TANF), taken 12-15 months after the former recipients left welfare:

- 83% of those working were either very satisfied or somewhat satisfied with their jobs.
- 97% of those working said they were better off working than on cash assistance.¹¹

c. **Cost Effectiveness.** As with many government programs, cost effectiveness is becoming more important. JOBS Plus has a rare distinction in that its effectiveness with participants is well complemented by its cost effectiveness.

Not only has the program helped Oregonians become independent at record rates, giving them jobs and increasing wages, but data also suggest that the program has been cost effective for welfare (TANF) recipients.

State from the JOBS Plus program is over \$75 million per year, tracked and projected as follows:

<u>Biennium</u>	<u>Savings</u>
95-97	\$114.0 million
97-99	\$230.3 million
99-01	\$254.8 million
<u>01-03</u>	<u>\$259.8 million</u>
Total	<u>\$858.9 million</u>

According to AFS, the total direct and indirect cash assistance savings to the AFS also studied the impact of the JOBS Plus program in a narrower, direct cost/benefit analysis. In doing so, AFS considered only those recipients who entered a JOBS Plus subsidized job (ignoring, for the study, the impact of JOBS

¹⁰ "Quarterly Performance and Update Report," AFS, September, 1998.

¹¹ See Sandra Morgan et al.

Plus on welfare applicants who were encouraged by the program to find work, but who did not enter a subsidized job). The study results, published in the latest *Report to the Oregon Legislature on JOBS Plus* (November 1998), show short-term savings of \$1.17 for each dollar spent in JOBS Plus on welfare (TANF) clients.

To calculate the short-term savings, AFS calculated the savings from fewer people receiving benefits and subtracted the various costs of the JOBS Plus system, which include the administrative costs of making job placements as well the cost of wage subsidies provided to employers. The detailed costs and benefits follow.

The costs associated with the program included employment training, support services, AFS staff time, the net costs of benefits paid to participants during training and the wage subsidies paid to employers. Those costs totaled \$7.7 million. Once AFS clients were in subsidized jobs, additional money was paid to subsidize the cost of childcare in the amount of \$1.0 million. This brings the total costs of the program to \$8.7 million.

Savings include welfare and food stamps that the clients would have needed if they were not working.¹² In addition, some people working no longer needed public medical assistance that they had needed before they began working and earning more money. The total of these savings is \$10.2 million.

The ratio of these two figures, the \$10.2 million in savings compared to the \$8.7 million in costs, produces the result that every dollar spent saved the state \$1.17.

AFS estimates in the direct cost/benefit study were very conservative. First, the study assumes only 12 months of welfare savings from the JOBS Plus program, while the average time on welfare was closer to double that amount of time.¹³

Another underestimated benefit is the earnings of participants who are placed in jobs. For example, there is substantial evidence that, for most people, earnings rise considerably over the first ten years of employment. Such increases are not estimated in the AFS study, but with more earnings, participants would be less likely to return to the welfare rolls or need food stamps or Medicaid; and they would be more likely to contribute income taxes to the state. These further savings are difficult to accurately estimate, but undoubtedly increase the direct benefit/cost ratio of JOBS Plus well above \$1.17 for each dollar spent.

¹² The program served 1,474 people, of whom 1,133 were placed in subsidized employment. Of these, 618 no longer needed food stamps. (Source: interview with AFS on October 30, 2000)..

¹³ Prior to welfare reform in Oregon, the average time on welfare was just over two years, suggesting that the savings from JOBS Plus are considerably greater than the AFS estimate.

Compare the success of the JOBS Plus program in the past years to the way the old Job Training Partnership Act (JTPA) programs had been used in many states to help those who could not find jobs. JOBS Plus emphasizes on-the-job training to help people become and stay employed and helps save over \$75 million per year. Instead of on-the-job training, the JTPA program focused on pre-job classroom training. Unfortunately, according to a study by the United States General Accounting Office it provided participants with little to no long-term improvements in employment rates or hourly pay and, instead of saving money, cost taxpayers an average of \$2,400 per participant and cost participants 3-4 months of their time.¹⁴

3. Unemployment Insurance Claimant Experience.

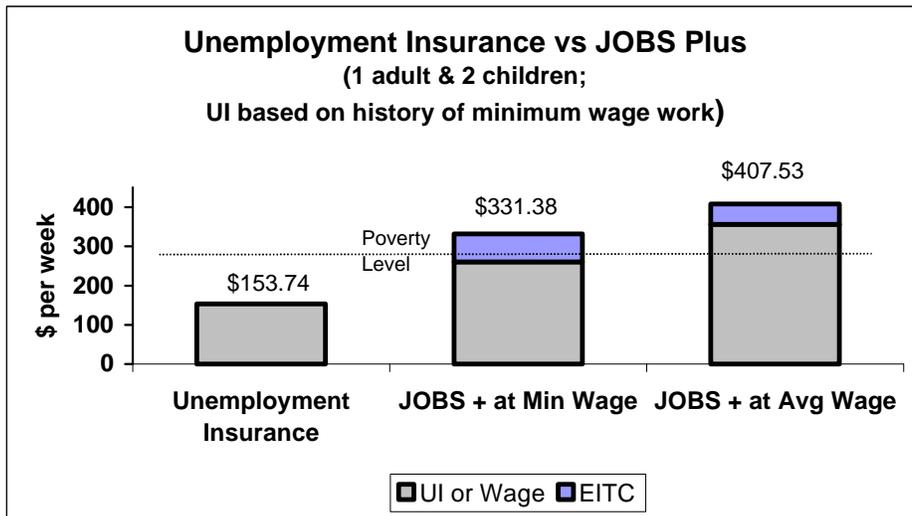
a. Unemployment Insurance Claimants Becoming Self-Sufficient. Self-sufficiency is more important than many realize. Consider the following facts concerning Oregon's Unemployment Insurance recipients:

- Nearly one out of ten of Oregon's 1.5 million workers lose their jobs and find themselves dependent on Unemployment Insurance (UI) each year; that's about 150,000 people expected in 2001.
- These are among our poorest workers; in 1998, six out of ten earned less than \$10 per hour and only one out of ten earned more than \$15 per hour.
- Unemployment Insurance pays them an average of about 40% of their prior wage to pay the monthly bills and make ends meet until they find their next job.
- On average, recipients don't find a way off of UI for nearly three months.
- One in four claimants exhaust their claims, averaging nearly six months on UI without finding their next job.
- Of those who exhaust their claim, the vast majority are the poorest and lowest skilled of UI claimants.

¹⁴ U.S. General Accounting Office, *Job Training Partnership Act: Long-Term Earnings and Employment Outcomes*, GAO/HEHS-96-40, March 4, 1996; Government-Sponsored Training Programs; "Failure in the United States, Lessons for Canada," *Fraser Institute Critical Issues Bulletin*, November, 1997.

In Oregon—and only in Oregon—we have JOBS Plus to help UI recipients who can't find jobs: 1) get their foot in the door with an employer; 2) receive the exact training they need to succeed in a new job; 3) earn a wage that is more than double their UI benefits and 4) build an education account that can help them continue to grow.

Currently, three of four JOBS Plus employees are UI claimants. They tend to be claimants who are likely to exhaust their roughly six months of UI benefit eligibility without finding a job. Their average benefit amount has been \$153.74 per week. For them, JOBS Plus jobs (which pay an average of \$8.91 per hour) immediately increases their income dramatically, as shown below.



And when we consider their post-JOBS Plus experience, a recent Employment Department study shows that the program improves job security and may increase wages in the longer term. These factors have likely led to eighty-two percent of the participants stating they had a positive or neutral experience with JOBS Plus and that they would be willing to participate in the program again if they had to refile for Unemployment Insurance.¹⁵

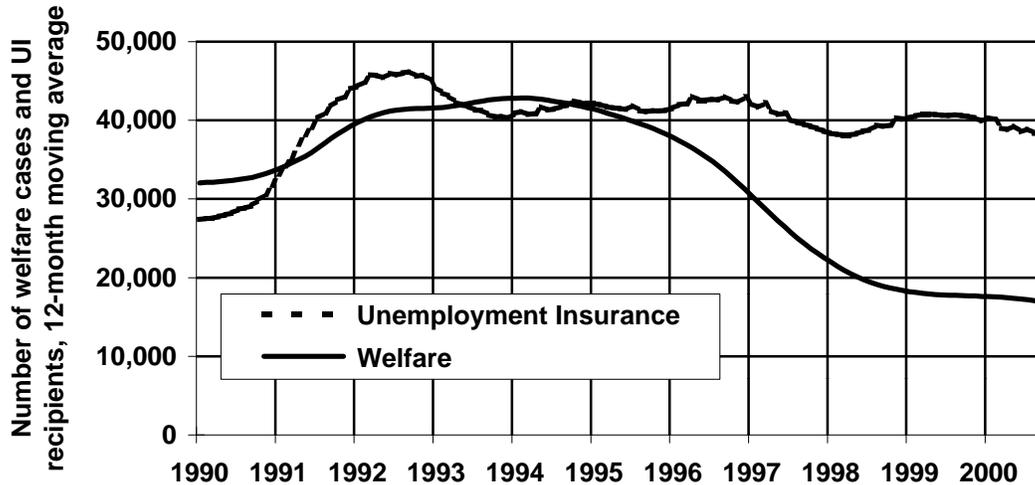
Over 6,000 employers have used JOBS Plus and a recent Employment Department survey shows that JOBS Plus is extremely popular with them. Over 80% said it helped their business saying that it lowered costs, increased their capacity and supported expansion. And 96.4% of participating employers want the program to continue.¹⁶

¹⁵ Employment Department survey of JOBS Plus participants (mid 1996–mid 1998), February 2000.

