Action area 7
Strengthening reemployment and connections to suitable work

Building Resilience:
A plan for transforming unemployment insurance

Action area 7
Strengthening reemployment and connections to suitable work

Despite a rise in permanent layoffs and increased unemployment duration across the occupational distribution due to forces of technological change and globalization, workforce services and supports for unemployment insurance (UI) claimants remain dispersed and limited in their scope.

There are four federally funded programs that provide reemployment services and primarily serve UI claimants: the Reemployment Services and Eligibility Assessment (RESEA) program, the Wagner-Peyser Employment Service, the Workforce Innovation and Opportunity Act (WIOA) Adult program, and the WIOA Dislocated Worker program.

In 2018, amendments to the Social Security Act (SSA) permanently authorized the RESEA program, which had replaced the earlier Reemployment and Eligibility Assessment (REA) program in 2015. Historically, RESEA targeted UI claimants most likely to exhaust benefits, as well as recipients of Unemployment Compensation for Ex-servicemembers (UCX). However, provisions within the Department of Labor (the Department)'s annual appropriations have provided additional flexibility for states to include any claimants of regular unemployment compensation (UC).

The four statutorily defined goals for the RESEA program are to: (1) reduce the average duration of UI receipt through improved employment outcomes; (2) reduce improper payments by states through the detection and prevention of such payments to individuals who are not eligible; (3) promote alignment with the vision of WIOA; and (4) establish RESEA as an entry point to other workforce system partners.

To achieve these goals, the program provides a one-on-one session between the claimant and a qualified American Job Center staff member and an assessment of the claimant's continuing eligibility.

The RESEA program is modeled after a Nevada program, which was found to save UI trust fund dollars by accelerating recipients' reemployment.[120]

The RESEA program is statutorily limited to claimants that states deem most likely to exhaust their UI benefits before finding employment. Further, as with state UI benefit and tax structures, the availability of meaningful reemployment services for UI claimants varies by state, which can make it difficult for some UI claimants to know how to direct their job search or locate appropriate training.[121] In 2022, 18 percent of all UI claimants completed an RESEA session; approximately 81 percent of these individuals reported for reemployment services as a direct result of the RESEA session.[122]

Another challenge is the persistence of outmoded and cumbersome work search requirements in states. An essential provision of state UI programs is the requirement that claimants be able and available for work and actively seek work. Many states' work search requirements rely solely on employer contacts or applications that, while important, do not fully reflect how hiring occurs in the modem labor market and do not effectively connect claimants to workforce system services that will help them become reemployed. Further, reflecting outmoded rules and complicated digital interfaces and instructions, states are disqualifying workers at historically high rates for non-compliance with work search requirements, along with other continuing eligibility requirements.[123]

Lastly, the UI system's response to downturns is weakened by not taking full advantage of the Short-Time Compensation (STC) program. STC, also known as "work sharing" or "shared work," is a layoff aversion program that keeps workers employed and attached to their employer during business declines.

[120] Marios Michaelides and others, *Impact of the Reemployment and Eligibility Assessment (REA) in Nevada* (submitted by IMPAQ International to the U.S. Department of Labor, January 2012), https://wdr.doleta.gov/research/FullText_Documents/ETAOP_2012_08_REA_Nevada_Follow_up_Report.pdf.

[121] Government Accountability Office, REEMPLOYMENT SERVICES: DOL Could Better Support States in Targeting Unemployment Insurance Claimants for Services, GAO-18-633 (September 2018), www.gao.gov/assets/gao-18-633.pdf.

[122] Department's calculations using data from Reemployment Services and Eligibility Assessment Workload, ETA 9128, and Claims and Payment Activities, ETA 5159.

[123] For example, between calendar years 2009 and 2023, the ratio of benefit denials for nonseparation issues to weeks compensated more than tripled, rising from 1.3 percent to 4.7 percent. Prior to 2009, dating back to 1972, this rate ranged between 1.2 percent and 2.5 percent. These ratios were computed by the Department using data on denial of benefits for nonseparation issues from Nonmonetary Determinations Activities, ETA 207 and data on weeks compensated from Claims and Payment Activities, ETA 5159.

