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*** FEBRUARY 10, 2011 AT 2:00 P.M. *****

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SUBCOMMITTEE ON HUMAN RESOURCES
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**UTAH DEPARTMENT OF WORKFORCE SERVICES RE-EMPLOYMENT
STRATEGIES FOR HELPING UNEMPLOYMENT INSURANCE CLAIMANTS
RETURN TO WORK**

Principle

Effective re-employment of Unemployment Insurance (UI) claimants is fundamental to maintaining the economic well-being of individuals, the state, and the nation. Providing re-employment support for UI claimants should be an integrated UI, Wagner-Peyser, and WIA service delivery effort in partnership with public and private entities.

DWS One-Stop Programs and Services

Utah's one-stop employment centers provide a comprehensive array of services, including job placement, job development, assessment, and job training. DWS also provides UI to unemployed workers and supportive services for working families in poverty, people with disabilities, and the elderly. The result is a seamless service delivery system to enhance access to programs and services, which improves economic opportunities for DWS customers.

Utah's Current Economic Situation

- While Utah began the recession with one of the lowest total unemployment rates in the country, the rate has steadily risen to 7.5%; however, Utah's UI rate still ranks in the lower third of the country.
- Utah's economy has expanded 3.5% annually over the past five years – faster than any other state except North Dakota. This is three-and-a-half times faster than the United States as a whole.
- Total employment in the United States has shrunk over the past five years; however, Utah's employment has increased 1.5% annually – the fourth best in the nation.
- Utah household incomes have surged 5% annually – the top in the country and twice as fast as the national average.
- U. S. News has compiled a list of the 10 cities where job-seekers would have the best luck finding a job. Rankings are based on the combination of low unemployment rates

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and an abundance of job openings, relative to the number of job-seekers. The U. S. News ranking lists Salt Lake City as number 2, with Washington, D.C. ranked as number 1.

Key Strategies

Utah is focusing on four critical strategies for providing pathways for re-employment:

- 1) **Providing Meaningful UI Claimant Requirements:** UI claimants must be provided with meaningful expectations that focus claimants on returning to the workforce as their top priority.
 - In Utah, UI claimants are required to register for work with the department's online job board within five business days of their initial claim or they are denied benefits.
 - Starting in February this year, Utah has doubled the minimum work search requirements to four job contacts per week. Returning to work should be a full-time job. Not all states require this type of activity.
 - Utah's UI Worker Profiling and Re-employment Services (WPRS) involvement has increased 500% to over 500 claimants per week. This process requires a mandatory online UI eligibility review and an online orientation and self-assessment for those claimants profiled to most likely exhaust benefits.
 - Current data suggests higher exhaustion rates among veterans, older workers (55-64), those who have less than high school completion, and those with higher wage replacement rates (weekly benefits divided by weekly base period earnings).
 - Data on the current recession also indicates that the duration and exhaustion rates of UI have remained much higher than previous recessions, highlighting the importance of providing meaningful resources and programs to claimants throughout the life of their claim.
 - The department is currently looking into optional online workshops as a cost effective alternative to traditional staff assisted workshops.
 - DWS has also worked with employers to identify occupations in which employment opportunities exist and for which a pool of occupationally qualified UI claimants is available. An example of this focused re-employment effort is bringing trucking companies together with UI claimants who are trained truck drivers. Suitable claimants are selected and invited to participate in these targeted job fairs. Claimants who receive the job fair notification and fail to participate are found no longer eligible for UI benefits.
 - Utah has initiated several pilot projects, including mandatory workshop attendance, to facilitate job preparation activities. Preliminary feedback from claimants is very positive. Current workshop data shows:
 - 51 percent of UI claimants who were required to attend, did attend

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- 13 percent went back to work
- 16 percent were deferred due to a seasonal layoff
- 20 percent who did not attend a workshop had their UI claim terminated

2) Providing Employer Incentives: Effective targeted employer incentives are critical to not only incentivizing employers to hire new workers, but also to retain existing work from potentially being outsourced.

- DWS has implemented a “Back to Work” initiative to provide Utah employers with an opportunity to re-employ up to 2,500 UI claimants and receive a wage subsidy of up to \$2,000 per participant for each employee hired.
 - ARRA TANF Contingency funds and TANF funds have been used to cover this temporary subsidy, and UI Reed Act funds are being used for the administrative costs.
 - Approximately 1,000 UI claimants and youth are currently enrolled.
- DWS has reinvested UI penalty and interest funds to assist companies with their training of new and incumbent workers.
 - The training curricula may be delivered in-house or hosted by an external education institution to support both existing and new companies in Utah. Funding is conditional on documented outcomes.
 - The projects that have been approved so far are expected to help bring 1,720 new jobs to Utah, over \$1 billion in new and retained state wages, \$69.4 million in new state revenue, and over \$100 million in capital investment to the state.
- DWS has reinvested the remaining penalty and interest funds to provide incentives to support local employers with workforce development. Generally, there must be an equal financial commitment on the part of the employer.
 - The approved projects are expected to support the UI trust fund because people become re-employed more quickly. During the first few months of this new initiative, nearly 400 jobs were created or retained.
 - Rural areas could see \$5 million in direct and countable investments. The additional pending projects, if approved and implemented, could help bring another 710 new jobs to Utah which could result in \$27 million in wages over the next 20 years. The average cost for creating or retaining a job is approximately \$600 – a significant return on investment.

