



IMPACT OF THE REEMPLOYMENT AND ELIGIBILITY ASSESSMENT (REA) INITIATIVE IN NEVADA

January 2012

Task Order No: DOLF091A21507

Authors:

Marios Michaelides
Eileen Poe-Yamagata
Jacob Benus
Dharmendra Tirumalasetti

TABLE OF CONTENTS

	Page
Introduction	1
1. The Nevada REA Program	4
2. Data Overview	7
2.1 Socioeconomic Characteristics of REA-Eligible Claimants	7
2.2 Unemployment Insurance Eligibility of REA-Eligible Claimants.....	10
2.3 Prior Quarterly Wages of REA-Eligible Claimants	11
3. Impact Analyses Using Differences in Means	12
3.1 Unemployment Insurance Receipt	12
3.2 Quarterly Wage Outcomes	14
4. Impact Analyses Using Regression Models	17
4.1 Regression-Adjusted Impact Estimates on Unemployment Insurance Receipt	17
4.2 Regression-Adjusted Impact Estimates on Quarterly Wage Outcomes	19
4.3 Discussion of the Results	21
5. Conclusion	24

INTRODUCTION

The Reemployment and Eligibility Assessment (REA) initiative is an approach that combines: (1) in-person unemployment insurance (UI) eligibility reviews, (2) labor market information (LMI,) (3) development of an individual reemployment plan and (4) referral to reemployment services (RES) and/or training. It is designed to ensure claimants are meeting the eligibility provisions of state laws and are exposed to reemployment services, including job search assistance and placement services, so they may return to employment as quickly as possible. While the REA initiative began in 2005,¹ its features are grounded in past research findings and proven methods of administration that have been shown to be efficient and cost-effective².

Research conducted by IMPAQ International in 2011 found evidence that the REA program was effective in achieving the program's goals of reducing UI duration and generating savings to the UI Trust Fund.³ The study showed that the Nevada REA program was more effective in reducing claimant UI duration and generating greater savings for the UI Trust Fund than the REA program in other states examined. Nevada's REA program was found to differ from REA programs in other states. In Nevada, the same staff provided both REA and reemployment services (RES), charging their time to the appropriate work activities, while in other study states, different staff administered REA and RES. It appears that providing REA and RES services by the same staff in a single interview may be a key factor that led to greater program impacts in Nevada.

In light of these findings, the U.S. Department of Labor asked IMPAQ to extend the study of the Nevada REA program using updated data on UI receipt and wages for REA-eligible claimants

¹ OPA News Release, March 10, 2005 (<http://www.dol.gov/opa/media/press/opa/OPA20050343.htm>).

² This includes studies such as the Nevada Claimant Employment Projects, the Charleston Claimant Placement and Work Test Demonstration, the Maryland UI Work Search Demonstration, the National Worker Profiling Reemployment Services (WPRS) Evaluation, and the Wisconsin Reemployment Connections Project. For further information about these studies and other research involving job search assistance, public exchange referral of workers to jobs, and/or administration of the UI work test see Chapter 5, *Solving the Reemployment Puzzle: From Research to Policy* (Wandner, Stephen A. 2010. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research).

³ Poe-Yamagata E., Benus J., Bill N., Michaelides M., and Shen T. (2011). *Impact of the Reemployment and Eligibility Assessment Initiative, Final Report to Congress*, May 2011.

who entered the program from July 2009 through December 2009. The objective of the present study is to address the following key questions related to the efficacy of the Nevada REA program:

- Did REA reduce UI benefit duration and UI benefit amounts received?
- Was REA effective in expediting the reemployment of UI claimants?
- Did REA lead to UI Trust Fund savings and, if so, did these exceed REA program costs?

In this report, we address the above research questions using Nevada's administrative UI data and intrastate Wage Records for all REA-eligible UI claimants who entered the program from July 2009 through December 2009. These data provide rich information on the socioeconomic characteristics, UI eligibility, and prior wages of claimants at the start of their UI claim. The data also provide the following claimant information:

- 1) UI receipt from program entry through September 2011, and
- 2) Quarterly wages earned in the 6 calendar quarters after program entry.

Using these data, we estimate the impact of the Nevada REA program on claimant UI receipt and quarterly wage outcomes following program entry. Our results show that the Nevada REA program was very effective in assisting claimants exit the UI program sooner than they would have in the absence of the program, leading to lower UI duration and producing important savings for the UI Trust Fund. We also find that the program was very effective in assisting claimants find employment in the period following program entry. Based on these results, we conclude that the Nevada REA program is a very effective policy tool for reducing UI duration and assisting UI claimants to return to productive employment more rapidly than they would in the absence of the program.

The remainder of this report is organized as follows. In Chapter 1, we provide an overview of the Nevada REA program design, including the process for selecting UI claimants into either an REA treatment group or an REA comparison group, and the types of services received by those

selected into the REA treatment group. In Chapter 2, we provide an overview of the Nevada administrative data used for this study, including descriptive analyses of the characteristics, UI eligibility, and prior wages of REA-eligible claimants. In Chapter 3, we present the UI receipt and quarterly wage outcome measures for claimants in the study sample, as well as estimates of program impacts produced by treatment-control comparisons in mean outcomes. In Chapter 4, we present regression-adjusted impact estimates of program impacts, which are produced using multivariate regression models that control for available claimant characteristics. Finally, in Chapter 5 we summarize our findings and discuss their policy implications.

