

U.S. Department of Labor

Office of Inspector General—Office of Audit

**REPORT TO THE EMPLOYMENT
AND TRAINING ADMINISTRATION**



**PROGRAM SPECIFIC PERFORMANCE
MEASURES ARE NEEDED TO BETTER
EVALUATE THE EFFECTIVENESS OF THE
REEMPLOYMENT SERVICES AND
ELIGIBILITY ASSESSMENT PROGRAM**

Date Issued September 26, 2017
Report Number: 04-17-002-03-315

BRIEFLY...

September 26, 2017

PROGRAM SPECIFIC PERFORMANCE MEASURES ARE NEEDED TO BETTER EVALUATE THE EFFECTIVENESS OF THE RESEA PROGRAM

WHY OIG CONDUCTED THE AUDIT

Helping individuals receiving Unemployment Insurance (UI) benefits find jobs more quickly while reducing UI improper payments is a priority for the Department of Labor's (DOL) Employment and Training Administration (ETA). DOL's Fiscal Year (FY) 2018 budget request seeks \$130 million for the Reemployment Services and Eligibility Assessment (RESEA) program, a \$15 million increase from FY 2017. RESEA provides participants with in-person assessments and reemployment services.

Beginning in FY 2019, DOL proposes permanent, mandatory funding for states to reach the following two groups: 1) one-half of eligible UI claimants identified as most likely to exhaust benefits; and 2) all ex-service members receiving unemployment compensation. To provide meaningful information on the impact of the RESEA program, it is critical that ETA establish valid performance measures.

WHAT OIG DID

We conducted a performance audit to determine the following:

Has ETA established performance measures to adequately assess the effectiveness of the RESEA program?

We evaluated program operations and design for the period April 2010 to December 2016.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2017/04-17-002-03-315.pdf>

WHAT OIG FOUND

ETA has not established program specific performance measures it needs to adequately assess the impact of the RESEA program. ETA is transitioning to the use of the common performance measures specified in the Workforce Innovation and Opportunity Act (WIOA), such as employment status in the second and fourth quarters after exiting the program. However, these measures do not compare RESEA participant outcomes to outcomes of other UI claimants and they do not specifically assess the impact of the RESEA program on its participants. According to ETA officials, they may consider capturing additional data elements to better inform how the program is performing.

Under the former Reemployment and Eligibility Assessments program, ETA could not fully assess outcomes and impacts because many states reported unreliable data. ETA officials acknowledged that some states continue to struggle with data quality. These data quality issues need to be addressed as ETA implements WIOA common measures for RESEA to ensure RESEA outcomes and impacts can be accurately measured.

WHAT OIG RECOMMENDED

We made four recommendations to the Deputy Assistant Secretary for Employment and Training to establish RESEA-specific performance measures, conduct periodic evaluations of RESEA outcomes, including a comparison of outcomes with the outcomes achieved by non-RESEA participants, and continue working with states to help them update their worker profiling models and provide accurate outcomes data.

ETA agreed with three of our four recommendations, but stated it did not believe additional measures beyond the WIOA common measures are needed.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 26, 2017

INSPECTOR GENERAL'S REPORT

Mr. Byron Zuidema
Deputy Assistant Secretary
for Employment and Training
U.S. Department of Labor
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Washington, DC 20210

Helping individuals receiving Unemployment Insurance (UI) benefits find jobs more quickly while reducing UI improper payments is a priority for the Department of Labor's (DOL) Employment and Training Administration (ETA). DOL's Fiscal Year (FY) 2018 budget request seeks \$130 million for the Reemployment Services and Eligibility Assessment (RESEA) program, a \$15 million increase from FY 2017. RESEA provides participants with in-person assessments and reemployment services.

Beginning in FY 2019, DOL proposes permanent, mandatory funding for states to reach the following two groups: 1) one-half of eligible UI claimants identified as most likely to exhaust benefits; and 2) all ex-service members receiving unemployment compensation. To provide meaningful information on the impact of the RESEA program, it is critical that ETA establish valid performance measures.