An employer, under a state approved plan, reduces the hours of a group of workers who receive partial UI benefits to compensate for the reduced hours. The Department published guidance to states regarding the use of STC to support the subsequent ramp-up of business coming out of the COVID-19 pandemic;[124] further legislative reform would help ensure the program can be maximized going forward.

Currently, only half of states (26) have operational programs,[125] and in states with programs, employer participation and broader usage remain low.[126] Prior evaluation research, commissioned by the Department, suggests that a lack of employer awareness is a "major barrier" to STC utilization is states.[127]

During the pandemic, federal funding was made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for grants to implement and improve state STC programs, as well as to increase employer participation. However, only 11 states applied for these grants, in part because these funds were made available at a time when states were also responding to historic workload increases and implementing numerous new temporary pandemic unemployment programs.

As part of transformation efforts, the Employment and Training Administration (ETA) will continue to implement the permanent RESEA program, including delivering outcome-based payments to those states that serve more workers, and will develop RESEA performance measures and enhance its capacity to support the program. Between Fiscal Year (FY) 2022 and FY 2024, funding for RESEA increased 53 percent from $250 million to $382 million and states are in the process of investing in their staffing and infrastructure to support this expansion.

[124] Department of Labor, Employment and Training Administration, *Unemployment Compensation (UC) for Individuals Affected by the Coronavirus Disease 2019 (COVID-19) – Short-Time Compensation (STC) for Reopening the Economy*, UIPL No. 10-20, Change 2 (May 25, 2021), www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-10-20-change-2.

[125] Department of Labor, Employment and Training Administration, "Short-Time Compensation", https://oui.doleta.gov/unemploy/docs/stc_fact_sheet.pdf.

[126] For example, in the high-layoff years of 2009 and 2020, the ratio of STC first payments to all regular UI first payments was just 1.96 percent and 2.00 percent respectively. These ratios were computed using data reported by states in Claims and Payment Activities, ETA 5159.

[127] Susan Houseman and others, *Demonstration and Evaluation of the Short-Time Compensation Program in Iowa and Oregon: Final Report* (W.E. Upjohn Institute for Employment Research, 2017), https://research.upjohn.org/projects/123/.

In the 2025 Budget, the Department also recommends greatly expanding reemployment services for unemployed workers through the RESEA program to strengthen the UI program's role as a bridge to high-quality reemployment. The Department also proposes three legislative changes to make technical fixes to the RESEA program based on experience over the first five years of this becoming a permanent program in the SSA. Further, to mitigate disruptions caused by declines in business demand, STC should be required in every state and there should be federal support to implement a program when the economy is strong to promote its use.

Strategies

Completed	
7.1. Increase staffing to support the RESEA program	ETA has strengthened staff support in the regional offices for the RESEA program. Historically, ETA's regional offices have not been able to dedicate one continuous person to provide full-time support to this growing and important permanent program.
7.2. Monitor RESEA and UI program performance with three new performance measures	A primary goal of the UI and Employment Service (ES) systems, and other workforce development programs, is to support the rapid reemployment of UI claimants. Doing so helps the claimant quickly reestablish earning power and also saves state UI trust funds from paying more benefits than necessary. With this goal in mind, the Department in December 2020, announced three new performance measures for the RESEA and UI programs.[128] The first measure is a new Core Measure in the UI program that reflects a state's RESEA program performance and captures the percentage of RESEA participants who are in unsubsidized employment during the second quarter after exit from the RESEA program. The second RESEA measure is a Program Performance Measure that captures RESEA participants' median earnings, also in the second quarter after exit.