1. THE NEVADA REA PROGRAM

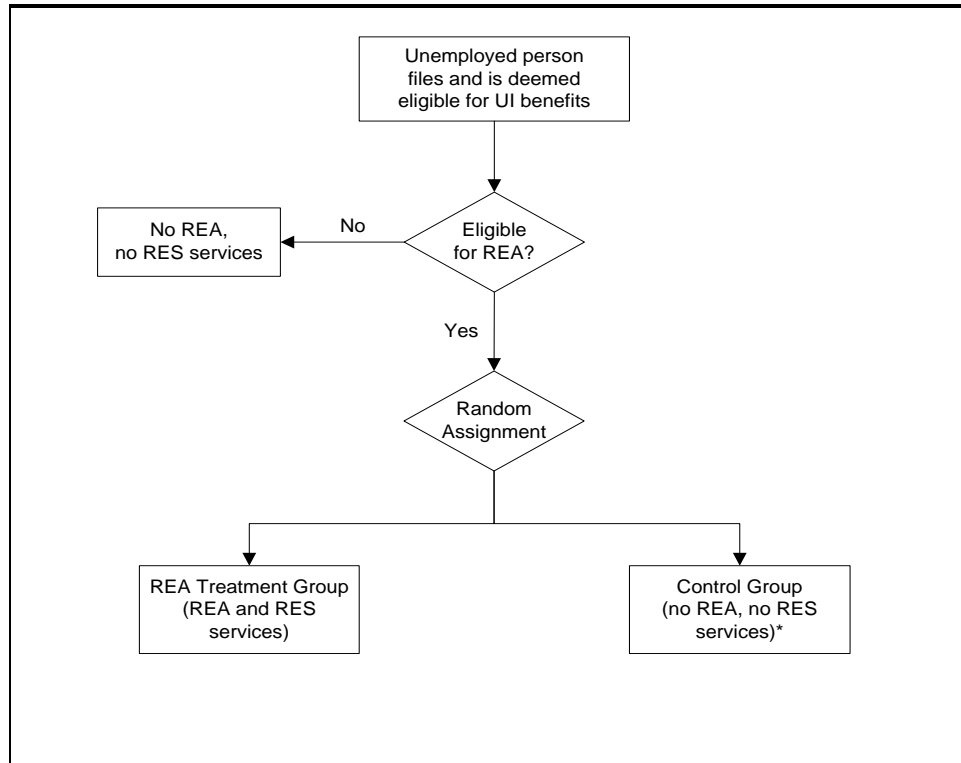
Nevada uses a random assignment process to assign REA-eligible UI claimants to REA services. The Nevada selection process is presented in Exhibit 1. Once an unemployed worker files and is deemed eligible to receive UI benefits, a set of eligibility criteria is used to determine if the worker is eligible for REA participation. Specifically, new UI claimants are deemed REA-eligible if they meet the following criteria: 1) received one week of UI benefits under the new claim, 2) have no work return date (i.e., not a temporarily laid off worker), 3) are not active in other training programs, 4) are not attached to a union hiring hall, and 5) were not selected to participate in the Worker Profiling and Reemployment Services (WPRS) program.

Each week, REA-eligible claimants are placed in a selection pool from which individuals are randomly assigned into two groups:

- *REA treatment group* – These claimants are selected to participate in REA services to remain eligible for UI benefits. In addition to REA services, those assigned to the REA treatment group are required to participate in RES.
- *Control group* – These claimants are not required to participate in REA or RES services, but could, on their own initiative, participate in RES.

The number of REA cases varies across local offices based on each location's available staffing resources. For example, REA staff in Nevada enters the number of REA participants needed for the next round of REA interviews into their computer system, and the system randomly selects that number from the claimants eligible for REA. The remaining claimants are placed in the control group.

Exhibit 1: Nevada REA Selection Process



*Some control group claimants may elect to receive RES services on their own; if control group claimants ask for RES services, they may receive them.

After a claimant is selected for an REA, the local office sends a letter notifying the individual of the requirement to participate in REA services and to inform the claimant on when the meeting has been scheduled. These REA services include:

- Individual assessment with introduction to available One-Stop Career Center services
- Verification of photo ID or I-94 Form using ID card readers
- Provision of local labor market information
- Workforce service workshop
- UI eligibility review and work search review
- Development of an individual reemployment plan

⁴ Department of Homeland Security, Employment Eligibility Verification

What separates the Nevada REA program from programs in the other states studied by IMPAQ in the earlier report is that in Nevada the same staff provided both REA and RES while in other study states different staff administered REA and RES. RES services include:

- Job search assistance
- Job match against state and federal automated labor exchange and job referrals
- Resume assistance
- Referrals to and participation in training
- Follow-up with claimants, as needed

2. DATA OVERVIEW

For this evaluation, Nevada provided UI administrative data and wage records for all individuals who started a regular UI claim from July 2009 through December 2009 and who were deemed eligible for REA participation. These data provide the following information:

- Claimant socioeconomic characteristics (e.g., gender, race, age, and education) at the start of their regular UI claim
- Total number of UI weeks and benefit amounts received under regular and EUC benefits from the start of their claim through September 2011
- Claimant quarterly wage amounts in the 10 quarters prior to the start of their claim and in the 6 quarters following the start of their claim⁵

Based on these data, we are able to examine the socioeconomic characteristics, UI eligibility, and prior wages of claimants at the start of their UI claim. Furthermore, we are able to produce important measures of UI receipt and quarterly wages after program entry and assess the program's impact on those outcomes.