We conducted an audit to answer the following question:

Has ETA established performance measures to adequately assess the effectiveness of the RESEA program?

We evaluated program operations and design for the period April 2010 to December 2016.

RESULTS IN BRIEF

ETA has not established program specific performance measures required to assess the impact of the RESEA program. ETA is transitioning to the use of the common

performance measures specified in the Workforce Innovation and Opportunity Act (WIOA), such as employment status in the second and fourth quarters after exiting the program. However, these measures do not compare RESEA participant outcomes to outcomes of other UI claimants or specifically assess the impact of the RESEA program on its participants.

Under the former Reemployment Eligibility Assessments (REA) program, ETA could not fully assess outcomes and impacts because many states reported unreliable data. ETA officials acknowledged that some states continue to struggle with data quality. These data quality issues need to be addressed to ensure RESEA outcomes and impacts can be accurately measured.

BACKGROUND

For years, DOL and states have been working to meet the reemployment needs of UI claimants while preventing improper payments. In 2005, ETA began funding a series of grants to states to provide REAs to claimants to address those two objectives. According to ETA officials, the REA program grew from a funding level of \$18 million in 2005 to \$81 million in 2015, and as of 2015, 48 states were participating. States targeted a variety of claimants, ranging from those more likely to exhaust benefits to those least likely to exhaust benefits. REA excluded claimants who had definite return-to-work dates or sought work solely through a union hiring hall. While the REA program did not have to be implemented statewide, states were required to provide specific minimum REA components, including labor market information, referrals to reemployment services and training, and assessments of claimants' ongoing UI eligibility. Claimants in the REA program were required to participate in all of its components, as their UI benefits could be suspended if they did not. Between FYs 2010 and 2015, ETA awarded approximately \$419¹ million in REA grants to states participating in the program.

In FY 2015, ETA changed the REA program, renamed it RESEA, and required participating states to begin transitioning to the new program. The RESEA program is aimed at supporting a more comprehensive reemployment program. Under REA, funds could only be used for eligibility assessments, providing information, and referrals to reemployment services. Under RESEA, Congress provided authority to use funds to "provide" reemployment services. ETA made a policy choice to frame what it hopes will become a permanent and mandatory RESEA program focused on two targeted populations in need of more intensive reemployment services – those most likely to exhaust their UI benefits and all ex-service members receiving Unemployment Compensation for Ex-Service members (UCX). Because the new targeting has RESEAs providing services to the same populations required in Worker Profiling and

¹Un-audited

Reemployment Services (WPRS),² ETA allowed states to use RESEAs to satisfy WPRS requirements in areas served by RESEAs. The budget proposal for a permanent RESEA program proposes making RESEA the funding mechanism for WPRS. According to ETA officials, WIOA performance measures use wage record data to support their calculation, which is different than the use of National Directory of New Hires data previously used for REAs. ETA expects this to improve data quality for RESEAs.

In FYs 2015 and 2016, ETA awarded states a total of approximately \$193.5 million for the RESEA program, of which \$3 million was reserved for state UI integrity automation projects. In FY 2016, 50 states and jurisdictions operated a RESEA program. Similar to REA, states had to implement the RESEA program statewide or provide Worker Profiling in those locations where RESEAs were not available. ETA eliminated the requirement for states to maintain comparison groups, instead the agency will begin using the WIOA common measures³ and will be conducting periodic evaluations to assess program outcomes.

In FY 2017, ETA awarded approximately \$114 million to 52 states and jurisdictions⁴ to fund RESEAs. ETA required all RESEA participants to be co-enrolled in Wagner-Peyser funded employment service and encouraged co-enrollment in WIOA Dislocated Worker. This co-enrollment was intended to: (1) increase coordination between RESEA and the employment service; and (2) allow the capture of additional information, including the WIOA common performance measures, through the WIOA reporting system.

