

UTAH'S REEMPLOYMENT INNOVATIONS

**SPEEDING LAID-OFF WORKERS
BACK TO WORK**

A SEVEN YEAR LOOK BACK

January 30, 2017

American Institute for Full Employment
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Executive Summary

The State of Utah has a long history of promoting work in its public workforce programs. In 2009, the Utah Department of Workforce Services (DWS) began a study and a revamp of reemployment strategies in its Unemployment Insurance (UI) program.

In the following years, DWS developed an integrated set of work-focused best practices from early, universal and verifiable job search requirements to targeted and individualized outreach to a wage subsidy program for those who are unable to return to work through other reemployment interventions. Utah's reemployment efforts garnered national awards and requests to testify before Congress and to lead discussions in national workforce agency association leadership presentations.

Utah's reforms also empowered its UI claimants to improve their job search skills, their confidence and their engagement in the work of landing a new job. This naturally led to savings to the state's UI trust fund, helped maintain lower employer UI tax rates and helped claimants receive the many rewards of productive work.

Background

Shortly after the Great Recession began in 2008, the number of Utah UI claimants increased three-fold in less than 12 months. Like other states, Utah was scrambling just to pay benefits in a timely manner to the large influx of new claimants. Fortunately, Utah had previously put in place a high quality UI and Employment Services (ES) information technology system that provided the state with greater flexibility and options for developing a more automated approach to reemployment.

However, DWS discovered that while it had been focused over many years on the value of work and on promoting employment through its UI and workforce programs,

- It did not have the resources to effectively engage the large influx of new claimants
- Claimants were not prepared to become re-employed
- The state's systems were not aligned to provide effective integrated reemployment services

Beginning in 2009, DWS began expanding its reemployment efforts through a series of initiatives. It decided to revamp its work-focused best practices in its UI program and focused on the following core goals:

- 1. Early Engagement in Work Search.** DWS felt that early engagement of UI claimants is critical to effective reemployment and is a “win-win,” helping claimants learn the life skill of effective job search, getting claimants back to work sooner and helping employers who are ultimately funding the UI system.
- 2. Integration of Programs.** DWS leaders believed that providing reemployment support for UI claimants should be an integrated service delivery effort by UI, Wagner Peyser and Workforce Innovation and Opportunity Act (WIOA) in partnership with public and private entities.
- 3. Process Improvements.** The state agency set out to build a culture of continual process improvements that focus on cost-effective service delivery, provide maximum value to claimants and employers and that are supported by data-driven outcomes.

Assessment of Reemployment Programs

To develop its goals, DWS conducted several iterative in-depth reviews of its programs and impacts from 2009 to 2011. In 2009, the department began its assessment and increased the use of its worker profiling reemployment services (WPRS) from 3% to roughly 17% of claimants, leveraging an online orientation, assessment and referral system. It mailed claimants resource guides, instituted a UI help desk in its Job Centers and updated its job matching system. It also connected labor market information into the system to enable it to introduce potential job openings to claimants during their online weekly UI certification process. Finally, it implemented a statewide wage subsidy program to give employers the opportunity to employ 2,500 UI claimants who earned less than \$15 per hour in their previous job.

In 2010, DWS hired the American Institute for Full Employment to conduct a best practices review of its work search policies and operations. It discovered the opportunity to improve its work search requirements, measures, REA reemployment services follow-up design, marketing and staff and claimant communications.

And in 2011, DWS hired NextJob, Inc. to assess its engagement and online/self-service opportunities. Working with the NextJob system, DWS made three significant discoveries that had important implications:

- First, the Department performed a control group study and surveyed 505 UI claimants participating in Utah's Reemployment and Eligibility Assistance (REA) program and found that claimants rated their job search skills at a D+ average. Through online workshops alone, DWS saw job search skills climb approximately two grades to a B+. It not only concluded that claimants have a significant job search skill gap, but also that DWS could close the gap with scalable, low-cost online learning and skills training.
- Second, DWS implemented an online work search requirement involving job search skills enhancement that averaged less than one hour of commitment per week for a two-week period. In the initial rollout, 31.5 percent of claimants refused to participate. Once claimant benefits were suspended for noncompliance, 25 percent of the state's claimants complied and became re-engaged in work search, leaving just six and a half percent continuing in noncompliance. This demonstrated that approximately one in four of the state's claimants were not initially engaged, but could easily become reengaged in meaningful activities through the latest in online learning.
- Third, DWS found that claimants who were required to use the state's online job search skills system voluntarily completed over 30 percent more modules than they were required to. This indicated the claimants not only were willing to reengage and improve their job search skills, but that they also appeared to value their required training and work search activities.