[128] Department of Labor, Employment and Training Administration, *Performance Measures for Reemployment Services and Eligibility Assessments (RESEA) and Unemployment Insurance (UI) participants*, Training and Employment Guidance Letter No. 9-20 (December 17, 2020), www.dol.gov/sites/dolgov/files/ETA/advisories/TEGL/2020/TEGL_9-20.pdf.

	The third measure, also a Program Performance Measure, evaluates the reemployment rate for all UI eligible participants receiving reemployment services. Similar to the first Core Measure, it captures the percentage of UI eligible participants who are in unsubsidized employment during the second quarter after exit from the ES program. There is no additional reporting burden to states as a result of implementing these measures since ETA will use data that are currently collected and reported by states for performance accountability purposes under WIOA. The Department will develop and implement targets for these measures, to be applied in FY 2025. As the RESEA program expands, the implementation of these performance measures will play a key role in driving state efforts to facilitate the reemployment of individuals connected to the workforce system.
7.3. Promote expansion of STC through grants under the CARES Act	The CARES Act provided up to $100 million of funding for states to (1) implement or improve the administration of their STC programs, and/or to (2) promote and encourage employer use of STC as an alternative to layoffs. Prior to the recission of the remaining amounts of these funds by the Fiscal Responsibility Act of 2023, 10 states and the District of Columbia were awarded just under $20 million in total.[129] One-third of a state's funding is dedicated to implementation or improvement of the program, while the remaining two-thirds are dedicated to promotional activities. Unemployment Insurance Program Letter No. 22-20 provided guidance to grant fund recipients while the Office of Unemployment Insurance (OUI) developed and presented a series of webinars on model STC state legislation and CARES Act grant requirements. Additionally, OUI, in partnership with the Department's Office of Congressional and Intergovernmental Affairs, developed an STC promotional package addressed to governors in states without STC programs in an effort to promote program establishment. This package included an "STC Fact Sheet" and an "STC One Pager" that highlighted program opportunities and benefits. In addition, OUI provided a series of "STC Office Hours," where states could ask technical assistance questions directly to National Office staff.

[129] Along with the District of Columbia, those states are CT, IL, KY, ME, MO, NY, WA, WV, WY, and OR.

	OUI also established a series of Regional Roundtables where state STC programs came together to share administrative and promotional best practices and discuss their STC experiences.
7.4. Reward state RESEA program performance with outcome payments	Outcome payments are designed to reward states that meet or exceed certain criteria of RESEA program performance. The SSA specifies that the Department must set aside 10 percent of RESEA funding for these payments through FY 2026, and 15 percent for fiscal years after 2026. Statutorily required, they are administered as an increase to an eligible state's RESEA base-funding grant. Based on RESEA program performance in FY 2022, 35 states were eligible for outcome payments totaling $24,687,500.[130] As part of efforts to enhance analysis of RESEA performance, the Department has also updated the methodology used to determine states' outcome payments, relying on a regression-based statistical model that accounts for interstate variation that may affect RESEA performance. The transition to RESEA-specific modeling was completed in 2023 and applied to FY 2022 outcome payments, awarded in March 2023.
7.5. Publish and implement a revised RESEA State Plan template	The foundation of the RESEA program is an annual RESEA State Plan that captures both operational information, such as budget estimates and performance targets, and strategic information, including information about partnership-building efforts across workforce programs and the latest evidence used to inform strategies. ETA first implemented the annual state plan requirement in FY 2019. A revised state plan template was implemented during the FY 2023 planning cycle and expires November 2025. The new template emphasizes integration of unemployment and reemployment systems in both service delivery and administrative systems, such as case management and performance reporting, and supports evidence-based decision making, which is a statutory foundation of the RESEA program.

[130] Department of Labor, Employment and Training Administration, *Announcing Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Program Outcome Payments for Fiscal Year (FY) 2022*, Training and Employment Notice No. 22-22 (March 29, 2023), www.dol.gov/sites/dolgov/files/ETA/advisories/TEN/2022/TEN 22-22/TEN 22-22.pdf.