RESULTS

ETA has not established program specific performance measures required to assess the impact of the RESEA program. ETA officials said they plan to use the WIOA common performance measures they established for the RESEA program, with results starting in late 2018. ETA also plans to continue collecting information from states and provide technical assistance on RESEA specific reporting requirements. However, data quality remains a concern under the RESEA program and ETA officials have vowed to continue working with states to make improvements. Under the former REA program, ETA could not fully assess outcomes and impacts because many states reported

²Worker Profiling is a separate program designed to identify UI claimants who are most likely to exhaust their UI benefits and need job search assistance and referrals to appropriate reemployment services to return to work. States that do not operate RESEA or provide RESEA in limited locations continue to operate WPRS

³Core programs are required to report on common performance indicators that provide key employment information, such as how many workers entered and retained employment, their median wages, whether they attained a credential, their measurable skill gains.

⁴52 states/jurisdictions received funding in FY 2017 (49 states, DC, Puerto Rico, Virgin Islands).

unreliable data. As a result, ETA relied primarily on contracted studies conducted in a limited number of states to assess REA program results.

PROGRAM SPECIFIC PERFORMANCE MEASURES ARE NEEDED

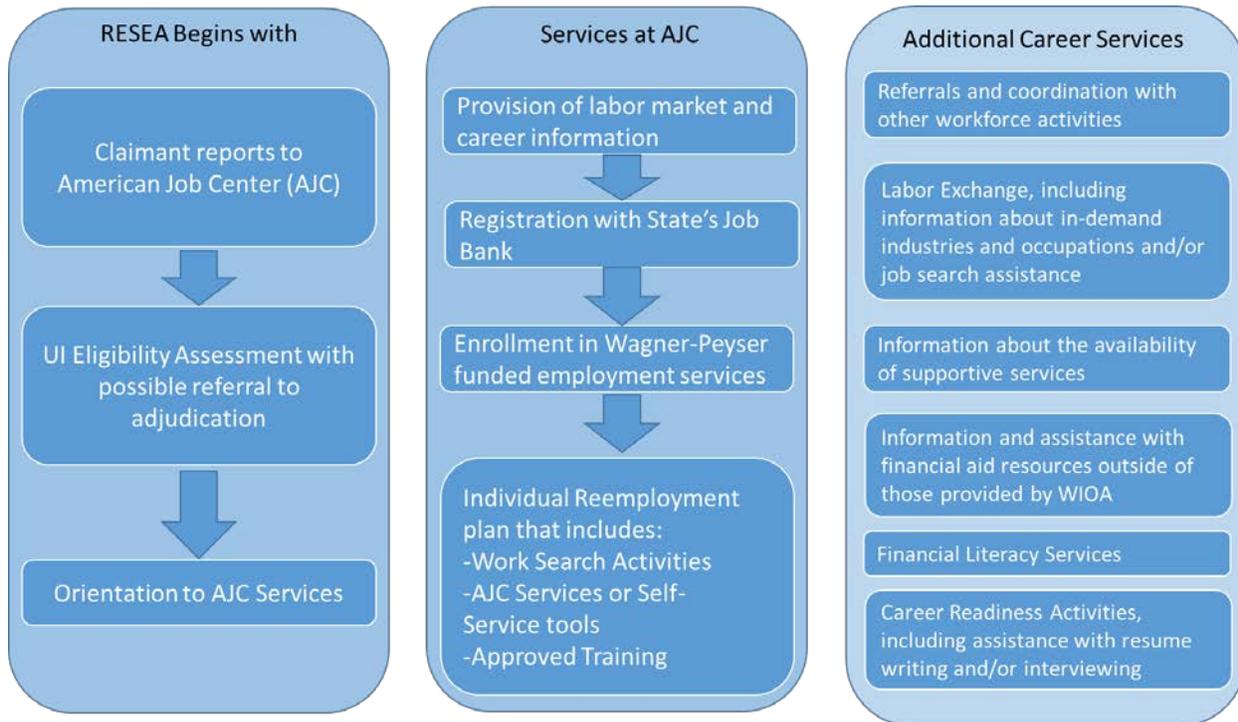
ETA has not established program specific performance measures required to assess the impact of the RESEA program. ETA is transitioning to using the common performance measures specified in the WIOA, which include employment rate, employment retention rate, and average wage. However, these measures do not compare RESEA participant outcomes to other UI claimant outcomes, nor do they specifically assess the impact of the RESEA program on its participants. According to ETA officials, they may consider capturing additional data elements to better inform how the program is performing. DOL's FY 2018 budget request proposes permanent, mandatory funding for states to reach one-half of eligible UI claimants identified as most likely to exhaust benefits, as well as all ex-service members receiving UCX, beginning in FY 2019. To identify claimants most likely to exhaust their UI benefits, ETA expects states to use their worker profiling models and is working with states to provide technical assistance to improve their models.⁵

