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**What Can We Expect  
Under Personal  
Reemployment Accounts?  
Predictions and  
Procedures**

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*Paul T. Decker  
Irma L. Perez-Johnson*

Submitted to:

U.S. Department of Labor  
Employment and Training Administration  
200 Constitution Ave., NW  
Room N-5637  
Washington, DC 20210

Project Officer:  
Janet Javar

Submitted by:

Mathematica Policy Research, Inc.  
P.O. Box 2393  
Princeton, NJ 08543-2393  
Telephone: (609) 799-3535  
Facsimile:(609) 799-0005

Project Director:  
Paul Decker



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## I. INTRODUCTION

On January 7, 2003, President Bush unveiled his economic stimulus plan, which included the proposed establishment of Personal Reemployment Accounts (PRAs). The PRA proposal was subsequently embodied in H.R. 444, the Back to Work Incentive Act introduced in Congress on January 29, 2003. The goal of PRAs is to provide unemployed workers who are likely to exhaust their unemployment insurance (UI) benefits with additional assistance and incentives to help them get back to work sooner. Each account, which would contain up to \$3,000, would be managed by the unemployed worker who is awarded it. To pay for these accounts, the federal government would provide states with a total of \$3.6 billion over two years.

PRAs are designed to offer maximum flexibility to unemployed workers in seeking the reemployment services that will best help them prepare for and find a new job. According to H.R. 444, PRAs could be used to pay for intensive reemployment services, training, supportive services (except for needs-related payments), and assistance to purchase or lease an automobile the worker needs to accept a promising job offer. PRA recipients would be able to choose their own combination of services and use their PRAs to pay for them.

As currently formulated, PRAs would differ in two important ways from the standard practices of the nation's workforce investment system. First, PRA recipients who secure employment during their first 13 weeks of collecting UI benefits would be eligible for a reemployment bonus equal to the balance remaining in the PRA. Such bonuses are not currently offered and would be much larger than those tested in any prior demonstrations. Moreover, a substantial proportion of the bonus—60 percent—would be paid immediately upon reemployment, instead of after some minimum employment retention period. Second, PRAs would shift the reemployment assistance that One-Stop career centers offer from a free and

uncapped, but closely managed, benefit to a capped benefit that people manage themselves. Since PRA recipients must pay for staff-assisted intensive services and training from their PRAs, the PRA award generally represents the maximum total value of assistance that a person could receive from the local workforce agency (not including core services).<sup>1</sup> In contrast, One-Stop centers offer free counseling and other services to qualifying persons, with no explicit caps on the dollar value of the assistance they can receive. Furthermore, local staff currently determine the appropriateness of particular services for individuals. Given these differences, federal, state, and local administrators would face important planning and operational challenges in implementing the proposed PRAs offer.

This paper draws on research from a variety of sources to address issues related to implementation of the proposed PRAs. Sources include the UI reemployment bonus demonstrations, research on Worker Profiling and Reemployment Services (WPRS) systems, the ongoing Individual Training Account (ITA) Experiment, and more general studies of UI recipients and unemployed workers. We address three broad questions about PRAs:

1. What are the likely impacts of the reemployment bonus feature of the PRAs on the recipients?
2. How could states and local areas set the amount and decide who would receive an offer?
3. What procedures could local areas use to offer the PRAs and manage and monitor the use of the accounts?

We deal with these questions in the three major sections this paper comprises. Our objective is to provide USDOL, states, and local areas with guidance on options and important

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<sup>1</sup> PRA recipients would not have to pay for core services available through the One-Stop system. These generally include self-access services (for example, job listings) and such services as resume writing help and workshops on interviewing to help individuals find employment.

considerations in implementing the provisions of the PRA plan. The guidance is based on all available information about the proposed PRA programs and our extensive experience in implementing procedures for programs similar to the proposed PRA initiative and in conducting research on these programs and on unemployed workers.



## **II. PREDICTED IMPACTS OF PRA REEMPLOYMENT BONUSES**

Experience with the Pennsylvania and Washington reemployment bonus demonstrations provides information that can be used to predict the impacts of the reemployment bonus component of the proposed PRAs on the receipt of the bonus and UI benefits. In this section, we present estimates of these impacts based on combining the findings from the reemployment bonus demonstrations and other related research with the details of the proposed PRAs. We also show how these estimates vary by PRA amount.

The potential value of reemployment bonuses available to PRA recipients will depend on where states set the PRA amounts. The maximum that states can set is \$3,000. In comparison, the bonus amounts offered in the reemployment bonus demonstrations, which occurred mostly in 1989, ranged from about \$300 to \$1,000. While the proposed PRA maximum appears to be substantially more generous than the previously tested bonus amounts, some of this difference needs to be discounted as a result of inflation. Still, Table II.1 shows that a \$3,000 PRA amount in today's dollars is equivalent to slightly more than \$2,000 in 1989 dollars, which is twice as large as the most generous bonuses tested in the demonstrations. Alternatively, states can choose to set the PRA amount below \$3,000. Table II.1 also shows the values of PRA amounts of \$2,000 and \$1,000 when measured in 1989 dollars.

### **A. PREDICTED BONUS RECEIPT RATES**

We use two methods to predict reemployment bonus receipt rates among PRA recipients. The first uses information on the rates that were observed in the reemployment bonus demonstrations, with several adjustments made to account for the details of the PRA proposals and for the difference in economic conditions currently and at the time of the demonstrations.

TABLE II.1  
 PREDICTED IMPACTS OF PRA REEMPLOYMENT BONUSES,  
 BY PRA AMOUNT

	PRA Amount (in Dollars)		
	3,000	2,000	1,000
Value of PRA Amount in 1989 Dollars <sup>a</sup>	2,040	1,360	680
Predicted Bonus Receipt Rates (Percent)			
Method 1 <sup>b</sup>	33	27	20
Method 2 <sup>c</sup>	31	30	29
Predicted UI Impacts <sup>d</sup> (in Weeks)	-1.66	-1.38	-1.09

<sup>a</sup>Based on consumer price index (CPI), 1989 to 2003.

<sup>b</sup>Simulation based on experience with bonus receipt rates in the reemployment bonus demonstrations.

<sup>c</sup>Simulation based on reemployment behavior among UI recipients targeted for Worker Profiling and Reemployment Services combined with estimated impacts on reemployment rates in the bonus demonstrations.

<sup>d</sup>Based on estimated UI impacts in the bonus demonstrations.

The second uses information on reemployment rates among UI recipients targeted for WPRS, with adjustments to account for the likely impacts of the bonus offer on reemployment rates based on the impacts observed in the bonus demonstrations.<sup>2</sup>

We predict that the maximum PRA amount of \$3,000 would generate substantially higher reemployment bonus receipt rates—at least for the first installment of the bonus—than those observed in the bonus demonstrations, where the rates ranged from about 11 percent to 22 percent.<sup>3</sup> We estimate that about 32 percent of those offered a \$3,000 PRA will qualify for and receive at least the first installment of a reemployment bonus.<sup>4</sup> As Table II.1 shows, one of the methods used to predict bonus receipt rates yields an estimate of 33 percent, while the other yields an estimate of 31 percent.

The higher bonus receipt rate associated with a \$3,000 PRA is due not only to the greater financial incentive of a higher bonus amount, but also to the requirement that the first installment of the bonus (60 percent of the total) be paid immediately upon reemployment. In the bonus demonstrations, people who became reemployed quickly enough to be eligible for a bonus also needed to remain employed for 16 continuous weeks before they could receive the bonus. Many people (more than half) who initially appeared to be eligible based on when they stopped receiving UI benefits did not subsequently file a bonus claim. Analysis in Corson et al. (1992) shows that many of these recipients would not have been eligible for a bonus, for a variety of reasons, including their failure to retain their job long enough. However, some of them would

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<sup>2</sup>These methods and the calculations based on them are explained in greater detail in Appendix A.

<sup>3</sup>These rates are based only on the bonus offers that had a qualification period (the period in which people could qualify by becoming reemployed) of 11 or 12 weeks. Offers with shorter qualification periods were tested, but they are less relevant for making predictions for PRAs, which would have a 13-week qualification period.

<sup>4</sup>PRA reemployment bonuses are designed to be paid in two installments—60 percent of the remaining PRA at the time of enrollment, and the other 40 percent after six months of job retention.

have qualified under the proposed PRA rules. For example, in contrast to the demonstrations, PRA recipients would receive the first bonus installment immediately after reemployment, and so initial eligibility would translate directly into bonus receipt, assuming they apply. The size of the offer should encourage nearly everyone who is eligible to receive a bonus to actually apply for it.

Another factor that could affect bonus receipt rates is the targeting of the PRA offers to UI recipients with high probabilities of exhausting their UI benefits. Theoretically, targeting of the bonus should reduce the receipt rate. Since targeting would direct bonus offers to UI recipients with long expected unemployment spells, this approach would be expected to reduce the number of people who qualify. However, evidence presented in O’Leary et al. (2003) suggests that targeting may not reduce the bonus receipt rate and instead may even increase the rate compared with the untargeted bonuses that were tested in the demonstrations. Because of the apparent contradiction between the theory and the evidence, and since the PRAs would be targeted more narrowly than was tested in O’Leary et al. (2003), we chose for this analysis to assume that targeting the PRA offers would not affect the bonus receipt rate, on average.

The bonus receipt rate will be sensitive to the PRA amount set by the states. Lowering the PRA amount will lower the bonus receipt rate, as it lowers the financial incentive for people to seek the bonus. According to Table II.1, lowering the PRA amount to \$2,000 would reduce the bonus receipt rate to between 27 and 30 percent, and lowering it to \$1,000 would reduce the rate to between 20 and 29 percent. Note that even after lowering the PRA amount to \$1,000, which in real terms is similar to the amounts offered in the demonstrations, the predicted bonus receipt rates are still generally larger than the actual rates in the bonus demonstrations. This is due primarily to the requirement that the first reemployment bonus installments be paid immediately upon reemployment.

## B. PREDICTED IMPACTS ON UI RECEIPT

Predicted impacts on UI receipt are also somewhat higher than the estimated impacts from the bonus demonstrations. In the demonstrations, the estimated UI impacts ranged from  $-.26$  weeks to  $-.82$  weeks per bonus offeree, according to the amount of the bonus offered.<sup>5</sup> In contrast, Table II.1 shows that we predict that the reemployment bonus component of the \$3,000 PRA will generate a reduction in UI benefits of 1.66 weeks per PRA recipient. The predicted impacts under PRAs are larger than the estimated impacts in the bonus demonstrations because (1) the more generous PRA bonus amount should speed reemployment and therefore reduce benefits received, and (2) the targeting of the PRA bonus focuses on people who anticipate long UI spells, so it should increase the average reduction in UI for those becoming reemployed during the bonus qualification period (see O’Leary et al. [2003] for a discussion of this issue).

Reducing the PRA amount reduces the predicted impact of the bonus offer on UI receipt *per PRA recipient*. When the PRA amount is reduced, the financial incentive for people to become reemployed quickly and give up their remaining UI benefits is lowered. Table II.1 shows that reducing the PRA amount to \$2,000 or \$1,000 also reduces the impacts on UI receipt to  $-1.38$  and  $-1.09$  weeks per recipient, respectively.

Note, however, that a lower PRA amount will have UI impacts on a larger group of UI recipients, since at the lower amount proportionately more UI recipients will receive a PRA offer. Therefore, although the UI weeks paid per PRA recipient may be higher at the reduced PRA amount (since UI impacts are reduced), the aggregate weeks paid *across all UI recipients* is likely to be lower (since the UI impacts are extended to a larger group of UI recipients). For

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<sup>5</sup>These estimated impacts are based only on the bonus offers that had a qualification period (the period in which people could qualify by becoming reemployed) of 11 or 12 weeks. Offers with shorter qualification periods were tested, but they are less relevant for making predictions for PRAs, which will have a 13-week qualification period.

example, if the PRA amount is reduced from \$3,000 to \$1,000, the reduction in UI receipt declines from  $-1.66$  weeks to  $-1.09$  weeks, but this impact is expanded to three times as many recipients. Hence, to compare these impacts, we need to triple the UI reduction for the \$1,000 PRA, which yields a UI impact of  $-3.27$  weeks compared with  $-1.66$  weeks for the \$3,000 PRA, holding constant the number of PRA recipients. So, in this scenario, the lower PRA amount, at least in terms of the reemployment bonus feature of the PRA, is more cost-effective.

### **C. ENTRY EFFECTS**

One factor we have not accounted for in our predictions is entry effects, which would occur if PRAs, by increasing the potential financial benefits of filing for UI, expand the number of people who file. Many people who expect to find a new job quickly choose not to apply for benefits (Wandner and Stettner 2000). Others report that applying for benefits is “too much work” or “a hassle.” The potentially large financial incentive inherent in a PRA offer could induce many of these people to change their behavior and claim benefits. This could increase both the bonus receipt rate, since most of these people say they are likely to become reemployed quickly, and the overall costs to the UI system, since they would claim and receive some benefits rather than forgo them completely.

However, entry effects are likely to be mitigated because of the low probability that the potential new UI entrants would receive a PRA offer. First, as we will discuss in greater detail in the next section, PRA offers would be made to a small proportion of the UI population, with the exact figure depending on the amount that is set. Furthermore, the offers would be targeted to recipients most likely to exhaust their benefits, which may lower further the probability that PRA offers would be received by people who expect to start a new job quickly. Given these factors, the potential new UI entrants may determine that, despite the increased financial incentive the reemployment bonus offers, the probability of receiving a PRA offer is low enough that they are still disinclined to file a UI claim.

### **III. ISSUES ASSOCIATED WITH MAKING PRA OFFERS**

In determining how PRA offers would be made, states would need to decide the PRA amount and who is going to receive the offer. States have the primary responsibility for setting the amount, but, as we will point out, they should take into account how the figure they set would affect local areas. With respect to eligibility, we argue that both the state and the local areas should play a role in determining who receives an offer.

#### **A. SETTING THE PRA AMOUNT**

The PRA proposal specifies that states would establish the amount of the PRAs to be offered, which shall be uniform throughout the state and shall not exceed \$3,000. In setting the amount, states would need to consider at least three questions:

1. What opportunities are offered by different PRA amounts?
2. What is the trade-off between the PRA amount and the number of offers that can be made?
3. How do the impacts of the PRAs on recipients vary by the amount?

##### **1. What Opportunities Are Offered by Different PRA Amounts?**

The PRA amount establishes an overall constraint on the resources available to recipients. In setting the amount, states face a tension between the bonus and service components of the account. If the amount of the PRA is set high so as to maximize the services it can purchase, that also creates a generous potential reemployment bonus.

The perceived adequacy of different PRA amounts depends on whether the perception is based on the bonus or the service component of the PRA. For example, setting the PRA amount to the \$3,000 maximum would offer a generous reemployment bonus. As we point out in the previous section, a bonus offer of \$3,000 in today's dollars is slightly more than twice as large as

the most generous bonuses tested in the Washington and Pennsylvania reemployment bonus demonstrations in the late 1980s.

However, as a maximum amount to pay for training or intensive reemployment services and support, \$3,000 may be limiting. One way to see this is to compare a \$3,000 PRA with the amount that WIA local areas currently make available through Individual Training Accounts (ITAs) to pay for training. D'Amico et al. (2002) report that among 26 local areas they recently observed offering ITAs, only 5 limited ITAs to \$3,000 or less. Furthermore, the ITA amount offered in these local areas needs only to cover the costs of training; the costs of other reemployment services, such as career counseling, are currently paid for by local agencies. In contrast, the PRA amount needs to cover the costs of other reemployment services and support in addition to training. Therefore, at least in some areas, \$3,000 would not appear to represent generous funding for training, services, and other support.

The adequacy of the amount a state sets for its PRA could also vary by local area. First, training opportunities and costs vary by local area, so a given PRA amount would purchase different levels of support in different areas. For example, a local area with a community college may have more low-cost training options than one served only by private providers. Second, the cost of living varies by local area, so the real value of the PRA amount as a reemployment bonus would also vary (just as the real value of a given UI weekly benefit amount varies). Third, the maximum amount of the primary alternative source of training support for many potential PRA recipients—the ITA—also varies by local area. For example, D'Amico et al. (2002) indicate that in Missouri the ITA amount is \$5,000 in St. Louis County, compared with \$1,700 in West Central Missouri. Therefore, a PRA amount of \$2,000 might be perceived as generous in West Central Missouri but not in St. Louis County. This is especially important, since everyone who accepts the offer of a PRA must forgo access to an ITA or other WIA services. Presumably,

people who are interested in services would be more likely to accept PRA offers that are high relative to the local ITA amounts. States would want to be aware of how this comparison plays out in different local areas.

## **2. What Is the Trade-Off Between the PRA Amount and the Number of Offers That Can Be Made?**

Using data drawn from the ITA Experiment, we have conducted analyses which suggest that PRA recipients would generally spend most of their PRAs.<sup>6</sup> Therefore, when states set the PRA amount, they are also implicitly determining the average expenditures for PRA recipients and the number of people that would be served. That is, setting the amount closely determines how the available resources would be spread across potential recipients in the state. States can choose to offer either generous PRAs to fewer recipients or smaller PRAs to a larger number.

If all PRA recipients were to exhaust their PRAs, calculating the number of offers that can be made given the PRA amount is very straightforward—simply divide the available total resources by the PRA amount. Since we expect most recipients to use most of their PRA, this calculation is probably a reasonable starting point. In Table III.1 we illustrate this calculation for the average state, based on the state receiving an average portion of the \$3.6 billion available nationwide for PRAs.<sup>7</sup> As shown in the table, the average state would have a minimum of \$63 million that could be distributed to local areas to be offered through PRAs over two years.<sup>8</sup> If we assume that all PRA recipients exhaust their accounts, average expenditures per recipient are

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<sup>6</sup>The research paper (Perez-Johnson and Decker 2003) containing this data analysis is attached as Appendix B.

<sup>7</sup>The estimates in Table III.1 are based on simulations shown in Appendix C. These simulations can be revised to match the particular circumstances of a given state.