7.6. Develop a significant body of causal evidence regarding effectiveness of RESEA and related interventions	In the years following the creation of a permanent and evidence-based RESEA program, the Department has amassed a body of causal evidence regarding the effectiveness of the RESEA program and related interventions designed to accelerate claimant reemployment. Much of this research is stored in the Department's online Clearinghouse for Labor Evaluation and Research.[131] Such evidence is critical to strengthening the UI system's role as a bridge to high-quality reemployment, including its role as an entry point to other workforce system partner programs. This research is also beneficial to states, as they are required since FY 2023 to dedicate at least 25 percent of their RESEA grant funding to services with a high or moderate causal rating of improving reemployment and duration outcomes for program participants. This share statutorily increases through FY 2027 to 50 percent. States are also required to evaluate any strategies that are not currently grounded in evidence. To support states' compliance with RESEA evidence-based requirements, the Department will continue to provide extensive technical assistance to states regarding evaluation design, data collection, and any necessary modifications resulting from RESEA program changes, such as the proposed eligibility expansion.
7.7. Develop a base-funding formula for RESEA state grants	In FY 2021, the Department began to determine each state's maximum RESEA base award using a formula allocation based on the state's Insured Unemployment Rate (IUR) and the size of its civilian labor force. The formula allocation includes provisions intended to stabilize funding from year to year, and to incentivize the timely expenditure of RESEA funds. These include a hold harmless provision, minimum funding clause, and carry-over threshold. More information on the final RESEA allocation formula can be found in the *Federal Register* notice, published on August 8, 2019 (84 Fed. Reg. 39,018). In December 2023, the Department initiated a 90-day process to implement a series of technical modifications to the RESEA formula's carry-over limitation. These modifications clarify the Department's methodology for calculating carry-over funding levels and will take effect during the FY 2024 RESEA grant award process.

[131] Department of Labor, *Reemployment Services and Eligibility Assessments (RESEA) Library*, Clearinghouse for Labor Evaluation and Research, https://clear.dol.gov/reemployment-services-and-eligibility-assessments-resea.

Underway	
7.8. Expand states' reporting of RESEA activities to account for the increased opportunity for innovation in service delivery	As part of its implementation of the RESEA program, ETA provided states with flexibility to include follow-up RESEA sessions, referred to as "Subsequent RESEAs," as part of their service delivery models (in contrast, the term "Initial RESEA" refers to the first meeting between an RESEA service provider and a UI claimant who responded to an official notification of selection and required participation in RESEA services). Due to a combination of statutory and administrative changes to the RESEA program, the states' adoption of Subsequent RESEAs has become more common and now forms a significant portion of RESEA workloads in many states. In order to accurately reflect states' workloads and for OUI to provide accurate program oversight and targeted technical assistance to states, and assess the effectiveness of the RESEA program, ETA has proposed modifications to the quarterly ETA 9128 report to allow states to separately report the number of subsequent RESEAs that were scheduled and completed, and instances where a claimant failed to report as directed. The Federal Register Notice public comment period closed on January 24, 2022. OUI completed programming changes in December 2023, and guidance implementing these changes is expected in Q2 or Q3 of FY 2024.
Planned	
7.9. Issue guidance on worker profiling approaches (GAO 18-633)	Since 1994, states have been directed to identify claimants most likely to exhaust their state unemployment benefits without finding a job and target reemployment services to these individuals, as part of the Worker Profiling and Reemployment Services system. Following up on a specific recommendation by the Government Accountability Office,[132] the Department will provide updated information to states about the various options available to them to fulfill the requirement for profiling.

[132] Government Accountability Office, *Reemployment Services: DOL Could Better Support States in Targeting Unemployment Insurance Claimants for Services*, GAO-18-633 (September 5, 2018), www.gao.gov/products/GAO-18-633.