¹⁶ Employment Department survey of JOBS Plus participants (mid 1996–mid 1998), February 2000.

While the number of families dependent on welfare has decreased, the number of people surviving on Unemployment Insurance without work, has not improved significantly as the following chart shows.

Welfare & Unemployment Insurance Caseload



Although the UI caseload level has not changed dramatically, Oregon has outperformed the national average on two other measures since the JOBS Plus program was implemented. The measures are: 1) the number of people who actually draw their first UI payment (“first payments”) and 2) the duration of claims for those that do begin drawing benefits (“duration”). The related savings have been significant—\$119 million dollars per year.

<u>Unemployment Insurance Expense Reductions</u>	
Fewer first payments relative to national changes, adjusted for the state economy:	\$107 million
Shorter average duration relative to the nation:	<u>12 million</u>
Total	\$ 119 million

These two measures are the two key elements that determine the cost of unemployment insurance benefits levels.

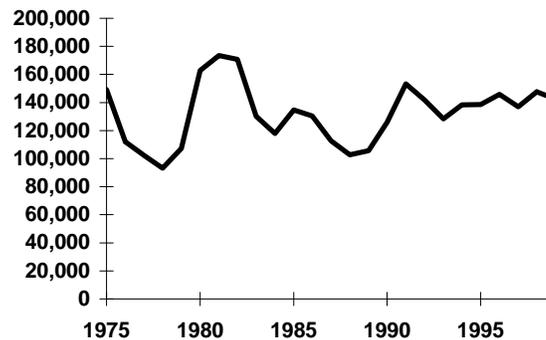
“First payments” is measured by how many people walk into the Employment Department with a claim that proves to be valid and is actually paid. Average “duration” shows how long they continue benefits. Together these two factors principally¹⁷ determine the number of weeks compensated.

Below are the details of this calculation.

First Payments.

The number of first payments is obviously quite volatile, rising during recessions and falling as the economy expands.¹⁸

First Payments: Oregon



To examine first payments as a variable subject to policy influence, we must adjust it for the effect the economy has on it. Policy variables are often compared to the unemployment rate to adjust for the effect of the economy, but this policy variable is itself a determinant of the unemployment rate. Specifically, more generous unemployment benefits may influence the number of UI first payments as well as the overall unemployment rate.

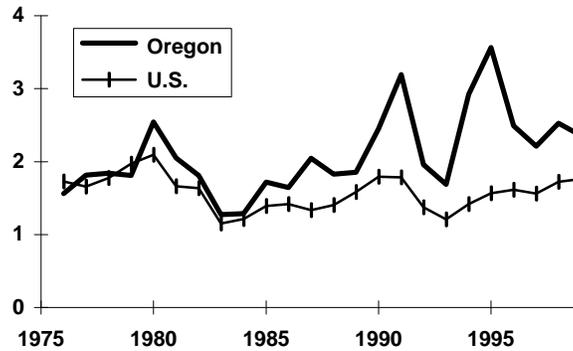
One gauge of the business cycle that is not so dependent on policy, is uninsured unemployment. Uninsured unemployment is the number of unemployed people who are *not* receiving UI benefits, generally because they do not qualify for them,

¹⁷ The other element in the dollar cost is the average weekly benefit amount, which appears to be outside of the influence of the JOBS Plus program.

¹⁸ Data on first payments, total benefits paid, and average duration are all from the U.S. Department of Labor, Employment Training Administration (DOLETA), Financial Handbook 394, and quarterly data updates from their web site.

but sometimes because they choose not to apply for them.¹⁹ The chart below shows the trend of U.S. and Oregon first payments adjusted to remove the effect of changes in the economy. The adjusted number is the ratio of first payments to uninsured unemployment.

First Payments Divided by Uninsured Unemployment



By this measure, Oregon tracked the nation closely in the late 1970s and early 1980s. But, then the paths began to diverge. From 1991 through 1995, nearly half of the first payments in Oregon were attributable to the difference between the state and the national ratio of first payments to uninsured unemployment.

Oregon's ratio has now come down nearer to the national ratio. The difference, between our 1999 ratio and the 1991-95 average, amounts to 36,000 first payments. The average benefit per first payment in 1999 was \$2,990, so the total reduction in benefits payments that year due to the narrowing of the ratios was \$107 million, or about 25% of the total benefits paid.²⁰

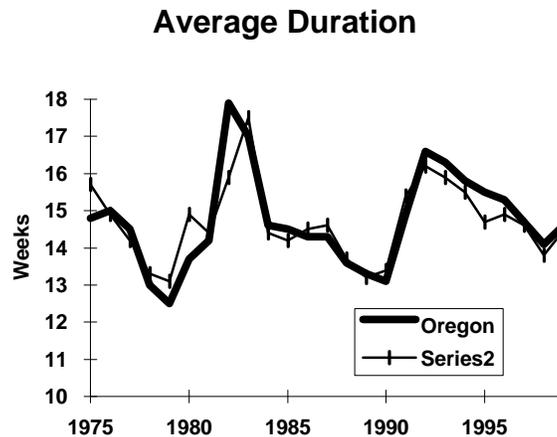
¹⁹ The decomposition of unemployment into insured and uninsured proceeds as follows: we take total unemployment estimates from the U.S. Bureau of Labor Statistics (BLS). Next, we develop a measure of average monthly insured unemployment by taking the total weeks paid in each month, from DOLETA data sources, and converting that to a monthly average level of insured unemployment. The difference between total unemployment from the BLS and insured unemployment from DOLETA is thus uninsured unemployment. However, the definitions differ between BLS and DOLETA, so these results should be treated somewhat cautiously.

²⁰ The chart shows that the ratio of first payments to uninsured unemployed is subject to some spikes, so we tried an alternative calculation. We compared the average of the last three years to the average of the preceding 10 years (1997-99 compared to 1987-1996). Such a calculation is not unduly influenced by one or two years of aberrant behavior. On that basis, the state's improvement is \$37.7 million per year. However, we believe that this understates the true improvement, given that the Employment Department's growing usage of JOBS Plus is more recent.

Why did the first payments ratio in Oregon widen from the national ratio and then narrow again? It is not clear at this point. However, the number of first payments is certainly a strong determinant of the amount of total UI benefits that are paid in a given year and therefore a strong determinant of the amount of money paid out of the UI trust fund each year.

Average Duration.

The second indicator showing that something different was happening in Oregon's experience, compared to the U.S., is duration. The average duration of unemployment varies widely over the business cycle, but Oregon's experience has generally matched the national duration, as shown in the graph below.



However, from 1992 through 1996, Oregon's duration averaged 0.5 weeks higher than the national average. That difference has since dropped to only 0.1 week. How much does Oregon's UI trust fund save by that decline in duration? The 0.4 week difference would have increased Oregon's expenses by 2.7%, which translates to \$11.7 million per year of additional expenses Oregon has saved.

Connection To JOBS Plus.

The JOBS Plus program was rolled out statewide in 1996, with increasing use of the program for UI recipients in the most recent years. In the same years, Oregon has had \$119 million of reduced UI benefit payments from the reduction in first payments and the reduction in average duration on UI. Is there a connection?

Although there are certainly many factors that could explain the difference between the national experience and Oregon's, the JOBS Plus program is likely

responsible in part. Other factors could include some differences between national and state job losses. Unfortunately, it is impossible to know for certain. Only circumstantial evidence is available.

Two pieces of circumstantial evidence suggest that JOBS Plus has played an important part in saving the state money. First, as outlined above, it is clear that Oregon has saved a substantial amount of money—\$119 million per year in the years that JOBS Plus has operated.

Second, a large body of academic research shows that policy changes in Unemployment Insurance, similar to those embodied in JOBS Plus, can affect UI claimant behavior and save claim money.

Research on Work Incentives. Research confirms that those who are eligible for UI have longer durations of unemployment than those who are not eligible. And for those who are eligible for UI, the more generous a state's benefits, the more likely claimants are to take those benefits instead of a job.

Studies show that UI claimants have an unusually higher likelihood of taking a job just before their benefits expire, but that the same phenomenon does not occur in unemployed people *not* collecting UI. We also know that people find work more quickly when a state provides rapid re-employment incentives. Likewise, disincentives to continuing UI reciprocity also encourage people to find work more quickly.