3) Increasing Program and Funding Integration

- Using a \$1.3 million federal Re-employment and Eligibility Assessment (REA) grant, DWS has implemented an REA program. This program focuses on providing re-employment support to 10,000 claimants who are most likely to exhaust their UI benefits. The REA program is similar to the current Worker Profiling system, with the addition of a mandatory staff assisted interview to

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provide counseling, more in-depth assessments, and the development of a work plan.

- The grant provides for collecting data on a similar “control group” of claimants to measure what impact this early intervention has on the long-term duration of a claimant’s collecting benefits.
- Initial data outcomes will be available this summer. However, preliminary results indicate that approximately 25% of the claimants fail to attend their appointment with their employment counselor and are thus denied future benefits.
 - About \$440,000 of ARRA Stimulus funding was devoted to integrating our current job match system with our UI benefits system. Investing in ongoing automated technology tools is critical to the ongoing future employment needs of employers and claimants – long after staff assisted funding is no longer available.
 - The integrated systems gather more accurate and complete data from job seekers (UI claimants) and eliminate redundant data collection.
 - New AutoCoder software assigns ONET codes to job seekers and employer job orders, and these assigned ONET codes are transferred to our labor market information (LMI) team. The LMI team provides individually relevant job market information to claimants on their personalized My UI Account web page.
- DWS has effectively used ARRA Re-employment Services and Wagner-Peyser funding to increase staffing for Employee Connection Teams in Utah’s Employment Centers, thereby providing more one-on-one re-employment assistance to UI claimants.

4) Supporting Increased Flexibility of Resources: Separate federal funding sources and associated program boundaries can present obstacles to integrated service delivery. Federal law and Department of Labor regulations place clear limitations on how UI, Wagner-Peyser, and WIA funds can be spent. While the intent of the limitations is to ensure effective and appropriate program administration, the effect can be to make cross-program integration difficult.

- WIA Title I funds may not be spent on employment generating activities, economic development, and other activities, unless they are directly related to training for eligible individuals. Providing less restrictive regulations for WIA statewide activity funds could provide greater flexibility in getting individuals re-employed. Other program issues to consider include:
 - More flexibility in moving customer training funds between Youth and Adult/Dislocated Worker programs to facilitate re-allocating funds where there is the most need.
 - Real-time access to federal data about customers. This could reduce administrative costs, support a more streamlined process for the customer, and ensure more accurate delivery of services. For example, access to

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Social Security information (SSN verification and benefit payments) is available to states for public assistance programs such as TANF, SNAP, and Medicaid. However, it is not currently available to support other programs such as WIA and WOTC.

- Expanding the scope of the UI program to achieve claimant re-employment would be an efficient use of funds and would help claimants become re-employed as quickly as possible.
 - Although state workforce agencies across the nation are organized differently, each has an established relationship with UI claimants. This relationship is founded on the administrative principles of accountability and enforceability. Allowing UI to broaden its involvement into supporting claimant re-employment is a natural extension to its existing role of assuring UI claimants are actively seeking work.
 - Section 303(a)(8), SSA, provides that, as a condition of receiving a Title III grant, the state may expend its Title III grant “solely... for the proper and efficient administration” of the state’s unemployment compensation law.
 - Broadening the definition of the “proper and efficient administration” of UI would help support the goal of cross-program integration among UI, Wagner-Peyser, and WIA and provide program administrators greater flexibility and resources to accomplish effective re-employment initiatives.
 - It would not be our intent to allow a state that is struggling to maintain its core UI operational responsibilities to inappropriately divert UI administrative grant funds to expanded activities and further erode their UI program. However, perhaps some flexibility could be granted through law, rule, or administrative policy changes or through a waiver process. This could take into account some minimum UI performance levels to allow using funds that directly benefit UI claimant re-employment. For example, the “Utah Back to Work” wage subsidy program referred to earlier required extensive marketing to claimants and employers. Even though the program was established to help claimants become re-employed earlier and help safeguard the UI trust fund, UI administrative grant funds could not be used to notify claimants about the program.
 - WIA, TANF, and SNAP programs offer waivers and more flexibility. If unemployment is one of our largest issues, why not give states more flexible options to help re-employ job seekers?
- DOL has recently shown good leadership with its focus on re-employment, its wage subsidy grants, and state consortium initiatives. It is time to connect benefits and employment into a seamless service delivery strategy without creating funding barriers.
- Utah has implemented multiple initiatives to help UI claimants become re-employed sooner. A few of these initiatives have been recognized at the national

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level. The U. S. Department of Labor awarded DWS the 2010 UI Innovation Award for our electronic correspondence system and the American Institute of Full Employment awarded DWS the 2010 Best Practices Award for our on-line worker profiling re-employment service program. These initiatives have helped Utah enjoy one of the lowest average UI duration rates in the country – 16.6 weeks, despite having a fairly high wage replacement rate. While we have made significant progress, our goal is to continually strive to improve services for employers and job seekers.

Summary of Recommendations

- Establish clear expectations for claimants that re-employment is a priority and requires a full-time commitment.
- Provide employers with wage, training, and tax incentives that provide economic benefits for employers to expand or retain their workforce.
- Increase program and funding integration that supports effective meshing of UI claimants with employers' workforce needs. Expansion of the Worker Profiling and Re-employment Services and REA grants are good examples of integrated funding between UI claimants and re-employment services.
- Increase flexibility of resources to make cross-program integration more efficient without creating funding barriers or jeopardizing program accountability.