2.1 Socioeconomic Characteristics of REA-Eligible Claimants

Exhibit 2 provides an overview of the characteristics of REA-eligible claimants who started a new UI claim from July 2009 through December 2009 in Nevada. There were 32,751 REA-eligible UI claimants in Nevada during the study period, of whom 5,157 (16 percent) were randomly assigned to the REA treatment group. These claimants were required to receive both REA and RES services to retain their UI eligibility. The remaining 27,594 (84 percent) were assigned to the control group and not required to receive REA services.

⁵ For example, for claimants who entered the program in July, August, or September of 2009 (3rd quarter of 2009), the first quarter after program entry is the 4th quarter of 2009. For claimants who entered the program in October, November, or December of 2009 (4th quarter of 2009), the first quarter after program entry is the 1st quarter of 2010.

We also find that 16 percent of claimants had no high school diploma and 43 percent had only a high school diploma; overall, 59 percent of claimants had no more than a high school education. Interestingly, claimants were equally distributed between white collar jobs (19 percent white collar high skill and 31 percent white collar low skill) and blue collar jobs (24 percent blue collar high skill and 26 percent blue collar low skill).

An examination of the characteristics of treatment and control group members in Exhibit 2 indicates that, with the exception of race,⁶ the two groups were very similar in terms of their socioeconomic characteristics at the time of program entry. This indicates that random assignment of REA-eligible claimants in the REA treatment and in the control group was successfully implemented.

⁶ Race information was available for 84 percent of the sample. Based on this information, claimants were categorized as follows: white (64 percent), black (11 percent), Asian (7 percent), other race/missing (18 percent).

Exhibit 2: Characteristics of REA-Eligible Claimants

	All Claimants	REA Treatment Group	Control Group
Total [% of Total]	32,751 [100%]	5,157 [16%]	27,594 [84%]
Men	57%	58%	57%
Women	43%	42%	43%
White	64%	72%	63%
Black	11%	7%	12%
Asian	7%	6%	7%
Other Race/Missing	18%	16%	18%
Less than High School	16%	16%	16%
High School Diploma	43%	43%	43%
Some College	28%	28%	28%
College Degree	10%	10%	10%
Graduate Degree	3%	3%	3%
Age: Less than 25 yrs	13%	13%	13%
Age: 25-34 yrs	25%	25%	25%
Age: 35-44 yrs	23%	22%	23%
Age: 45-54 yrs	21%	24%	22%
Age: 55-64 yrs	13%	12%	13%
Age: 65+ yrs	5%	4%	5%
White Collar, High Skill	19%	19%	19%
White Collar, Low Skill	31%	32%	31%
Blue Collar, High Skill	24%	23%	24%
Blue Collar, Low Skill	26%	26%	26%
U.S. Citizen	90%	91%	90%
Veteran	8%	7%	8%

Note: Reported is the proportion of total number of REA-eligible claimants.

2.2 Unemployment Insurance Eligibility of REA-Eligible Claimants

Exhibit 3 presents UI benefit amount and duration eligibility for REA-eligible claimants in our sample. As shown, the average claimant was eligible for a \$7,024 maximum benefit amount, with an average \$300 weekly benefit amount. The distribution of weeks of eligibility shows that claimants were eligible for 12-26 weeks of benefits under their regular claim, with about 57 percent of claimants being eligible for the maximum 26 weeks. Notably, there were only minor differences in the maximum benefit amount, weekly benefit amount, and the weeks of eligibility distribution between treatment and control group members, indicating that the two groups were equivalent in terms of their UI eligibility.

Exhibit 3: Unemployment Insurance Eligibility, REA-Eligible Claimants

	All Claimants	REA Treatment Group	Control Group
Maximum Benefit Amount	\$7,024 (3,050)	\$7,045 (3,059)	\$7,020 (3,048)
Weekly Benefit Amount	\$300 (105)	\$303 (105)	\$299 (105)
Weeks of Eligibility	22.8 (4.5)	22.6 (4.6)	22.9 (4.5)
12-13	6%	6%	6%
14-17	13%	13%	13%
18-21	11%	12%	11%
22-25	13%	13%	13%
26	57%	56%	57%

Note: Reported is the mean with standard deviation in parenthesis or the proportion of all claimants.

