



Top Tier Evidence Initiative:

Evidence Summary for Nevada's Reemployment and Eligibility Assessment Program

HIGHLIGHTS:

- **Intervention:** A mandatory program for Unemployment Insurance (UI) claimants, which provides an in-person review of their UI eligibility, and personalized reemployment services (e.g., job search assistance).
- **Evaluation Methods:** A well-conducted randomized controlled trial.
- **Key Findings:** \$2,789 (18%) increase in earnings per claimant, 4 percentage point increase in their employment rate, and net savings to the UI system of \$715 per claimant, 18-26 months after random assignment.
- **Other:** This intervention was evaluated in a single state (Nevada) in the immediate aftermath of a severe economic recession. Thus, replication of these findings in a second trial, in another setting, would be desirable to confirm the initial results and establish that they generalize to other settings and conditions where the intervention might be implemented.

I. The Top Tier initiative's Expert Panel has identified this intervention as **Near Top Tier**.

The Panel finds that this intervention meets the "Near Top Tier" evidence standard, defined as:

Interventions shown to meet almost all elements of the Top Tier standard (i.e., well-conducted randomized controlled trials... showing sizable, sustained effects), and which only need one additional step to qualify. This category includes, for example, interventions that meet all elements of the standard in a single site, and just need a replication trial to confirm the initial findings and establish that they generalize to other sites.

II. Description of the Intervention:

Nevada's Reemployment and Eligibility Assessment program (REA) is a mandatory program for new UI claimants who (i) have received one week of UI benefits under the new claim; (ii) have no work return date (i.e., are not on temporary layoff); (iii) are not active in other training programs; and (iv) are not attached to a union hiring hall. At the time the study below was initiated (2009), such individuals comprised approximately 20% of new UI claimants in Nevada.¹

The program is delivered by trained staff at One-Stop Career Centers across the state, who provide the following mandatory services during a single interview session:

- A UI eligibility review to verify that the claimant is eligible for benefits (e.g., has been actively seeking employment) and prevent overpayment;
- Labor market information (e.g., on job openings, wage trends);
- Development of an individual reemployment plan; and
- Provision of reemployment services (e.g., job search and resume assistance, job match against automated labor exchanges, referral to job training).

¹ Based on Bureau of Labor Statistics initial claims data ([link](#)).

The Nevada program is funded by the U.S. Department of Labor, which also funds REA programs in most other U.S. states. However, the actual intervention – i.e., specific program design and features – varies substantially from state to state. The Nevada program, including delivery of all items described above, costs approximately \$218 per participant (2013 dollars). A more detailed description of the Nevada program can be found on pages 4-6 of the [2012 report](#) on the Nevada REA study.

III. Evidence of Effectiveness:

This summary of the evidence is based on a systematic search of the literature, and correspondence with leading researchers, to identify all well-conducted randomized controlled trials of Nevada’s REA program. Our search identified one such trial. This trial evaluated the program during 2009-2011, in the immediate aftermath of a major national recession. During the study period, Nevada had the highest average unemployment rate in the United States – 12.9% across the three years [Bureau of Labor Statistics, 2009-2011].

What follows is a summary of the study design and the program’s effects on the main outcomes measured in the study, including any such outcomes for which no or adverse effects were found. All effects shown are statistically significant at the 0.05 level unless stated otherwise. The monetary amounts are in 2013 dollars.

Overview of the Study Design: Randomized controlled trial of the Nevada REA program in a sample of 32,751 UI claimants across the state, conducted 2009-2011.

This was a randomized controlled trial of all 32,751 UI claimants in Nevada who were eligible for the REA initiative (as described above) and filed a new UI claim between July and December 2009. These claimants were randomly assigned to (i) a group that was required to participate in REA, or (ii) a control group that was not. 57% of sample members were male, 64% were white, and 59% had no more than a high school education. They earned an average of about \$30,000 in wages in the year prior to filing their UI claim.

Effects of Nevada’s REA program 18-26 months after random assignment, compared to the control group:

- \$2,789 (18%) increase in wage earnings per claimant during the first 18 months² following random assignment (\$18,283 for the REA group, versus \$15,494 for the control group).
- 4 percentage point increase in their employment rate – i.e., percent having positive wages – 18 months after random assignment (approximately 52% of the REA group earned wages, versus 48% of the control group).
- \$933 (9%) decrease in UI benefits per claimant during the 20-26 months³ after random assignment (\$9,430 for the REA group, versus \$10,363 for the control group). The *net* savings to the UI system, taking into account the program cost (\$218), was \$715 per claimant.