RESEA PROGRAM DESIGN

According to ETA, the RESEA program is designed to encourage states to develop a career service delivery model to ensure UI claimants served through the program receive an appropriate level of service suited to each individual claimant. ETA made a policy choice to focus the RESEA program on claimants most likely to exhaust their benefits, as well as ex-service members receiving UCX. RESEA program services may be delivered by appropriately trained UI staff, Wagner-Peyser-funded state Employment Service staff, WIOA staff, or other American Job Center staff, and must include the components listed in Figure 1.

⁵ETA also encourages states to periodically review and update their models and has conducted profile model seminars for states in 2015 (Washington DC) and 2016 (Phoenix, Arizona).

Figure 1



The RESEA program includes key elements of the REA program, such as requiring an assessment of each participant's continued eligibility for UI benefits. As noted in Unemployment Insurance Program Letter (UIPL) No. 3-17, the UI eligibility review is a key part of RESEA for program integrity purposes. UI staff must be engaged in RESEA planning, administration, and oversight, as well as all appropriate staff training on UI eligibility requirements. Program staff delivering RESEAs must have sufficient training to conduct a thorough UI eligibility review and be able to detect eligibility issues requiring referral to adjudication.

Once selected to participate in the RESEA program, UI claimants must participate in all its components. Failure to report or participate in any aspect of the program results in referral to the UI agency for adjudication of continuing eligibility under applicable state law. States' proposals for operating the RESEA program must include a description of the following:

- Feedback loop from the AJC to the UI system on whether RESEA claimants reported as directed and participated in the minimum activities outlined in their reemployment plans;
- Feedback loop established to refer for adjudication any UI eligibility issues identified in the eligibility review; and

- Process for referring to adjudication UI claimants selected to participate in the program who failed to report as scheduled without contacting the agency.

Under RESEA, states no longer have flexibility in choosing claimants for participation as they did under REA, but must target: (1) claimants who are most likely to exhaust UI benefits: and (2) UCX claimants. This uniformity provides greater assurance that those most in need of assistance in returning to work will receive reemployment services, allows for a more meaningful assessment of the program's overall impact, and eliminates the need for a comparison group. As with the REA program, claimants who have a definite return-to-work date or who seek work solely through a union hiring hall are excluded from RESEA. States must select RESEA participants no later than the fifth week of the UI claim series and promptly schedule them for assessment.

ETA officials said they will continue using ETA Form 9129 to capture outcome data, and implement a new Form 9129X, which will capture the same information for the UCX population. Guidance for the new UCX reporting requirement is being developed. Both forms include built-in data checks to provide some validation of information as it is being entered. Summary reports are also shared with ETA regional staff for review and to identify any potential areas where states may need technical assistance.

ETA officials stated they plan to rely on separate independent evaluations and studies to assess program effectiveness. The evaluations may include comparison of UI claim results between RESEA participants and regular UI claimants. ETA officials said this approach is similar to those used by other agency workforce programs. Program performance will be measured using the WIOA common measures. As with other WIOA programs, ETA expects to begin identifying outcome goals for RESEA under the WIOA measures in late 2018. The WIOA common measures are expected to help ETA assess the outcomes of the RESEA program to better align performance accountability with other workforce programs.