During the study period, Nevada’s unemployment rate was 13.9 percent,⁷ far exceeding the national unemployment rate (9.9 percent) and the thresholds for activating the Emergency Unemployment Compensation (EUC) and the Extended Benefits (EB) programs. As a result, claimants who exhausted their regular UI benefits in Nevada were eligible for up to an additional 53 weeks of EUC benefits; those who exhausted EUC benefits were eligible for up to

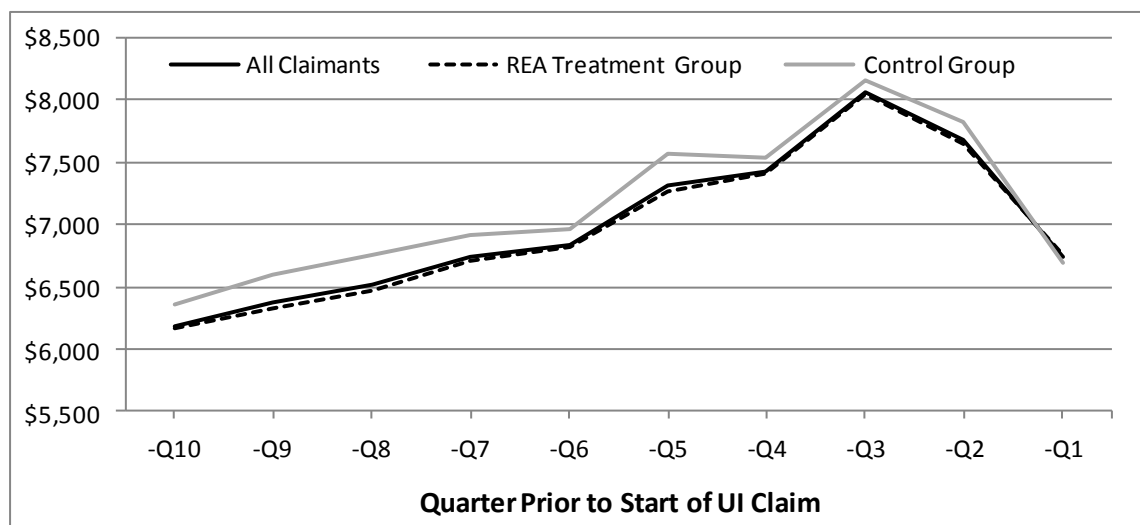
⁷ Source: Bureau of Labor Statistics.

an additional 20 weeks of EB. Overall, Nevada claimants in the study sample were potentially eligible for 46-99 weeks of UI benefits: 12-26 weeks under regular UI, up to an additional 53 weeks under EUC, and up to an additional 20 weeks under EB.

2.3 Prior Quarterly Wages of REA-Eligible Claimants

Using claimant wage records, we examine the quarterly wages earned by REA-eligible claimants in Nevada prior to entering the UI program. As shown in Exhibit 4, at 10 quarters prior to the start of their claim (-Q10), REA-eligible claimants earned about \$6,200 in quarterly average wages. This increased over time, peaking at over \$8,200 at 3 quarters prior to the start of their claim (-Q3). Average quarterly earnings declined in the two quarters prior to UI entry. This may be due to two factors: 1) individuals lose their jobs but delay filing their UI claim and 2) individuals who lose their jobs in a given quarter work for shorter periods during that quarter than their peers. It is also evident that there were no significant differences in prior wages between treatment and control group, providing additional evidence that random assignment was successfully implemented.⁸

Exhibit 4: Quarterly Wages Prior to the Start of the UI Claim, REA-Eligible Claimants



Note: Reported is the mean quarterly wages earned in the 10 calendar quarters prior to the start of the UI claim.

⁸ To verify this point, we produced t-test comparison in prior quarterly wages between the treatment and the control group. No significant differences were detected.

3. IMPACT ANALYSES USING DIFFERENCES IN MEANS

Using the Nevada UI administrative data, we are able to produce several measures that capture UI benefit receipt and wage outcomes of claimants in the sample. Below, we describe these outcome measures and present estimates of Nevada REA program impacts based on treatment-control group mean comparisons in outcomes.

3.1 Unemployment Insurance Receipt

To assess Nevada REA impacts on UI receipt, we use the UI administrative data to produce the following outcomes:

- *Exhausted Regular UI Benefits* – Indicates whether the claimant exhausted regular UI benefits
- *Received EUC Benefits* – Indicates whether the claimant exhausted regular UI benefits and started receiving EUC benefits
- *Weeks on UI, Regular* – Equals number of regular UI weeks received
- *Weeks on UI, EUC* – Equals number of EUC weeks received
- *Weeks on UI, Total* – Equals number of UI plus EUC weeks received⁹
- *UI Benefits Received, Regular* – Equals regular UI benefit amounts received
- *UI Benefits Received, EUC* – Equals EUC benefit amounts received
- *UI Benefits Received, Total* – Equals total (regular UI plus EUC) benefit amounts received

Exhibit 5 presents the UI receipt measures for treatment and control group claimants. Since random assignment was used to determine assignment into the treatment or control group, differences in outcomes between the two groups represent estimates of REA's impact. The right column of Exhibit 5 presents the treatment-control difference in each outcome. As

⁹ The data report the regular UI and EUC benefits received from the start of each claimant's regular UI claim through September 2011. Extended Benefits were not reported in the data, thus excluded from the study.

shown, 58.9 percent of REA treatment group members exhausted regular UI benefits relative to 70.9 percent of control group members. The treatment-control group difference was thus 12.0 percentage points and statistically significant at the 1 percent level. A similar result is obtained when we compare EUC receipt between the treatment and the control groups. Exhibit 5 shows that 48.4 percent of treatment group members and 59.7 percent of control group members received EUC benefits, for a statistically significant difference of 11.3 percentage points. These results provide evidence that the Nevada REA program was effective in reducing the likelihood of exhausting regular UI benefits and receiving EUC benefits.