² Wage outcomes, obtained from state administrative records, were only available for the first six quarters (i.e., 18 months) after random assignment.

³ The length of follow-up varies between 20 and 26 months because sample members were randomly assigned during a six-month period.

Discussion of study quality:

- The study had no sample attrition and a reasonably long-term follow-up: Outcome data were obtained for all members of the REA group and control group over the 18-26 months following random assignment.
- At the start of the study, the REA and control group members were highly similar in their observable characteristics (e.g., demographics, prior wages, weekly amount of UI benefits).
- The study appropriately sought outcome data for all individuals assigned to the REA group, regardless of whether or how long they participated in the program (i.e., the study used an “intention-to-treat” analysis).
- The study measured all outcomes using Nevada administrative data on UI receipt and wage earnings.
- The study evaluated the Nevada REA program as delivered statewide to thousands of UI claimants, thus providing evidence of the program’s effectiveness under real-world implementation conditions.
- Study limitations:
 - The study was conducted in a single state (Nevada), in the immediate aftermath of a severe economic recession. The Top Tier initiative’s Expert Panel believes that replication of the above findings in a second trial, conducted in another setting, would be desirable to confirm the initial results and establish that they generalize to other settings and conditions where the intervention might normally be implemented.
 - The study did not measure whether the increased earnings and employment of REA group members may have partly occurred through displacement of other workers in Nevada competing for the same jobs – which is possible in a weak labor market where job openings are scarce. Preferably, the replication trial suggested above would use a study design that measures such displacement (e.g., Crépon et. al., 2013), so as to hopefully rule out this possibility.

Other studies:

Five other versions of the REA program, in other states, have been rigorously evaluated – three as other sites of the trial described above, and two in separate trials. However, the Nevada program differed substantively from these other state REA programs, consistent with the high level of state flexibility allowed under federal REA grants. For example: (i) Nevada required UI claimants to participate in both the eligibility assessment and reemployment services, whereas other states typically required only the assessment (and encouraged, but did not require, the services); and (ii) the Nevada interviewers provided the eligibility assessment and reemployment services seamlessly during the same interview session, whereas in the other states interviewers typically referred claimants to a separate office or organization for the reemployment services.

Because the other studies did not evaluate the same version of the intervention, we do not summarize their findings here, except to note that some of them found modest positive effects whereas other did not.

IV. Summary of the Intervention's Benefits and Costs:

If taxpayers fund implementation, what benefits to society can they expect to result, and what would be their net cost? The following table provides a summary. This is intended to be a general overview of social benefits in relation to taxpayer cost, rather than a comprehensive benefit-cost analysis. It assigns monetary value to particular benefits and costs only when doing so requires minimal assumptions. All monetary amounts shown are in 2013 dollars.

<u>Benefits To Society</u>
<ul style="list-style-type: none">▪ A \$2,789 (18%) increase in earnings per claimant over the 18 months after random assignment.▪ A 4 percentage point increase in their employment rate 18 months after random assignment.
<u>Net Cost To Taxpayers</u>
<ul style="list-style-type: none">▪ The program cost approximately \$218 per claimant.▪ This cost was more than offset by reduced UI payments of \$933 per claimant during the 20-26 months after random assignment, yielding net savings to the UI system of \$715 per claimant.▪ Taxpayers also benefitted from increased tax revenue resulting from the gain in claimant earnings.

V. References:

Main study

- Michaelides, Marios, Eileen Poe-Yamagata, Jacob Benus, and Dharmendra Tirumalasetti. *Impact of the Reemployment Eligibility Initiative in Nevada*. Impaq International, January 2012 ([link](#)).
- Poe-Yamagata, Eileen, Jacob Benus, Nicholas Bill, Hugh Carrington, Marios Michaelides, and Ted Shen. *Impact of the Reemployment and Eligibility Assessment Initiative*. Impaq International, June 2011 ([link](#)).

Other references

- Benus, Jacob, Eileen Poe-Yamagata, Ying Wang, and Etan Blass. *Reemployment and Eligibility Assessment (REA) Study FY 2005 Initiative: Final Report*. Impaq International, March 2008 ([link](#)).
- Bureau of Labor Statistics, Local Area Unemployment Statistics, [2009](#), [2010](#), and [2011](#).
- Crépon, Bruno, Esther Duflo, Marc Gurgand, Roland Rathelot, and Philippe Zamora. "Do Labor Market Policies Have Displacement Effects? Evidence From a Cluster Randomized Experiment." *Quarterly Journal of Economics*, 2013, vol. 128, no. 2, pp. 531-580.