Take for example the Illinois Department of Employment and Security. In 1984, the Department conducted an experiment that offered randomly chosen UI claimants \$500 to find a job more quickly than the average. The result was that those claimants reduced the amount of time it took them to find a job by over a week.

Other experiments studied the effect of mandatory job search classes. New Jersey participants were generally informed of a required class in the fourth week after their initial claim. They were required to participate in the class in weeks five to seven. The result was an increased exit rate in the first seven weeks after the initial claim. Notably, much of the impact came at a time prior to claimants actually learning and applying the skills taught in the class. Another study, in Washington State, showed similar results. It appears then that proper motivation can have an important impact on how quickly a UI claimant finds his or her next job.²¹

²¹ Christopher J. O'Leary and Stephen a. Wadner, *Unemployment Insurance in the United States: Analysis of Policy Issues*, W.E. Upjohn Institute for Employment Research, Kalamazoo, Michigan

The JOBS Plus Safety Net. How might JOBS Plus be helping to reduce the overall cost of unemployment insurance beyond those who actively participate in the program? JOBS Plus acts as an important safety net because it does not require participants to have the normally-required experience and training for the jobs that it offers. In essence, for claimants who may wrongly perceive themselves as not qualified for unsubsidized work, the program encourages them to vigorously pursue a job search, knowing that if they fail, they will likely be offered work rather than condemned to six months of meager UI benefits and the despair that often follows rejection. Instead, claimants will likely find a JOBS Plus job where they can immediately: 1) double the amount of income they were receiving in UI benefits; 2) get the exact training and experience they need to improve their skills; 3) regain the dignity of self-sufficiency; and 4) accrue an education account large enough for five classes at a community college.

The program also sharpens our focus on reemployment. The Oregon Employment Department believes that JOBS Plus has already helped it improve its focus on reemployment. Because the program offers all claimants a real opportunity for reemployment, it tends to help encourage employers, claimants and those helping claimants to consider all possibilities in the job matching process. With JOBS Plus, no claimant need be viewed as unemployable. The program also allows the Employment Department to reinforce its message to its customers that it can and will help everyone find work.

JOBS Plus also helps sharpen the focus of those who prefer to independently control their job search. Because the program broadens the opportunities that the Employment Department has for helping people find jobs and referring them to jobs, it will tend to encourage independent job seekers to conduct their search more diligently.

Finally, for those who simply do not want to work and would thwart the efforts of the Employment Department, the excuse of not being able to find a job becomes less valid.

The effects of the safety net and sharpening of our reemployment focus are real and may very well be important factors in the substantial UI cost reduction Oregon has seen in the past and can see in the future.

b. Unemployment Insurance Cost Effectiveness. The same report that showed cost savings in welfare of \$1.17 for every dollar spent in JOBS Plus, shows that the UI system saved only 66 cents for each dollar spent in JOBS Plus.

(1997) pages 305-307.

These savings occurred without the indirect cost savings as outlined above. If only one tenth of the actual savings documented above (1/10 x \$119 million = \$11.9 million) are attributable to JOBS Plus, then the program certainly has covered its costs. For more details on the cost of the program, see Appendixes B and C.

The JOBS Plus program's impact on UI claimants has grown each year and should continue to grow as the program is used more for UI claimants.²² Therefore the impacts of the program should continue to positively affect Oregonians as outlined above.

Any policy that could significantly reduce the average duration and number of first payments of unemployment insurance would have a substantial payoff in reduced expenses to the State trust fund.

Opportunities to further improve the cost effectiveness of the program are detailed in Section 5 below and in Appendixes B and C.

4. Operation of Program. In analyzing how the JOBS Plus program has performed and may be further improved, it is important to understand the procedures used to handle welfare recipients and UI claimants as they apply for benefits and are given the opportunity to enter the JOBS Plus program. As background, below is a discussion of Adult and Family Service procedures and Employment Department procedures.

a. AFS Procedures. AFS operates JOBS Plus within the context of a comprehensive work-oriented environment. That is the critical element making JOBS Plus successful.

It is accurate to describe Oregon's welfare success as the result of the overall environment that promotes self-sufficiency, and that JOBS Plus is one element—though a crucial element—of that environment.

The first sign that a welfare applicant sees when approaching the door of the AFS

²² Placement coordination for JOBS Plus jobs has traditionally been done entirely by the Employment Department. For this reason, AFS and OED decided that they should prioritize who is placed in open jobs. Initially, priority for jobs was given to the people on TANF. Oregon law allows the Department of Human Resources and the Employment Department to develop a preference schedule for "assigning participants to available jobs". Now, as more and more AFS clients have been placed and the welfare caseload has fallen, the number of AFS clients participating in JOBS Plus has fallen and the number of UI recipients involved in the program has risen.

office says:

The *choice* to request public assistance in Oregon is a request for JOBS and self-sufficiency services.

This sign, repeated inside the offices, reinforces a mission embraced throughout the AFS organization. AFS procedures implement this mission.

AFS procedures emphasize work throughout the stages of a client's relationship with the agency. The following sections describe the major stages of the typical client's experience with AFS. The stages, however, do not apply to all cases. Most significantly, aid is sometimes provided for children living without their own parents. For instance, they may have non-needy caretakers, but a support payment is provided to help meet the child's needs. Such cases do not fall under the general routine described below.

i. **Initial Contact.** At the initial contact with a client, AFS conducts what they call an "up-front assessment" for "immediate needs, work-readiness, family stability, strengths and resources." AFS informs the client that their mission is to assist them in becoming self-sufficient.

The agency representative explains the services that are provided, including referrals to other agencies that can assist with issues such as substance abuse, domestic violence, etc. Note that before welfare reform, AFS personnel processed paperwork and determined eligibility for benefits. Today AFS staff help people become self-sufficient.

The initial contact helps the client see a path toward self-sufficiency and prepare for the next steps. The initial contact also screens out those who will not use AFS services. One such group that is not truly needy, simply choose not to work. They may have family support or a live-in boyfriend providing support, and have decided not to work. They seek welfare to improve their standard of living, but they do not consider it as truly necessary.

The second group who is screened out of AFS services includes people who might prefer to receive traditional welfare payments, but who have ready access to employment. When they hear that the new approach is based on work to become self-sufficient, they find jobs on their own without utilizing services from AFS. Unfortunately, we do not have solid estimates of the size of these two groups, but anecdotal evidence from AFS employees indicate that these are more than isolated cases.

ii. **Assessment Period.** After the initial meeting, AFS clients work with a case worker to develop a plan for the assessment period. During this period they may receive support for urgent needs. The actual assessment plan varies with the client's circumstances. In all cases, the plan calls for testing the job market and regular activity toward becoming self-sufficient, entailing at least 30 hours of effort a week.

AFS may offer the client informational workshops covering topics such as work search skills, how to provide nutritious meals at low cost, finding bargains in work clothes, what to look for in child care providers, etc. Clients may also receive referrals to other agencies for help with specific impediments to self-sufficiency, such as drug or alcohol abuse, domestic violence, etc.

Testing the labor market at the very earliest stage is part of virtually all assessment plans. Some people who seemingly have significant barriers to employment are actually employable, while others may have barriers that were not obvious at the initial meeting. Thus, a critical element of the AFS approach is to have all clients look for work, and put serious effort into that search.

The assessment period helps the many people for whom a job search is frightening. We know that even well educated people with solid job experience often find looking for work unpleasant and scary. Imagine how much more so it is for people with less education and little or no work experience.

Finally, the assessment period screens out those who do not truly need work, as evidenced by their preference to leave welfare (TANF) rather than meet the requirements of participation. The assessment period also screens out the many people who are able to find a job quickly. In fact, the agency estimates that about 40 percent of the AFS clients who find jobs do so before they ever start collecting benefits.

Caseworkers provide support and encouragement, and stories of other people who successfully became self-supporting. The seminars help the AFS clients in several ways. They help the clients learn what to expect in a job application. And, more importantly, it gives the clients a gentle push into a job search. Many people find that it's not so hard once they actually step up and apply for a job, but getting over the early job application jitters is difficult.

Note that many of these job-finders do need other AFS services, even if they do not need cash assistance. AFS can help clients with childcare, medical expenses, and with one-time payments to overcome barriers to employment, such as money to repair a car or to buy suitable work clothes.

iii. **Case Management.** An AFS client receiving benefits has a case manager with whom he or she develops a plan for self-sufficiency. That plan may include addressing barriers to employment via referral to other agencies. Barriers could include substance abuse, need for childcare or transportation, domestic violence, lack of education, etc. The specific referrals are based on the client's specific needs.

The AFS case manager follows up to ensure that the client is fulfilling her responsibilities as defined in the self-sufficiency plan. The document can be changed, but clients are not allowed to ignore the plan if they continue to receive support. The case manager provides on-going counseling and encouragement.