Exhibit 5: Unemployment Insurance Receipt, REA-Eligible Claimants

	REA Treatment Group	Control Group	Difference
Exhausted Regular UI Benefits	.589 (.492)	.709 (.454)	-.120 [.007]***
Received EUC Benefits	.484 (.500)	.597 (.491)	-.113 [.007]***
Weeks on UI			
Regular	16.6 (8.5)	18.7 (7.9)	-2.1 [.1]***
EUC	10.5 (13.0)	12.4 (12.5)	-1.9 [.2]***
Total (Regular + EUC)	27.2 (18.9)	31.1 (17.4)	-4.0 [.3]***
UI Benefits Received (in USD)			
Regular	5,205 (3,462)	5,763 (3,427)	-558 [52]***
EUC	3,201 (4,160)	3,672 (3,888)	-471 [60]***
Total (Regular + EUC)	8,406 (6,788)	9,436 (6,407)	-1,029 [98]***

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: *** = 1 percent).

Exhibit 5 also reports the number of UI benefit weeks and the benefit amounts collected by claimants. The average treatment group member collected 16.6 weeks of regular benefits and 10.5 weeks of EUC benefits, for a total of 27.2 benefit weeks. These figures were significantly lower than those for control group members – overall, treatment group members received 4.0 fewer total weeks of benefits than control group members. As a result, treatment group

members collected lower benefit amounts than their peers. Specifically, claimants in the REA treatment group collected, on average, a total of \$1,029 lower benefit amounts (\$558 regular UI and \$471 EUC) than claimants in the control group. These results provide strong evidence that the Nevada REA program was effective in assisting claimants to exit the UI program earlier than they would have in the absence of the program, thus receiving lower benefit amounts.

3.2 Quarterly Wage Outcomes

Using the available data, we are also able to examine if Nevada REA program claimants were more likely to be reemployed following program entry than their peers. We measure reemployment based on positive wages earned by claimants in the 6 calendar quarters following program entry. Specifically, we produce the following quarterly wage outcomes:

- *Likelihood of Earning Wages* – Indicates whether the claimant earned wages in a given quarter after program entry. This measure is produced for each of the 6 calendar quarters after the claimant started receiving UI benefits.¹⁰
- *Quarterly Wages* – Equals the total wages earned (in USD) in a given quarter after program entry. If the claimant did not work in a given quarter, total wages earned in that quarter are equal to zero. This measure is produced for each of the 6 calendar quarters after the claimant started receiving UI benefits.
- *Total Quarterly Wages* – Equals the total wages earned (in USD) in all 6 quarters after program entry.

Exhibit 6 presents descriptive analyses of these wage measures for treatment and control group members, as well as treatment-control group comparisons of these measures. As shown, 48.6 percent of the treatment and 40.3 percent of the control group were reemployed (i.e., had positive wages) in Quarter 1 after the start of their UI claim. These proportions increased slightly with each quarter, with about 55.4 percent of treatment group members and 50.0

¹⁰ As noted, for claimants who entered the program in July, August, or September of 2009 (Quarter 3 of 2009), the first quarter after program entry is Quarter 4, 2009. For claimants who entered the program in October, November, or December of 2009 (Quarter 4, 2009), the first quarter after program entry is the Quarter 1, 2010.

percent of control group members being reemployed at Quarter 6 after the start of their UI claim. These figures suggest that the majority of claimants that found employment in the first 6 quarters after program entry did so in Quarter 1. Further, a large proportion of claimants were not able to find employment, even a year and a half after entering the UI program, which is probably a reflection of the tough economic conditions during the study period.

Exhibit 6: Quarterly Wages Following Start of UI Claim, REA-Eligible Claimants

	REA Treatment Group	Control Group	Difference
Likelihood of Earning Wages			
Quarter 1	.486 (.500)	.403 (.491)	.083 [.007]***
Quarter 2	.514 (.500)	.412 (.492)	.102 [.008]***
Quarter 3	.541 (.498)	.457 (.498)	.084 [.008]***
Quarter 4	.560 (.496)	.485 (.500)	.075 [.008]***
Quarter 5	.545 (.498)	.486 (.500)	.058 [.008]***
Quarter 6	.554 (.497)	.500 (.500)	.054 [.008]***
Quarterly Wages (in \$)			
Quarter 1	1,917 (3,703)	1,509 (3,219)	408 [50]***
Quarter 2	2,622 (4,290)	1,957 (3,705)	665 [57]***
Quarter 3	3,199 (4,860)	2,455 (4,240)	744 [67]***
Quarter 4	3,336 (5,207)	2,661 (4,520)	674 [70]***
Quarter 5	3,236 (4,973)	2,801 (5,323)	435 [80]***
Quarter 6	3,486 (5,223)	2,977 (4,874)	509 [75]***
Total, Quarters 1-6	17,796 (23,042)	14,361 (20,998)	3,435 [325]***

Note: Reported is the mean with standard deviation in parenthesis. The right column presents the difference between the treatment and the control group with standard error in brackets (statistical significance level: *** = 1 percent).