DATA QUALITY REMAINS A CONCERN FOR RESEA

Data quality issues that hampered ETA's ability to assess the impact of the REA program need to be addressed to ensure the same issues do not similarly affect the RESEA program. Under the REA program, ETA could not evaluate outcomes and impacts in all states because a number of states reported unreliable data. ETA officials acknowledged states had problems with data quality in the REA program, and data quality remains a concern in the RESEA program as some states continue to struggle to submit accurate program data. To provide meaningful information on the impact of the RESEA program, it is critical that states report accurate and complete performance data.

While ETA officials are convinced the REA program overall was effective, they acknowledged individual states' poor data quality hampered their ability to evaluate

program outcomes and impacts. Instead, ETA relied on independent studies of the REA program as its primary basis for measuring program effectiveness, rather than relying on states' reported outcomes. ETA sponsored two studies of the REA initiative.⁶ The first study, issued in June 2011, included four states and focused on process and impact analysis of the program. The second study, issued in January 2012, covered one state and focused on reducing UI benefits received and expediting reemployment.

DOL's Chief Evaluation Office sponsored a separate study of the REA program. This study consisted of two components. The first component focused on the impact of REA implementation in four states and was completed in January 2017.⁷ It concluded an alternative implementation of REA (or a REA-like program) with surer, swifter, and more substantial penalties for noncompliance than those described in the report would have a larger impact on reducing UI duration. This conclusion was based on the belief that more enforcement would lead to: (1) more claimants leaving UI to avoid attending the REA meeting; (2) more claimants coming to the REA meeting, receiving services, and through those services leaving UI faster; and (3) more claimants having their benefits suspended for noncompliance.

The second component is an impact study that is scheduled to be completed in late 2018 or early 2019. ETA officials stated the study will focus on how each component of the REA process impacted claimant outcomes, but it will not examine RESEA's impact. ETA stated:

Abt⁸ has not modified the study to the RESEA model. Because the shift to RESEA occurred in the middle of the impact evaluation, we had the states in the evaluation to continue to operate the REA program, but with different models to assess the impact of each of the program components. We plan to do a future evaluation of the RESEA program with its current structure. No time is set for that yet, but it's on our learning agenda.

For FYs 2010 to 2013, ETA identified data elements from both workload and expenditure reports that contained inaccurate or incomplete information for 19 of 48 participating states (40 percent). (See Exhibit.) These data elements were essential in measuring the program's impact. Based on states' reported REA data, ETA officials stated:

The National office has identified these errors in the past and has been working with state offices to correct their data and improve their program evaluation. The 9129 report is a valuable tool in identifying where a state

⁶Impact of the Reemployment and Eligibility Assessment (REA) Initiative (June 2011) and Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada (January 2012).

⁷REA Impact Study: The four states included in this study were New York, Wisconsin, Indiana, and Washington.

⁸Abt Associates is the contractor ETA used to conduct studies of REA and RESEA.

has significant issues, but because of the difficulty in constructing a proper evaluation through control group comparisons, all of this data cannot be accurately used for a benefit cost analysis.

These results indicate ETA could not reasonably rely on the states' reports to demonstrate effectiveness for the REA program. ETA officials acknowledged that some states continue to struggle with data quality, but said this does not inhibit the agency's ability to assess program outcomes and impact.

Moreover, ETA and states had not developed effective procedures to validate the accuracy of reported REA data. However, ETA officials stated the lack of formal data validation efforts under the REA program's temporary status did not mean it was unable to identify data flaws, and ETA continues to work with states to correct them.

ETA officials said they are taking steps to address the data quality issue. For example, Form 9129 and the forthcoming Form 9129X (which will include data for ex-service members) include built-in data checks to provide some validation of information as it is being entered. Summary reports are shared with ETA regional offices to identify areas where technical assistance may be needed and the ETA national office is developing new review tools to further assist regional offices with grant monitoring. Additionally, grant application guidelines for the RESEA program identify common data concerns that states should address.