	While current RESEA guidance gives states flexibility to target a broad population of UI claimants, identifying those likely to exhaust remains an important part of an effective reemployment strategy.
7.10. Disseminate best practices for implementation and promotion of STC in states	ETA is partnering with states that have active STC programs (26) to highlight and share best practices through the WorkforceGPS community of practice, as well as through discussions with employer organizations.
7.11. Help states re-envision work search	Many states are recognizing that how people find work in today's labor market is very dynamic and rethinking their UI work search polices to expand the scope of actions that meet their requirements. In recent years, the Department has played a significant role in convening stakeholders and generating resources to assist states in promoting the rapid reemployment of UI claimants in suitable work. Most recently, in February 2020, the Department made available Model UI State Work Search Legislation (Training and Employment Notice No. 17-19). This builds on an earlier effort, in which a group of state workforce system leaders, in collaboration with representatives from the National Association of Workforce Agencies and national and regional ETA staff, came together to develop the Pathway to Reemployment Framework.[133] This framework consists of resources that provide stakeholders with a "re-envisioned" approach to work search for UI claimants, plus strategies and behavioral insights related to UI work search requirements that states may elect to adopt. Looking ahead, the Department will encourage state consideration of activities that support availability of reemployment services for UI claimants in ways that reflect how people actually find work in the modern economy.

[133] Department of Labor, Employment and Training Administration, *Pathway to Reemployment Framework* (2016), https://rc.workforcegps.org/resources/2016/10/03/05/36/Pathway_to_Reemployment_Framework.

Proposed legislative reform

- **Expand RESEA eligibility to all regular UI claimants –** RESEA eligibility is statutorily limited to claimants that states identify as likely to exhaust UI benefits. Each year since enactment of the permanent RESEA program, Congress has included provisions in the annual appropriations law expanding RESEA eligibility to all regular UI claimants. In addition, there has been significant increases in RESEA program funding, which supports providing reemployment services to a broader group of claimants. This proposal would codify and make permanent the expanded RESEA eligibility. Allowing states additional discretion to target different claimant populations will result in more robust RESEA programs that meet the needs of the individual state and will support effective evidence-based decision making. This change would also encourage states' efforts to identify, and implement, new evidence-based strategies without concern of a reversion to the more limited set of claimants.

- **Update the RESEA funding distribution formula –** The RESEA legislation requires the RESEA funding distribution formula to be based primarily on the Insured Unemployment rate (IUR). The IUR is based on weekly claims filed and the covered employment in the state over the 12-month period ending three months prior to the start of the fiscal year and six months prior to the start of the program year for RESEA. This formula approach can lead to large swings in state funding allocations and reflects a reactive funding strategy instead of a forward-looking approach. Removal of the IUR requirement will allow the Department to develop a formula using other data factors based on projected workloads, such as initial claims as a measure of new potential participants, which better aligns funding with states' claim workloads and actual program funding needs.

- **Modify the RESEA Technical Assistance set-aside –** The current statutory language for the RESEA program includes a set-aside for Technical Assistance of "no more than" one percent of the total RESEA funding. This phrasing suggests that this is an "up to amount" and that the Department may opt to use less than one percent but does not provide authority to reallocate any remaining balance to state RESEA activities. ETA requests to amend the statutory language to state that the technical assistance set-aside provides for "up to" one percent, and to allow for the distribution to states of any unobligated funds remaining from this set-aside that are not used for technical assistance purposes.

- **Require all states to provide STC –** STC should be required in every state and receive greater federal support to ensure it is accessible for employers. As described in the Administration's 2025 Budget, comprehensive UI reform must include expanding the number of employers who use STC, something that happened too rarely during the COVID-19 crisis. Prior evaluation research suggests that marketing of the program, or information campaigns, are effective ways to increase employer participation.[134]

[134] Susan N. Houseman and others, *Demonstration and Evaluation of the Short-time Compensation Program in Iowa and Oregon: Final Report* (W.E. Upjohn Institute for Employment Research, June 2017), https://research.upjohn.org/externalpapers/75/.