<sup>8</sup>This is calculated by dividing the \$3.6 billion by 53 states (including DC, the U.S. Virgin Islands, and Puerto Rico) to get the state share, and then subtracting off the maximum 7 percent of funds that are available to pay for PRA administration, including revising the profiling model and setting up a database to manage the PRAs.

TABLE III.1

IMPLICATIONS OF DIFFERENT PRA AMOUNTS  
IN AVERAGE STATE, TWO YEARS

	PRA Amount (in Dollars)		
	3,000	2,000	1,000
Total Resources Available for PRAs (in Dollars) <sup>a</sup>	63,169,811	63,169,811	63,169,811
Assuming All Recipients Exhaust PRAs:			
Average expenditures per PRA recipient (in dollars)	3,000	2,000	1,000
Number of offers made <sup>b</sup>	21,057	31,585	63,170
Percent of UI recipients receiving an offer <sup>c</sup>	5.4	8.0	16.1
Assuming Not All Recipients Exhaust PRAs:			
Average expenditures per PRA recipient (in dollars) <sup>d</sup>	2,519	1,672	831
Number of offers made <sup>b</sup>	25,077	37,783	76,017
Percent of UI recipients receiving an offer <sup>c</sup>	6.4	9.6	19.4

<sup>a</sup>Based on \$3.6 billion divided among 53 states, minus 7 percent that may be used to revise the profiling model or create a tracking database.

<sup>b</sup>Total resources available divided by average expenditures.

<sup>c</sup>Based on 20.8 million new UI recipients nationwide over 2 years, divided by 53 states.

<sup>d</sup>Based on the following assumptions:

1. The number of PRA recipients who receive the first installment of the reemployment bonus is based on the average of the rates shown in Table II.1
2. 81 percent of first-installment recipients also receive the second installment
3. Reemployment bonus recipients who do not receive the second installment do not spend the remainder of their PRA on training or other services
4. PRA recipients who do not receive a reemployment bonus spend, on average, 80 percent of their PRA on training and other services

equal simply to the PRA amount, as shown in the second line of the table. The next line shows, for different PRA amounts, how many offers would be made if all PRA recipients were expected to exhaust their accounts. If the PRA is set at \$3,000, PRAs could be offered to an estimated 21,057 UI recipients over the two years. This is comparable to 5.4 percent of the UI population in the average state, which amounts to slightly less than half the 12 percent of the UI population that is currently targeted for WPRS services.<sup>9</sup>

States could vary the number of PRAs they offer by adjusting the PRA amount. For example, Table III.1 shows that if all recipients were to exhaust their PRAs and the PRA amount is lowered to \$2,000, the number of offers that the state could make increases to 31,585, or 8.0 percent of the state UI population. If the amount is lowered even further, to \$1,000, the state could increase the number of offers to 63,170, which represents 16.1 percent of the UI population. In this case, the number of PRA offers would exceed the WPRS population, which could create procedural problems for local areas.<sup>10</sup>

Inevitably, not all PRA recipients would exhaust their full PRAs. There are at least two reasons for this: (1) not all PRA recipients who become reemployed and receive a first bonus installment from their account would stay employed long enough to receive the second installment, and (2) PRA recipients who fail to qualify for a bonus might not completely exhaust their PRA on training and services. PRA resources that are offered but not spent could then be made available to new PRA recipients.

In determining how many UI recipients would be served through PRAs, states should recognize that not all recipients would exhaust their accounts. To determine how a given amount

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<sup>9</sup>*The Economic Report of the President, 2003*, reports that 1.2 million, or 12 percent, of UI recipients nationwide were referred to WPRS from July 2001 through June 2002.

<sup>10</sup>See Section III for further discussion of procedural issues associated with PRAs.

translates into offers, states would have to make some assumptions about how recipients would use their PRA resources. Using a set of assumptions that are explained in Table III.1, we generated simulations of how many offers the average state can make for given amounts with their PRA funding.<sup>11</sup> The last three lines of Table III.1 show the estimates generated by the simulations.

Accounting for the fact that not all recipients would exhaust their PRAs obviously increases the number of PRA offers the state would make. According to our simulations, if the state sets the PRA amount to \$3,000, actual expenditures would average \$2,519 rather than the awarded \$3,000. With that level of expenditures, the number of PRA offers that could be made goes up to 25,077, or about 4,000 more than if all recipients exhaust their PRAs. This represents 6.4 percent of all UI recipients, or slightly more than half of WPRS-targeted UI recipients. If the PRA amount is lowered to \$2,000 or \$1,000, the number of offers that could be made rises to 37,783 and 76,017, respectively. These figures represent 9.6 percent and 19.4 percent of the UI recipient population, respectively.

The simulations presented here imply that most states would likely spend all their PRA resources regardless of the PRA amount. If the amount is set at \$3,000, the average state is likely to spend all its resources by making offers to only 6.4 percent of the UI population. Even if the amount is set at only \$1,000, the average state could expect to exhaust its funding by making offers to 19.4 percent of the UI population (although this implies that offers would have to extend beyond the current WPRS population). If, after the initial offers are made, recipients spend less of their PRAs than expected, states should be able to expand the offers to a somewhat

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<sup>11</sup>Additional details of the simulations are shown in Appendix C.

larger proportion of the UI population to ensure their funds are spent. Later in this paper, we describe one way in which this process might work.

### **3. How Do the Impacts of PRAs on Recipients Vary by the Amount?**

Different PRA amounts could generate different impacts on recipients both by changing the incentives for reemployment and by changing the resources available to support training and related services. Higher PRA amounts would increase the financial incentive provided by the reemployment bonus, which is likely to increase the rate at which PRA recipients seek and receive the bonus. Therefore, setting the PRA at the maximum amount of \$3,000 should also maximize the bonus take-up rate, as recipients would put the greatest effort into reemployment to qualify for the bonus.

A high bonus take-up rate would also imply that a high proportion of total PRA dollars are spent on the bonus as opposed to training or other services. So, although setting the PRA at \$3,000 would offer the greatest access to training and services, this approach also encourages more recipients to focus on the reemployment bonus aspect of the accounts.

Setting higher PRA amounts should also generate larger impacts on employment and UI receipt *per PRA recipient*. As we noted earlier, a \$3,000 PRA should maximize the impact on employment and the reduction in UI receipt per PRA recipient, since this is the amount that maximizes both the reemployment incentive and the available training and service support for each recipient. However, if the amount is set lower, PRAs could be offered to a larger group of people, potentially affecting employment and UI receipt among this larger group. So it is difficult to predict whether setting the PRA at \$3,000 would maximize the impact on employment and UI receipt *among all UI recipients*.

## **B. DEFINING ELIGIBILITY FOR PRAs**

We expect that both states and local areas would play a role in determining which customers are eligible for PRAs. In this section we describe issues related to the responsibilities of states and local areas, and we provide one scenario for how these responsibilities might be split between the two entities.

### **1. The State's Role**

Under the PRA proposal, each local area would get an allotment of PRA dollars based on the number unemployed locally. However, as described in the previous section, the amount of the PRA offer has already been set by the state. By setting the PRA amount, states have already determined to a large extent how many people statewide would be served through PRAs. However, the number that could be served in any local area would vary according to how the money allotted to that area (which would be based on local unemployment numbers) compares with the fixed PRA amount to be offered. If the number unemployed in each local area is closely correlated with the number starting to receive UI benefits, then each area should be able, using the PRAs, to serve a roughly comparable proportion of its UI population. As we pointed out earlier, this proportion would be dictated by the amount of the PRA.

Having set the PRA amount and the allotment for each local area, a state could also set the specific eligibility criteria for PRA offers. The state might, based on the projected proportion of the UI population to be served, set a specific exhaustion probability threshold. That is, the state could require that any UI recipient with a benefit exhaustion probability above X percent be offered a PRA. A drawback of this approach is that exhaustion probabilities may vary across local areas, so a given probability threshold would risk exhausting local allotments quickly in some areas and simultaneously underutilizing the allotments in others.

## **2. The Role of the Local Area**

An alternative approach, which is analogous to what some states have done to target WPRS services, would be to allow the local areas to decide how many PRAs to offer each week, based on their PRA allotment and the offer amount set by the state. The PRA allotment and PRA amount essentially dictate the number of offers a local area could make per week. Once local areas determine how many offers to make in a week, those offers would need to be targeted to the UI recipients with the highest benefit exhaustion probabilities in that week. Several states used a similar approach to target UI recipients for reemployment services under WPRS (see, for example, the discussion of WPRS targeting in Maryland and Oregon in Dickinson et al. [1999]). Under this approach, states allowed each local area to determine its service capacity and then offer services to those local recipients with the highest probabilities of benefit exhaustion until that capacity was filled.

Local areas could use their own assumptions to simulate the number of PRA offers to make. For example, Table III.2 uses the same assumptions used for the state simulations above to illustrate how a local area might go about determining how many offers to make to new UI recipients each week.<sup>12</sup> One approach is shown in the first column, where the local area would simply divide the local two-year allotment by \$3,000 to determine the number of PRA offers to make over the two years, and divide that number by 104 to determine the number of offers to make in each week. For the case shown in Table III.2, this simple approach implies that the local area would offer \$3,000 PRAs to 1,888 people for the two years, or 18 each week.

However, by accounting for the fact that some PRA recipients would not exhaust their accounts, the local area could increase the total number of \$3,000 PRA offers from 1,888 to

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<sup>12</sup>Additional details are shown in Appendix C.

TABLE III.2  
 IMPLICATIONS OF DIFFERENT PRA AMOUNTS  
 IN AVERAGE LOCAL AREA, TWO YEARS

	PRA Amount (in Dollars)		
	3,000	2,000	1,000
Total Resources Available for PRAs (in Dollars) <sup>a</sup>	5,664,975	5,664,975	5,664,975
Assuming All Recipients Exhaust PRAs:			
Average expenditures per PRA recipient (in dollars)	3,000	2,000	1,000
Number of offers made <sup>b</sup>	1,888	2,832	5,665
Offers per week <sup>c</sup>	18	27	54
Percent of UI recipients receiving an offer <sup>d</sup>	5.4	8.0	16.1
Assuming Not All Recipients Exhaust PRAs:			
Average expenditures per PRA recipient (in dollars) <sup>e</sup>	2,519	1,672	831
Number of offers made <sup>b</sup>	2,249	3,388	6,817
Offers per week <sup>c</sup>	22	33	66
Percent of UI recipients receiving an offer <sup>d</sup>	6.4	9.6	19.4

<sup>a</sup>Based on \$3.6 billion divided among 591 local areas across 53 states, minus 7 percent that may be used to revise the profiling model or create a tracking database.

<sup>b</sup>Total resources available divided by average expenditures.

<sup>c</sup>Number of offers made over the 2 years divided by 104.

<sup>d</sup>Based on 20.8 million new UI recipients nationwide over 2 years, divided by 591 local areas.

<sup>e</sup>Based on the following assumptions:

1. The number of PRA recipients who receive the first installment of the reemployment bonus is based on the average of the rates shown in Table II.1
2. 81 percent of first-installment recipients also receive the second installment
3. Reemployment bonus recipients who do not receive the second installment do not spend the remainder of their PRA on training or other services
4. PRA recipients who do not receive a reemployment bonus spend, on average, 80 percent of their PRA on training and other services

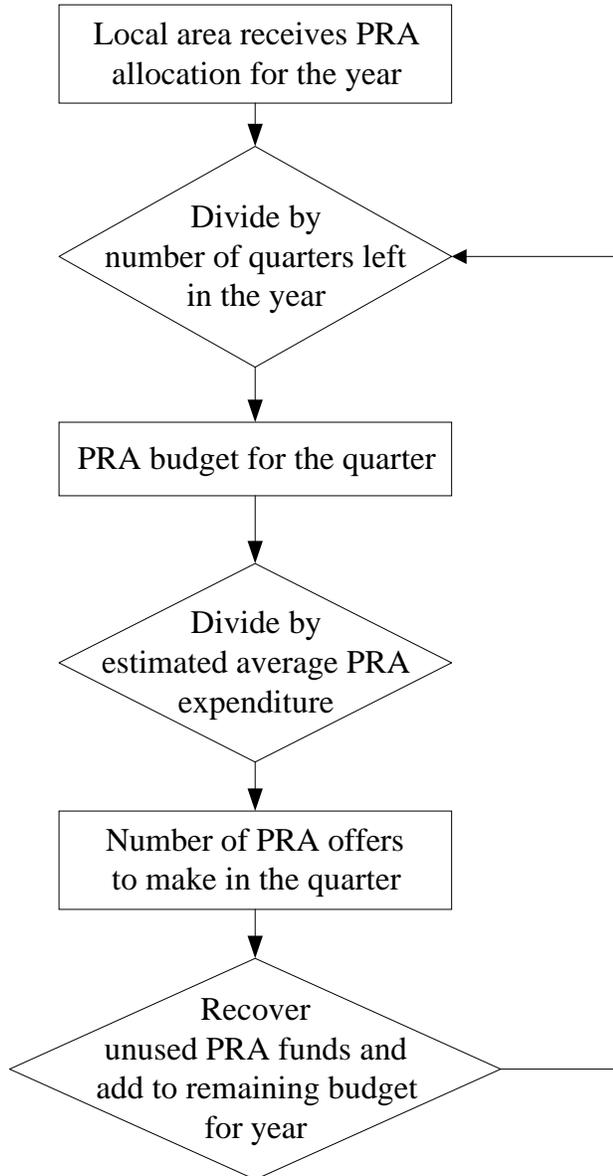
2,249, or 22 per week, as shown in Table III.2. Reducing the PRA amount would also increase the number of PRA offers that can be made. The bottom panel of Table III.2 shows that if the PRA amount is reduced to \$2,000, the number of offers increases to 3,388 over two years, or 33 offers per week. Reducing the amount to \$1,000 increases the total offers to 6,817, or 66 per week.

Using this approach to determine the numbers of weekly offers to make would exhaust the local area's PRA allotment in two years, under the assumptions and projections built into our calculations. However, even if our assumptions and projections are reasonable, actual experience is likely to be different, and local areas would have to make adjustments over time. One way to adjust would be to recalculate periodically the projections shown in Table III.2 based on actual experience with PRA expenditures, and to change the number of offers as necessary to use up the local allotment. Since a key parameter in Table III.2 is the bonus receipt rate, the local areas would begin having information to adjust their offers within 13 weeks or so of their initial PRA offers. For example, if a local area finds that a lower-than-expected number of early PRA recipients become reemployed quickly enough to receive a first bonus installment, somewhat lower projected expenditures per recipient would result. The local area could respond to this trend by increasing the number of PRA offers to be made over the rest of the year. This would ensure that the local area fully utilizes the available PRA resources. Figure III.1 shows how a local area would adjust its PRA offers on a quarterly basis to use their PRA funding fully.

UI recipients whose exhaustion probabilities are too low for them to receive an offer in their first week of UI benefits could be put onto a waiting list for a limited period. For example, if a local area offers PRAs to UI recipients with the 20 highest exhaustion probabilities, the rest of the UI recipients could be put onto a waiting list for the next two weeks. UI recipients in this group could receive a PRA offer in the following two weeks if their exhaustion probability falls

FIGURE III.1

SAMPLE PROCESS TO SET UP AND ADJUST  
NUMBER OF PRA OFFERS



in the top 20 during that time. A similar waiting-list approach is popular in targeting UI recipients for WPRS. Presumably, any UI recipients on the waiting list for a PRA offer would, in the interim, be eligible to receive other WIA services if they were determined eligible. If they register for WIA, they would likely be considered ineligible for any subsequent PRA offer. The following section provides further discussion of local procedural issues of this type.



#### IV. PROCEDURAL ISSUES IN DEVELOPING AND IMPLEMENTING PERSONAL REEMPLOYMENT ACCOUNT PROGRAMS

Workforce administrators would have to consider a variety of issues as they design and implement their PRA programs. The text box below shows the range of operational decisions they would face. In this chapter, we discuss issues, options, and resources that states and localities would consider as they make such decisions.

Our discussion is based on process research findings on the implementation of the reemployment bonus demonstrations, Worker Profiling and Reemployment Services (WPRS) systems, and Individual Training Accounts (ITAs) and other components of Workforce Investment Act (WIA) programs. This is likely to be highly relevant information as states and localities set up their PRA programs and reflect on the issues they might encounter once these programs are in operation. Because PRAs would be authorized for only three years, there would be considerable pressure to get

##### **Design and Operational Decisions Regarding PRA Programs**

- How will PRA responsibilities be allocated?
- Who will receive PRA offers?
- How will PRA offers be made?
- What is the content of PRA offers?
- How will bonus claims be processed?
- What will be allowable uses of PRA funds?
- How will PRA expenditure requests be processed?
- How will PRA recipients appeal denials of bonus and expenditure requests?
- How will payments from PRAs be made?
- How will PRA balances be tracked?
- What implementation and outcomes data will be collected?

the programs up and running quickly once authorizing legislation is approved. Therefore, we would expect workforce administrators to rely as much as possible on the procedures they now use to operate similar programs, the procedures and readily available resources from similar programs operated by others, or both.