With ETA transitioning to use of the WIOA common measures for RESEA, WIOA data will be submitted via the Workforce Integrated Performance Systems and will be subject to a series of data validations. ETA officials said that after implementing edit checks and logical validation rules, work will begin on a broader data validation strategy.

ETA has taken some of the lessons learned from the REA program in implementing the new and more comprehensive RESEA program. Requiring all participating states to target the same group of participants is a step in the right direction. While a specific start date for a new program evaluation has not been set, a RESEA evaluation is on ETA's learning agenda. Conducting evaluations of the RESEA program that include comparisons with or studies of non-RESEA participants should provide more meaningful evidence of the program's impact. These changes provide an opportunity for improving accountability and overall program effectiveness; however, ETA needs to work closely with participating states to achieve reliable data quality so it can accurately assess program outcomes and impact.

OIG RECOMMENDATIONS

We recommend the Deputy Assistant Secretary for Employment and Training:

1. Develop and implement specific performance measures for the RESEA program.
2. Continue to work with states to update their worker profiling models to accurately identify claimants most likely to exhaust their UI benefits.
3. Continue to work with states to improve the accuracy of reported RESEA outcomes.
4. Conduct periodic evaluations of RESEA outcomes, including a comparison of outcomes with the outcomes of non-RESEA participants.

MANAGEMENT RESPONSE

ETA agreed with three of our four recommendations. Specifically, the agency agreed to continue to provide support to states to help them maintain up-to-date profiling models that accurately select appropriate RESEA participants and to work towards greater data accuracy. Furthermore, ETA agreed that periodic evaluations of RESEA outcomes are an important component of the program management, as demonstrated by its previous evaluations of the REA program. However, ETA had concerns about OIG's recommendation to develop and implement specific performance measures for RESEA. Instead ETA stated it will use a three-prong approach for measuring and understanding the RESEA's program's outcome and impacts. It plans to: (1) align RESEA metrics with the Common Measures used by programs under WIOA; (2) collect RESEA-specific reports on activities and outcomes; and (3) conduct periodic independent evaluations of the RESEA program. ETA stated it is committed to the successful implementation of the WIOA Common Measures and will issue new guidance on the new ETA-9128X and ETA 9129X reports in FY 2018.

The collection of RESEA-specific data should assist ETA in developing program specific measures that could better evaluate the program impact. ETA needs to clarify how it plans to use the data it collects.

We appreciate the cooperation and courtesies that ETA personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix C.



Elliot P. Lewis
Assistant Inspector General
for Audit

Exhibit

EXHIBIT

Reported Issues with ETA 9129 and 9130 Data			
Count	States	Issues identified with ETA 9129 Report	Missing 9130 Expenditures
1	Arizona	Control Group and Treatment Group numbers were reversed	
2	Ohio	Incomplete Reports for 2011 - 3rd & 4th Quarters	
3	Kentucky	Did not submit Treatment and Control Group Data for 2010 & 2011	
4	Louisiana	Did not submit Treatment and Control Group Data for 2010 & 2011	
5	Maryland	Did not submit three quarters for 2010	
6	Montana	Did not submit four quarters for 2010	X
7	Nebraska	Did not submit 2011, 2012, and 2013 Reports	
8	New Mexico	Did not submit for 2010 and 1st quarter of 2011	X
9	North Carolina	Did not submit 1st quarter in 2010	
10	Minnesota	Treatment Group data unfeasibly different from Control Group data	
11	Massachusetts	Did not submit two quarters for 2010; Treatment Group data unfeasibly different from Control Group data	
12	Oklahoma	Did not submit for four quarters in 2010 and 2012; Control Group unfeasibly low in 2011 and 2012	
13	Kansas	Treatment Group benefit data unrealistically low	X
14	New Jersey	Misidentified the Control Group in 2010	
15	Virginia	Misidentified the Control Group in 2010 and 2011	
16	New York		X
17	Florida		X
18	Vermont		X
19	Wisconsin		X

Source: Data obtained from ETA Office of Unemployment Insurance.⁹

⁹According to ETA, the majority of the reporting issues identified occurred in 2010 and 2011— during the great recession — a time period when UI activities and workload were at historically high levels.