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Policy Changes in Work Search Requirements

Based on its analysis in 2009 through 2012, DWS made a handful of policy changes in work search requirements.

- **Online Filing.** In August 2012, Utah converted its systems to require that all UI claimants file their weekly claim online, which included documenting their four weekly job contacts. The state had a positive outcome with 99 percent compliance by the second week of implementation. This level of compliance has continued to date.

- **Work Registration.** In Utah, UI claimants are required to register for work with the department's online job board within 10 business days of their initial claim to qualify for benefits.
- **Employer Contacts.** In February 2011, Utah doubled the minimum work search requirement to four job contacts per week, which can take less than two hours per week.
- **Responsive Suitability.** Utah, like other states, found it is often difficult for claimants to obtain a new job at the same or a better rate of pay than they were receiving in their last job. In 2012, Utah updated its policy to better reflect more realistic current economic trends and establish a clear message to claimants that, the longer claimants are receiving benefits, the more they have to broaden their threshold of what represents an acceptable job offer and rate of pay.

For example, after a claimant has received 50 percent of their maximum benefit amount, any work paying a wage that is at least 75 percent of the customary wage earned during the claimant's base period is considered suitable. Utah found a more prescriptive suitable work law is more clear to the claimant and allows UI and ES to apply it more consistently.

- **Other In-Person Requirements.** The state also added, as a condition of benefit eligibility, a requirement that claimants engage in workshops, eligibility reviews, reemployment counseling and other activities.

Utah's Triaged Reemployment Strategy

In concert with its policy changes, the state designed a "triaged," three-tiered approach to engage and equip claimants for reemployment success.

1. Tier One: Self-Service Online. The first tier involved integrated online interfaces, assessments, learning and tools. DWS determined that job seekers are more motivated in early weeks of unemployment, so it focused on equipping and engaging them immediately. Because it provided as much online self-service help as was reasonably possible before engaging claimants with staff-assisted reemployment services, this approach was far more cost-effective.

- Enhanced Job Registration System:** Federal stimulus funding received by the state was devoted to integrating Utah's current job-match system with its UI benefits system.

The integrated systems began gathering more accurate and complete data from job claimants and eliminating redundant data collection. New AutoCoder software began assigning O*NET codes (standardized occupational descriptions) to job seekers and employer job orders, and these assigned O*NET codes were transferred to Labor Market Information (LMI). LMI provides information to claimants on their personalized "My UI Account" web page and is seamlessly integrated into their weekly online filing process, providing relevant job openings for which they are qualified. Claimants are also sent daily emails directing them to suitable job openings.

- b. Online Overview and Evaluation Workshops.** Effective July 2012, all non-deferred UI claimants were required to take an online overview and evaluation as part of their work registration requirement, which was seamlessly integrated into the online initial claims process. The overview provided a brief introduction to DWS reemployment services and highlighted links to training and educational opportunities, supportive services and job opportunities. The claimant was then guided to an evaluation that asked 24 straightforward questions designed to identify their need for basic reemployment skills.

Providing in-person workshops to all UI claimants would have overwhelmed employment centers; the department had neither the space nor the staffing to reach out to all new UI customers at the same time.

Depending on claimants' answers to the questions, they were required to take up to five online reemployment workshops. Results of the online evaluation also

populated the state's employment services system, UWORKS, for employment counselors to view in order to assess additional tools or resources the job seeker may need. To avoid a claim denial, claimants had to complete workshops addressing their job search skills gaps within 10 business days, unless the claimant could demonstrate good cause for their failure to do so.

The need for developing online reemployment workshops became immediately apparent. DWS felt that providing in-person workshops to all UI claimants would overwhelm employment centers; the department had neither the space nor the staffing to reach out to all new UI customers at the same time. The department had developed staff-assisted workshops a few years earlier that were showing promising outcomes by reducing the average duration of UI claimants who participated. However, the majority of the claimants never participated or did so just before they exhausted their benefits. Online workshops allowed the department to assign them much earlier in a claim and to track compliance electronically in real time.

Utah's online workshop outcomes continued to be strong:

- Claimants also appear to still find value in the workshops. In the initial study, they voluntarily completed 36% percent more online workshops than required and in fiscal year 2016, claimants completed 30.4% more than required.
- In the initial study, 25.1 percent of claimants initially failed to complete their assignment but re-engaged after claim suspension and completed their job search training, leaving just 6.5 percent of claimants dropping their claims. In 2013, only 8.2 percent failed to complete their assignments. This "drop out" rate improved the integrity of the program by stopping claims for those unwilling to complete their work search activity. In 2012 this "work search integrity" impact, had a larger dollar impact than all of the state's other integrity efforts combined.