One element in the self-sufficiency plan may be referral to JOBS Plus. As subsidized employment, JOBS Plus provides a safety net for people who cannot otherwise find a job—or who will not otherwise find a job. It is especially helpful for the most disadvantaged clients, who lack work experience and, more importantly, lack confidence. The subsidized job, along with a job mentor and continued encouragement from the case manager, allows many people to achieve self-sufficiency for the first time.

JOBS Plus also provides a wage which, along with benefits such as childcare and the Earned Income Tax Credit (EITC), puts more money in her pocket than she could get on welfare.

iv. **Post-welfare Benefits.** After the AFS client has found a job, the agency continues to help the person remain self-sufficient. This help includes provision of and referrals for other benefits that apply to working people, including childcare and EITC. It may include further training for job advancement, support services for other members of the family, and counseling should problems arise on the job.

AFS has recently begun putting more emphasis on job retention and upgrading skills. While jobs, either subsidized or unsubsidized, start the client on the path to self-sufficiency, helping clients retain their jobs and gain promotions will solidify the movement from dependency.

v. **Summary.** JOBS Plus is one element in a comprehensive work-oriented mission of the Adult and Family Services Division to help people become self-sufficient.

The national welfare debate has included discussion of two issues that are not strong elements in Oregon's welfare program: sanctions and time limits. Sanctions are reductions or elimination of benefits when clients fail to meet their

responsibilities. Sanctions are a necessary tool, but in most cases clients comply with program guidelines, and even come to embrace the program's requirements, because the guidelines and requirements lead to self-sufficiency. It would be a mistake to imagine that sanctions alone, without a work-oriented environment of support services, will shift most welfare recipients off dependency.

Time limits, too, are part of the national debate. Oregon's waiver from federal welfare rules, however, exempts the State from the time limits set by Congress. Yet it is not the case that welfare recipients are spending excessive periods receiving benefits in Oregon.

The overwhelming majority of AFS clients find work well within the national time limits. In fact, Oregon's waiver of time limits helps the state to avoid the old entitlement mentality. If benefits continue in all circumstances for two years, the client does not have to do anything for two years.

In Oregon, by comparison, the client is expected to move as rapidly as possible into work. In the few cases where that pace is very slow, most clients still meet the national time limits. In the overwhelming majority of cases, however, our State's lack of discussion of time limits reinforces the attitude that clients should move from public support as rapidly as they can become self-sufficient.

b. Employment Department Procedures. The Oregon Employment Department (OED) handles a greater volume of people than does AFS and its UI claimants tend to have a greater level of work experience, on average, than AFS clients. For this reason, it has operated its offices differently than AFS offices and attempted to focus more on administrative efficiencies, automation and self-direction in job placement rather than direct person-to-person involvement or case management.

i. Initial Claims Filing Process. Unemployed people who recently were laid off from their jobs apply for UI primarily in person at OED offices. Depending on the volume handled by the office, claimants may be received by an Unemployment Benefit intake clerk, or may need to rely on self-direction and telephones to complete the claim process.

This application process reportedly takes about 5-10 minutes in total. Where they exist, intake clerks provide claimants with a service handbook which contains a benefit application and a wealth of information regarding their claim, including a description of JOBS Plus. The clerk refers applicants to the booklet

describing UI and its procedures and most claimants fill out their application in the office.

Once the application is complete, the clerk tells the claimant that he will receive a notice accepting or denying his claim and to phone the UI claims phone number once a week to verify the claimant's continued claim eligibility. Those with accepted claims receive a JOBS Plus brochure with their claim determination letter. Meanwhile, OED staff input the application data into a central computer system.

ii. **Phone In.** Each week, claimants must phone in and respond to a number of questions on an automated phone system. Generally, to continue to be eligible for UI, OED requires that all UI claimants be "looking for and available to work." The major exceptions to this Universal Applicant Pool are those who are job "attached" (have indicated a specific recall date to their former employer that is within 6 months) and those who are normally served by a union hiring hall. At any given time, roughly 55% of the statewide caseload is attached; that is roughly 80,000 of the roughly 150,000 claimants expected in Fiscal Year 2001.

iii. **Self-Directed Job Search and Matching.** Each OED branch office has several computers with a listing of open jobs that have been placed with the Department. However, there is no initial requirement that claimants use the self-directed job search tools.

OED staff periodically review job orders in their system to see if any claimants match current job orders. If a claimant in the Universal Applicant Pool matches a job order, the claimant is contacted, usually by letter, informed of the job opening and asked to contact the employer.

iv. **General Reemployment Strategy.** After some period of time on a claim, claimants are called by phone or in person by OED staff to determine what their remaining barriers to employment are and to encourage them to find a job.

v. **Profiling.** Under a 1993 federal law, OED must "profile" all UI claimants in the Universal Applicant Pool and prioritize who, among those claimants, will receive specific reemployment services. Scores are assigned to each claimant based on an estimate of how likely the claimant is to exhaust all 26 weeks of their UI claim. Profiling criteria include a claimant's education, reason for termination, industry growth, earnings, benefit amount, time between layoff and filing of claim, and unemployment rate change in the locality.

Profiling is completed for all unattached claimants within one week of the claimant's initial filing. Profiled claimants appear on the Employment Profiling

list (EPRO) and are ranked by score, with higher scores indicating a higher likelihood of exhausting benefits. Claimants appear on the EPRO list in the third week after their claim. From that point on, they are targeted for special reemployment services. Each week, each local office determines how many claimants on the EPRO list it can serve and then selects that number of claimants by rank to call for an orientation the next week (generally no sooner than the fourth week after the claimant's initial filing).

Those not called in the first week remain on the priority list and are called in order of their ranking. If a claimant is not called within 25 working days (five weeks) they are removed from the priority list and have no specific requirement to participate in reemployment services.

Claimants who are profiled and called to participate must attend the orientation, and learn about available services, including resume writing, interviewing skills, internet job search tools and Workforce Investment Act (WIA) training. If they fail to attend, OED staff are to call the person and reschedule or terminate benefits. If a claimant fails to reschedule, OED staff are to terminate benefits.

Claimants scoring a 29 out of 100 or higher in the worker profiling system automatically qualify for WIA services. WIA services provided are determined by agreement between OED and the local WIA provider, based on available local resources.

All claimants who have claimed eight consecutive weeks of benefits, including worker-profiling participants, appear on the Employment Duration list (EDUR). If a claimant has not found a job within nine weeks after he filed his claim, OED has the option to require the claimant produce evidence of his job search activities. Additional personalized support may be provided from this time forward.

vi. Claimants with Individual Service Plans. If OED determines that a claimant has barriers to employment and needs a specific plan to reenter the job market, OED will work with them to create an individual service plan (ISP). The ISP usually includes required re-employment services and job targets with due dates that can, at OED discretion, be used to terminate benefits if not met. Each time OED contacts a claimant who has an ISP, OED must match and refer the claimant to any suitable job available.

vii. JOBS Plus. OED procedures (updated as of September 2000) state that OED uses JOBS Plus as a tool for all of its UI claimants, but appears to use it primarily for those who are participating in the Department's reemployment services program.

OED applies the same suitability test when referring claimants to JOBS Plus jobs that it uses when referring claimants to unsubsidized jobs. OED procedures state that the goal is to use the program as early as possible in the unemployment spell of the claimant so that claimants find work earlier and that the cost of the program is lower.

However, UI claimants placed in JOBS Plus jobs had, on average, the following number of weeks of benefits paid to them prior to entering a JOBS Plus job (note: claimants are not eligible for any benefits for one “waiting week” after filing a claim)²³:

<u>Timing of JOBS Plus Placements</u>		
Program Year	Average No. Weeks Paid	Weeks After Filing
1996	8.0	9.0
1997	9.5	10.5
1998	10.6	11.6
1999 to date	10.2	11.2

It appears then that the average time it takes for a person receiving UI to be placed into a JOBS Plus job has risen from 2 ¼ months to almost 3 months—an increase of 24%. The time of placement in a JOBS Plus job now averages nearly halfway through a claimant’s maximum eligible claim period (10.2 weeks of a total 26 weeks).

From a timing standpoint, it seems that Oregon has an opportunity to help UI claimants use available tools, including JOBS Plus, to find a job sooner than they currently do.

5. Opportunities for JOBS Plus Program Improvement.

a. **Welfare Recipients.** From the above analysis, it is apparent that the JOBS Plus program has been operated quite successfully for welfare recipients, helping them find and stay in jobs at record rates and saving the state considerable funding. It has been a critical program for Oregon’s poor. But more should be done.

²³ Letter from the Oregon Employment Department, June 15, 2000.

JOBS Plus can be made more effective for welfare recipients by developing a new brochure for recipients and employers and by emphasizing retention services such as the use of recipients' Individual Education Accounts and Workforce Investment Act incumbent worker training services.

b. Unemployment Insurance Claimants. Important opportunities for improvement appear to be in the operation of the program for UI claimants.