As shown in Exhibit 6, however, REA treatment group members were significantly more likely than their control group peers to earn wages in each of the 6 quarters after program entry. For example, the treatment-control differential in the likelihood of earning positive wages was .083

and statistically significant at the 1 percent level. This indicates that treatment group claimants were 8.3 percentage points more likely to find employment at Quarter 1 after program entry than their peers. The treatment-control differential in this outcome remained positive and significant through Quarter 6 after program entry. These results provide evidence that the Nevada REA program was effective in assisting claimants to obtain employment in the 6 quarters following program entry.

Due to the fact that treatment group members were more likely than their peers to find wage employment after program entry, they earned higher total wages in each of the 6 quarters after program entry. As shown in Exhibit 6, treatment group members earned \$408 higher total wages than their peers in Quarter 1. This impact is partly due to the fact that treatment group members returned to work earlier; further, this impact may be due to that treatment group members earned higher wages than their peers, conditional on employment.¹¹ This differential was much higher in Quarters 2-4 after program entry and remained positive and statistically significant in Quarters 5-6. Overall, in the 6 quarters following program entry, claimants assigned in the REA treatment group earned, on average, \$3,435 higher total wages than their peers.

¹¹ For a discussion of this issue, including methods to decompose effects on earnings, see: Lee D.S. (2009). Training, Wages, and Sample Selection: Estimating Sharp Bounds on Treatment Effects. *Review of Economic Studies*, Vol. 76, pp. 1071-1102; Attanasio O., Kugler A., Meghir C. (2011). Subsidizing Vocational Training for Disadvantaged Youth in Colombia: Evidence from a Randomized Trial. *American Economic Journal: Applied Economics*, Vol. 3, pp. 188-220.

4. IMPACT ANALYSES USING REGRESSION MODELS

In this section, we refine the REA impact estimates presented above using multivariate regression models. These models estimate REA program impacts on participant outcomes, controlling for all available claimant characteristics at the time of program entry. In addition to controlling for treatment-control differences in observed characteristics that may have occurred by chance, these models estimate program impacts with higher statistical efficiency relative to simple treatment-control outcome comparisons. For each outcome, we estimate the following regression model:

$$Y = \alpha \cdot T + X \cdot \beta + u$$

The dependent variable in this model (Y) is the claimant outcome (e.g., exhausted regular UI benefits, weeks on UI, and UI benefits received). The control variables include:

- T , equals 1 if the claimant was in the REA treatment group and 0 otherwise.
- X , includes all available claimant characteristics at random assignment, as reported in Exhibits 2, 3 and 4 (socioeconomic characteristics, UI eligibility, and prior wages).
- u , is a zero mean disturbance term.

The parameter of interest in this model is α , the regression-adjusted treatment effect of the REA program on the outcome of interest. The above model is estimated for each available post-random assignment outcome, including UI receipt outcomes and quarterly wage outcomes. The impact estimates are reported below.

4.1 Regression-Adjusted Impact Estimates on Unemployment Insurance Receipt

Exhibit 7 presents the regression-adjusted REA treatment effect for UI receipt measures. As shown, the REA treatment effect for the likelihood of exhausting benefits is 10.3 percentage

points and statistically significant at the 1 percent level. This result shows that the Nevada REA program led to a 10.3 percentage point reduction in the likelihood that claimants exhaust their regular UI benefits. As reported in the right column of Exhibit 7, this corresponds to a 15 percent reduction in regular UI benefit exhaustion relative to the control group mean.¹² Due to this effect, REA claimants were 9.4 percentage points (or 16 percent) less likely than their control group peers to receive at least one week of EUC benefits. These impact estimates show that the program was very effective in reducing benefit exhaustion and EUC receipt.¹³

The program’s large impacts on regular UI exhaustion and EUC benefit receipt led to significant impacts on the number of UI weeks and the benefit amounts received. As shown in Exhibit 7, the REA program reduced regular UI duration by 1.82 weeks (10 percent) and EUC duration by 1.31 weeks (11 percent). Overall, the program led to a 3.13-week (or 10 percent) reduction in total UI duration (regular plus EUC duration). As a result, REA treatment group members received an average of \$536 less in regular UI benefits and \$337 less in EUC benefits than their control group peers. Thus, the program led to an \$873 (or 9 percent) reduction in total benefits received (regular plus EUC benefits).

Exhibit 7: Regression-Adjusted REA Treatment Effects, Unemployment Insurance Receipt

	REA Treatment Effect	REA Percent Impact
Exhausted Regular UI Benefits	-.103 (.007)***	-15%
Received EUC Benefits	-.094 (.008)***	-16%
Weeks on UI		
Regular	-1.82 (.12)***	-10%
EUC	-1.31 (.20)***	-11%
Total	-3.13 (.27)***	-10%

¹² This is calculated by dividing the effect (-.103) by the control group mean reported in Exhibit 5 (.709).