The online workshop approach has proven to be a cost-effective service delivery option that is sustainable and provides significant savings to the state's UI trust fund.

2. Tier Two: Staff-Assisted, In Person. Utah's second tier of reemployment services involves staff-assisted services.

- a. **Enhanced Integration of Employment Services with UI.** Utah developed a Reemployment Support Services (RSS) system that allows employment center staff to select eligible UI claimants to engage in workshops, employment counseling, job fairs and other reemployment activities, provided the claimant remains unemployed 30 days after completion of their online workshops. While nothing prevents a claimant from seeking staff-assisted services at any point in their claim, the state's objective was to maximize the potential benefits of the self-service option first and then follow up with the more intensive services.

DWS's automated system facilitates written notification to claimants of their selection for reemployment workshops, tracking systems and a feedback loop to the UI adjudication team if a claimant fails to participate. The system allows employment centers to engage active UI customers who are also receiving assistance from one or more other DWS public assistance programs.

The DWS system has produced strong impacts: 40.1 percent of the claimants who followed through with the required activities were hired versus only 34 percent for claimants who did not complete the activities—a 17.9 percent increase in hire rates.

Veterans. Utah's UI and ES divisions also partnered to conduct targeted and individualized outreach to UI claimants who self-identify as veterans. This connects UI claimants with resources available through local employment centers, including close ties to the Utah Department of Veterans and Military Affairs. This strong partnership between multiple agencies collaborating to serve veterans has led to Utah improving the unemployment rate for veterans from 4.9 percent in 2014 to 2.6 percent in 2015,¹ ranking fifth in the nation that year.

- b. **In-Person Reviews - Reemployment Eligibility Assessment (REA).** Utah's REA combined: (1) in-person UI eligibility reviews, (2) labor market information, (3) development of an individual reemployment plan and (4) referral to reemployment services or training. The first Utah REA claimants were selected on September 6, 2010. Claimants were selected using a profiling model that utilizes statistical data to identify claimants who are most likely to exhaust their benefits.

Utah has continued to refine its REA approach over the last five years. To increase the rate of individuals attending their set appointment, REA workers send reminder emails or call claimants. The appointments are set by REA workers and are enforced by benefit denial. REA staff review each individual's reported work search efforts in advance of their appointment to help ensure their meeting time is focused and meaningful for the claimant.

In October 2015, DWS added the use of follow-up appointments for individuals who have received benefits for at least three months. Whenever possible, the follow-up is conducted by the same counselor who completed the initial appointment. This is an opportunity to have a frank conversation with job seekers regarding their initial reemployment plan, adjustment of expectations in seeking new work and a re-evaluation of available resources.

¹ <http://www.jobs.utah.gov/edo/press/2016/032516.html>

These REA activities enhanced claimant reemployment preparation and possibly motivation as well. Similar to recent research conducted by IMPAQ International in 2011, Utah found evidence that its REA program is effective in reducing UI duration and generating savings to the UI trust fund. From the start of the program in the third quarter of 2009 through December 2015 Utah saw the following results:

- Individuals selected to participate in the REA program drew an estimated \$10.9 million less in regular state UI benefits than a similar control group. The program also drove significant additional savings to the Emergency Unemployment Compensation federal trust account.
- After deducting the \$5.1 million in administrative costs, the program generated an estimated \$5.8 million net positive return.
- 10.5 percent fewer claimants exhausted their benefits than the control group.
- Claimants experienced 4.0 percent fewer weeks compensated.
- Claimants experienced 69.2 percent more disqualifications.
- Claimants experienced a 5.0 percent increase in reemployment.
- Claimants were reemployed 1.1 weeks faster.
- As of January 27, 2017, 21 percent of claimants selected to participate in the REA program in During CY 2016 are no longer collecting UI benefits because they failed to participate within 10 days of being selected.

Based on the success of the REA program, Utah implemented the Reemployment Services and Eligibility Assessment (RESEA) program in July 2015, expanding the program to operate statewide. The RESEA program has effectively replaced the Worker Profiling and Reemployment Services program and negated Utah's need to continue with a control group.