Primarily the opportunities lie in further emphasizing the focus of finding a job and the requirement that UI claimants continue to look for work. It can begin with a better enunciation of the philosophy that the Employment Department's goal is to promote self-sufficiency through work.

Additionally, the following changes can improve the operation of the JOBS Plus program for UI claimants:

i. Up Front Notice. JOBS Plus is effective as a safety net of work for those unable to find work. When used in conjunction with work search requirements and support, JOBS Plus is effective at getting people into work. UI claimants can use the program to market themselves to employers who otherwise would not have hired them. Currently, however, many UI recipients do not learn what advantages the JOBS Plus program can give them until late in their claims, if at all.

Recommendation: All UI recipients should be given a newly re-designed JOBS Plus brochure that describes how they can effectively use the program. Recipients should also be told when they apply for UI that they are eligible for the safety net of JOBS Plus, that they will be referred to JOBS Plus jobs if they cannot find an unsubsidized job, and that failure to apply for or accept a JOBS Plus job, like failure to apply for or accept any other job, will cause termination of UI benefits.

ii. Refer Sooner. Many claimants who are profiled high never receive reemployment services of any kind, let alone JOBS Plus.

Recommendation: Instead of delaying UI claimant eligibility for JOBS Plus until the claimant actually receives his first UI benefit payment (usually not until three weeks after filing a claim), UI claimants should be eligible for JOBS Plus immediately upon determination that they are eligible for UI benefits.

Claimants who are profiled at 29 or higher or are likely to exhaust their claims without finding a job should, in most cases, be first referred to a JOBS Plus job no later than the 4th week after they applied for benefits.

Other claimants who have profiled high, but were not initially referred to JOBS Plus jobs, should be called into the Employment Department at six weeks after filing their claims and evaluated and considered for referral to JOBS Plus.

- iii. **Decrease the Subsidy.** Because UI claimants on average should have stronger work histories than welfare clients, it is likely that the subsidized wage required by employers as reimbursement for training the UI claimants does not need to be as large as it needs to be for welfare clients. Therefore, the state can improve the cost effectiveness of the program by decreasing the subsidy for UI claimants.

Reduction in the subsidy can come in three ways: 1) reduce the time period for the subsidy which is now up to six months, 2) reduce the dollar amount of the subsidy which is now \$6.50 per hour plus various tax costs or 3) a combination of reducing the time and dollar amount.

Compared to operating JOBS Plus as it is currently run, reducing the subsidy from six months to three months (equivalent to most employers' 90 day trial period) would save approximately \$10 million annually. Alternatively, reducing the dollar subsidy amount from \$6.50 to \$3.75 (half of the minimum wage) and keeping the subsidy for various taxes would save approximately \$15 million per year.

A combination of the two approaches that moved the time period to three months and reduced the subsidy to \$5 per hour (plus taxes) would save approximately \$15 million per year.

In a recent Employment Department survey, many employers indicated that they would accept a lower subsidy.²⁴

Recommendation: Choose one of the means of reducing the subsidy to lower the direct costs of the program.

- iv. **Not An Additional Benefit.** Claimants who participate in JOBS Plus are given a full six months of UI benefits, regardless of the time they spend in JOBS Plus, even though the program was designed to substitute wages for benefits. The result is an opportunity for a claimant to draw six months of benefits and six months of wage subsidies for a total of 12 months of assistance of some form.

²⁴ Oregon Employment Department survey of JOBS Plus employers November 2000.

Recommendation: Time on JOBS Plus should reduce eligible time for UI benefits. For example, a person who claimed UI for one month, then worked in a JOBS Plus job for four months should be eligible for a maximum of one month more in UI benefits, not five months more.

- v. **Suitability.** Those that get JOBS Plus jobs only get jobs for which they are deemed “suitable” (qualified by experience, skill and prior wage level).

Recommendation: The suitability requirement pertaining to experience and/or skills should not affect JOBS Plus candidates in the same way it affects others. JOBS Plus is, by its nature, a training job designed for someone who does not have suitable experience and/or skills. One key function of the JOBS Plus job is to help the person develop the experience and/or skills required in the job.

6. Net Cost Savings of the JOBS Plus Program in the Unemployment Insurance Benefit Program.

As discussed above in Section 3, the JOBS Plus program may have already caused savings to the state in UI costs. With an improved program, it is likely that a well-implemented JOBS Plus program can have an even more significant effect on Oregon’s Unemployment Insurance recipients.

- a. **Direct Savings.** Appendix B shows the Total Savings to Oregon from using JOBS Plus. In the example of a \$5 per hour subsidy for three months as depicted in Chart 3, the Total Savings is \$3.6 million per year. The other examples with different subsidy amounts show Total Savings of \$175,000 and \$3.8 million. These savings include savings of Unemployment Insurance benefits and savings of federal training dollars.

UI Trust Fund Direct Costs. The Net Direct Impact on the UI Trust Fund ranges from \$2.2 million to \$5.9 million per year depending on the subsidy level implemented. In the \$5 per hour subsidy for three months example, the cost is \$2.5 million per year.

- b. **Indirect Savings.** Appendix C shows the potential *indirect* benefits of the JOBS Plus program, that is, the effects the program has on people who are not themselves placed in JOBS Plus jobs, but whose behavior changes because the program exists.

The two ways in which indirect savings can occur through the behavior of UI claimants were described in Section 3 of this report. Again, they are seen in: 1) the number of initial claims and 2) the duration of those claims.

For purposes of our calculations, we assume that the impact of the program is only on the claims of unattached claimants (which is estimated as 55% of the total claims). That number is then multiplied by the various percentages to calculate potential savings.

The experience with various reemployment bonuses, described above in Section 3, indicates that incentives and disincentives to continuing on UI can change average length of a claim by one half a week, which would be 3.5 percent here. We believe that the actual potential of placement in a job will have more of an incentive effect compared to a job finding class.

However, not knowing whether JOBS Plus has more or less of an effect than the experiments discussed in the report, the charts in Appendix C show the effects of a ten percent change in each effect, a five percent change, a two percent change and a one percent change. The \$426 million cost of all UI claims is based on 1999 actual data.

Under the various assumptions, the indirect savings to the state and the Unemployment Insurance Trust Fund range from \$4.7 million (1%) to \$44.5 million (10%) depending on the impact a well-implemented JOBS Plus program is assumed to have. These savings would accrue to the state through its UI Trust Fund.

c. Net Impact – Direct and Indirect Effects Combined.

Adding the Total Savings of \$175,000 to \$3.8 million from Appendix B to the Total \$ Saved from Appendix C of \$4.7 million to \$44.5 million yields a total savings to Oregon from the JOBS Plus program of between \$5 million to \$48 million, depending on the assumptions and policy decisions made.

Net UI Trust Fund Savings. While the potential savings to the UI Trust Fund are not as great as the Total Savings (since total savings include savings to federal training funds in addition to UI claims savings), the impact on the UI trust fund is also significant.

The impact to the Trust Fund can be calculated by subtracting the Net Direct Impact on the UI Trust Fund in Appendix B of \$2.2 to \$5.8 million (depending on the amount and length of the subsidy chosen) from the Total \$ Saved in Appendix C of \$4.7 to \$48 million.

In the \$5 per hour subsidy for three months example, the Direct Costs are \$2.5 million and the net savings to the UI Trust Fund is between \$2.2 million and \$45.8 million, depending on the assumptions made about the size of the indirect savings.

UI TRUST FUND SAVINGS
- Subsidy of \$5/hour for Three Months
- One Percent Impact

Indirect Savings	\$ 4.7 million
Direct Costs	<u>2.5 million</u>
Total Savings to UI Trust Fund	\$ 2.2 million

UI TRUST FUND SAVINGS
- Subsidy of \$5/hour for Three Months
- Ten Percent Impact

Indirect Savings	\$ 48 million
Direct Costs	<u>2.5 million</u>
Total Savings to UI Trust Fund	\$ 45.5 million

Conclusion

Through the voter initiative process, JOBS Plus program has become a unique experiment in Oregon, leading to significant results for both participants and employers and furthering the state's reputation for innovation.