## A. KEY CHALLENGES IN PRA IMPLEMENTATION

Before discussing specific operational decisions, we should highlight several factors that would challenge workforce administrators as they design and implement PRA programs:

- ***The PRA concept is new.*** Reemployment bonuses are not currently offered to UI recipients, WPRS participants, or other customers of the One-Stop system. At present, the use of vouchers (through ITAs) is also limited to WIA participants determined to be in need of training. In addition, research conducted to inform the design of the ITA Experiment found that, on their own, local areas tend to restrict customers' decision making and use of ITA resources in important ways (Perez-Johnson et al. 1998). Yet PRAs would extend the application of vouchers to the full range of assistance offered by One-Stop centers, not just training, and give customers much greater flexibility and control over the use of resources.
- ***PRA programs could be complex.*** Because PRAs combine a reemployment bonus and a broad service voucher component, the programs would likely involve several steps and, as we discuss next, a variety of state and local actors. States and localities must also ensure that bonuses are awarded to the right people and that PRA funds are used appropriately. Combined, these factors could drive workforce administrators to specify their PRA programs fully and try their best to anticipate opportunities for fraud and misuse of PRA funds. Thus the PRA programs could become fairly complex.
- ***Yet states and localities would need to implement PRAs quickly, using simple procedures.*** As we noted, draft legislation authorizes the proposed PRA programs for only three years. Both the temporary nature of PRA programs and their short implementation timetable should push workforce administrators to keep PRA procedures simple. In addition, the program's overall objective is to provide unemployed persons with strong, clear incentives to become reemployed quickly, and with direct control and flexibility in the use of resources for employment-related needs. To accomplish this, PRA programs should also use procedures that are straightforward and easy to understand.
- ***Relevant experience and awareness of resources to support PRA implementation are likely to be uneven.*** Experience operating reemployment bonus programs is limited to a few states (demonstrations were conducted only in Illinois, New Jersey, Pennsylvania, and Washington). Similarly, states and localities vary in their overall emphasis on WIA-funded training and, therefore, in their use of and experience with ITA training vouchers (CLASP 2003; and D'Amico 2002). This would make it important for workforce administrators to have access to guidance and information on resources as PRA programs are implemented.

## **B. ALLOCATING RESPONSIBILITIES FOR THE PROGRAM**

Among the first decisions that workforce administrators would need to make is how to allocate responsibility for the PRA program overall and for the many individual functions involved in operating the programs. State-level officials and workforce administrators would also have to decide how narrowly to define the parameters for implementation of PRA programs and which operational decisions to leave to the discretion of local areas.

*Most PRA program functions resemble current One-Stop activities.* Table IV.1 matches PRA program functions to similar One-Stop activities. As it shows, while the range of functions to be performed is wide and all these functions would be new, most PRA activities—with the exception of processing and paying reemployment bonuses—are similar to activities currently being conducted within the One-Stop system. Therefore, some expertise and resources should be available to build upon for PRA implementation.

*Dividing PRA responsibilities across UI, ES, and WIA staff might be desirable.* As Table IV.1 also shows, PRA-like activities are sometimes conducted by UI, ES, and WIA staff. Allocating PRA responsibilities in a manner that reflects and builds upon the current responsibilities of staff from these three programs may be the most practical and efficient way to capitalize on the resources and expertise of these various One-Stop partners.

*Some PRA activities might still require shared responsibility.* A key example of this is the management of the accounts. PRA recipients would be able to use account funds to purchase counseling and other reemployment assistance, which are local services likely to be delivered by WIA staff (Table IV.1). PRA recipients would also be eligible for reemployment bonuses, and, under the bonus demonstrations, eligibility verification and payment of bonuses were conducted as statewide processes by UI staff. Yet the funds to pay bonuses or pay for services would all

TABLE IV.1

PRA PROGRAM FUNCTIONS AND ANALOGOUS ACTIVITIES  
WITHIN ONE-STOP SYSTEMS

PRA Program Function	Equivalent Within One-Stop System	Agency/Program Responsible	Staff Responsible (State vs. Local)
Identify eligible UI recipients	- Identify WPRS clients	UI	State
Call in eligible UI recipients	- Call-in WPRS clients	UI/ES	Varies (State, local)
Make PRA offers	- WPRS orientations - WIA orientations	UI/ES, some WIA WIA	Local Local
Provide services to PRA clients and answer client questions	- WPRS services - WIA services	Varies (ES, WIA) WIA	Local Local
Review and approve bonus claims	- None currently but done under bonus demonstrations	UI*	State*
Review and approve PRA expenditure requests	- Review and approve ITA expenditure requests	WIA	Local
Handle appeals of rejected bonus claims and expenditure requests	- Appeals of ITA program approval decisions and expenditure requests	WIA	Local
Process payments, including bonuses, out of PRAs and track account balances	- Bonuses are not offered currently but were paid under demonstrations - Process payments out of ITAs and track account balances	UI* WIA	State* Local
Follow up on PRA recipients who exhaust their UI benefits	- Follow up on WIA clients	WIA	Local

Note: \* = Agency or staff responsible for these functions during the reemployment bonus demonstrations.

come out of the same account, and expenditures on services would not necessarily preclude bonus payouts and vice versa. This would make it difficult to implement programs where account management is divided—concurrently or sequentially—between UI staff at the state level and WIA staff at the local level.

***PRA implementation would require greater information sharing and coordination among UI, ES, and WIA staff.*** Because the One-Stop system is still fairly new and evolving,

coordination among UI, ES, and WIA staff is not always as close as may be desired. For instance, in most states and localities, WPRS responsibilities are divided between UI and ES staff (Table IV.1). When WIA staff participate in WPRS orientations, it is usually to describe WIA-funded training assistance. While WPRS clients are referred to the WIA program for reemployment assistance in some localities, it is more common for the WIA and WPRS programs to operate as distinct entities—with different target populations and service offerings. Yet PRA programs would combine activities and services from all three programs, so implementing them would require greater coordination and information sharing across these key One-Stop partners and could accelerate efforts to integrate One-Stop services.

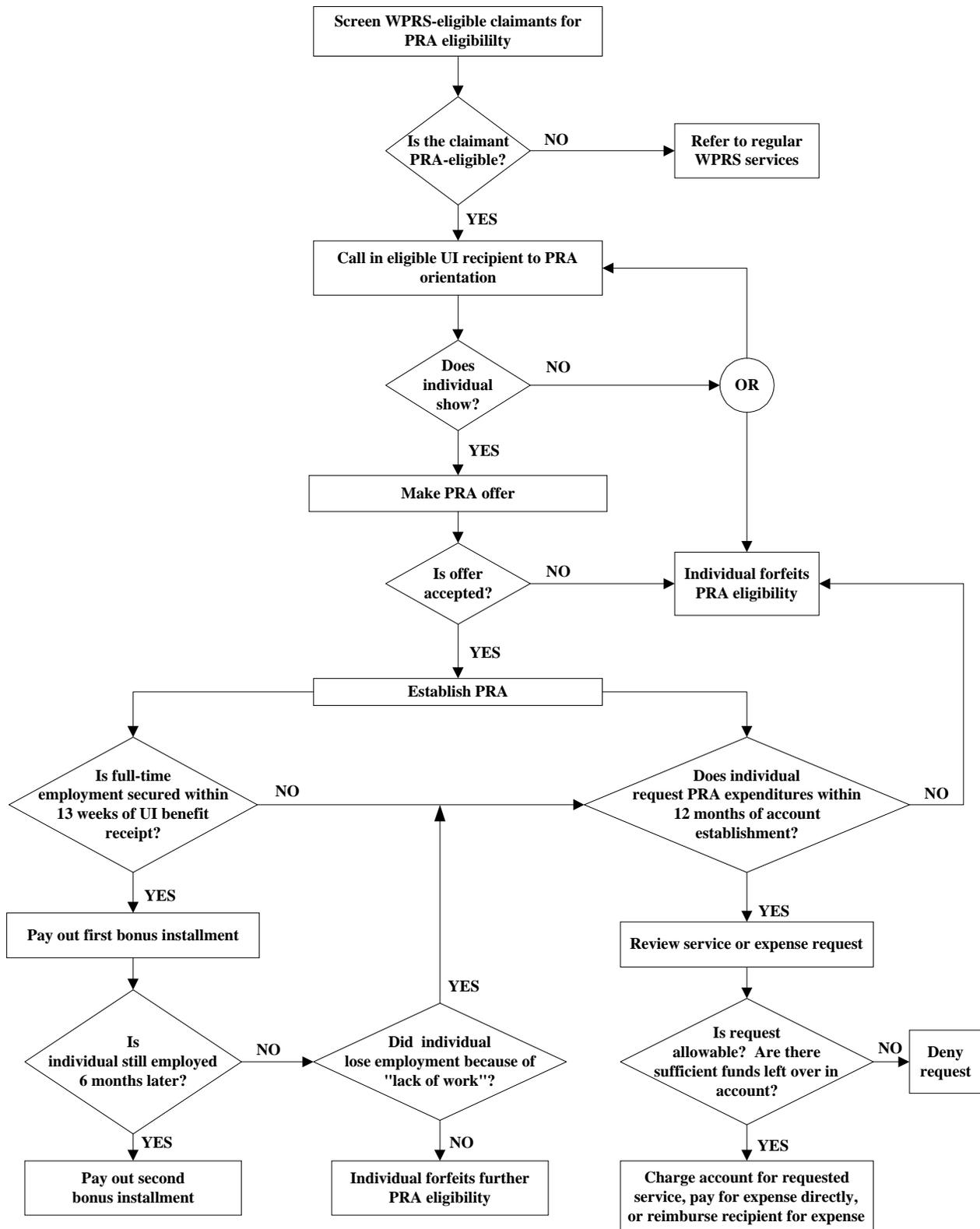
*We expect states to provide broad guidelines and allow local areas flexibility in the operation of PRA programs.* Consistent with how WIA and other One-Stop programs commonly operate, we anticipate that states would make decisions about the program parameters that have been left to their discretion in the legislation (for example, the uniform amount to be offered to PRA-eligible recipients statewide) or as state options (for example, whether to extend eligibility to optional groups or whether to specify additional criteria for eligibility or priority). To safeguard against misuse of PRA funds, states might also define allowable uses of the PRAs, standards for determining the appropriateness of a requested expense, and standards for determining bonus eligibility beyond those specified in the legislation.

### **C. IDENTIFYING ELIGIBLE RECIPIENTS AND MAKING PRA OFFERS**

Once responsibilities for key PRA functions and the program overall have been allocated, workforce administrators would need to tackle basic decisions about how their PRA programs should operate. The first steps in program operations would be to identify eligible UI recipients and offer PRAs to them (Figure IV.1). In addition to deciding the number of PRA offers to make

FIGURE IV.1

SAMPLE FLOW OF NEW UI CLAIMANTS  
THROUGH PRA PROGRAM



initially and how to adjust these procedures over time (discussed in Chapter III), workforce administrators would need to define the content of the offers and develop procedures for making them. In deciding how to make PRA offers, workforce administrators would need to figure out how to call in eligible UI recipients and how to conduct PRA orientations.

## **1. Identifying and Calling in Eligible Recipients**

“In general, an individual shall be eligible to receive assistance . . . if, at a minimum, beginning after the date of enactment of the Back to Work Incentive Act of 2003, the individual (1) is identified as likely to exhaust regular unemployment compensation and in need of job search assistance to make a successful transition to new employment, (2) is receiving regular unemployment compensation under any State or Federal program administered by the State; and (3) is eligible for not less than 20 weeks of benefits. A state may establish additional criteria for eligibility and for priority in the provision of assistance.” (H.R. 444 Sec. 135E(b).)

*States’ lists of WPRS eligibles are the likely starting point for PRA call-in procedures.* To identify and call in PRA-eligible UI recipients, workforce administrators could easily build upon the procedures they now use to identify WPRS-eligible persons and call them in for orientations. Needels, Corson, and Vannoy (2002) note that the process to identify and call in WPRS-eligibles generally involves three steps: (1) weekly computation of a profiling score for persons receiving a first UI payment or, in some states, filing an initial claim; (2) the ranking of UI recipients by profiling score for each local office; and (3) the selection of recipients to call in and the sending of a request that they report for an orientation. The first two steps are usually done in the central UI office, while the third is done in the central office in some states and in local offices in others. When the call-in step is done centrally, the central office usually generates and mails out call-in letters, but local offices determine the number of recipients to be called in. When local areas conduct the call-in, they usually review their lists of profiled clients and call in as many recipients as site capacity will allow.

*Additional exclusions may nevertheless be needed for PRAs.* Draft legislation specifies that, to be eligible for PRAs, UI recipients must have qualified for at least 20 weeks of benefits.

States may therefore need to implement additional screens that exclude people who qualify for fewer than 20 weeks of benefits, and, since states share lists of profiled recipients with local offices, incorporate this information into those lists. Staff charged with calling in PRA-eligibles might do as some local staff do currently and not always invite the top X people with the highest profiling scores to PRA orientations. Rather, before inviting profiled recipients to PRA orientations, staff would want to check that they are still actively collecting UI benefits and have remained eligible for the program. In addition, local staff would want to check that recipients are not already WIA-registered customers, as this would disqualify them from the PRA program. In the second year of the program, it would also be important to check that eligible UI recipients have not already received a PRA, which should be a one-time benefit.

***PRA call-in procedures should promote early engagement.*** Research has found WPRS orientation attendance rates to be low and followup with UI recipients who fail to show to be limited (Needels, Corson, and Nicholson 2001). States and local areas would nevertheless have a limited time period in which to use their PRA allocations, which would make it important to identify and engage eligible persons promptly. PRA programs would also want to engage eligible recipients early in their unemployment spells so that the reemployment bonus—available only through the 13th week of benefit receipt—provides a strong incentive for recipients to intensify their job search efforts or consider employment opportunities more broadly. Early engagement would also be important for PRA recipients to be able to complete training or other services before their UI benefits run out.

***Call-in procedures should also minimize “gaming” opportunities.*** Research also suggests an important reason why some WPRS-eligible recipients fail to attend their orientations: although their profiling scores suggest a high probability of UI benefit exhaustion, they still get jobs early in their UI spells and exit the program (Needels, Corson, and Vannoy 2002; and

Needels, Corson, and Nicholson 2001). The offer of a reemployment bonus may encourage such recipients to remain on the UI rolls longer than they would otherwise. That is, if such recipients are called in for a PRA orientation and become aware of the availability of reemployment bonuses, they might delay accepting a job offer or their start of employment just so they have an opportunity to accept the PRA and claim a reemployment bonus. While it would be difficult to eliminate this gaming potential completely, it could be reduced somewhat if PRA eligibility is structured as a two-stage process. Recipients could be first called in for regular WPRS services and informed of their eligibility for PRAs later, if they have remained unemployed and are still collecting UI benefits after a minimum number of weeks. Efforts to limit this gaming potential should nevertheless be balanced against the desire to also promote early engagement.

*Some UI recipients might contest their exclusion from PRA programs.* While draft legislation specifies that PRAs are not an entitlement, UI recipients could still challenge their not being offered PRAs if others they know and perceive as similar are offered the benefit. This is because PRAs represent an offer without similar alternatives for excluded persons to pursue. Unlike WPRS, where people who are not profiled can still register with the ES and request reemployment assistance, people who are not determined eligible for PRAs cannot volunteer for the program. In this sense, PRAs are more like self-employment assistance (SEA) programs, where excluded UI recipients have tried to appeal their profiling scores in order to qualify for the services (Messenger, Peterson-Vaccaro, and Vroman 2002). Local staff may therefore need (1) rules clearer than those for WPRS for determining which UI recipients should and should not be called in for PRA orientations, (2) training and scripts on how to explain to disgruntled recipients the criteria on which selection is based, and (3) procedures to handle “appeals” of PRA eligibility determinations.

## 2. Content of the PRA Offers

“Prior to the establishment of a PRA for an eligible individual, the One-Stop delivery system shall ensure that the individual (1) is informed of the requirements applicable to the PRA, including the allowable uses of the funds from the account, the limitations on access to WIA services and a description of such services, and the conditions for receiving a reemployment bonus; (2) has the option to develop a personal reemployment plan, which will identify the employment goals and appropriate combination of services selected by the individual to achieve the employment goals; and (3) signs an attestation that the individual will comply with the requirements related to the PRAs . . . and will reimburse the account or, if the account has been terminated, the program for any amounts expended under from the account that are not allowable.” (H.R. 444 Sec. 135E(c)(1).)

*PRA orientations should cover a wide range of topics.* Draft legislation specifies several topics to be covered in PRA orientations—including allowable uses of PRA funds and the

conditions for bonus eligibility (see text box). In addition to these requirements, our experiences in the ITA Experiment suggest that PRA orientations should cover the amount of the PRA award, the period over which it is valid, the procedures recipients must use to claim a reemployment bonus or request expenditures out of their accounts, and the criteria that will be applied to approve PRA expenditure requests. This is because, like people assigned to Approach 3 of the ITA Experiment—a “true voucher” approach with no counseling requirements, PRA customers would not have counseling requirements and this would make it essential that they leave their

### Topics for PRA Orientations

- PRA amount
- Period over which award is valid
- Allowable uses of PRA funds
- Ability to develop an employment plan
- Eligibility for reemployment bonus
- Process to claim bonus and/or request PRA expenditures
- Procedures for verification of bonus eligibility
- Criteria for approval of PRA expenditure requests
- Payment procedures
- Terms of the award

orientations with a clear sense of the program’s rules and the steps they must follow to use their awards. Local staff may also want to explain in detail the interaction between the bonus and

reemployment account features of the award.<sup>13</sup> Because of the complex rules and terms of the awards, it may also be useful for PRA recipients to receive a detailed, written explanation of the program.

“For the 1-year period following the establishment of the account, claimants may not receive intensive, supportive, or training services funded under this title except on a fee-for-service basis.” (H.R. 444 Sec. 135(a)(3)(C).)

***PRA orientations must provide information to help eligible recipients decide whether or not to accept the offer.*** People who accept PRA offers must forfeit their eligibility for staff-assisted WIA services for 12 months from the date of establishment of their account. During this period, they would be allowed to receive WIA services (beyond core services) only on a fee-for-service basis. One-Stop staff would need to explain these award conditions in detail to eligible UI recipients, as, for some, accepting a PRA may represent a significant trade-off in assistance. In helping PRA-eligible UI recipients assess this potential trade-off, local areas should be prepared to give people some sense not only of their likelihood of *qualifying* for relatively costly WIA services—for example, training—but also of their likelihood of *receiving* such services—that is, based on the overall availability of WIA funds locally for such uses.

***ITA models could inform the development of PRA customer agreements.*** Draft legislation specifies that people who accept their PRA offers must sign an agreement certifying that they will comply with the program’s requirements and reimburse the government for any expenditures that are later deemed unallowable. Some local areas, when awarding ITAs to eligible WIA customers, use similar agreements, which could serve as models for PRA customer agreements (Exhibits IV.1 and IV.2).

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<sup>13</sup>That is, PRA recipients can use their awards to purchase services before claiming a reemployment bonus. However, a client who has qualified for the reemployment bonus cannot use PRA funds to purchase services unless he or she loses employment because of a “lack of work.”