3. Tier Three: Utah's Wage Subsidy Program

In addition to its online engagement and in-person reemployment services, Utah also experimented with a third tier strategy: hiring incentives to help avoid long term unemployment. As is the case with most states, more than a quarter of Utah UI claimants were still exhausting all of their benefits without landing a job. To address this, DWS implemented the Utah Back to Work program in July 2011. The program offered eligible employers incentives to hire current UI claimants and give them a chance in a new job.

The program provided employers a \$2,000 incentive to hire a UI claimant—\$500 at the time of hire and another \$1,500 if the employer retained the worker for 90 days. The program allowed those UI claimants who were not able to land a job through less intensive reemployment strategies an opportunity to gain a job and avoid exhausting their claims and falling into long term unemployment.

The program was intended to save more to the state's UI trust fund than the cost of the program, something achieved by a similar program in Texas.

Unfortunately, Utah's administrative costs were too high due to the hiring of new staff to implement the program. (To achieve its strong savings, Texas had integrated its program administration functions into the duties of existing Job Center staff at a much lower cost.) Utah's Back to Work program was

funded by special federal funding and was discontinued in March 2012 when its funding was exhausted.

Utah's Continued Innovation – Network-Based Job Search

Utah continues to identify innovative ways of engaging claimants and facilitating reemployment. The state is currently involved in a behavioral economics pilot evaluating the effectiveness of empowering an individual to take control of their own work search efforts by drafting a reemployment plan in lieu of reporting job contacts. The state is also partnering with private industry to develop a pilot that will evaluate the effectiveness of a network-based job search and it has started to work with LinkedIn.

Summary of Utah's Learnings

During the most significant changes Utah made in its reemployment strategies (Q4 2009 to Q4 2013), its average UI claim duration dropped 18% from 16.4 weeks to 13.4 weeks to become the 6th lowest state in the nation, despite having a fairly high wage replacement rate.

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Utah concluded that the following strategies enabled it to make such a dramatic change in the nature of its programs and reemployment impacts.

- **Engage Clients Earlier.** Virtually all data suggests that the earlier in a claim that a state actively engages UI claimants in reemployment activities, the sooner the claimant returns to the workforce.
- **Establish and Enforce Clear, Meaningful Expectations.** This is a priority and requires a full-time commitment. Claimants need to be held accountable when directed to reemployment activities and understand that there are consequences if they choose not to participate.
- **Integrate a Triaged Approach.** Provide UI claimants an integrated approach, maximizing the latest in effective online learning and other technology to help ensure claimants are fully engaged in all employment opportunities. An integrated, automated approach is the most cost-effective and feasible opportunity to initially engage the total claimant population, saving enough time for employment services staff to focus on claimants with multiple barriers, who most need the state's help.
- **Leverage Quality IT.** Provide high-quality information technology system to support the reemployment mission; this is mandatory, not optional.
- **Follow Up in Timely Manner.** Provide claimants timely follow-up—preferably electronically—throughout the life of their claim to ensure they continue to be actively engaged in returning to the workforce.
- **Expect Claimant Cooperation.** Recognize that some claimants aren't committed to getting back to work, but that if the state encourages all claimants with meaningful tools and support, the vast majority will become engaged and improve their job readiness. Sometimes through sheer persistence, claimants will become more engaged in their own success, close their job search skills gap and achieve much better employment outcomes.

Conclusion

A close partnership between the Utah UI and Workforce Development Divisions allows for flexible and innovative methods of engagement. Employers benefit from having access to the skills and experience of individuals when they quickly re-enter the workforce after a period of unemployment.

The state's purposeful focus on reemployment of UI claimants led to better results for its claimants and its employers. As of September 2016, Utah was ranked the eighth lowest state in the nation for UI duration at an average of 12.4 weeks (fourth when compared to states with a similar maximum number of weeks available).

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For that reason, the Institute will help everyone who has the ability and desire to work to engage in productive employment and realize its many benefits. This is our definition of Full Employment.

We will work toward Full Employment by researching, developing, publicizing, and helping businesses, governments and nonprofit organizations promote work and implement work-focused best practices.

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Our team consists of former state agency executives who have been in workforce, unemployment and welfare programs for decades. We have worked on policy design and implementation in more than 25 states, from Utah to South Carolina and from Texas to Wisconsin.

The Institute conducts leading research, studies best practices, and develops practical solutions in the areas of unemployment insurance, workforce development, retirement income, and public assistance. The Institute assists states with policy and program design and implementation.

The Institute also publishes opportunity reports that provide a vital source of information for state and local officials who want to know how their workforce and public assistance programs compare to those in other areas and what they can do to improve. The Institute was founded in 1994 and is based in Southern Oregon.