

Worker Profiling and Reemployment Services aid return to work for unemployed workers

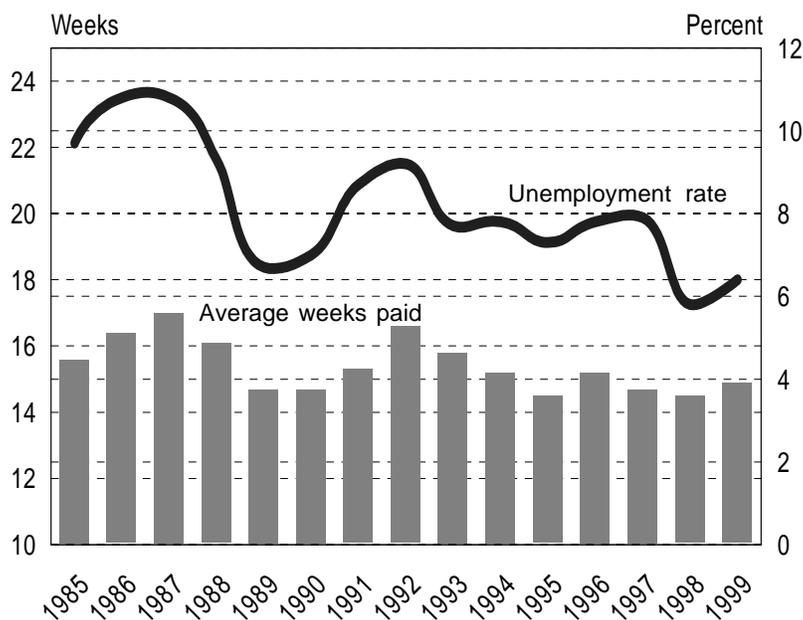
Profilng, the depiction of the significant features of a person or group, is a common practice. Community profiling provides information about a particular community's interests and needs, such as the types of books to include in the library, whether or not a swimming pool would be a better choice than a museum, and even the type of city government. Hiring is done on the basis of a form of profiling. The way a person looks, acts, and responds to questions determines whether or not employment at a given company is in their future.

The federal government mandates the profiling of unemployment insurance (UI) claimants for all of the states. Profiling, in this instance, is the identification of characteristics of those unemployment recipients who are most likely to exhaust their benefits. Historical patterns of exhaustion by claimants in the state are examined to identify common traits.

Once identified, claimants fitting the profile receive services to aid them in their search for new employment, with the following objectives:

1. Accelerate worker's return to work,
2. Spend UI Trust Fund resources efficiently, and
3. Recoup the cost of program services through reduced UI exhaustion rates.

1 Average Number of Weeks Paid Compared to statewide unemployment rate



Source: Department of Labor and Workforce Development, Research and Analysis Section

Birth of Worker Profiling and Reemployment Services

Unemployment Insurance is the system set up by the federal government in the 1930s to financially assist those who find themselves out of work through no fault of their own. Its purpose is to provide some economic stability both to the affected individuals while they are seeking reemployment and to their local communities.

In the fall of 1993, the Social Security Act was amended to require states to implement a system of client profiling in the Unemployment Insurance program. In response to the legislation, states

implemented Worker Profiling and Reemployment Services (WPRS) systems.

The federal mandate requires only that states utilize the WPRS system for claimants who have been laid off from their jobs. The State of Alaska, however, wanted the ability to serve more clients, so Alaska chose to include in WPRS claimants who voluntarily quit or were discharged.

The development, implementation, and administration of profiling and reemployment services involve the collaboration of multiple state agencies. In fact, the state is using federal grant funds to enhance the relationship between partner agencies (UI, Employment Services, and training programs).

Improvements expected from the grant are:

1. Better computer systems linkages
2. Establish comprehensive procedures
3. Enhance working relationships with partner agencies

Exhibit 1 seems to support the view that the program is working. The average number of weeks claimants collected unemployment is reduced from previous years. However, the fact that the average unemployment rate is also lower than in previous years may have contributed to the reduction in payments to claimants.

Program success is important to continued operation of WPRS. However, measuring program success is problematic, since many other services are available to claimants, and outside influences such as current economic conditions play a large role in the claimant rate of exhaustion. Current goals of the program are:

1. Increase the number of clients served through WPRS,
2. Decrease the time between layoff and enrollment into training programs, and

3. Increase the number of clients who return to work.

Model workings

Instead of providing reemployment services to clients on a first-come first-served basis, the profiling system targets those individuals who are most likely to be unemployed long term, and therefore, most likely to need assistance. The model estimates the probability of exhausting UI benefit claims based on claimants' characteristics and economic variables. In the past, as many as eight separate equations were used to estimate exhaustion probabilities. The current model has been simplified to one equation. The process has two stages, and the first is to screen for some simple characteristics.