EXHIBIT IV.1

**WORKFORCE DEVELOPMENT, INC.**  
**CUSTOMER RESPONSIBILITY AGREEMENT**

**Our Responsibility:**

The goal of WIA (Workforce Investment Act) is to return you to work as quickly as possible. The program is funded by the Department of Labor and is a short term service program. The program is designed for your success! Workforce Development, Inc. is responsible for the delivery of employment and training services under WIA in partnership with the Illinois Employment and Training Centers. Core services including career counseling, planning, labor market information, job search assistance, on-line job listings and internet access will be provided. Intensive services including comprehensive services to overcome barriers and pre-vocational services including ESL will be provided. Vocational training will be offered in programs through approved training institutions on the Illinois State Provider List.

We wish you the best of luck as you embark on your re-entry/entry into the workforce through participation in our programs. Your Career Advisor is here to support and assist you.

**Your Responsibility:**

\_\_\_ Call to schedule **ALL** appointments with your Career Advisor. We can not guarantee our availability without an appointment.

\_\_\_ If training services are determined to be necessary, you will have **45 days to find a school** and enroll in courses. If 45 days elapse, you will have to re-certify to participate in the program. Please contact your advisor if you are having difficulty with this process *well before the 45 days have expired*.

\_\_\_ Basic skill levels must be met **before** funding can be supplied for vocational training. (A 9<sup>th</sup> grade math and reading level must be met for all training programs excluding Information Technology, where a 10<sup>th</sup> grade math and reading score is required).

\_\_\_ Consult with your Career Advisor **prior to registering** for any course(s). Workforce Development, Inc. cannot reimburse any student for tuition, books or fees that are incurred without an authorized Workforce Development, Inc. ITA (individual training account) voucher.

\_\_\_ If you are taking full-time academic course work at a community college or university you **must apply for financial aid** at the school's financial aid office before submitting the voucher. A copy of the approval or rejection of benefits should be sent to your Career Advisor within *two weeks* of determination. (Persons with a bachelor's degree or higher and those only pursuing a certificate not a degree need not apply for financial aid. Dislocated workers should discuss their status with the financial aid office.)

\_\_\_ Promptly submit issued vouchers to the designated school to guarantee registration and payment. All vouchers must be signed where required. Sign the book voucher **again** upon receipt of books.

\_\_\_ If changes are needed on the original registration schedule such as withdrawals, additions or cancellations, contact you Career Advisor immediately. **No alterations may be made on the voucher itself**. Any unauthorized changes to the voucher will invalidate it.

\_\_\_ Withdrawals or changes in your course schedule may also impact Unemployment Insurance benefits. Inform your local Illinois Department of Employment Security representative of any changes in course work.

EXHIBIT IV.1 (continued)

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\_\_\_ You will be required to continue documentation of your job search for the Department of Employment Security unless you are attending training full time (12 credit hours of more).

\_\_\_ Participation in programs under the Workforce Investment Act (WIA) does not extend unemployment benefits. Unemployment benefits last for 26 weeks. Currently there is no extension period and no extensions are made.

\_\_\_ Notify Workforce Development, Inc. if you become employed at any point during your participation in our program, (full-time, part-time or temporary), relocate to another area, change telephone number or addresses. This information is very important for our files.

\_\_\_ When your course(s) or vocational training ends, you **MUST forward a copy of your certificate(s) or credential(s) attained immediately** upon completion to your Career Advisor for Department of Labor tracking purposes. Grades must be forwarded upon the completion of each semester. Failure to forward your grades or certificates will jeopardize further participation in WFD, Inc. sponsored programs. Future vouchers will not be written.

\_\_\_ Upon completion of training and while searching for a job, you are **required to maintain contact with your Career Advisor at least once per month**. This is a minimum. Your Career Advisor is here to help you throughout core, intensive, training and job search stages of your return to the workforce.

\_\_\_ Once you have completed services or training and obtained a job, WFD, Inc. will need information regarding your employment in order to show the outcomes of these **federally funded services**. At a minimum, we will need: **date of employment, employer's name, company address, phone number, job title, job description, working hours, salary, benefits and supervisor's name**. **You must agree to provide this information in order to receive services as required by the Department of Labor**. This will assist WFD, Inc. in receiving funds in the future enabling us to help others. This information is statistical only. In addition, you will be contacted by phone or letter for up to 12 months after you re-enter/enter the workforce to determine employment retention rates. **This is a vital and most important part of the program and federal funding**.

I HAVE READ AND UNDERSTAND THIS AGREEMENT AND WILL COMPLY WITH ITS INTENT. I UNDERSTAND THAT ANY DEVIATIONS FROM THIS AGREEMENT WILL JEOPARDIZE APPROVAL FOR WORKFORCE DEVELOPMENT, INC. SERVICES. I UNDERSTAND FAILURE TO PROVIDE GRADES, COPIES OF CERTIFICATIONS, CHANGE OF ADDRESS/PHONE INFORMATION OR FUTURE EMPLOYMENT INFORMATION WILL RESULT IN MY BEING DENIED FUTURE FUNDING FOR SERVICES OR TRAINING.

\_\_\_\_\_  
Customer's Signature

\_\_\_\_\_  
Career Advisor's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Revised 9/29/2000

In partnership with the communities of the Northwest Municipal Conference  
Workforce Development, Inc. (formerly known as the Private Industry Council of Northern Cook County)

EXHIBIT IV.2

“TOOL CHEST” LIST OF ‘I WILLS’

THUMB AREA - MICHIGAN WORKS!

Employment Development  
"TOOL CHEST"  
List of "I Wills"

Name of Recipient \_\_\_\_\_

This TOOL CHEST AGREEMENT is designed to allow you the opportunity to develop, create and put in practice your own plan to employment development. In a weird kind of way you are "getting married to the task of getting a good, full-time job". Remember a full-time job is the goal.

Therefore, as with marriage, this TOOL CHEST AGREEMENT comes with a number of "I do's and I will's":

**From the Recipient side**

- I will invest my TOOL CHEST funds wisely.
- I will practice good personal grooming.
- I will display a willingness to cooperate with trainers, employers and co-workers.
- I will show a positive interest in training/work.
- I will constructively follow directions and show initiative.
- I will maintain good attendance while in training or on-the-job.
- I will maintain good personnel evaluations and/or acceptable grade level when in training.
- I will maintain weekly/bi-weekly contact with my TOOL CHEST Customer Services Manager.
- I will not obligate any TOOL CHEST funds awarded to me PRIOR to approval from my Customer Services Manager
- I will notify my TOOL CHEST Customer Services Manager of other funds I may receive (i.e. PELL Grant/Michigan Tuition Grant/Veterans Benefits/etc.).
- I will promptly submit a Class Schedule, Financial Aid Information and Class Grade Report each semester to my TOOL CHEST Customer Services Manager while participating in a Classroom Training Activity.
- I will accept the responsibility to fulfill \_\_\_\_\_ hrs. per week to meet my participation requirements.

Additional "I Wills"

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I hereby authorize the release of wage information and hours worked from my employer, during my participation with this program, to my Customer Services Manager. I also agree to adhere to the "I WILL" requirements as outlined. Failure to adhere to any or all of the requirements may result in the loss of my TOOL CHEST AWARD.

**From the Customer Services Manager Side**

- I will provide good, complete and up-to-date employment development information at all times.
- I will provide answers to TOOL CHEST service questions (good or bad) within one day.
- I will serve as a TOOL CHEST AWARD advocate to get the best training, for the best price, and within the best time frames for every person.
- I will work to develop "non-traditional" training opportunities.
- I will reinforce the principle that getting a full-time job is #1 and obtaining recognized youth or adult employment development competencies is #2.
- I will protect TOOL CHEST AWARD funds from being involved in sectarian, political and/or nepotism activities.
- I will ensure the TOOL CHEST AWARD Recipient obtains and understands the Thumb Area - Michigan Works! Agency "grace" procedures.
- I will assist employers involved in TOOL CHEST AWARD service provisions to understand federal, state and local employment standards. (i.e. Salary/CEO, Workers Compensation, Minimum Wage, Licensing, Unions, Layoffs, Etc.)
- I will monitor all types of TOOL CHEST AWARD payments to make sure "we get what we pay for".

TOOL CHEST AWARD RECIPIENT \_\_\_\_\_

DATE \_\_\_\_\_

CUSTOMER SERVICES MANAGER \_\_\_\_\_

DATE \_\_\_\_\_

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### 3. Conducting PRA Orientations

Workforce administrators would need to make several decisions about how PRA orientations should be conducted. For instance, they would have to decide on the most appropriate mode, that is, whether PRA orientations should be in-person sessions or whether the offer could be presented over the telephone or in a letter with telephone followup; whether, if in-person, individual or group sessions should be conducted; and, if group sessions are preferable, whether any of the eligible recipients should have separate orientations. Workforce administrators would also need to decide which staff should conduct the orientations.

*PRA orientations are likely to be in-person, group sessions.* The overall content and complexity of the topics to be covered suggest that these should be in-person sessions.<sup>14</sup> Explaining the details of the PRA policies and procedures to eligible UI recipients is likely to be difficult in a letter or over the telephone. In addition, eligible recipients are likely to have questions and, if they do not, might still benefit from hearing the answers to questions that other eligible people ask. Bringing eligible recipients into the One-Stops for PRA orientations may have the added benefit of helping to familiarize them with One-Stop services. Since the offer is generally the same across eligible clients, PRA orientations could easily be conducted as group sessions. As discussed in Chapter III, local offices are likely to call in enough eligible recipients to support group sessions.

*Separate orientations may be desirable for exhaustees.* If a state extends PRA eligibility to this group, the terms of their offers and allowable uses would differ somewhat from those for new UI recipients. These people would be eligible for a reemployment bonus if they secure a full-time job within 13 weeks from the date of establishment of their PRA account, rather than

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<sup>14</sup>Alternatives such as telephone orientations or mail-based orientations with telephone followup may still be desirable in special circumstances, for example, when dealing with claimants from remote rural areas.

within 13 weeks of collecting UI benefits.<sup>15</sup> At state option, they would also be allowed to use PRA funds for supportive payments. Separate PRA orientations for exhaustees may be needed, however, only for the period that states or localities give these people to come forward to learn about their PRA awards and claim the benefit, instead of for the full duration of the program.

*UI, ES, and WIA staff are all likely to play a role in PRA orientations.* UI and/or ES staff could be responsible for calling in eligible recipients and coordinating the scheduling of orientations, using procedures like the ones used for WPRS orientations. As we discussed, an important component of PRA orientations will be to provide information to help customers decide whether to accept the PRA offer and forfeit eligibility for WIA services, and WIA staff are likely to be in the best position to explain the potential trade-off. Their involvement would also make it possible to incorporate some quick prescreening for WIA eligibility into PRA orientations.

#### **D. OPERATING PRA PROGRAMS**

Workforce administrators would need to develop a wide range of new procedures to implement the bonus and voucher components of their PRA programs. They would have to devise procedures for PRA recipients to claim their reemployment bonuses, for staff to verify eligibility for them, and for bonuses to be paid to qualifying persons. The administrators would also need to develop procedures for PRA recipients to request One-Stop (intensive and training) services or other expenditures from their accounts; for local staff to review these requests and decide whether or not to approve them; for local staff to communicate their approval or denial

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<sup>15</sup>As we discuss later, structuring PRAs in this manner—that is, with a firm reemployment deadline—may be desirable across the board, rather than just for these PRA claimants.

decisions to PRA recipients and relevant staff; and for PRA recipients to appeal denied expenditure or service requests.

## 1. Processing Bonus Claims

*Procedures similar to those used in the reemployment bonus demonstrations could be used in the new PRA programs.* In both the Washington and the Pennsylvania demonstrations, participants mailed an initial “Notice of Hire” form to staff at the central UI office.<sup>16,17</sup> When they received this form, UI staff checked whether the participant met basic eligibility criteria for the reemployment bonus—for instance, that the job met the program’s definition of full-time<sup>18</sup>—and, if so, mailed a notice informing the recipient that the bonus claim had been accepted.<sup>19</sup> Along with this notice, UI staff also sent a “Bonus Voucher” form and a “Job Change” form that the participant had to submit about four months after the start of the qualifying job.<sup>20</sup> In the Pennsylvania and Washington demonstrations, reemployment bonuses were paid out in a single installment and only if the recipient had maintained full-time employment for 16 weeks or 4 months, respectively. Once the participant mailed in the second claim, central UI office staff

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<sup>16</sup>All forms and notices used in the Washington demonstration are available in Appendix A of the final evaluation report (Spiegelman et al. 1992). Corson et al. (1991) describe the forms used in the Pennsylvania demonstration. We include several of the Washington forms and notices in Appendix D of this paper.

<sup>17</sup>“Notice of Hire” forms asked bonus claimants to report the start date of the qualifying job, the number of hours worked per week on that job, and contact information for both the qualifying job and for the job held just prior to the initial receipt of UI benefits.

<sup>18</sup>In the Pennsylvania demonstration, full-time employment was defined as 32 or more hours per week. In the Washington demonstration, full-time work was defined as a total of at least 34 hours per week on all jobs or sufficient earnings to terminate UI benefit payments.

<sup>19</sup>Staff also contacted claimants if more information was required. If the bonus claim was rejected, claimants received a notice informing them of this outcome and the reason for it.

<sup>20</sup>The Bonus Voucher form reported current employer contact information and average weekly hours, and certified that the claimant met all eligibility criteria for claiming a bonus. This form was all that was required if the claimant worked at only one job during the four month period. Claimants who worked at more than one full-time job during that period were also required to submit the “Job Change” form, which reported employer contact information, job start and end dates, and average weekly hours for all jobs during the period.

checked program records to verify both the participant's monetary and nonmonetary eligibility for UI<sup>21</sup> and to look for any intervening collection of UI benefits. UI staff verified the employment information by telephoning each employer the recipient listed, but only if the recipient *still* appeared to be eligible for the bonus.

“Sixty percent of the remaining PRA balance shall be paid to the claimant at the time of reemployment. Forty percent of the remaining PRA balance shall be paid to the claimant not later than 6 months after the date of reemployment.” (H.R. 444 Sec. 135F(c)(2).)

***Such procedures would have to be modified to accommodate two bonus installments.***

Draft legislation specifies that the PRA bonuses shall be paid in two installments—60 percent of the remaining PRA balance at the time of reemployment and the other 40 percent no later than six months after the date of reemployment. Hence, workforce administrators would have to develop procedures for the claiming, processing, and paying of two separate bonus installments.

***PRA bonus eligibility criteria must balance several objectives.*** Workforce administrators would want their programs to provide strong incentives for PRA recipients to intensify their job search efforts and consider employment opportunities they may not have considered otherwise. At the same time, they would want to minimize incentives for recipients to accept low-quality jobs just to qualify for a bonus. Minimizing opportunities for PRA recipients to realize unreasonable “windfalls” or “game” the bonus claim process would also be important. To meet these objectives, administrators may consider the following options:

- ***Allow a wide range of employment options.*** Self-employment, temporary jobs, or working for a relative were not excluded outright from allowable jobs in the bonus

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<sup>21</sup>To remain eligible for a reemployment bonus in the Pennsylvania demonstration, after applying for benefits, UI claimants had to maintain both monetary and nonmonetary eligibility (Dunstan and Kerachsky 1988). This meant, for example, that they could not receive a duration disqualification for UI benefits either because of a late arising separation issue or because of a nonseparation issue. However, one-week disqualifications did not affect the claimants' bonus status.

demonstrations. Special rules were nevertheless developed to minimize potential abuses associated with employment options.<sup>22</sup>

- ***Deny bonuses for recalls to the previous job or placements through a union hiring hall.*** In the Pennsylvania and the Washington demonstrations, paying bonuses for such jobs was viewed as inappropriate since “job acquisition was totally dependent upon the actions of the employer or union” (Spiegelman et al. 1992).<sup>23</sup>
- ***Delay bonus payments.*** The bonus demonstrations delayed bonus payments to ensure that new jobs had some long-run potential. Recipients were allowed to change jobs during the reemployment period, as long as there were no employment interruptions greater than one week, all jobs worked were full-time, and no UI benefits were claimed during the reemployment period.
- ***Base bonus eligibility on calendar weeks, instead of benefit weeks.***<sup>24</sup> Under current proposals, UI recipients could suspend benefits claims temporarily just in order to qualify for the PRA bonus.<sup>25</sup> To avoid such gaming, the bonus demonstrations gave all participants a firm reemployment deadline, defined as a fixed number of *calendar weeks* from the date of their bonus offer. A calendar-based reemployment deadline might also be easier for PRA recipients to understand and for program staff to track.<sup>26</sup>

***State or local staff may need to call employers directly to verify most bonus claims.*** UI wage records are unlikely to be available to verify employment as staff evaluate first or second bonus claims, as typically there is a two-quarter delay in the availability of such data. Moreover,

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<sup>22</sup>In the Pennsylvania demonstration, for instance, claimants who were self-employed at any time during the 16-week bonus qualification period were required to submit proof of self-employment along with their Bonus Voucher (and the “Job Change” form, if necessary). Acceptable proof included a copy of the IRS Employer’s Quarterly Federal Tax Return, an annual federal tax return showing self-employment income, and Employer’s Initial Statement for UI, or a state or municipal business license.

<sup>23</sup>This might not be a significant concern under PRA programs since claimants with a specific recall date and claimants who are hired through a union hiring hall are typically screened out of WPRS selection pools (Needels, Corson, and Vannoy 2002), which would make them ineligible for PRAs.

<sup>24</sup>While the language in the draft legislation may change or ultimately be interpreted more loosely, at present it suggests that, for new UI claimants, bonus eligibility will depend on the number of weeks of UI benefits collected.

<sup>25</sup>Consider the case of a PRA recipient who has collected 10 weeks of UI benefits and secures an offer for a job that will not start for another five weeks. The claimant might stop collecting UI benefits for a couple of weeks—indicating that he or she was not actively searching for work or was not available to accept employment during that period—and resume collecting UI just in time to claim the reemployment bonus.