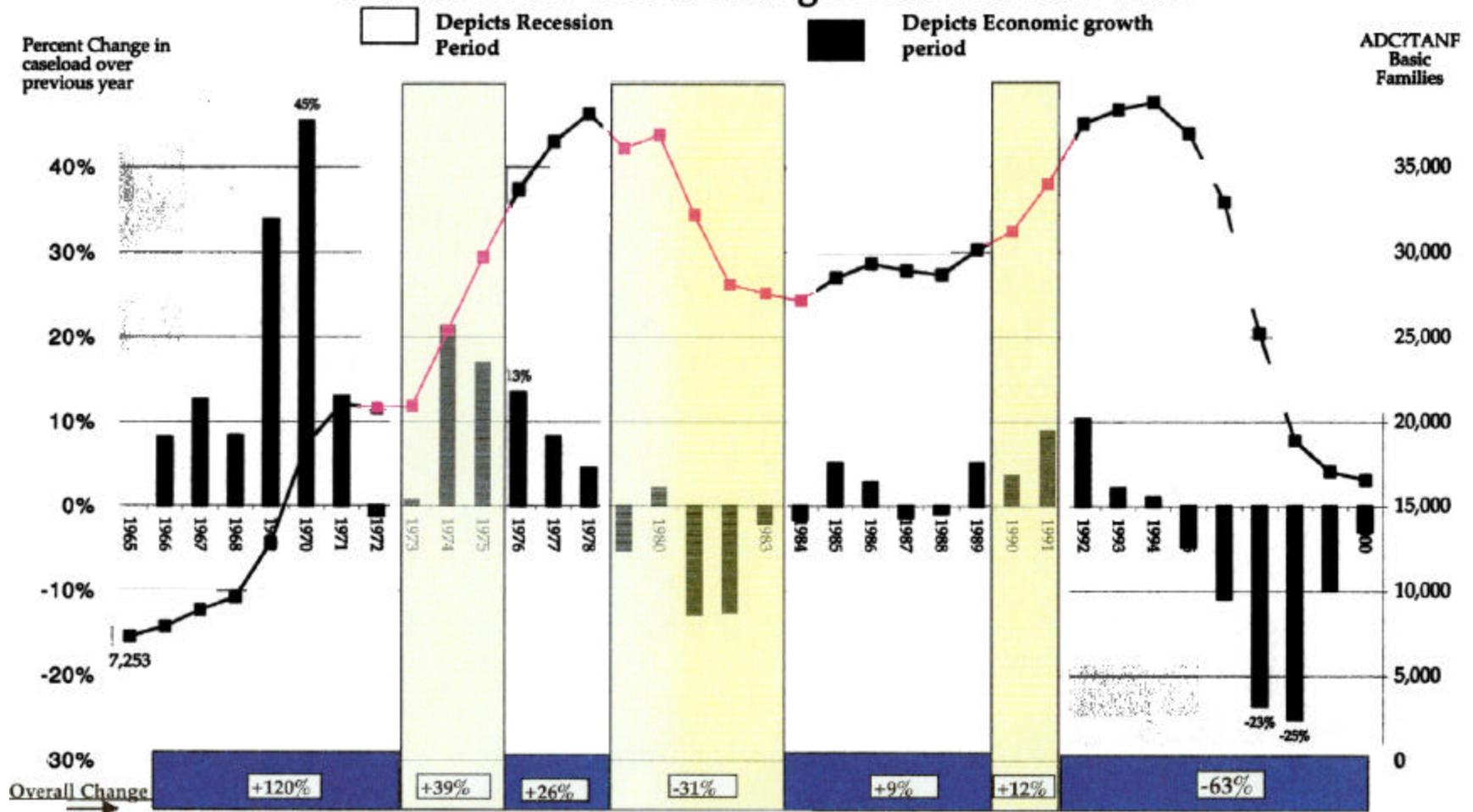
With careful improvements to the program JOBS Plus can continue to contribute to the financial growth and health of participants and businesses while saving scarce resources for Oregon and the State's UI Trust Fund.

Appendix A

Welfare and the Economy

Appendix A

TANF Basic Percent Change Over Previous Year



Appendix B

Explanation and Charts 1, 2 and 3
of Direct Costs of JOBS Plus Program
- Unemployment Insurance

**APPENDIX B
CHART 1**

**\$6.50 PER HOUR SUBSIDY
THREE MONTHS**

ANNUAL COSTS	WITHOUT JOBS PLUS	CURRENT JOBS PLUS	NEW JOBS PLUS	NET DIRECT COST NEW JOBS +
<u>EACH PARTICIPANT</u>				
UI BENEFITS - BEFORE JOBS PLUS	3,075	2,249	615	-2,460
UI BENEFITS - AFTER JOBS PLUS	0	286	248	248
TOTAL UI BENEFITS	3,075	2,535	863	-2,212
JOBS PLUS WAGE SUBSIDY	0	4,806	3,675	3,675
UI TRUST FUND DIRECT IMPACT	3,075	7,341	4,538	1,463
FEDERAL TRAINING	1,619	0	0	-1,619
ADMINISTRATION	332	444	444	112
TOTAL SAVINGS PER PARTICIPANT	5,026	7,785	4,982	-44
<u>ALL PARTICIPANTS</u>				
ANNUAL NO. OF PARTICIPANTS	4,000	4,000	4,000	4000
UI BENEFITS - BEFORE JOBS PLUS	12,299,200	8,996,865	2,459,840	-9,839,360
UI BENEFITS - AFTER JOBS PLUS	0	1,144,810	991,316	991,316
TOTAL UI BENEFITS	12,299,200	10,141,674	3,451,156	-8,848,044
JOBS PLUS WAGE SUBSIDY	0	19,223,464	14,700,296	14,700,296
UI TRUST FUND DIRECT IMPACT	12,299,200	29,365,138	18,151,452	5,852,252
FEDERAL TRAINING	6,474,000	0	0	-6,474,000
ADMINISTRATION	1,329,909	1,776,647	1,776,647	446,738
TOTAL SAVINGS ALL PARTICIPANTS	20,103,109	31,141,786	19,928,099	-175,010
<u>UI TRUST FUND DIRECT IMPACTS</u>				
UI CLAIMS SAVED	0	2,157,526	8,848,044	8,848,044
(JOBS PLUS / DIVERSION)	0	-19,223,464	-14,700,296	-14,700,296
NET DIRECT IMPACT ON UI TRUST FUND	0	-17,065,938	-5,852,252	-5,852,252
<u>ASSUMPTIONS</u>				
UI BENEFITS - JOBS + PARTICIPANTS				
AVE WEEKLY BENEFIT	\$153.74	\$153.74	\$153.74	
AVE WEEKS PAID (Excludes Waiting Week)	20.0	14.6	4.0	
% WHO RETURN AFTER JOBS +	0%	36%	31%	
WEEKS OF RETURN AFTER JOBS +	0.0	5.2	5.2	
JOBS PLUS				
AVE. JOBS PLUS DURATION	0	17	13	
WAGE SUBSIDY	\$0.00	\$6.50	\$6.50	
SUBSIDY TOTAL / HOUR	\$0.00	\$7.07	\$7.07	
EST. JOBS PLUS AVE. WORKWEEK	40	40	40	
FEDERAL TRAINING				
EST. WIA AVE. TRAINING COST	\$3,237	0	0	
% J+ PARTICIPANTS WHO WOULD HAVE TRAINED	50%	0	0	
ADMINISTRATION				
WAGNER PEYSER PER ALL UNEMPLOYED	139			
% OF UNEMPLOYED NOT ATTACHED	0.55			
WAGNER PEYSER PER NOT ATTACHED	252			
UI ADMIN, INITIAL + CONTINUING CLAIMS	81			
AVE. COST PER JOBS PLUS PLACEMENT	0	444	444	
ANNUAL ADMINISTRATION	1,271,067			