Claimants must:

1. Reside in the state of Alaska. At this time no system is in place to provide services for interstate claimants, though there is ongoing discussion about providing interstate services in the future.

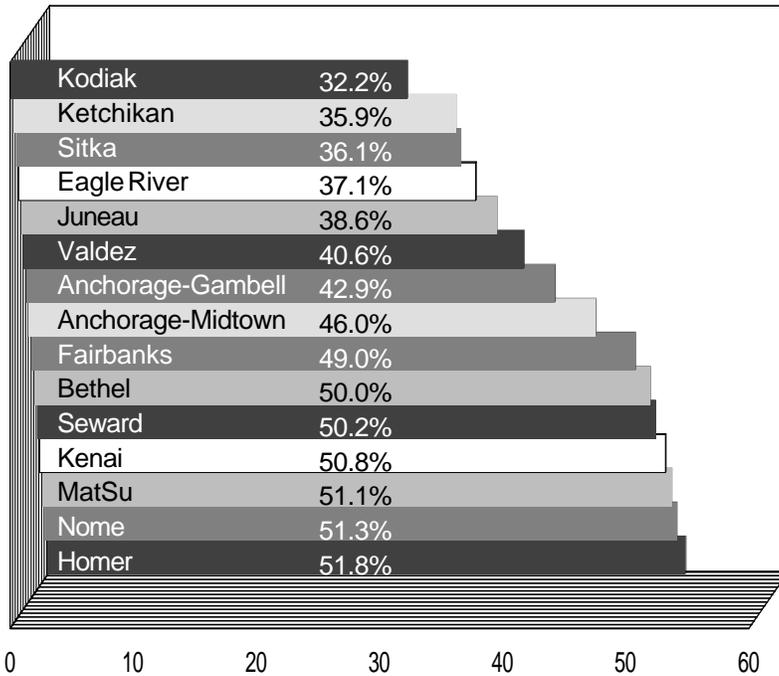
2. Reside in areas where reemployment services are available. Not all job centers have the resources to offer WPRS services. In rural areas, claimants register for unemployment services by telephone through call centers.

3. Not be seasonal workers, job attached, or affiliated with a union hall. Seasonal or on-call clients are likely to return to work without assistance, and clients affiliated with union halls obtain employment services from their union.

The second stage of the identification process examines the remaining candidates for probability of exhausting their benefits. This probability is derived from an individual's personal characteristics and regional economic factors. The methodology used cannot include

2 Exhaust Rates, 1993-1999

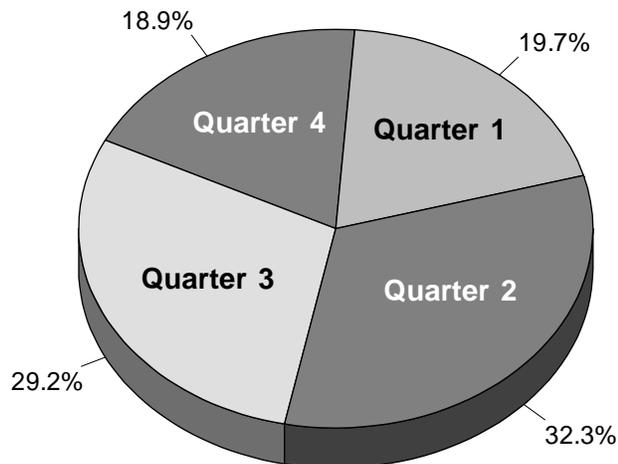
For selected UI claims offices



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 New Hires

1/1/93—1/30/99



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

variables considered discriminatory in nature. For instance, age and ethnicity are excluded from the equation. However, other variables such as number of dependents, industry of occupation, and geographic region lend explanatory value to the likelihood of exhaustion.

Regular variables and categorical variables are the two types of variables used in the model equation. Regular variables are obtained using mathematical equations (i.e. dividing, multiplying, taking the natural log of a number, etc.). They are quantitative in nature and have numerically measurable attributes. Categorical variables are indicator variables that measure qualitative factors such as education status, season, or claim duration.

Alaska's current model has eleven variables. The weighted sum of these variables is input to the logistic regression equation and results in a value from 0 to 1. Clients with a value closer to one are more likely to exhaust their benefits. Clients with a value closer to zero are less likely to exhaust their benefits. After input of data particular to a UI claim, claimants are ranked from most likely to least likely to exhaust benefits. Their names are entered into a selection pool by the Job Center. Selected clients are notified they must attend orientation for reemployment services, and are assigned a reemployment representative. Participation is mandatory unless clients have already completed services, are already attending similar services, or are excused for "justifiable cause." Resources available at a given Job Center office determine the number of clients from the pool who will actually receive services.