<sup>26</sup>Another complication of basing bonus eligibility on the number of weeks of UI benefits collected is that administrators would need to decide what to count as a week—for example, waiting weeks and weeks when only partial benefits are collected, only weeks when the claimant collects the full weekly benefit amount, or any calendar week when the claimant collects at least one dollar in UI benefits.

some states do not collect the information that would be needed to conduct the desired verifications—for instance, employment dates, weeks employed in the quarter, and total hours of employment each week.

*Employment verification may delay payment of the first PRA bonus installment.* Draft legislation specifies that payment of the first bonus installment should occur “at the time of reemployment.” Local staff would nevertheless need some time to confirm that clients have stopped collecting UI benefits and, as we just discussed, verify their employment. Workforce administrators might also want to delay payment of the first bonus installment somewhat (as was done in the bonus demonstrations) to discourage PRA recipients from accepting jobs with little long-term potential, especially temporary or seasonal jobs.

*Several considerations should inform decisions about how to process bonus claims processing.* These could include efficiency and consistency in the application of eligibility criteria, the burden imposed on individual staff, and potential delays in bonus payments. As the PRA program would be new and relatively short in duration, centralized procedures could minimize staff training costs and errors in the application of bonus eligibility criteria. Yet a decentralized process would spread the verification burden and reduce its impact on the overall workload of individual staff. If local staff conduct verification of bonus claims, the outcomes of this process could be communicated more quickly to clients and the staff in charge of making the payments, which might result in fewer delays in payment. Another important consideration may be that, over the past decade, taking of UI claims has increasingly become centralized and telephone-based. Hence, One-Stops do not always have a staff person with direct access to UI data systems.<sup>27</sup> If charged with processing bonus claims, One-Stop staff might need to work

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<sup>27</sup>Alternatively, One-Stop staff may have read-only access to UI systems but no substantive, recent training to understand or interpret system codes.

with a designated person with access to UI data systems, whom they may call to request UI-related information.<sup>28</sup>

## **2. Processing PRA Expenditure Requests**

PRA recipients would need clear guidance on the steps they would need to follow to request services or expenditures to be paid for by their accounts. Once a PRA customer requests a One-Stop service or an expenditure out of his or her account, a local staff member would need to evaluate the request and decide whether or not to approve it.

### **a. Procedures to Request PRA Expenditures**

*Customers may use paper forms to request PRA expenditures.* Since PRAs include no counseling requirements, the level of contact between PRA recipients and One-Stop staff once these customers leave their orientations may be quite limited. Local areas may therefore want to develop paper forms or other tools for PRA recipients to request One-Stop services and other account expenditures.

*ITA request forms could serve as models for PRA programs.* Customers assigned to Approach 3 in the ITA Experiment use different forms to request approval of their program selection and to request ITA expenditures on training-related supplies (see Exhibits IV.3 and IV.4). Our experiences developing these forms and observing their use by customers and staff suggest several considerations for PRA programs:

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<sup>28</sup>An alternative would be to grant WIA/One-Stop staff direct access to UI data systems. We believe that, because of data-sharing issues and confidentiality concerns, this is unlikely to happen within the time frame for implementation of the PRA program.



REQUEST FOR TRAINING FUNDS

**PARTICIPANT:** \_\_\_\_\_ **DATE:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**INSTRUCTIONS:** Please submit this sheet to your Workforce Development, Inc. counselor for approval. You may submit it by mail or in-person. Remember that, for your request to be approved, you must have completed your ITA counseling requirements and selected a program within the state’s list of eligible training providers. Once your request is approved, your counselor will ask you to register for the program or courses requested and submit a copy of your registration paperwork. Your counselor will then issue a voucher, which you must (1) sign and (2) take to the training provider for payment. You may pick-up your voucher in person from your counselor or s/he can mail it to you. *Please allow at least 5 business days for processing of your request.*

- 1. **Institution:** \_\_\_\_\_
- 2. **Program:** \_\_\_\_\_
- 3. **Expected Program/Term Start Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_ **End Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**4. Training Costs and Resources**

Training Costs		Training Resources	
Tuition and Fees	\$	A. Pell Grant	\$
		B. Scholarships/grants	\$
Other required expenses (describe):	\$	C. Other (describe):	\$
<b>Total Costs</b>	\$	<b>Total Resources</b>	\$

- 5. **ITA Amount Requested:** \$ \_\_\_\_\_  
(NOTE: The ITA amount you request must be less than or equal to the funds remaining in your ITA.)

<b>--FOR COUNSELOR USE ONLY--</b>	
<p><b>1. Conditions for approval -- Enter “Y” or “ ” to confirm:</b></p> <p><input type="checkbox"/> Customer has satisfied ITA participation requirements.</p> <p><input type="checkbox"/> Institution/program selected is an approved training option.</p> <p><input type="checkbox"/> Training costs and resources have been fully reported and verified.</p> <p><input type="checkbox"/> Customer has ITA funds available.</p>	
<p><b>2. Request for ITA funds for training is APPROVED:</b></p> <p>Counselor’s STAFF_ID: [ _____ ] Participant’s MPR_ID: [ _____ ]</p> <p>Signature: _____ Date: [ _____ ]</p>	
<p><b>3. ITA funds to be released:</b></p> <p>Current training costs -----&gt;[\$ _____ ]</p> <p>minus countable resources (A + B) --&gt; [\$ _____ ]      <b>Remaining ITA funds:</b> \$ _____</p> <p>equals need for training support -----&gt; \$ _____      (NOTE: Refer to Participant Status sheet)</p> <p><b>Amount approved:</b> [\$ _____ ]</p> <p>(NOTE: Enter lesser amount of “need for training support” and participant’s “remaining ITA funds.”)</p> <p><b>Provide payment to:</b> [V_CODE: _____ ] for [P_CODE: _____ ]</p>	
<p><b>4. Expected Start Date:</b> [ ____/____/____ ]      <b>Expected End Date:</b> [ ____/____/____ ]</p>	

REQUEST FOR TRAINING SUPPLIES



**PARTICIPANT:** \_\_\_\_\_ **DATE:** \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

**INSTRUCTIONS:** Please complete a separate sheet for each request for training-related supplies and submit it to your ITA counselor. You may submit this sheet by mail or in-person. For your request to be approved, you must also enclose documentation (for example, a course syllabus or letter from the instructor) showing that the supplies requested are a **requirement** for a course or program that Workforce Development, Inc. has already approved. Also, no ITA funds will be released directly to customers. Therefore, **you must agree to get the supplies requested from a vendor that can be paid directly by Workforce Development, Inc.** Once your request is approved, your counselor will issue a voucher, which you should (1) sign and (2) take to the agreed-upon vendor for payment. You may pick-up your voucher from your counselor or s/he can mail it to you. **Please allow at least 5 business days for processing of your request.**

**1. Program/course information:**

Training Institution: \_\_\_\_\_  
 Program: \_\_\_\_\_  
 Course(s): \_\_\_\_\_  
 \_\_\_\_\_

**2. Type of supplies being requested (select ONE category):**

\_\_\_\_\_ Books  
 \_\_\_\_\_ Tools  
 \_\_\_\_\_ Clothes/Uniforms  
 \_\_\_\_\_ Other (Describe: \_\_\_\_\_)

**3. Amount being requested: \$ \_\_\_\_\_**

(Note: This amount must be equal to or less than available ITA funds.)

**--FOR COUNSELOR USE ONLY--**

**1. Conditions for approval (enter "Y" for yes or " " to confirm):**

\_\_\_ **Supplies requested are a requirement for the approved training program.**  
 \_\_\_ **No other sources of support are available for the services requested.**  
 \_\_\_ **Customer has ITA funds available.**

**2. Request for supportive services is APPROVED:**

Counselor's STAFF\_ID: [ \_\_\_\_\_ ] Participant's MPR\_ID: [ \_\_\_\_\_ ]

Counselor's signature: \_\_\_\_\_ Date: [ \_\_\_\_\_ ]

**3. Amount authorized: [ \$ \_\_\_\_\_ ]**

**for [S\_CODE: \_\_\_\_\_ ]**

**payable to [V\_CODE: \_\_\_\_\_ ]**

- ***Forms should reflect the full range of possible PRA uses.*** Draft legislation specifies that, subject to some restrictions, PRA funds may be used to purchase intensive services, training services, supportive services, and even assistance to purchase or lease an automobile. Paper forms may be desirable even when PRA recipients request One-Stop services, as existence of a paper trail may help trigger account charges for services provided in-house.
- ***Forms should include detailed submission instructions.*** As we noted, One-Stop staff may have little contact with PRA recipients after they have attended their orientations. Therefore, PRA expenditure request forms should clearly lay out the process that PRA recipients must follow to submit their requests (for example, mail the form to a given address or submit it in person to a designated One-Stop staff member).
- ***Forms should include information on the conditions for request approval.*** PRA expenditure request forms should remind customers of the criteria that will be applied to evaluate their requests and of any supporting documentation they must provide to secure approval.<sup>29</sup> Distinct forms, or forms with distinct sections, may be needed for various types of PRA expenditures, as different considerations are likely to factor into approval decisions for different types of requests.<sup>30</sup>
- ***Forms should describe the process to communicate approval or denial decisions.*** PRA expenditure request forms should note the time required to process the request and how local staff will notify the customer of its outcome (that is, whether the request is approved or denied). This will help avoid unrealistic expectations about response time on the part of customers.

## **b. Procedures to Evaluate Expenditure Requests**

*Staff could follow a two-stage process to evaluate PRA expenditure requests.* Before examining any PRA service or expenditure request in detail, local staff could perform basic checks to ensure that the person *can* in fact make a request. This determination is likely to be based on three main elements: (1) is the person a PRA recipient? (2) does the person still have PRA funds available? and (3) is the request for an allowable expense? Staff will also have to

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<sup>29</sup>We say *remind* PRA claimants, since we have assumed that approval criteria would be discussed during PRA orientations.

<sup>30</sup>The ITA “Supply Request” form, for example, directs customers to enclose a course syllabus or letter from the instructor, showing that the supplies requested are a requirement for a training program that has already been approved. It also reminds customers that they must agree to obtain the supplies from a vendor that can be paid directly by the local One-Stop agency, as no ITA funds are released directly to customers.

check that the PRA recipient has not claimed and been determined eligible to receive a reemployment bonus. Approval decisions could then focus on whether the expense is appropriate.

***It may be sensible to require PRA expenditure requests to relate directly to employment.***

For the expense to be judged an appropriate use of PRA funds, states and local areas could stipulate that PRA requests be expenditures directly related to reemployment or services needed to prepare for or search for reemployment. Such a standard would provide guidance and flexibility to local staff as they evaluate PRA expenditure requests, without placing excessive restrictions on recipients' use of their PRA awards. For example, it might still be possible for PRA recipients to use their accounts to purchase children's furniture and toys—if they substantiate that these expenses are directly related to their employment goal (for example, becoming a home-based day care provider) or a prerequisite for employment.

***Caps might also be set for some PRA expenditures.*** States or local areas might also set caps on the maximum amounts—overall or in a particular period—that PRA recipients could spend on specific services. This could occur, in particular, if workforce administrators consider it inappropriate for PRA recipients to spend their *full* awards on a particular type of expense—for example, health care services, child care, or transportation.

“A State *may* authorize exhaustees to withdraw amounts from the PRA on a weekly basis for purposes of income support in amounts up to the average weekly amount of UI that the individual received prior to his or her exhaustion of rights to UC if the individual is engaged in job search, intensive services, or training that is expected to lead to employment.” (H.R. 444 Sec. 135F(b).)

***Designated staff might process requests for income-support payments.*** When qualifying PRA recipients request income support payments, One-Stop staff would first have to verify that the person is eligible for such payments (that is, that the person is an exhaustee) and confirm that the PRA recipient is still actively engaged in One-Stop services. Local staff would also need to

get information from UI staff on the average weekly benefit amount for these people. Since income support would not be an allowable use of account funds for all PRA recipients, to minimize errors in the application of eligibility criteria and approval of income support payments, local areas may want to designate specialized counselors to work with the customers who qualify for such payments.

### **3. Managing the Personal Reemployment Accounts**

The final set of PRA procedures that workforce administrators would need to develop involve managing the individual accounts. In particular, the administrators would have to decide how to establish and track transactions for these accounts. Procedures would also be needed to charge the PRAs for staff-assisted WIA services and to make payments to outside providers and the PRA recipients themselves.

#### **a. Establishing and Maintaining PRAs**

*Accounts could be managed by a designated staff person.* Consistent with general practice with ITAs, PRAs could be managed by a designated One-Stop staff person, rather than the individual counselors who provide services to PRA recipients or evaluate their service and expenditure requests. This staff member would be responsible for establishing the PRAs, making payments from the accounts, tracking PRA balances, and generally maintaining the accounts. Importantly, the designated accounts manager would have to learn promptly any information on which UI recipients accept their PRA offers, become eligible for bonuses, receive One-Stop services, or have other PRA expenditures approved.

*Simple procedures may be used to manage PRAs.* The local areas that offer ITAs to their WIA training customers typically use commercially available software or locally developed spreadsheets to track individual obligations, payments, and balances for these training accounts.

While allowable uses of the PRAs would be broader than for ITAs, the approach needed to manage PRAs is generally the same. That is, funds would need to be reserved once an eligible recipient accepts the PRA offer; payouts would then reduce the balance of funds available in the PRAs. Hence, local areas should be able to use similar, uncomplicated procedures to manage PRAs.

*Procedures to identify inactive or expired accounts quickly will be important.* Because of the strict two-year window for localities to award PRAs, workforce administrators would want to develop procedures to identify inactive or expired accounts promptly and release any unused funds so they can be used to fund PRAs for new customers. An easy way to accomplish this would be for each PRA to receive an account expiration date (exactly 12 months after the PRA acceptance date). Local staff could use this date to systematically identify and review those accounts whose account expiration date has passed and return any unused funds to the overall PRA budget. It would also be important to flag the accounts of people who qualify for a first bonus installment, so that, if they fail to claim their second bonus installment or fail to qualify for it for a reason other than “lack of work,” unused PRA funds are returned promptly to the overall PRA budget.

#### **b. Making Charges to or Payments from PRAs**

Workforce administrators would need procedures to charge PRAs for One-Stop services (beyond core services), make payments to outside vendors, and make payments to PRA recipients. Deciding how to set prices for staff-assisted services is likely to be a concern. However, as we discuss next, we do not expect this to be a major challenge.

*Three factors should inform decisions about the pricing of One-Stop services.* At present, One-Stops do not generally charge for any of the staff-assisted intensive or training services they

provide to qualifying local customers.<sup>31</sup> Hence, local areas are likely to have little, if any, experience on which to base decisions about what prices to charge PRA customers who request staff-assisted services. Workforce administrators could nevertheless consider three factors: (1) the expected demand for staff-assisted services among PRA recipients, (2) One-Stop capacity to respond to PRA demand for services, and (3) the overall availability and prices of competing alternatives.

*Demand for staff-assisted services among PRA recipients may be low.* Analysis of preliminary participation data from the ITA Experiment suggests that PRA recipients are unlikely to request much counseling (see Appendix B), for two main reasons. First, the services are voluntary. Second, being required to pay for them should act as a further disincentive for PRA recipients to request them, as spending on services would reduce the potential amount of the reemployment bonus or the PRA resources available to pay for training and other employment-related needs.

*With low demand for services, local capacity should not be a major constraint.* If demand for counseling and other staff-assisted services among PRA recipients is low, local areas may be able to accommodate any additional service requests without much difficulty. That is, workforce administrators should not anticipate having to hire additional staff to increase their service delivery capacity. Hence, increased staffing or other costs should not be a major consideration as they set the prices for staff-assisted services.

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<sup>31</sup>The only exception we have encountered is the Thumb Area Employment and Training Consortium (ETC), which serves a four-county rural area in eastern Michigan. This local area has been operating its “tool chest” voucher model since 1996. Individual ETC customers receive a “tool chest” that pools funds from all the programs for which the customer qualifies. With staff approval, customers are allowed to use funds from their “tool chest” account to purchase a wide range of employment, training, and supportive services, including individualized assistance from or workshops led by ETC staff.

*The principal consideration in setting One-Stop prices may be competitors' prices.* To encourage PRA recipients to use in-house services as much as possible, local areas would want to ensure that they price their services competitively. Workforce administrators may want to examine closely the prices charged by local competitors—for example, resume-help agencies or employment brokers—for services similar to those offered at their One-Stops.

*Existing procedures could be used to pay certified providers.* Workforce administrators would need procedures to pay outside providers for services such as training and other allowable uses of the accounts (for example, book purchases or assistance with child care). One-Stops tend to have existing relationships with a wide range of providers of specialized supplies and services, and we expect them to encourage PRA recipients to use this established network as much as possible. When PRA recipients use certified One-Stop providers, local areas should be able to use the same procedures they currently use to pay them.

*New procedures will be needed to pay out-of-network providers.* To prevent fraud and misuse of PRA funds, we would expect local areas to insist on having out-of-network providers bill them directly for services whenever possible, especially if the expense is substantial (for example, training from a provider outside the state's Eligible Training Provider List). When provider billing is impractical or infeasible, local areas may ask PRA recipients to pre-pay for the expense and then get reimbursed.

*Convenience might promote the use of certified providers.* The convenience of obtaining services or supplies without first having to obtain quotes or vouchers could encourage PRA customers to use certified providers.<sup>32</sup> PRA recipients who insist on using an out-of-network

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<sup>32</sup>Local areas usually have established agreements with certified providers whereby these providers bill them directly for services (such as training) or supplies (such as tools, books, or uniforms) that have been preapproved for WIA customers.

provider could be required to cover the expense out of pocket first and then provide documentation that the service was in fact received in order to receive reimbursement. If this option is offered, it would be important to stress to PRA customers that they should secure expense approval *before* they incur it or, otherwise, they may not get reimbursed.

***Local areas will need procedures to pay bonuses, provide income support, and make other direct payments to PRA recipients.*** Payment of reemployment bonuses should be straightforward, as it would involve only the mailing of checks to the recipients. It is likely that few PRA customers would qualify for income-support payments. We would expect local areas to limit other direct payments to PRA recipients to supportive services (mainly child care and transportation) and reimbursement for pre-approved, out-of-pocket expenditures.