¹³ To examine whether program impacts on UI receipt varied by key characteristics (gender, race, education, occupation, month claim was filed, etc.), we estimated regression models that included interactions between the treatment indicator and these characteristics. These analyses did not detect any statistically significant differences in program impacts across key characteristics.

UI Benefits Received (in USD)		
Regular	-536 (38)***	-10%
EUC	-337 (59)***	-9%
Total	-873 (85)***	-9%

Note: The left column reports regression-adjusted treatment effects for REA treatment group members with standard errors in parenthesis; the right column reports the REA impact, where statistically significant, as a percent of the control group mean. Control variables included in the regressions but not reported: gender, race, education, age, occupation group, citizenship, veteran, disabled, maximum benefit amount, weeks of eligibility, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim. Statistical significance level: *** = 1 percent.

4.2 Regression-Adjusted Impact Estimates on Quarterly Wage Outcomes

Exhibit 8 presents the regression-adjusted REA treatment effects on claimant wage outcomes in the 6 quarters following the start of their UI claim. REA had a positive and significant impact on the likelihood of earning positive wages in each of the 6 quarters following program entry. For example, in Quarter 1, treatment group members were 7.4 percentage points (or 18 percent) more likely than their control group peers to have positive wages; this impact increased to 8.1 percentage points (or 20 percent) in Quarter 2. These results suggest that the REA program was effective in assisting claimants obtain employment within the first 6 months of program entry. These impacts steadily declined in Quarters 3-6, but remained positive and statistically significant.¹⁴

The impacts on the likelihood of earning wages following program entry led to substantial impacts on quarterly total wage amounts received. Specifically, the REA treatment effect on total wages in Quarter 1 and Quarter 2 was \$376 and \$498, respectively, and statistically significant at the 1 percent level. This shows that REA led to a 25 percent increase in claimant total wages in the first 2 quarters after program entry. REA impacts on quarterly wages declined in Quarters 3-6, but remained quite substantial; in Quarter 6, for example, treatment

¹⁴ Additional analyses show that program impacts on quarterly wage outcomes did not vary based on key participant characteristics (gender, race, education, occupation, month claim was filed, etc.).

group members received \$369 (or 12 percent) higher total wages than their peers. Overall, from Quarter 1 through Quarter 6, REA treatment group members collected \$2,611 (18 percent) higher total wages than their peers. These results provide strong evidence that the Nevada REA program was effective in assisting claimants obtain employment, thus receive higher total wages than their peers following program entry.

Exhibit 8: Regression-Adjusted REA Treatment Effects, Quarterly Wages

	REA Treatment Effect	REA Percent Impact
Likelihood of Earning Wages		
Quarter 1	.074 (.008)***	+18%
Quarter 2	.081 (.008)***	+20%
Quarter 3	.061 (.008)***	+13%
Quarter 4	.059 (.008)***	+12%
Quarter 5	.055 (.008)***	+11%
Quarter 6	.043 (.008)***	+9%
Quarterly Wages (in \$)		
Quarter 1	376 (52)***	+25%
Quarter 2	498 (59)***	+25%
Quarter 3	508 (68)***	+21%
Quarter 4	473 (70)***	+18%
Quarter 5	386 (81)***	+14%
Quarter 6	369 (75)***	+12%
Total, Quarters 1-6	2,611 (322)***	+18%

Note: The left column reports regression-adjusted treatment effects for the REA treatment group with standard errors in parenthesis; the right column reports the REA impact, where statistically significant, as a percent of the control group mean. Control variables included in the regressions but not reported: gender, race, education, age, occupation group, citizenship, veteran, disabled, maximum benefit amount, weeks of eligibility, prior wages, One-Stop Career Center in which claim was filed, and date of claim. Standard errors clustered by date of claim. Statistical significance level: *** = 1 percent.

4.3 Discussion of the Results

The impact analyses presented above show that the Nevada REA program was very effective in assisting claimants exit the UI program earlier than they would have in the absence of the program. REA claimants were significantly less likely than their peers to exhaust regular UI benefits and start receiving EUC benefits. These impacts led to a significant reduction in claimant UI duration (3.13 weeks) and in total benefit amounts received (\$873).

Based on these results, we can assess whether the average UI savings produced by the Nevada REA program exceeded the average program costs. Using the total REA funding provided by the federal government to Nevada during the study period, we find that the average REA cost per treatment group claimant was \$53.¹⁵ Similarly, using the ARRA funding provided to support the Nevada RES program during the study period, we estimate that the average RES cost per treatment group claimant was \$148.¹⁶ Combined, the average costs for providing REA and RES services in Nevada was \$201 per REA treatment group member. Thus, the average UI regular savings produced by the Nevada REA program during the study period (\$536) was more than two times the average cost, while the average total UI savings (\$873) was at least four times the average cost. Based on these results, we conclude that Nevada's REA program, which combined REA and RES services in a single interview, was a cost-effective investment for the Federal government.