**APPENDIX B
CHART 2**

**\$3.75 PER HOUR SUBSIDY
SIX MONTHS**

ANNUAL COSTS	WITHOUT JOBS PLUS	CURRENT JOBS PLUS	NEW JOBS PLUS	NET DIRECT COST NEW JOBS +
EACH PARTICIPANT				
UI BENEFITS - BEFORE JOBS PLUS	3,075	2,249	615	-2,460
UI BENEFITS - AFTER JOBS PLUS	0	286	248	248
TOTAL UI BENEFITS	3,075	2,535	863	-2,212
JOBS PLUS WAGE SUBSIDY	0	4,806	2,773	2,773
UI TRUST FUND DIRECT IMPACT	3,075	7,341	3,635	561
FEDERAL TRAINING	1,619	0	0	-1,619
ADMINISTRATION	332	444	444	112
TOTAL SAVINGS PER PARTICIPANT	5,026	7,785	4,080	-946
ALL PARTICIPANTS				
ANNUAL NO. OF PARTICIPANTS	4,000	4,000	4,000	4000
UI BENEFITS - BEFORE JOBS PLUS	12,299,200	8,996,865	2,459,840	-9,839,360
UI BENEFITS - AFTER JOBS PLUS	0	1,144,810	991,316	991,316
TOTAL UI BENEFITS	12,299,200	10,141,674	3,451,156	-8,848,044
JOBS PLUS WAGE SUBSIDY	0	19,223,464	11,090,460	11,090,460
UI TRUST FUND DIRECT IMPACT	12,299,200	29,365,138	14,541,616	2,242,416
FEDERAL TRAINING	6,474,000	0	0	-6,474,000
ADMINISTRATION	1,329,909	1,776,647	1,776,647	446,738
TOTAL SAVINGS ALL PARTICIPANTS	20,103,109	31,141,786	16,318,263	-3,784,846
UI TRUST FUND DIRECT IMPACTS				
UI CLAIMS SAVED	0	2,157,526	8,848,044	8,848,044
(JOBS PLUS / DIVERSION)	0	-19,223,464	-11,090,460	-11,090,460
NET DIRECT IMPACT ON UI TRUST FUND	0	-17,065,938	-2,242,416	-2,242,416
ASSUMPTIONS				
UI BENEFITS - JOBS + PARTICIPANTS				
AVE WEEKLY BENEFIT	\$153.74	\$153.74	\$153.74	
AVE WEEKS PAID (Excludes Waiting Week)	20.0	14.6	4.0	
% WHO RETURN AFTER JOBS +	0%	36%	31%	
WEEKS OF RETURN AFTER JOBS +	0.0	5.2	5.2	
JOBS PLUS				
AVE. JOBS PLUS DURATION	0	17	17	
WAGE SUBSIDY	\$0.00	\$6.50	\$3.75	
SUBSIDY TOTAL / HOUR	\$0.00	\$7.07	\$4.08	
EST. JOBS PLUS AVE. WORKWEEK	40	40	40	
FEDERAL TRAINING				
EST. WIA AVE. TRAINING COST	\$3,237	0	0	
% J+ PARTICIPANTS WHO WOULD HAVE TRAINED	50%	0	0	
ADMINISTRATION				
WAGNER PEYSER PER ALL UNEMPLOYED	139			
% OF UNEMPLOYED NOT ATTACHED	0.55			
WAGNER PEYSER PER NOT ATTACHED	252			
UI ADMIN, INITIAL + CONTINUING CLAIMS	81			
AVE. COST PER JOBS PLUS PLACEMENT	0	444	444	
ANNUAL ADMINISTRATION	1,271,067			

**APPENDIX B
CHART 3**

**\$5 PER HOUR SUBSIDY
THREE MONTHS**

ANNUAL COSTS	WITHOUT JOBS PLUS	CURRENT JOBS PLUS	NEW JOBS PLUS	NET DIRECT COST NEW JOBS +
EACH PARTICIPANT				
UI BENEFITS - BEFORE JOBS PLUS	3,075	2,249	615	-2,460
UI BENEFITS - AFTER JOBS PLUS	<u>0</u>	<u>286</u>	<u>248</u>	<u>248</u>
TOTAL UI BENEFITS	3,075	2,535	863	-2,212
JOBS PLUS WAGE SUBSIDY	0	4,806	2,827	2,827
UI TRUST FUND DIRECT IMPACT	3,075	7,341	3,690	615
FEDERAL TRAINING	1,619	0	0	-1,619
ADMINISTRATION	<u>332</u>	<u>444</u>	<u>444</u>	<u>112</u>
TOTAL SAVINGS PER PARTICIPANT	5,026	7,785	4,134	-892
ALL PARTICIPANTS				
ANNUAL NO. OF PARTICIPANTS	4,000	4,000	4,000	4000
UI BENEFITS - BEFORE JOBS PLUS	12,299,200	8,996,865	2,459,840	-9,839,360
UI BENEFITS - AFTER JOBS PLUS	0	1,144,810	991,316	991,316
TOTAL UI BENEFITS	12,299,200	10,141,674	3,451,156	-8,848,044
JOBS PLUS WAGE SUBSIDY	0	19,223,464	11,307,920	11,307,920
UI TRUST FUND DIRECT IMPACT	12,299,200	29,365,138	14,759,076	2,459,876
FEDERAL TRAINING	6,474,000	0	0	-6,474,000
ADMINISTRATION	1,329,909	1,776,647	1,776,647	446,738
TOTAL SAVINGS ALL PARTICIPANTS	20,103,109	31,141,786	16,535,723	-3,567,386
UI TRUST FUND DIRECT IMPACTS				
UI CLAIMS SAVED	0	2,157,526	8,848,044	8,848,044
(JOBS PLUS / DIVERSION)	0	-19,223,464	-11,307,920	-11,307,920
NET DIRECT IMPACT ON UI TRUST FUND	0	-17,065,938	-2,459,876	-2,459,876
ASSUMPTIONS				
UI BENEFITS - JOBS + PARTICIPANTS				
AVE WEEKLY BENEFIT	\$153.74	\$153.74	\$153.74	
AVE WEEKS PAID (Excludes Waiting Week)	20.0	14.6	4.0	
% WHO RETURN AFTER JOBS +	0%	36%	31%	
WEEKS OF RETURN AFTER JOBS +	0.0	5.2	5.2	
JOBS PLUS				
AVE. JOBS PLUS DURATION	0	17	13	
WAGE SUBSIDY	\$6.50	\$6.50	\$5.00	
SUBSIDY TOTAL / HOUR	\$7.07	\$7.07	\$5.44	
EST. JOBS PLUS AVE. WORKWEEK	40	40	40	
FEDERAL TRAINING				
EST. WIA AVE. TRAINING COST	\$3,237	0	0	
% J+ PARTICIPANTS WHO WOULD HAVE TRAINED	50%	0	0	
ADMINISTRATION				
WAGNER PEYSER PER ALL UNEMPLOYED	139			
% OF UNEMPLOYED NOT ATTACHED	0.55			
WAGNER PEYSER PER NOT ATTACHED	252			
UI ADMIN, INITIAL + CONTINUING CLAIMS	81			
AVE. COST PER JOBS PLUS PLACEMENT	0	444	444	
ANNUAL ADMINISTRATION	1,271,067			

APPENDIX B

PAGE 4

EXPLANATION OF CHARTS DIRECT COSTS/SAVINGS OF JOBS PLUS - UNEMPLOYMENT INSURANCE

Each chart in Appendix B shows estimates of costs to serve Unemployment Insurance claimants under three alternative subsidy scenarios – 1) \$6.50/hour for three months; 2) \$3.50/hour for six months and 3) \$5.00 for three months.

The first column, labeled “Without JOBS Plus” shows the cost to serve the target population without the JOBS Plus program. The second column, “Current JOBS Plus,” shows our estimates of the cost of the program as it is currently implemented. Finally, the column labeled “New JOBS Plus” shows the program with recommended changes. The fourth column, “Net Direct Cost of New JOBS Plus,” shows the difference between the revised JOBS Plus proposal and Without JOBS Plus, which is the third column minus the first column.

Cost Categories

The various costs to run the programs are based on the assumptions listed in the spreadsheet. The assumption is that the Employment Department is providing JOBS Plus to those who cannot find an unsubsidized job.

Unemployment Insurance Benefits. The first row is shows unemployment insurance benefits. This row is based on two assumptions rows: average weekly benefits for participants and average weeks paid for participants.

The average weekly benefit assumption of \$153.74 comes from the Oregon Employment Department (OED), and represents the actual benefit for current participants in JOBS Plus.

The average weeks paid under the Current JOBS Plus column, 14.6 weeks, is actual data from OED. We do not know exactly how long this target group would collect benefits without JOBS Plus, but we know, from OED data, that the average duration of benefits for people who exhaust their benefits is 24.5 weeks. We take that as an upper limit. In the absence of better information, we average the upper limit and the 14.6 weeks as the lower limit to obtain an estimate of 20 weeks as the number of benefit weeks a person would claim if JOBS Plus did not exist.

For the New JOBS Plus program, we assume that placement will occur, on average, after four weeks of benefits, which is five weeks after a claim is filed.

In addition to the benefits paid before a JOBS Plus placement, there may also be benefits paid after the job, if the client is unable to find unsubsidized employment at the end of the placement. The current experience shows 35.8% receive some UI benefits in the same benefit year, with an average duration of the subsequent spell equal to 5.2 weeks. Multiplying these figures together and then by the weekly benefit amount yields the average “UI Benefits – After JOBS Plus.”

For the New JOBS Plus program, we use the results for welfare clients who used JOBS Plus. A study from the University of Oregon found that 69% of the JOBS Plus “alumni” had not returned to the rolls 18 months later, and we assume that the UI experience will be no worse.¹ Therefore, for JOBS Plus participants in the New JOBS Plus, we conservatively assume a return rate of 31%.

JOBS Plus Wage Subsidy. The cost of the JOBS Plus subsidy under the Current JOBS Plus program is calculated as the hourly wage subsidy multiplied by the average length of the job multiplied by 40 hours per week. The wage subsidy currently is \$6.50 per hour plus the employer’s share of Social Security, Medicare and Workers Compensation. The total is approximately \$7.07 per hour.

The length of time and the amount of the subsidy are two policy variables that we change have changed in each chart. For example the length of the subsidy could be reduced to 3 months (13 weeks). Extensions beyond 13 could be approved on an exception basis, and balanced by those participants who find other jobs sooner than 13, so that the average experience averages out to 13 weeks.

