

Why Are States Emphasizing Rapid Reemployment?

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Why are states emphasizing rapid reemployment?

- States are already involved in reemployment services.
 - States pay unemployment insurance benefits.
 - States pay trade readjustment allowances.
 - States provide employment services in one-stop centers under the Wagner-Peyser Act.
 - States provide rapid response services in the dislocated worker program under the Workforce Investment Act.

But reemployment services have not been emphasized enough.

- The Worker Profiling and Reemployment Services Program (WPRS) was established by the Emergency Unemployment Compensation Amendments of 1993.
- But the program was not funded directly.
- And, it was not funded sufficiently, indirectly.
- The 1998 Workforce Investment Act emphasized “universal services,” i.e., not targeting on specific groups, such as unemployment insurance claimants.
- And, funding for one-stops fell by 35 percent in the past 15 years while the labor force grew by 23 percent. (Lou Jacobson)

Meanwhile, the federal government tried to improve.

- Beginning in fiscal year 2001 the federal government provided \$35 million annually for reemployment services (RES) to:
 - Link unemployment insurance claimants served remotely by telephone or internet claims processing to reemployment services in one-stops; and
 - Enhance and integrate direct service delivery to unemployment insurance claimants in one-stops.

But the pendulum swung the other way early in the Bush Administration.

- The federal government ceased funding Reemployment Services (RES) Grants after several years.
- The federal government began funding for reemployment eligibility assessments (REA) instead.
 - REAs aimed to reduce payments to claimants who were not available for work or were not reporting they had returned to work.
 - REAs in conjunction with one-stop services were successful at reducing claimants' durations on unemployment insurance in some states, such as New York.
- However, the federal government also began criticizing the one-stop system for not spending enough on training.

NASWA was troubled by this new approach.

- NASWA argued a balanced approach from the federal government of RESs and REAs would be more effective. The benefit-cost ratio is about \$2 to \$1.
- Some states and localities were surprised by the new emphasis on training when they thought they had implemented an intended “work first approach.”
- Under the WIA approach of universal services, states and localities wondered how they could even provide training when everyone must be served.

A draft Paper for the Brookings Institution Hamilton Project by Lou Jacobson reports.

- One-stop career centers serve about one-fourth of the roughly 80 million workers seeking work in a normal year.
- About 9 of 10 served receive only core services costing about \$50 per worker.
- About 1 of 10 receive intensive services at a cost of \$1,200 per worker.
- And few workers receive vouchers for training costing about \$2,000 per worker.

So, where are we now?

- USDOL has rediscovered an emphasis on reemployment.
- States are enthusiastic and they have strengthened their own efforts by:
 - Creating the JobCentral National Labor Exchange with DirectEmployers Association as a successor to the now defunct Americas Job Bank
 - Creating a pilot electronic rapid reemployment program for the financial sector in New York, New Jersey, and Connecticut.
- States look forward to working with USDOL as a full partner in this new effort and look forward to using the National Labor Exchange as a means to achieve our objectives.

And, where are we going?

- The unemployment rate hit 7.2 percent in the nation last month and is rising
- Payroll employment fell by over a half million jobs in December and nearly 2 million jobs in the last four months of 2008.
- The economy is reeling and there might be more bad news ahead.
- Does that mean we should give up on reemployment because some might think there are no jobs available?
- Look at the next chart and you will see workers have reemployment opportunities even in bad times, so let's recommit ourselves to helping them find jobs.

In November 2008, 3.5 million workers were hired and there were 2.8 million job openings.