## **E. COLLECTING DATA ON PRA PROGRAMS**

In addition to deciding how to operate PRA programs, workforce administrators would need to decide what information to collect about them. Experience with similar or related programs suggests that data must be collected for two main purposes: (1) supporting and refining PRA operations and (2) evaluating the program's results. Federal agencies are also likely to implement their own reporting requirements, and states and local areas would need to collect data to meet these requirements.<sup>33</sup> Some of the information collected may support several purposes.

***Some data would help operate and refine PRA operations.*** As PRA programs operate, it would be important to maintain records on the people who accept PRA offers. One-Stop staff

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<sup>33</sup>Answers to questions on PRAs posted in the DOL Web site, for example, indicate that "states will be required to conduct a yearly audit of the financial management of the PRA program, at which time a statistically significant sample of individual PRAs will be reviewed ("Personal Reemployment Accounts – Questions and Answers," available at [[www.doleta.gov/reemployment/Final\\_QA.cfm](http://www.doleta.gov/reemployment/Final_QA.cfm)], February 28, 2003).

would need this information to ensure that PRA recipients do not receive multiple offers during the program's implementation period or access WIA services for 12 months from the date they accept a PRA award. As was discussed in Chapter III, workforce administrators would need information on the take-up rates of PRA offers and average expenditures out of the accounts in order to adjust over time the number of offers they make and ensure that they use their full allocations.

*Workforce administrators will want to know the results of PRA programs.* Data on take-up rates and average PRA expenditures would be important in evaluating PRA program results. Information on the outcomes for people who participate in PRA programs would also be important, including their receipt of UI benefits (both number of weeks and amount of benefits collected), reemployment rates, and reemployment wages. Collecting information on customer satisfaction could be important as well.

*Process information could yield useful lessons.* It may be helpful to also collect some "qualitative" information, for example, on the principal reasons why UI recipients turn down their PRA offers; how often first and second bonus claims are denied and for what reasons; how often PRA expenditure requests are denied and for what reasons; the most common uses of PRA funds; and utilization patterns of staff-assisted One-Stop services among PRA recipients. This information should provide useful lessons for future programs that use similar strategies.



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**APPENDIX A**

**CALCULATION OF PREDICTED IMPACTS OF  
PRA REEMPLOYMENT BONUSES**



TABLE A.1

CALCULATION OF PREDICTED IMPACTS OF PRAS ON BONUS RECEIPT,  
METHOD 1

	PRA Amount/Duration		
	\$3,000/13 Weeks	\$2,000/13 Weeks	\$1,000/13 Weeks
1. Value of PRA Amount in 1989 Dollars	2,040	1,360	680
2. Unadjusted Estimated Bonus Receipt Rate, Based on Function in Decker and O'Leary (1991, Percentage)	27.3	22.0	16.7
3. Bonus Receipt Rate in Pennsylvania Demonstration (Percentage)	13.2	13.2	13.2
4. Additional Percent Eligible and Likely to Claim a Bonus Under PRA Rules (Percentage)	6.9	6.9	6.9
5. Adjustment Factor to Apply to Rate in Line 2 to Account for Additional Percent Eligible	1.52	1.52	1.52
6. Estimated Bonus Receipt Rate (First Installment Only), Unadjusted for Economic Conditions (Percentage)	41.5	33.4	25.4
7. Discount Factor for Economic Conditions	0.79	0.79	0.79
8. Fully Adjusted Predicted Bonus Receipt Rate (Percentage)	32.9	26.5	20.1

## Notes:

1. Based on the change in the consumer price index (CPI), 1989 to 2003.
2. Based on estimated function presented in Table II.4 in Decker and O'Leary (1991):  $(\text{Bonus Receipt Rate}) = -.20 + (\text{bonus amount} \times 0.78) + (\text{bonus duration} \times .89)$ , where *bonus amount* is measured in hundreds of dollars and *bonus duration* is measured in weeks.
3. Bonus receipt rate for \$1,000/12-week bonus offer in the Pennsylvania Reemployment Demonstration (Corson et al. 1992, Table VI.1, p. 77).
4. Based on information on bonus eligibility in the Pennsylvania Reemployment Bonus Demonstration (Corson et al. 1992, Tables VI.1 and VI.5, pp. 77 and 84). Calculation assumes that recalls and part-time workers will not be eligible for a PRA reemployment bonus. Also assumes that claimants not paid a bonus in the demonstration due to job retention would be eligible for the first installment of the PRA reemployment bonus. This includes 1.7 percent of Pennsylvania claimants who file an eligible notice of hire but were not paid a bonus plus the 6.9 percent of Pennsylvania claimants who did not file a notice of hire but appeared to be eligible for a bonus. We assume that under PRAs, 80 percent of these eligible claimants (1.7 percent + 6.9 percent) would claim the first bonus installment.
5. The sum of lines 3 and 4 divided by line 3.

TABLE A.1 (*continued*)

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6. Line 2 multiplied by line 5. This is the predicted PRA bonus receipt rate if current economic conditions were comparable to 1989, the time of the bonus demonstration.
7. Based on the ratio of the 12-month average of UI exhaustion rates from June 1989 and January 2003.
8. Line 6 multiplied by line 7.

TABLE A.2

CALCULATION OF PREDICTED IMPACTS OF PRAS ON BONUS RECEIPT AND UI RECEIPT,  
METHOD 2

	PRA Amount/Duration		
	\$3,000/13 Weeks	\$2,000/13 Weeks	\$1,000/13 Weeks
1. Value of PRA Amount in 1989 Dollars	2,040	1,360	680
2. Estimated Increase in Impact on UI Exit Rate (by 12 Weeks) (Percentage)	2.1	0.7	-0.6
3. Estimated Impact on UI Exit Rate (by 12 Weeks) (Percentage)	5.8	4.4	3.1
4. Adjusted Predicted Bonus Receipt Rate (Percentage)	31.3	29.9	28.6
5. Estimated Reduction in UI Weeks per Recipients Based on Decker and O'Leary (1991)	-1.19	-0.91	-0.62
6. The Additional Effect of Targeting the Bonus Offer (UI Weeks)	-.047	-0.47	-0.47
7. Predicted Impact on UI Weeks, Adjusted for the Impact of Targeting	-1.66	-1.38	-1.09

## Notes:

1. Based on the change in the consumer price index (CPI), 1989 to 2003.
- 2 & 3. Based on Table VII.5 in Corson et al. (1992).
4. Based on the 1998 reemployment rate among UI recipients referred to WPRS as of 14 weeks since their pre-UI job (Needels, Corson, and Nicholson 2001), plus line 3, the estimated impact on the UI exit rate. The 1998 reemployment rate among UI recipients is adjusted to account for the changes in economic conditions between 1998 and 2003.
5. Based on estimates presented in Tables III.4 and III.5 in Decker and O'Leary (1992), making adjustments to account for the parameters of the PRA offer.
6. Based on the increase in UI impacts in the bonus demonstrations of targeting the highest bonus offers (with long durations) to the claimants with benefit exhaustion probabilities in the top 25 percent (O'Leary, Decker, and Wandner 2003).
7. Line 5 plus line 6.



**APPENDIX B**

**PRELIMINARY ANALYSIS OF DATA FROM  
THE ITA EXPERIMENT**



Contract No.: N-7731-9-00-87-30  
MPR Reference No.: 8641-420

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Policy Research, Inc.

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**What Can We Expect  
Under Personal  
Reemployment Accounts?  
A Discussion Based on  
Preliminary Analysis of  
Data from the ITA  
Experiment**

*October 30, 2003*

*Irma L. Perez-Johnson  
Paul T. Decker*

Submitted to:

U.S. Department of Labor  
Employment and Training Administration  
200 Constitution Ave., NW  
Room N-5637  
Washington, DC 20210

Project Officer:  
Janet Javar

Submitted by:

Mathematica Policy Research, Inc.  
P.O. Box 2393  
Princeton, NJ 08543-2393  
Telephone: (609) 799-3535  
Facsimile: (609) 799-0005

Project Director:  
Paul Decker

## INTRODUCTION

On January 7, 2003, President Bush unveiled his economic stimulus plan, which included a proposal for a new program of Personal Reemployment Accounts (PRAs). The broad goal of PRAs is to provide unemployed workers who are likely to exhaust their unemployment insurance (UI) benefits with additional assistance and incentives to help them get back to work sooner. Under the new program, the federal government would offer states a total of \$3.6 billion over two years. The money would fund PRAs of up to \$3,000 each, and states would decide the uniform amount offered to individuals qualifying locally. PRA recipients would have 12 months to spend their accounts.

As formulated, PRAs would differ from the standard operating practices of the nation's workforce investment system in two important ways. First, PRA recipients who secure employment during their first 13 weeks of collecting UI benefits would be eligible for a reemployment bonus up to the full balance of their PRA. Such bonuses are not currently offered and would be much larger than those tested in any prior demonstrations. Second, PRAs would shift the reemployment assistance that one-stop career centers offer from a free, uncapped, but closely managed benefit to a capped benefit that individuals can manage more flexibly. PRA recipients could use their awards to purchase services and supports—through one-stop centers, outside sources, or a combination of these—that may help them secure employment. These services would include assessment, career counseling, training, and supportive services.<sup>1</sup> Participation in these services would be voluntary, and PRA recipients would have to pay for any staff-assisted services they request with funds out of their accounts. Thus, the PRA award represents the maximum total value of intensive services and training assistance that an individual might receive. Currently, one-stop centers offer counseling and other services to qualifying customers free and with no explicit caps on the total dollar value of the assistance they may receive. Nevertheless, local staff determine the appropriateness of particular services for individual customers. Because of these differences, federal, state, and local administrators would face important planning and operational challenges in implementing the proposed PRAs.

Information about the experiences of one-stop customers enrolled to date in the Individual Training Account (ITA) Experiment—which Mathematica Policy Research, Inc. (MPR) is conducting for the U.S. Department of Labor (DOL)—should help DOL officials and other state and local administrators plan for implementation of PRAs.<sup>2</sup> The experiment is rigorously evaluating three approaches to the administration of training vouchers required under the Workforce Investment Act of 1998 (WIA). One of the “treatments” being evaluated—Approach 3—resembles the proposed PRAs in important ways. Approach 3 is a “pure voucher” approach, in which customers receive a fixed ITA amount and can decide how to spend these resources on training. These customers can make their own training decisions independently or ask one-stop

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<sup>1</sup>PRA recipients would not have to pay for core services available through the one-stop system. These generally include self-access services (for example, job listings, resume-writing help, or participation in workshops on transferable skills, interviewing, and other job search skills) to help individuals find and retain employment.

<sup>2</sup>The ITA Experiment is being implemented in eight local workforce investment areas. For a full description of the approaches being evaluated and the study's design, see Perez-Johnson et al. 2000.

staff for help in making the decisions. In contrast, customers assigned to Approaches 1 and 2 must participate in structured counseling activities to help them make appropriate provider and program selections. ITA recipients may only use their awards to pay for direct training costs and training-related expenses, however. Unlike PRA recipients, ITA recipients may not “cash out” the balance of their account as a bonus if they become reemployed quickly, and they may not use remaining funds for employment-related needs.

In this paper, we use preliminary findings from the ITA Experiment to address the following important policy questions related to implementation of the proposed PRAs:<sup>3</sup>

- ***To what extent might PRA recipients participate in voluntary counseling?*** Our analysis suggests that PRA recipients are unlikely to participate in voluntary counseling.
- ***To what extent might PRA recipients participate in training?*** We expect that most PRA recipients would try to qualify for a reemployment bonus before they pursue training, which would limit the overall training rate among PRA recipients. However, training rates could be high among those PRA recipients who do not qualify for a reemployment bonus.
- ***What are the likely per-participant costs of a PRA program?*** PRA recipients are likely to use up their full awards, whether or not they pursue training.

We base our discussion on analysis of participant-level data from the experiment’s study-tracking system. MPR, in collaboration with DOL, developed this data system to track service receipt and training among ITA study participants. We conducted a full extract of data from the system as of January 27, 2003, and examined those items that were most relevant for the questions listed above. The extract includes data on more than 4,000 people enrolled in the study and randomly assigned to one of its three approaches (Table 1).

The discussion in this paper focuses on data for customers assigned to Approach 3 of the ITA Experiment—the approach that most closely resembles PRAs. Where appropriate, however, we compare data across the three approaches being tested. We do this to provide information on how making counseling mandatory may influence service receipt and rates of training participation among potential PRA recipients.

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<sup>3</sup>This analysis was conducted as part of a special add-on to the Evaluation of the ITA Demonstration. As part of this add-on, MPR staff are conducting a series of tasks to support DOL staff as they develop regulations and other state guidance on the implementation of PRAs (assuming legislative passage). Our findings are preliminary, since data on the characteristics and experiences of ITA study participants will be analyzed more fully when the ITA Experiment has been completed. Study implementation began in the last of eight local areas in August 2002 and is expected to last for a maximum of 18 months (through February 2004 in the most recent site).

TABLE 1  
OVERALL PARTICIPATION IN THE ITA EXPERIMENT

	Overall	Percentage	Dislocated Workers	Percentage	Adults	Percentage
Total Enrollment	4,441	100.0	3,156	71.1	1,285	28.9
Assignment, by Approach						
Approach 3	1,477	33.3	1,003	31.8	474	36.9
Approach 2	1,490	33.6	1,090	34.5	400	31.1
Approach 1	1,474	33.2	1,063	33.7	411	32.0
Enrollment, by Grantee Site						
Phoenix, AZ	337	7.6	214	6.8	123	9.6
Maricopa County, AZ	284	6.4	189	6.0	95	7.4
Bridgeport, CT	177	4.0	66	2.1	111	8.6
Jacksonville, FL	550	12.4	248	7.9	302	23.5
Atlanta, GA	1,119	25.2	948	30.0	171	13.3
Northeast Georgia (RDC)	145	3.3	65	2.1	80	6.2
Northern Cook County, IL	1,059	23.9	862	27.3	197	15.3
Charlotte, NC	770	17.3	564	17.9	206	16.0
Distribution, by Months in the Experiment						
Less than one month	266	6.0	176	5.6	90	7.0
One month to less than two months	490	11.0	332	10.5	158	12.3
Two months to less than four months	1,083	24.4	670	21.2	413	32.1
Four months to less than six months	1,138	25.6	766	24.3	372	28.9
Six months or more	1,464	33.0	1,212	38.4	252	19.6

Source: Study Tracking System for the ITA Experiment (data extract as of January 27, 2003).

Note: Percentages may not sum to 100 due to rounding.

RDC = Regional Development Commission.

## **A. How Similar Are ITA Study Participants to Likely PRA Recipients?**

Before we can address the policy questions listed above, we need to identify the part of the ITA participant sample that most resembles the expected PRA recipients. This will allow us to conduct our data analysis on a sample that is most relevant for PRAs.

As currently proposed, PRAs would target unemployed individuals who are receiving UI benefits and who are most at risk of exhausting their benefits. This is likely to include individuals who are dislocated from their occupations or industries of employment. In contrast, ITAs target individuals who actively seek services from a local one-stop center and express interest in training support. Hence, the populations served through ITAs and PRAs are likely to differ somewhat. The UI recipients that PRAs would target are likely to have strong attachments to the labor force, yet are unemployed at the time they receive benefits. In contrast, some ITA study participants may not have strong attachments to the labor force, while some may be employed when they receive their ITAs. ITA participants are also actively pursuing services and are eligible for training, while some of the UI recipients PRAs would target may not be eligible for the same services or be interested in them.

Despite these differences, we expect considerable overlap between the ITA participants represented by our sample and the UI recipients who would receive PRAs. Most of the ITA participants are unemployed workers with some degree of labor force attachment. Table 2 shows that nearly 100 percent of ITA participants report having been employed in the past, and more than 90 percent report being unemployed at the time of intake.<sup>4</sup> Most of those unemployed reported losing their job in the past year. More than two-thirds of unemployed participants reported leaving their previous job due to a layoff or a business closing. Not surprisingly, the unemployment rate and proportion unemployed due to a layoff or plant closing is substantially higher for dislocated workers than for other ITA participants. For the dislocated workers, more than 96 percent are unemployed, and nearly 85 percent of the unemployed lost their job due to a layoff or business closing.

We focus the rest of our analysis on the dislocated workers in the ITA participant sample. Since this group has such a high proportion of people unemployed due to layoff or business closings, it should also have a high rate of overlap with the UI population, especially those most likely to receive a PRA offer because they have a high probability of exhausting their UI benefits.

We include only those dislocated workers who have been enrolled in the study for at least one month. We did this to ensure that the observed participants have had a chance to participate in ITA-related counseling and that local staff have had an opportunity to enter participation data into our tracking system. As Table 1 shows, 94 percent of the dislocated workers enrolled and randomly assigned as of January 27, 2003, had been in the experiment for one month or longer.

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<sup>4</sup>We did not collect baseline data on UI receipt among the ITA participants. As part of a second task under this special add-on, we analyzed WIA administrative data from a local area participating in the ITA Experiment. These data confirmed that a high proportion of dislocated worker customers are UI recipients and, hence, likely to be targeted for WPRS.