In addition to impacts on UI receipt, our analyses show that the Nevada REA program was very effective in assisting claimants obtain employment following program entry. In fact, REA treatment group members were nearly 20 percent more likely than their peers to obtain employment in the first 2 quarters after program entry. This result shows that the Nevada REA program's combination of REA and RES services were very effective in assisting claimants exit the UI program early and obtain employment. Further, while the impact on employment was lower in subsequent quarters, it was positive and significant, indicating that REA had a lasting effect on claimant employment. As a result of REA's impact on employment, treatment group members returned more quickly to employment than their peers, thus earned higher total wages in the 6 quarters following program entry. The program's impact on total wages is partly

¹⁵ Number of REAs for 2009 was provided by the Nevada Department of Employment, Training, and Rehabilitation; the total Nevada REA grant amount for 2009 was provided by the U.S. Department of Labor, Employment and Training Administration. The average REA cost assumes that the entire Nevada REA program cost is reflected in the Federal grant.

¹⁶ Number of REAs for 2009 and the ARRA RES funding were provided by Nevada Department of Employment, Training, and Rehabilitation.

due to the fact that treatment group members returned to employment more quickly than comparison group members.

These results provide strong evidence that the Nevada REA program did not just promote the early exit of claimants from the UI system; it also helped claimants to obtain employment earlier than they would have in the absence of the program. We, therefore, conclude that the combination of REA and RES services provided by the Nevada REA program was very effective in reducing UI duration and facilitating the reemployment of UI claimants.

We should note that these impacts are much larger than those obtained for other states in the previous REA study conducted by IMPAQ.¹⁷ Furthermore, the Nevada REA impacts on wages much exceed the Florida REA impacts.¹⁸ The disparity in the results between Nevada and the other states may be a result of the fact that Nevada was the only state that provided both REA and RES by the same staff at the same time, facilitating a seamless transition between REA and RES services. This provides additional evidence that combining REA and RES services may be an effective way of assisting claimants exit UI early, find jobs, and earn higher wages.

¹⁷ Poe-Yamagata E., Benus J., Bill N., Michaelides M., and Shen T. (2011). *Impact of the Reemployment and Eligibility Assessment Initiative, Final Report to Congress*, May 2011.

¹⁸ Due to lack of wage data, the previous report did not include impact estimates on wages for Idaho and Illinois.

5. CONCLUSION

In 2005, the U.S. Department of Labor awarded \$18 million in grants to 21 State Workforce Agencies to implement the REA Initiative. Since 2005, funding for the REA Initiative has increased to \$50 million in 2010 and the program is currently operating in 42 states. States that receive REA grants are required to assign a portion of their UI claimants to attend one-on-one interviews in person, which includes a review of ongoing UI eligibility, provision of current labor market information, development of a reemployment plan, and referral to reemployment services and/or training, as needed. This program is designed to ensure that claimants meet all eligibility provisions of their state and that claimants develop an individual reemployment, receive labor market information and are referred to reemployment services (i.e., job search assistance and placement services) so they may return to the labor market as quickly as possible.

In a previous report prepared by IMPAQ, we showed that the REA program was effective in reducing UI duration and benefit amounts received in Florida, Idaho, and Nevada. The same study showed that the Nevada REA program produced much higher impacts on UI benefit receipt relative to the REA program in other states. That study concluded that the strong Nevada results may be attributed to the fact that, whereas REA treatment group members in other states only received REA services, treatment group members in Nevada received a combination of REA and RES seamlessly.

The present study extends the earlier study of the Nevada REA program using updated data on UI receipt and wages for REA-eligible claimants who entered the UI program from July 2009 through December 2009. During this period, Nevada randomly assigned about 15 percent of REA-eligible claimants to the REA treatment group – these claimants were required to receive REA services and reemployment services to remain eligible for UI benefits. The remaining 85 percent of REA-eligible claimants were assigned to the control group and were not required to receive any services.

Results of the analysis from this rigorous random assignment design shows that the Nevada REA program was very effective in assisting claimants exit the UI program sooner than they would have in the absence of the program. The analysis also shows that claimants in the REA treatment group were significantly less likely than those in the control group to exhaust regular UI benefits and start receiving EUC benefits. Thus, the Nevada REA program led to significantly shorter UI durations and lower benefit amounts – REA treatment group claimants collected 3.13 fewer weeks and \$873 lower total benefit amounts than their peers. These savings exceeded average program costs by more than 4 times, providing strong evidence that the Nevada REA program is a cost-effective intervention.

The impact analyses also show that the Nevada REA program was very effective in assisting claimants to obtain employment in the first 2 quarters following program entry. Further, these impacts were sustained through 6 quarters following program entry. Due to these impacts, REA treatment group members returned to employment faster than their peers, which led to earning higher total wages following program entry. These results suggest that, in addition to assisting claimants exit UI early, REA helped claimants obtain employment earlier than they would have in the absence of the program.

Overall, the impact analyses presented in this report provide strong evidence that the Nevada REA program is a very effective strategy for facilitating the exit of UI claimants from the UI program and producing savings for the UI Trust Fund. It is also evident that the program is very effective in facilitating the reemployment of UI claimants. Based on these results, we conclude that Nevada’s system of combining REA services with reemployment assistance into a seamless delivery system is a very effective mechanism for reducing UI duration and for assisting claimants to return to productive employment.