Appendices

**OBJECTIVE, SCOPE, METHODOLOGY, AND
CRITERIA**

Objective

Has ETA established performance measures to adequately assess the effectiveness of the RESEA program?

Scope

Our audit focused on ETA's and states' efforts to implement the RESEA program, including the operation and reporting activities of RESEA and its predecessor program, REA, from April 2010, to December 2016. Our audit work was performed at the ETA National Office in Washington, DC; and ETA Regional offices in Atlanta, GA, and Chicago, IL.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Methodology

To answer our audit objective, we interviewed key ETA personnel and conducted walkthroughs of the national and regional offices' operations to gain an understanding of RESEA and REA implementation and reporting requirements. We relied on computer-processed data produced from the ETA SUN system for the REA Workload Reports and Outcomes Reports. We assessed the reliability of the data by interviewing ETA National and Regional officials with knowledge of the data, and reviewing other supporting financial reports. We reviewed REA grants, evaluation studies, financial reports, and performance and accountability reports. We also reviewed applicable laws, regulations, policies, and procedures. Based on these assessments and reviews, we concluded the data was sufficiently reliable to be used in meeting the audit objective.

We considered the internal control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive audit steps. We performed internal control work for ETA's oversight of the REA implementation and the reporting of REA activities required for participants. ETA acknowledged its receipt of inaccurate data and continues to work with states to improve their data quality.

Criteria

- Field Memorandum No. 17-04 (FY 2005 UI REA Grants)
- Unemployment Insurance Program Letters, 10-11, 17-13, 10-14 and 13-15
- Consolidated and Further Continuing Appropriations Act of 2015
- Workforce Innovation and Opportunity Act of 2014

ETA RESPONSE

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



SEP 20 2017

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: BYRON ZUIDEMA 
Deputy Assistant Secretary

SUBJECT: Response to Office of Inspector General (OIG) Draft Audit Report
No. 04-17-002-03-315, *Program Specific Performance Measures
Are Needed to Better Evaluate the Effectiveness of the
Reemployment Services and Eligibility Assessment Program*

Thank you for the opportunity to respond to Draft Audit Report No. 04-17-002-03-315 related to the Reemployment Services and Eligibility Assessments (RESEA) initiative. During Fiscal Year (FY) 2015, the Employment and Training Administration (ETA) encouraged states to begin transitioning from the former Reemployment and Eligibility Assessment (REA) program to the current RESEA program that targets individuals determined most likely to exhaust their Unemployment Insurance (UI) benefits and in need of services as well as transitioning veterans receiving Unemployment Compensation for Ex-Servicemembers (UCX).

During FY 2017, the RESEA program was operational in 52 jurisdictions, including 49 states, the District of Columbia, Puerto Rico, and the Virgin Islands. The dual-service strategy of conducting eligibility assessments and providing reemployment services helps ensure the proper payment of UI and UCX benefits, reduces the duration of benefits, and supports successful employment outcomes. States' participation in the RESEA program is voluntary and approximately 18 percent of UI beneficiaries currently receive RESEA services. The FY 2018 Department of Labor (DOL) budget request conveys our commitment to this strategy by proposing an expanded and mandatory RESEA program beginning in FY 2019.

A key aspect of the new RESEA program is the states' ability to use RESEA funding to provide reemployment services, such as resume development, interviewing skills, and assessments for other workforce programs. Under the REA program, grant funds could only be used for the UI eligibility assessments, including providing labor market information and referrals to reemployment services. Beginning in FY 2017, we added a Wagner-Peyser co-enrollment requirement that provides a means to collect information about RESEA participants through the Workforce Innovation and Opportunity Act (WIOA) reporting system. Funding for reemployment services, co-enrollment in Wagner-Peyser Employment Service, and alignment with WIOA performance measures are significant changes from the REA model and can support RESEA program integration, partnerships, and expansion at the state and local levels.