The dollar amount of the wage subsidy is another policy variable that influences the total cost of the program. The subsidy should be large enough to induce a sufficient number of employers into the program, without being so large as to constitute a giveaway. We believe that the program will enjoy some momentum, in the sense that existing employer participants will continue, and the marketing efforts of OED will generate new participation. With the increased pool of employers, a lower subsidy can be paid without jeopardizing the program.

¹ Sandra Morgan, Joan Acker, and Terri Heath, “Oregon Families Leaving TANF: Self-Sufficiency and Family Well-Being Outcomes, First Telephone Survey, Spring 1999, Summary of Results and Methodology,” University of Oregon Center for the Study of Women in Society, January 14, 2000.

There may also be benefits to participants from a lower subsidy, as an employer who is paying more of the labor costs is more likely to retain the JOBS Plus employee beyond the initial training period. That would reduce the costs of providing unemployment benefits after the subsidized job, and thus appears to be a win-win proposition.

Administration. Administrative costs are based on figures provided by OED. Current detailed figures were unavailable for administrative costs without JOBS Plus, so numbers here are based on a special detailed analysis that the Department performed for their 1995-97 expenditures.

Figures for the cost of JOBS Plus placements that we use are based on OED's estimates of savings that it produced in a budget which omitted the JOBS Plus program. The figures differ from other estimates of placement costs, probably because the budget figures are the actual "marginal costs" that are added or subtracted by the program, instead of the "fully loaded" costs that include an allocation of overhead.

The "Wagner Peyser" funds are federal money designated for the employment service program administered by OED. We calculate the average amount spent per unattached worker on the theory that these services are not used by attached workers (those with specific recall dates to their previous employer, as well as those who usually find work through union hiring halls).

We omit a specific additional cost that those placed in JOBS Plus would likely have required in the area of administrative or reemployment service costs had they not been placed in JOBS Plus.

Our figures for "Federal Training" are based on an analysis of actual expenditures under the Job Training Partnership Act program. We do not have details on expenditures for the successor program, the Workforce Investment Act ("WIA"), but know that the WIA is more heavily funded. Thus, our figures are probably conservative.

We know that all JOBS Plus participants should be eligible for WIA training because they will be tested in the same way that WIA tests for qualification—questioning whether or not the person can find an unsubsidized job. OED reports that about 4,000 people per year qualify for WIA assistance based on the worker profiling system scores. The profiling attempts to determine who, among claimants, is likely to fail in finding an unsubsidized job. There should be heavy overlap between the JOBS Plus clientele and the WIA clientele. To remain conservative in our estimates and to allow for some WIA money to be used for incumbent worker training for JOBS Plus participants who are working, we use

an estimate of saving roughly half of the training money normally spent for the target population. The savings are real. Helping people through JOBS Plus should continue to free up WIA money to be used for claimants who otherwise would not have been served.

Annual Number of Participants. In calculating the costs for all participants, we apply the costs and benefits per participant by a hypothetical number of participants, in this case, 4,000, so that we can compare programs on an “apples to apples” basis for the total cost impact. This represents an increase of roughly 500 participants from the estimated level in the year 2000 of 3,500.

Unemployment Insurance Trust Fund Direct Impacts. To calculate the direct impact of JOBS Plus on the UI Trust Fund, we first calculated the amount of the total cost of wage subsidies under JOBS Plus (which are currently paid from a diversion from the Trust Fund). We then subtracted this cost from the amount of UI claim savings—the amount of claims that would have been paid to claimants who enter JOBS Plus had they not entered the program.

Appendix C
Charts 1, 2, 3 and 4 of Indirect Benefits of JOBS Plus Program –
Unemployment Insurance

APPENDIX C Chart 1

10% IMPACT

FEWER PEOPLE CLAIMING

ANNUAL STATEWIDE TOTAL CLAIMS	UNATTACHED CLAIMS (ESTIMATED 55%)	EXPECTED DECREASE	TOTAL SAVINGS
\$426,037,000	\$234,320,350	10%	\$ 23,432,035
<u>ORIGINAL NO. OF FIRST PAYMENTS</u>	<u>NEW NO. OF FIRST PAYMENTS</u>	<u>DECREASE IN FIRST PAYMENTS</u>	
142,505	128,255	14,251	

CLAIMANTS SEARCHING HARDER

UNATTACHED CLAIMS (ESTIMATED 55%)	UNATTACHED CLAIMS REMAINING	EXPECTED DECREASE	
\$234,320,350	\$210,888,315	10%	\$ 21,088,832
<u>CURRENT DURATION (IN WEEKS)</u>	<u>NEW DURATION (IN WEEKS)</u>	<u>DECREASE IN DURATION (IN DAYS)</u>	
14.6 (3 mos, 11 days)	13.1 (3 mos, 1 day)	10.2	
TOTAL \$ SAVED			\$ 44,520,867

ASSUMPTIONS

Total Claims (1999 Actual)	\$ 426,037,000
% of Claims Unattached	55%
Average UI Duration (1999)	14.6

APPENDIX C Chart 2

5% IMPACT

FEWER PEOPLE CLAIMING

ANNUAL STATEWIDE TOTAL CLAIMS	UNATTACHED CLAIMS (ESTIMATED 55%)	EXPECTED DECREASE	TOTAL SAVINGS
\$426,037,000	\$234,320,350	5%	\$ 11,716,018
<u>ORIGINAL NO. OF FIRST PAYMENTS</u>	<u>NEW NO. OF FIRST PAYMENTS</u>	<u>DECREASE IN FIRST PAYMENTS</u>	
142,505	135,380	7,125	

CLAIMANTS SEARCHING HARDER

UNATTACHED CLAIMS (ESTIMATED 55%)	UNATTACHED CLAIMS REMAINING	EXPECTED DECREASE	
\$234,320,350	\$222,604,333	5%	\$ 11,130,217
<u>CURRENT DURATION (IN WEEKS)</u>	<u>NEW DURATION (IN WEEKS)</u>	<u>DECREASE IN DURATION (IN DAYS)</u>	
14.6 (3 mos, 11 days)	13.9 (3 mos, 6 days)	5.1	
TOTAL \$ SAVED			\$ 22,846,234

ASSUMPTIONS

Total Claims (1999 Actual)	\$ 426,037,000
% of Claims Unattached	55%
Average UI Duration (1999)	14.6

APPENDIX C Chart 3

2% IMPACT

FEWER PEOPLE CLAIMING

ANNUAL STATEWIDE TOTAL CLAIMS	UNATTACHED CLAIMS (ESTIMATED 55%)	EXPECTED DECREASE	TOTAL <u>SAVINGS</u>
\$426,037,000	\$234,320,350	2%	\$ 4,686,407
<u>ORIGINAL NO. OF FIRST PAYMENTS</u>	<u>NEW NO. OF FIRST PAYMENTS</u>	<u>DECREASE IN FIRST PAYMENTS</u>	
142,505	139,655	2,850	

CLAIMANTS SEARCHING HARDER

UNATTACHED CLAIMS (ESTIMATED 55%)	UNATTACHED CLAIMS REMAINING	EXPECTED DECREASE	TOTAL <u>SAVINGS</u>
\$234,320,350	\$229,633,943	2%	\$ 4,592,679
<u>CURRENT DURATION (IN WEEKS)</u>	<u>NEW DURATION (IN WEEKS)</u>	<u>DECREASE IN DURATION (IN DAYS)</u>	
14.6 (3 mos, 11 days)	14.3 (3 mos, 9 days)	2.0	
TOTAL \$ SAVED			\$ 9,279,086

ASSUMPTIONS

Total Claims (1999 Actual)	\$ 426,037,000
% of Claims Unattached	55%
Average UI Duration (1999)	14.6

APPENDIX C Chart 4

1% IMPACT

FEWER PEOPLE CLAIMING

ANNUAL STATEWIDE TOTAL CLAIMS	UNATTACHED CLAIMS (ESTIMATED 55%)	EXPECTED DECREASE	TOTAL <u>SAVINGS</u>
\$426,037,000	\$234,320,350	1%	\$ 2,343,204
<u>ORIGINAL NO. OF FIRST PAYMENTS</u>	<u>NEW NO. OF FIRST PAYMENTS</u>	<u>DECREASE IN FIRST PAYMENTS</u>	
142,505	141,080	1,425	

CLAIMANTS SEARCHING HARDER

UNATTACHED CLAIMS (ESTIMATED 55%)	UNATTACHED CLAIMS REMAINING	EXPECTED DECREASE	TOTAL <u>SAVINGS</u>
\$234,320,350	\$231,977,147	1%	\$ 2,319,771
<u>CURRENT DURATION (IN WEEKS)</u>	<u>NEW DURATION (IN WEEKS)</u>	<u>DECREASE IN DURATION (IN DAYS)</u>	
14.6 (3 mos, 11 days)	14.5 (3 mos, 10 days)	1.0	
TOTAL \$ SAVED			\$ 4,662,975

ASSUMPTIONS

Total Claims (1999 Actual)	\$ 426,037,000
% of Claims Unattached	55%
Average UI Duration (1999)	14.6