This article will discuss only a few of the variables. The first is the exhaust rate by area. Exhaust rate measures the historical rate of claimant exhaustion by area. Some areas of the state experience higher rates of exhaustion. Economic conditions, limited opportunities, or lack of resources in a particular office perhaps explain the differences. In the state of Alaska, Kodiak has historically experienced the lowest rates of exhaustion at

32.2 % of claimants, while Homer experienced the highest rates at 51.8%. (See Exhibit 2.)

Variables used to aid in capturing seasonality and other industry fluctuations include:

1. Minimum unemployment rate. This variable indicates the best case unemployment rate that the claimant is expected to face, based on first payment date and duration of eligible claim. The values are determined by historical monthly unemployment rates in the claimant's census area, giving more weight to recent years. The probability of exhaustion increases as the minimum unemployment rate increases.

2. New hire index. This number is derived from historical records of new hiring activity by geographic region and industry of occupation. The minimum unemployment rate differs from the new hire index. The former measures unemployment in a given area while the latter measures the number of individuals obtaining employment in a given area and industry.

3. Quarter of the claimant's filing. Claim quarter identifies seasonal differences that influence exhaustion rates. The claim quarter is the calendar quarter (1, 2, 3, and 4) of the current claim beginning date.

The new hire index probably best demonstrates the seasonal nature of Alaska's workforce. It is measured by calendar quarters and based on wage reports filed by employers. The second and third quarters typically indicate increased hiring activity in the state while the first and fourth quarters show decreased hiring activity. (See Exhibit 3.)

The process from filing for UI to orientation for reemployment services often takes three to four weeks. Many claimants become employed during this time, or are exempt from participating for a variety of reasons. Of the total claimants selected for profiling for Fiscal Years 1998 through 2000, 49 percent were referred to services. From the

total referred to services, 62 percent completed orientation. (See Exhibit 4.)

Services provided

Reemployment representatives work with the UI claimant to develop an individual reemployment plan. The plan is designed to help the claimant identify actions needed to return to work as soon as possible. The reemployment representative assists and monitors the progress of the claimant throughout the duration of the plan. Claimants choosing not to participate in their plan risk losing their UI benefits.

Most reemployment services are provided in one-stop Job Centers. Services are delivered in a variety of forms, including one-on-one with staff, group workshops, and self-directed use of library materials. Services available include but are not limited to:

- Workshops on resume writing and interviewing skills

Profiled Claimants Receiving Services **4** 7/1/97—6/30/00

Total Clients Selected for Profiling Pool	25,595
Number referred to services	12,543
Number completing services	7,836
<i>Orientation</i>	5,351
<i>Assessment</i>	5,172
<i>Counseling</i>	687
<i>Job search workshops and job clubs</i>	4,684
<i>Education and training</i>	2,198

Source: Alaska Department of Labor and Workforce Development, Employment Services Division

- Information about labor market conditions
- Assistance with job search activities
- Resource areas with computers and software training options
- Vocational assessment and counseling, and
- Access to Internet resources including:
 - Alaska's Job Bank, statewide job listings
 - America's Job Bank, nationwide job listings
 - America's Talent Bank, where applicants post their resumes

If claimants are not able to return to work due to lack of job skills, labor market conditions, or other circumstances, they are referred to other agencies to explore additional options. Options include training programs and vocational rehabilitation.

Beneficiaries of the service

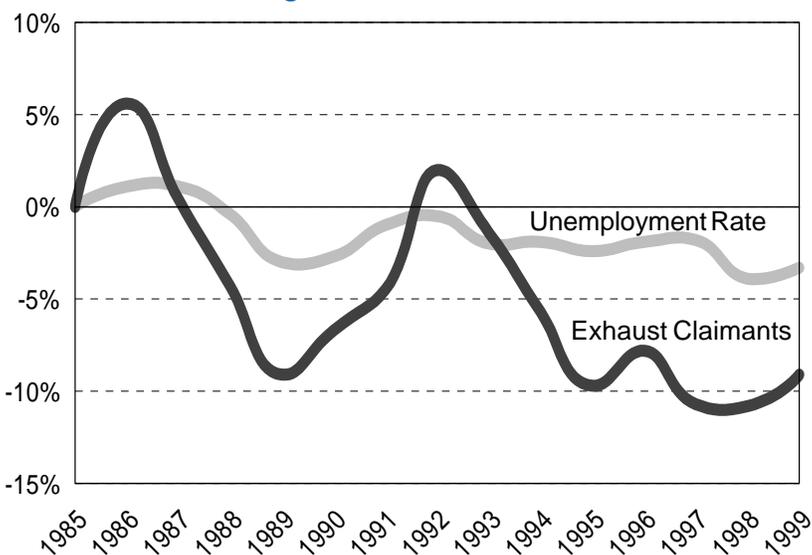
Long periods of unemployment may be due to a variety of factors: closure of a business, foreign