TABLE 2  
CHARACTERISTICS OF ITA STUDY PARTICIPANTS

	Overall	Dislocated Workers	Adults
Age at Enrollment (Years)			
Minimum	18.1	18.2	18.1
Average	40.7	42.2	37.2
Maximum	73.9	73.9	66.2
Gender (Percentage)			
Female	51.7	47.4	62.3
Male	48.3	52.6	37.7
Years of Regular School (Percentage)			
7 or less	0.2	0.1	0.3
8 to 11	7.7	5.9	12.0
12	36.2	31.5	47.9
13 to 15	27.6	28.1	26.3
16	18.4	22.0	9.6
More than 16	9.9	12.3	4.0
Employment Status at Enrollment (Percentage)			
Unemployed	91.1	96.2	78.5
Employed	8.7	3.7	21.0
Never worked	0.2	0.1	0.5
When Did Last Job End (Percentage of Unemployed at Enrollment)			
Within the past month	11.7	11.4	12.6
More than 1 month ago but within past year	76.2	80.4	63.6
1 or 2 years ago	9.5	6.6	18.3
3 or 4 years ago	1.1	0.9	2.0
5 or more years ago	1.1	0.6	2.7
Reasons Why Left Last Job (Percentage of Unemployed at Enrollment)			
Laid off	62.9	74.8	27.0
Business closed	8.0	9.1	4.9
Temporary/seasonal job ended	5.2	3.0	11.9
Discharged or fired	11.2	8.3	20.1
Quit to take another job	0.5	0.1	1.6
Quit for family reasons	2.0	0.3	7.1
Quit due to health problems/injury	2.0	0.6	6.0
Other reason	7.8	3.8	20.0
Years Worked at Current/Most Recent Job (Average)			
	4.1	4.9	2.2

Source: Study Tracking System for the ITA Experiment (data extract as of January 27, 2003).

Note: Percentages may not sum to 100 due to rounding and unusable responses.

## **B. To What Extent Might PRA Recipients Participate in Voluntary Counseling?**

- *Our preliminary analysis of data from the ITA Experiment suggests that PRA recipients are unlikely to participate in voluntary counseling.*

The approaches being tested in the ITA Experiment vary in the number of steps required to get access to training. To gain access to an ITA, customers assigned to Approach 3 only need to attend an orientation. During orientation, Approach 3 customers learn the value of their ITA award, the allowable uses of their ITA funds, the available provider and program choices, and how to submit their program selections and secure approval. Local staff also review the menu of counseling services and activities available at the one-stop center to help customers formulate decisions about training. Approach 3 customers are then told that they may participate in any of these activities on a voluntary basis but must ask local staff for the assistance. Customers assigned to Approaches 1 and 2 must attend similar orientations, but they must also complete subsequent counseling, with more intensive requirements for Approach 1 than Approach 2.

In comparing approaches, the data reveal two key findings about service participation. First, customers assigned to Approach 3, which has minimal counseling requirements, are more likely to attend orientation so they can pursue training. Among all dislocated workers enrolled in the ITA Experiment for at least one month, about 66 percent attend orientation, as shown on the second line of Table 3. The rate of orientation attendance varies by approach, suggesting that subsequent counseling requirements affect the decision to initiate services and seek training. The rate of orientation attendance declines somewhat as the counseling requirements are intensified: Approach 3 has the highest rate of attendance (69 percent), followed by Approach 2 (65 percent), with Approach 1 having the lowest rate (63 percent). Approach 3 is associated with a modestly higher rate of training pursuit, as it reduces the “hoops” through which customers must “jump” to pursue training. These differences are relatively small, however, with the rates for all approaches falling into the 60 to 70 percent range. Therefore, at least 30 percent of customers choose to forgo ITA participation, regardless of how their ITAs are specified or administered.

Our second key finding is that few Approach 3 customers access any voluntary counseling services beyond orientation. As shown in the third line of Table 3, only 6 percent of the dislocated workers assigned to Approach 3 participate in any counseling beyond orientation, compared with 55 percent of Approach 2 customers and 59 percent of Approach 1 customers. Hence, when given the choice, customers pursuing training typically do not participate in counseling to help them select a training occupation and provider.

Applying these findings to PRAs suggests strongly that PRA recipients are unlikely to use their PRAs to purchase substantial training-related counseling. Even customers who are offered these services free, as in Approach 3 of the ITA Experiment, generally choose to forgo them. In contrast, PRA recipients would have to use resources from their PRAs to pay for any counseling or other individualized assistance they request from one-stop staff. This would be a disincentive to participate in counseling and might result in even lower rates of participation among PRA recipients. Early in their unemployment spells, PRA recipients would probably minimize their use of counseling because they would not want to decrease the amount of a potential

TABLE 3

## PARTICIPATION IN ITA COUNSELING

	Overall		Approach 3		Approach 2		Approach 1	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
No Counseling After Random Assignment	987	33.7	300	30.5	347	34.3*	340	36.2***
Attended Approach-Specific ITA Orientation	1,932	65.9	680	69.2	659	65.1*	593	63.2***
Attended Any Counseling Beyond ITA Orientation	1,165	39.7	58	5.9	553	54.6***	554	59.1***
Participation in Post-Orientation Counseling	604	20.6	20	2.0	39	3.9	545	58.1
Guide to high-return training	586	20.0	25	2.5	35	3.5	526	56.1
Review of high-wage, high-demand occupations	1,045	35.6	24	2.4	540	53.4	481	51.3
Program research	971	33.1	5	0.5	514	50.8	452	48.2
Training costs form(s)	595	20.3	3	0.3	509	50.3	83	8.8
Training options comparison	487	16.6	1	0.1	58	5.7	428	45.6
Training costs and benefits	950	32.4	3	0.3	508	50.2	439	46.8
Income and expenses	924	31.5	1	0.1	497	49.1	426	45.4
Training budget								
Average Number of Activities (Including Orientation)		2.8		0.8		3.3***		4.2***

Source: Study Tracking System for the ITA Experiment (data extract as of 1/27/03).

Note: Analysis is restricted to dislocated workers enrolled in the ITA Experiment for one or more months.

\*Difference relative to Approach 3 is significantly different from zero at the .10 level, two-tailed test

\*\*Difference relative to Approach 3 is significantly different from zero at the .05 level, two-tailed test.

\*\*\*Difference relative to Approach 3 is significantly different from zero at the .01 level, two-tailed test.

reemployment bonus. After the potential for a reemployment bonus is gone, PRA recipients would still have a strong disincentive to request counseling, since paying for counseling would reduce the amount available to pay for training or other employment-related needs. In responding to these trends, local areas would need to consider carefully how much they charge PRA recipients for staff-assisted services. They could also change the services they provide to make them more appealing to PRA customers or market available services more intensively.

### **C. To What Extent Might PRA Recipients Participate in Training?**

- *We believe that most PRA recipients will try to qualify for a reemployment bonus before they pursue training, which may limit the overall training rate among PRA recipients. However, training rates are likely to be high among those PRA recipients who are interested in training and do not qualify for a reemployment bonus.*

In the ITA Experiment, Approach 3 customers who want to initiate training must only submit their program selections to a local counselor. If the customer has attended the required orientation and the state's Eligible Training Provider List covers the selection, the counselor must approve the request and the customer can start training. In contrast, customers assigned to Approaches 1 and 2 must first complete their approach-specific counseling requirements.

Approach 3 customers have significantly higher rates of training approval, which is not surprising given the approach's automatic approval features. As Table 4 shows, 59 percent of Approach 3 customers have made an approved training selection, compared with 50 percent of Approach 2 customers and 49 percent of Approach 1 customers. Since Approach 1 and 2 customers need time to complete their counseling requirements, it seemed possible, however, that the lower training rates for these approaches reflect delays in customers' entry into training. To investigate this possibility, we restricted our analysis to dislocated workers who have been enrolled in the experiment for at least four months, instead of one month. Under this more restrictive specification, the differences in rates of training approval across approaches persist: 66 percent for Approach 3, compared with 57 percent for Approach 2 and 56 percent for Approach 1 (not shown in table). This suggests that, indeed, the differences are not due only to differences in timing of training entry.

At this stage in the ITA Experiment, no evidence suggests that people who are not guided in their selection of training will have worse outcomes. However, it is still relatively early in the study and our data are far from complete. Many of the participants in our sample have only recently begun training, and few have completed their chosen program. Thus, we have not observed their final training outcomes. The data recorded in our tracking system so far show that Approach 3 dislocated workers who have secured program approval are as likely as other dislocated workers in our study to have completed their approved programs. As the last line in Table 4 shows, 16 percent of Approach 3 customers have completed their approved training programs, compared with 16 percent of Approach 2 customers and 17 percent of Approach 1 customers. Approach 3 customers also appear about as likely to discontinue their approved

TABLE 4

## PARTICIPATION IN TRAINING

	Overall		Approach 3		Approach 2		Approach 1	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
ITA Participants, by Training Status								
A – A program has been approved	616	21.0	227	23.1	213	21.0	176	18.8
B – Confirmed to have begun approved training	651	22.2	247	25.2	205	20.3	199	21.2
C – Confirmed to have completed approved training	256	8.7	93	9.5	83	8.2	80	8.5
D – Discontinued approved training	22	0.8	9	0.9	8	0.8	5	0.5
N – A program has not been approved								
Active cases	1,064	36.3	325	33.1	384	37.9	355	37.8
Closed cases	323	11.0	81	8.2	119	11.8	123	13.1
<b>Total</b>	<b>2,932</b>	<b>100.0</b>	<b>982</b>	<b>100.0</b>	<b>1,012</b>	<b>100.0</b>	<b>938</b>	<b>100.0</b>
ITA Participants Having Secured Program Approval								
Participants having discontinued approved training as a percent of those having secured approval	1,545	52.7	576	58.7	509	50.3***	460	49.0***
Participants having completed approved training as a percent of those having secured approval	22	1.4	9	1.6	8	1.6	5	0.9
	256	16.6	93	16.1	83	16.3	80	17.4

Source: Study Tracking System for the ITA Experiment (data extract as of January 27, 2003).

Note: Analysis is restricted to dislocated workers enrolled in the ITA Experiment for one or more months.

\*Difference relative to Approach 3 is significantly different from zero at the .10 level, two-tailed test

\*\*Difference relative to Approach 3 is significantly different from zero at the .05 level, two-tailed test.

\*\*\*Difference relative to Approach 3 is significantly different from zero at the .01 level, two-tailed test.

training programs as those assigned to the other approaches (see next to last line in Table 4). As we noted, these findings are tentative, since the final outcomes for most ITA study participants have not yet been observed.<sup>5</sup>

Our preliminary analysis of ITA Experiment data thus suggests that PRA recipients who are interested in training may be highly likely to initiate it, since, like Approach 3 customers, they will face minimal barriers to entry into training. The ultimate rate of training among PRA recipients may nevertheless be low. PRA recipients can receive their remaining PRAs as reemployment bonuses if they become reemployed quickly. We believe that, early in their unemployment spells, most PRA recipients will try to qualify for the reemployment bonus. Since any money from the PRA spent on services would reduce the potential reemployment bonus, we expect most recipients to delay any expenditures on training until after the bonus qualification period and to pursue training only after they are unsuccessful in qualifying for the bonus. Moreover, we expect a substantial number of PRA recipients to qualify for reemployment bonuses.<sup>6</sup> After the bonus qualification period ends, however, we expect most of the remaining recipients to enter training or spend their PRA resources on other support services.

As noted earlier, it is too soon in our study to suggest how the training outcomes for PRA recipients may compare with those for individuals who initiate training under more counselor-driven approaches. Nevertheless, an important consideration is that PRA recipients would have even more flexibility in selecting training programs and providers than Approach 3 customers. The training choices of ITA customers are restricted to options within Eligible Training Provider (ETP) Lists, which only include providers and programs that states have certified as meeting acceptable standards for quality and performance. At this point, PRA recipients are not expected to be subject to similar restrictions, and this could influence their training outcomes.<sup>7</sup> On the one hand, the ability to choose providers and programs outside of the ETP Lists may increase the number of PRA recipients who initiate training, as their selections will not be constrained by the

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<sup>5</sup>We examined this question further by reanalyzing training outcomes based on the sample of dislocated workers who had been enrolled in the experiment for four months or longer. When we used this more exclusive sample, the results were essentially unchanged. That is, differences in training completion or dropout rates—conditional on having secured training approval—across the three approaches were not significant. However, four months after enrollment in the ITA experiment, many study participants are still unlikely to have completed their approved training programs.

<sup>6</sup>According to data from the UI Exhaustees' study, about 40 percent of UI claimants nationwide become reemployed within 15 weeks of filing their initial claims (Needels et al. 2001). We expect a similar proportion of PRA recipients to qualify for a reemployment bonus. As part of this special add-on to the ITA Experiment, we are conducting additional analyses and reviewing findings from existing research—on reemployment bonus experiments, worker profiling and reemployment services, and rates of UI benefit exhaustion—that could inform this and other questions related to the implementation of PRAs. We present these analyses in a second discussion paper.

<sup>7</sup>The proposed PRA program would not likely tie participants' training selections to ETP Lists.

lists.<sup>8</sup> On the other hand, if PRA recipients select providers who have been left off of the approved lists because of concerns about their quality or performance, their outcomes could be poorer than those observed ultimately in the ITA Experiment.

#### **D. What Are the Likely Per-Participant Costs of a PRA Program?**

- *Our preliminary analysis of data from the ITA Experiment suggests that PRA recipients are likely to use up their full awards, whether or not they pursue training.*

Participants in the ITA Experiment who are assigned to Approach 3 receive a fixed ITA award—that is, all Approach 3 customers in a participating local area are offered the same ITA amount, with no exceptions. Approach 3 customers may use their ITA awards to pay for tuition, fees, and other training-related expenses. If the customer chooses a program that costs more than the ITA award, the local area pays only for costs up to the award amount. If the customer chooses a program that costs less than the ITA award, the local area pays only up to the program’s costs. Study participants may not use ITA funds for anything except training-related expenses.

Data from the ITA Experiment show that, when local areas award Approach 3 customers a modest ITA, these customers tend to select programs that cost slightly more than their awards. Therefore, local areas spend, on average, slightly less per trainee than the ITA award amounts. As the second column of Table 5 shows, five of the local areas participating in the ITA Experiment set the value of their Approach 3 fixed ITAs at exactly \$3,000—the proposed cap for PRAs. Our data show that ITA customers who receive these awards select programs that, on average, cost \$3,026—slightly more than their ITA awards. Since some trainees select programs costing more than \$3,000 and some select programs costing less, and the local area only pays up to the cap, the average amount spent per trainee is somewhat less than \$3,000. As Table 5 shows, across the local areas with \$3,000 ITAs, average total expenditures per Approach 3 trainee are \$2,652.

Since a substantial minority of ITA customers do not use their awards, local areas participating in the ITA Experiment spend much less *per eligible ITA customer*. As the first line in Table 3 shows, about 31 percent of Approach 3 customers never initiate ITA services and do

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<sup>8</sup>Indeed, through site visits conducted as part of the ITA Experiment, we have learned that some ITA study participants may be giving up on ITA-funded training because the type of program or provider they want is not available as an approved option. Hence, this may also be a factor contributing uniformly to the relatively high rates of nonparticipation in ITA services across all approaches.

TABLE 5

## APPROACH 3 ITA AWARDS, TOTAL PROGRAM COSTS, AND PROJECTED LOCAL EXPENDITURES

	N	Approach 3 Fixed ITA Awards	Total Costs of Approved Programs	Ratio of Program Costs to ITA Award	Projected Local Expenditures
Average Across All Grantees	497	\$3,598	\$3,455	0.9605	\$3,006
Averages, by Grantee					
Phoenix, AZ	52	\$3,000	\$3,032	1.0106	\$2,481
Maricopa County, AZ	34	\$3,000	\$4,003	1.3343	\$2,764
Bridgeport, CT	12	\$3,000	\$3,145	1.0482	\$2,745
Jacksonville, FL	67	\$3,000	\$3,427	1.1423	\$2,846
Atlanta, GA	108	\$5,000	\$4,333	0.8666	\$4,116
Northeast Georgia (RDC)	16	\$4,000	\$3,424	0.8559	\$3,000
Northern Cook County, IL	143	\$3,000	\$2,594	0.8648	\$2,589
Charlotte, NC	65	\$4,000	\$4,039	1.0097	\$2,838
Average Across Grantees with \$3,000 Fixed ITAs	308	\$3,000	\$3,026	1.0087	\$2,652

Source: Study Tracking System for the ITA Experiment (data extract as of January 27, 2003).

Note: Analysis is restricted to dislocated workers enrolled in the ITA Experiment for one or more months.

RDC = Regional Development Commission.

not participate in training. Taking this factor into account, we estimate average ITA expenditures *per eligible ITA customer* at \$1,556.<sup>9</sup>

Since the structure of, and target populations for, ITAs and PRAs differ, our ability to use these findings to comment on the likely costs of a PRA program is limited. However, assuming a \$3,000 award, we expect average expenditures per eligible customer under PRAs to be higher, for two main reasons.<sup>10</sup>

First, PRA recipients who do not pursue training may collect a bonus instead. Under current proposals, those PRA customers who lose or never express interest in training—possibly because they receive a job offer and become reemployed—could receive a reemployment bonus. These customers might use up all the resources in their PRAs, even if they forgo any training services. This could increase average costs per eligible customer over what we see under Approach 3 in the ITA Experiment.

Second, PRA recipients who do not collect a bonus would have more flexibility and strong incentives to spend their full award amounts. Under ITAs, when local staff feel confident that a customer will not pursue training or need further support with training expenses, they may cancel the award and release remaining funds to serve other local customers. Under current PRA proposals, customers who do not pursue training or do not spend their full award on training could still use the remaining funds for a variety of employment-related needs, including child care and relocation expenses. PRA recipients who pursue training may have an incentive to limit their training expenditures somewhat—to reserve PRA resources for anticipated employment-related needs. However, they would have no clear incentive to spend anything less than their full PRA awards.

These factors combined suggest that, under PRAs, average costs per eligible customer could be very close to whatever value states specify for these awards. One factor that could restrain average costs per eligible PRA customer is if large numbers of individuals qualify for a first bonus installment, fail to qualify for the second, and are unable to spend their PRA balance on training and supportive services. As currently drafted, H.R. 444 stipulates that PRA recipients who obtain full-time employment before the end of their 13th week of UI benefits should receive the balance of their PRAs as a reemployment bonus.<sup>11</sup> This bonus will be paid in two installments—60 percent at the time of reemployment and 40 percent no later than six months

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<sup>9</sup>We derived our estimate of average cost per ITA customer as follows. First, ITA data showed that 576 of the 982 Approach 3 dislocated workers active in the ITA Experiment for one month or longer had secured program approval (Table 4). Second, we estimated average ITA expenditures of \$2,652 per Approach 3 trainee in the local areas with \$3,000 ITA caps (Table 5). Taking into account the 406 dislocated workers who failed to secure program approval, average costs per eligible Approach 3 customer under the ITA Experiment would then be \$1,556—that is,  $[(576 \times \$2,652) + (406 \times \$0)] \div 982$ .