competition, obsolete skills, increased competition, or lack of experience, to name a few. The goal of the WPRS initiative is to focus claimants on finding jobs quickly by tailoring reemployment services to meet their specific needs.

Profiled clients are the obvious recipients of program benefits. Not as obvious and much more difficult to measure, is the benefit to the UI Trust Fund, and ultimately to the employers and employees who pay into the fund. Administration for UI is paid from federal funds. Benefit monies, however, are funded by the unemployment tax payments of employers and employees. Average benefits, the number of workers, and industry fluctuations can affect contribution rates to the UI Trust Fund. Other things being equal, if the WPRS system is successful in reducing the exhaustion rates of UI claimants, we would expect to see a reduction in employer/employee contribution rates. Also, as the workforce increases, the number of contributors to the UI Trust Fund also increases.

5 Claimants Exhausting Benefits Compared to unemployment rate

Percent change since 1985



The UI Trust Fund fluctuates somewhat from one year to the next depending on industry conditions, interest earnings, and program additions or changes. Also, the weekly benefit amount increased in 1984, 1990, and 1997. Average benefits and the number of workers can affect the total contributions as well. Low unemployment rates enjoyed by the State of Alaska in recent years also contributed to a favorable environment for workers. Given all of these influences, there has been a decline in the number of claimants exhausting their benefits in recent years. (See Exhibit 5.)

Program effectiveness

The workplace is dynamic. Employers seek qualified workers. Workers seek meaningful and rewarding employment. The success or failure of the Worker Profiling and Reemployment Service program is not easily measured given the available data and given the myriad of other programs

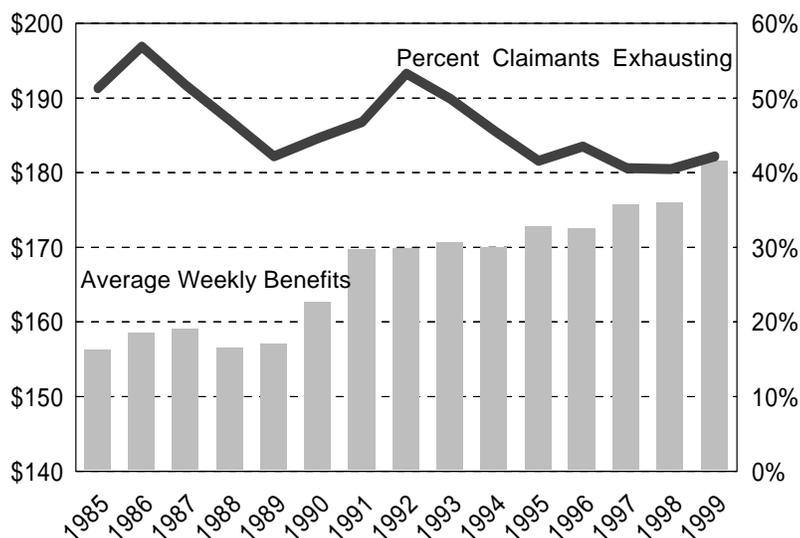
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

available. A recent grant to the state is intended to improve the data gathering process so that measurement techniques may be deployed to better determine the success of the program.

Exhibit 6 depicts average weekly unemployment benefits since 1985 and compares them to the percent of claimants exhausting benefits over the same period. While average weekly benefits enjoyed a steady rise, percent of claimants exhausting benefits declined over the same period. At first glance, it appears that identifying claimants likely to exhaust their benefits and providing services acts to get them reemployed sooner. However, the decline in the rate of exhaustion began in 1993 and the WPRS program was not implemented statewide until the third quarter of 1995. Alaska, along with the rest of the nation, has enjoyed low unemployment rates during the 1990s. It could be that the decline in exhaustion rate for claimants is due to the prosperity enjoyed by the entire nation over the last several years. More comprehensive data gathering and experience with the WPRS program will shed more light on its success rate in the future.

□ Margie Germain-Antrim, *Worker Profiling and Reemployment Services Program Coordinator*, contributed to this article.

Average Weekly Benefit Amount Compared to percent of claimants exhausting **6**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section