<sup>10</sup>Average PRA expenditures could, of course, be lower if the value of these accounts is set much lower than the value of ITAs.

<sup>11</sup>Selected individuals will also be able to qualify for a reemployment bonus if they obtain full-time employment before the end of the 13th week after the date on which their account was established.

after the date of reemployment. The draft legislation further specifies that individuals who qualify for a bonus and subsequently lose their jobs due to “a lack of work” may use the balance of their PRAs to purchase counseling, training, or supportive services. The draft legislation, however, leaves open to what extent other bonus recipients—for example, those who remain employed but need assistance with child care or transportation expenses, or decide to pursue training—could continue to spend resources out of their accounts. The more flexibility these individuals are given—either by states or in the final legislation—to spend PRA resources while waiting to qualify for their second bonus installment, the closer average costs per eligible PRA recipient are likely to be to the state-specified awards.

## **REFERENCES**

- Perez-Johnson, Irma, Paul Decker, Sheena McConnell, Rob Olsen, Jacqueline Anderson, Ronald D’Amico, and Jeffrey Salzman. “The Individual Training Account Experiment: Design Report.” Washington, DC: Mathematica Policy Research, Inc., September 2000.
- Needels, Karen, Walter Corson, and Walter Nicholson. “Left Out of the Boom Economy: UI Recipients in the Late 1990s.” ETA Occasional Paper 2002-03. Washington, DC: U.S. Department of Labor, Employment and Training Administration, October 2001.

**APPENDIX C**

**IMPLICATIONS OF DIFFERENT PRA AMOUNTS FOR  
AVERAGE STATE AND LOCAL AREA**



**TABLE C.1: FUNDING ALLOCATION FOR AN AVERAGE STATE AND LOCAL AREA**

Local areas per state	11.15					
Local areas	591					
Reemployment rate:	32%	29%	25%	32%	29%	25%
Second Installment rate:	81%					
Exp. Rate for servicees:	80%					
Base offer:	\$3,000	\$2,000	\$1,000	\$3,000	\$2,000	\$1,000
Funding not spent on customers:	7%					
First Installment Rate:	100%					
				<b>For State:</b>		
Total Funding	\$3,600,000,000	\$3,600,000,000	\$3,600,000,000	\$3,600,000,000	\$3,600,000,000	\$3,600,000,000
State/local share	\$67,924,528	\$67,924,528	\$67,924,528	\$6,091,371	\$6,091,371	\$6,091,371
Min. Amount to customers	\$63,169,811	\$63,169,811	\$63,169,811	\$5,664,975	\$5,664,975	\$5,664,975
Base Offer	\$3,000	\$2,000	\$1,000	\$3,000	\$2,000	\$1,000
Number of initial offers	21,057	31,585	63,170	1,888	2,832	5,665
Prop. Of UI Pop. get offers	5.37%	8.05%	16.10%	5.37%	8.05%	16.10%
Reemployment Rate	32%	29%	25%	32%	29%	25%
Number finding jobs in qual.	6,738	9,160	15,792	604	821	1,416
Number getting 60% install.	6,738	9,160	15,792	604	821	1,416
Number getting 40% install.	5,458	7,419	12,792	489	665	1,147
Total Costs of bonus	18,678,050	16,926,983	14,592,226	1,675,020	1,517,987	1,308,609
				<b>For Local Area</b>		
Number using services	14,318	22,425,2830	47,377	1,284	2,011	4,249
Estimated costs per servicee	2,400	1,600	800	2,400	1,600	800
Total Costs of services	\$34,364,377	\$35,880,453	\$37,901,887	\$3,081,746	\$3,217,706	\$3,398,985
Total Costs	\$53,042,427	\$52,807,435	\$52,494,113	\$4,756,766	\$4,735,692	\$4,707,594
Total Costs per offerer	\$2,519	\$1,671.920	\$831	\$2,519	\$1,672	\$831
Funds left over	\$10,127,384	\$10,362,376	\$10,675,698	\$908,209	\$929,282	\$957,381
Offers per week	202	607	4859	18	27	54
Additional offers	4,020	6,198	12,847	361	556	1,152
Total offers	25,077	37,783	76,017	2,249	3,388	6,817
Total offers per week	241	363	731	22	33	66
Prop. of all UI recipis	6.39%	9.63%	19.37%	6.39%	9.63%	19.37%



**APPENDIX D**

**FORMS AND NOTICES USED IN THE  
WASHINGTON REEMPLOYMENT  
BONUS DEMONSTRATION**





STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT

Olympia, Washington 98504

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504  
(800) 782-9099

SSN: XXX- XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

Notice of Hire

I wish to notify the Washington Employment Security Department that I have been hired on a new full time job, that is not a recall to my previous job, and was not obtained through a union hiring hall.

I started work on \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_.

The following information may be used to contact my new and prior employers:

New Job Information	Prior Job Information
Employer _____	Employer _____
Occupation _____	Occupation _____
Street _____	Street _____
City _____	City _____
State _____ Zip _____	State _____ Zip _____
Phone (____) _____	Phone (____) _____
Average Weekly Hours _____	Average Weekly Hours _____
Average Weekly Earnings _____	Average Weekly Earnings _____

I will be eligible for a cash bonus if I meet all eligibility requirements. I must remain employed and not draw unemployment insurance for the next four months. Please send me a Bonus Voucher which I will complete and return four months after the date I became reemployed.

Please answer the following questions:

- \* Do you currently hold more than one job? Yes \_\_\_\_\_ No \_\_\_\_\_
- \* Do you own the business where you now work? Yes \_\_\_\_\_ No \_\_\_\_\_
- \* If you are a union member, answer the following:  
I am a member of \_\_\_\_\_, Local \_\_\_\_\_  
Were you placed on your new job by a union? Yes \_\_\_\_\_ No \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_ EMSX WREB. F3I



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT

*Olympia, Washington 98504*

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

VALID NOTICE OF HIRE

The Notice of Hire you submitted has been received. It has been verified that you are not currently receiving Unemployment Insurance benefits. You have become reemployed on a new full time job within the period necessary to qualify for a bonus. It is understood that the job was not acquired through a union hiring hall, and was not a recall to your prior employment.

If you remain employed for four months , until XX/XX/XX and do that period, you should complete and return the enclosed Bonus Voucher. The Employment Security department may verify your employment status prior to authorizing payment of a bonus to you.

If during the four month reemployment period you change jobs, be sure to submit another Notice of Hire form (a copy of which is enclosed) indicating your new employer. You may still be eligible for a bonus payment, if you do not file for Unemployment Insurance benefits during that period.

Please feel free to call and direct any questions you may have to the Washington Reemployment Bonus Unit at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4a



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT

Olympia, Washington 98504

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXXX.00

UI DRAWN AFTER DEADLINE OR  
UI DRAWN AFTER START OF WORK

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Notice of Hire. Although you have obtained new employment, an investigation of your records shows that you continued to receive unemployment benefits either after the Reemployment Deadline or after your start date of work. Your having received Unemployment Benefits makes you ineligible for the bonus.

If you believe that the reason shown above for your being ineligible to receive the bonus is incorrect, please call the Washington Reemployment Bonus Demonstration Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4b



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT

*Olympia, Washington 98504*

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

NEW JOB A RECALL

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Notice of Hire. An investigation of your records shows that the new job listed on your Notice of Hire does not make you eligible for the bonus because it is considered a recall to your previous job.

If you believe that the reason checked above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4c



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT  
*Olympia, Washington 98504*

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

JOB FOUND THROUGH UNION HIRING HALL

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Notice of Hire. The new job listed on your Notice of Hire does not make you eligible for the bonus because you were placed on your new job through your union hiring hall.

If you believe that the reason shown above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4d



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT  
*Olympia, Washington 98504*

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

JOB STARTED AFTER REEMPLOYMENT DEADLINE

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Notice of Hire. The new job listed on your Notice of Hire does not make you eligible for the bonus because the job reported on your Notice of Hire started after your reemployment deadline.

If you believe that the reason stated above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4e



STATE OF WASHINGTON  
 EMPLOYMENT SECURITY DEPARTMENT  
 Olympia, Washington 98504

LAST, FIRST INITIAL  
 ADDRESS  
 CITY, STATE ZIP

Washington Reemployment  
 Bonus (WREB) Demonstration  
 Employment Security Department  
 UI Program Analysis Unit  
 Olympia, Washington 98504

Date: XX/XX/XX  
 SSN: XXX - XX - XXXX  
 Reemployment Deadline: XX/XX/XX  
 Bonus Amount: \$XXX.00

NOTICE OF SELF-EMPLOYMENT

Please complete the information requested and return it in the enclosed postage paid and self-addressed envelope.

I, \_\_\_\_\_ wish to notify the Washington Employment Security Department that I have become self-employed, and am no longer receiving unemployment insurance benefits.

I started self-employment on \_\_\_\_\_ - \_\_\_\_\_ - 1988

I work an average of \_\_\_\_\_ hours per week.

The name of my business is: \_\_\_\_\_

The address of my business is: Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_

My State of Washington Business License Number is: \_\_\_\_\_

A copy of my quarterly business income tax form is enclosed, or will be sent as soon as it is filed.

Claimant Signature \_\_\_\_\_ Date \_\_\_\_\_

Phone Number (\_\_\_\_) \_\_\_\_\_

EMSX WREB. F4f



STATE OF WASHINGTON  
 EMPLOYMENT SECURITY DEPARTMENT  
 Olympia, Washington 98504

LAST, FIRST INITIAL  
 ADDRESS  
 CITY, STATE ZIP

Washington Reemployment  
 Bonus (WREB) Demonstration  
 Employment Security Department  
 UI Program Analysis Unit  
 Olympia, Washington 98504

Date: XX/XX/XX  
 SSN: XXX - XX - XXXX  
 Reemployment Deadline: XX/XX/XX  
 Bonus Amount: \$XXX.00

JOB CHANGE INQUIRY

The information on the Notice of Hire that you recently submitted shows that you have returned to work with your former employer. You may still be eligible for the reemployment bonus if this job is not a recall. Information to determine if this is a new job or a recall is needed.

Please complete the information requested below, and return it in the enclosed postage paid and self-addressed envelope.

NEW JOB	OLD JOB
Job Title _____	_____
Pay Rate _____	_____
Geographic Location _____	_____
Division/Department _____	_____
Job Duties _____	_____
Employers Name _____	_____
Phone Number _____	_____

Additional information explaining how the two jobs differ.

\_\_\_\_\_  
 \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Phone Number: ( \_\_\_\_\_ ) \_\_\_\_\_

EMSX WREB. F4g



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT

*Olympia, Washington 98504*

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline XX/XX/XX  
Bonus Amount \$XXXX.00

JOB NOT FULL TIME

The information on the Notice of Hire that you recently submitted shows that you have returned to less than full time work with your new employer. To be eligible for the Bonus you have to have been working full time. The job needed to be an average of 34 hours per week, or have enough weekly earnings to prevent eligibility for unemployment insurance benefits. Since your job(s) did not fulfill this criteria, you are not eligible for the Bonus.

If you believe that the reason shown above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4h



STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT

Olympia, Washington 98504

LAST, FIRST INITIAL  
ADDRESS  
CITY, STATE ZIP

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504

Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline XX/XX/XX  
Bonus Amount \$XXX.00

UNION INQUIRY

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Notice of Hire. You state you are a member of a Union, or your Job service Center indicates you are a union member. Further information is needed, please answer the following questions:

1. Did you acquire the job yourself? \_\_\_\_\_ How? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. What is your Union's name and number? \_\_\_\_\_  
Phone number and contact person \_\_\_\_\_
3. Is your new employer a Union employer? \_\_\_\_\_
4. Did your Union place you on the job? \_\_\_\_\_

To be eligible for the bonus, your first new job can't be a placement through your Union Hiring Hall. If you contacted your new employer and acquired the job on your own, you are bonus eligible. The back of this letter may be used to explain how you got the job on your own and were not placed on the job through the Union.

Please answer the questions above and return this in the enclosed postage paid envelope. Call 1-800-782-9099 with any questions.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F4i

Washington Reemployment  
Bonus (WREB) Demonstration  
Employment Security Department  
UI Program Analysis Unit  
Olympia, Washington 98504  
800-782-9099

SSN \_\_\_\_\_

Date \_\_\_\_\_

**BONUS VOUCHER**

I \_\_\_\_\_, wish to notify the Washington Reemployment Bonus Unit that I am eligible to receive a reemployment bonus. I have fulfilled the following requirements:

- I have been back at work full-time for at least four months,
- I went back to work before my reemployment deadline,
- I was not placed on the first job held after filing for unemployment benefits through a union hiring hall,
- The first job held after filing was not a recall to a previous job, and
- I have not drawn unemployment benefits since my reemployment deadline.

*You may contact my employer to verify my employment:*

Contact Person \_\_\_\_\_

Employer Name \_\_\_\_\_ Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone ( ) \_\_\_\_\_

*My current mailing address is:*

Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Phone ( ) \_\_\_\_\_

**I certify to the above statements:**

Signed \_\_\_\_\_ Date \_\_\_\_\_

EMSX WREB.F5



STATE OF WASHINGTON  
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*Olympia, Washington 98504*

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REEMPLOYMENT TIME PERIOD ELAPSED

The Washington Reemployment Bonus (WREB) Demonstration Unit records show that you are potentially eligible to receive a bonus. You acquired a job before the reemployment deadline. A Voucher has not been received from you to claim the Bonus. If you have worked for four months and feel you are otherwise eligible to receive the bonus, complete the Voucher and send it in the enclosed postage paid envelope.

If you have any questions call the Washington Reemployment Bonus Demonstration Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB.F5a



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Reemployment Deadline XX/XX/XX  
Bonus Amount \$XXX.00

INVALID VOUCHER: UI DRAWN AFTER REEMPLOYMENT DEADLINE OR  
UI DRAWN AFTER START OF WORK

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Bonus Voucher. An investigation of our records, however, shows that you are not eligible for the bonus because you continued to receive unemployment benefits after the reemployment deadline or after the start date of work.

If you believe that the reason shown above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6a



STATE OF WASHINGTON  
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Date: XX/XX/XX  
SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$352.00

INVALID VOUCHER: NEW JOB A RECALL

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Bonus Voucher and your Job Change Inquiry response. An investigation of your records, shows that the new job is a recall to the employer you worked for prior to filing your unemployment claim. Because the job that you now hold is a recall to your previous job, you are not eligible for the bonus.

If you believe that the reason stated above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6b



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SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

INVALID VOUCHER: JOB FOUND THROUGH UNION HIRING HALL

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Bonus Voucher. An investigation of your records, however, shows that the new job listed on your Bonus Voucher, Notice of Hire and/or Union Inquiry was acquired through the Union. You are not eligible for the bonus, because you were placed on your new job through your union hiring hall.

If you believe that the reason stated above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6c



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Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

INVALID VOUCHER: JOB(S) NOT FULLTIME

The information on the Bonus Voucher that you recently submitted shows that you have returned to less than full-time work with your new employer. To be eligible for the Bonus you must be working full-time. Your job or jobs should average 34 hours per week or result in sufficient earnings to prevent eligibility for unemployment insurance benefits. Since your job(s) do not fulfill this criteria, you are not eligible for the Bonus.

If you believe that the reason stated above for your being ineligible to receive the bonus is incorrect, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6d



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SSN: XXX - XX - XXXX  
Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXXXX.00

EMPLOYMENT VALIDATION

The information on the Bonus Voucher that you recently submitted shows employment that we are unable to verify. Please send verification of this employment to the address shown above. Inadequate documentation or no response will cause a denial of Bonus Payment.

If you have any questions, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6e



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Reemployment Deadline: XX/XX/XX  
Bonus Amount: \$XXX.00

EMPLOYMENT NOT VERIFIED

The information on the Bonus Voucher that you recently submitted shows employment that we are unable to verify. The documentation you provided is inadequate to verify that you worked for this employer or employers for four months after the reemployment deadline. You are not Bonus eligible.

If you have any questions, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6f



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Reemployment Deadline XX/XX/XX  
Bonus Amount \$XXX.00

SELF-EMPLOYMENT NOT VERIFIED

The information on the Bonus Voucher that you recently submitted shows self-employment that we are unable to verify. The documentation you provided is inadequate to verify that you were employed for four months after the reemployment deadline. You are not Bonus eligible.

If you have any questions, please call the WREB Reemployment Bonus Unit in Olympia at 1-800-782-9099.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6g



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Bonus Amount: \$XXX.00

NONMONETARY DENIAL

The Washington Reemployment Bonus (WREB) Demonstration Unit has received information that you have been denied benefits on your unemployment claim. To be eligible for the bonus, you must be eligible for unemployment benefits. The Bonus offer presented to you is no longer in effect.

If you believe that the reason above for your being ineligible to receive the bonus is incorrect, please call the Washington Reemployment Bonus Demonstration Unit in Olympia at 1-800-782-9099. They will review your situation with you and try to resolve the problem.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6h



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UNION INQUIRY

The Washington Reemployment Bonus (WREB) Demonstration Unit has received your Bonus Voucher. You state you are a member of a Union, or your Job service Center indicates you are a union member. Further information is needed, please answer the following questions:

1. Did you acquire the job yourself? \_\_\_\_\_ How? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. What is your Union's name and number? \_\_\_\_\_  
Phone number and contact person \_\_\_\_\_
3. Is your new employer a Union employer? \_\_\_\_\_
4. Did your Union place you on the job? \_\_\_\_\_

To be eligible for the bonus, your new job can not be a placement through your Union Hiring Hall. If you contacted your new employer and acquired the job on your own, you are bonus eligible. The back of this letter may be used to explain how you got the job on your own and were not placed on the job through the Union.

Please answer the questions above and return this in the enclosed postage paid envelope. Call 1-800-782-9099 with any questions.

Sincerely,

P.J. Remy  
Project Coordinator

EMSX WREB. F6i