ETA concurs with the OIG's recommendations that we continue to provide support to states in maintaining up-to-date profiling models that accurately select appropriate RESEA participants (Recommendation 2) and to work towards greater data accuracy (Recommendation 3). ETA also agrees that periodic evaluations of RESEA outcomes are an important component of program management, as demonstrated by our previous evaluations of the REA program (Recommendation 4). However, ETA has concerns with the OIG's recommendation that ETA develop and implement specific performance measures for RESEA (Recommendation 1).

ETA's responses to each of the OIG's recommendations are set out below:

Recommendation 1: Develop and implement specific performance measures for the RESEA program.

ETA Response: ETA will use a three-prong approach for measuring and understanding the RESEA program's outcomes and impacts. First, ETA is aligning RESEA metrics with the Common Measures used by programs authorized under WIOA, as well as other Federal workforce programs. Second, ETA will continue to collect RESEA-specific reports providing information about RESEA activities and outcomes. Third, ETA is planning to conduct periodic, independent evaluations of the RESEA program.

WIOA Common Measures

WIOA mandated new performance measures, including a set of revised Common Measures that are used across Federal workforce programs. Use of the Common Measures provides the ability to describe in a similar manner the core purposes of the workforce system and answer questions regarding: how many people found jobs; did they stay employed; and what did they earn. The Common Measures also help to reduce the reporting burden associated with multiple sets of reporting requirements and facilitate program integration through greater uniformity. ETA is currently transitioning the RESEA program to these measures by leveraging data collected under the Wagner-Peyser Employment Service program. The first RESEA Common Measures data will be available in late 2018.

This transition to Common Measures will result in metrics aligned to those used by other programs serving UI claimants, including the WIOA Adult, WIOA Dislocated Worker, and Wagner-Peyser Employment Service programs. The WIOA performance measures use wage record data to support their calculation, which is different than the National Directory of New Hires data used for REA and current RESEA reports. Therefore, the transition to Common Measures aligns RESEA with other programs serving UI claimants, uses an additional data source (wage records), provides a more comprehensive understanding of services RESEA participants receive from other programs, and leverages current reporting systems and processes to minimize burden and cost to states.

RESEA Reporting

The RESEA program has specific reporting requirements that include the ETA-9128 and ETA-9129. The ETA-9128 report captures specific activities, such as the number of RESEA sessions scheduled, number of sessions completed, and number of no-shows. The ETA-9129 report captures RESEA specific outcomes, such as total weeks of UI paid, number of disqualifications, number of participants exhausting benefits, number reemployed, amounts of UI overpayments established, and average weeks to reemployment. Later this year, ETA will launch the ETA-9128X and ETA-9129X reports that mirror the ETA-9128 and ETA-9129 reporting elements, but provide information specific to UCX participants.

Independent RESEA Evaluations

The RESEA program is an evidence-based strategy that is based on previous research and studies of REA. FY 2017 is the first full year that all participating states are operating the RESEA model. At present, the recent transition from REA to RESEA has prevented an evaluation of RESEA outcomes. However, ETA is committed to understanding and improving the RESEA model and plans to conduct a future evaluation. An evaluation of the RESEA program is currently on ETA's learning agenda.

ETA is concerned that the OIG's recommendation for additional measures that compare outcomes of RESEA participants to other UI claimants creates an exceptionally high burden on the states operating RESEA. To make the comparison the OIG suggests would require reinstating a control group in each state, something ETA chose to move away from as we have aligned RESEA with WIOA, similar to all other DOL-funded workforce programs. We are aware of no other similar program that uses a permanent comparison group as part of its performance measurement. Additionally, the OIG provides no justification for imposing a level of scrutiny on the RESEA program that far exceeds the metrics used by other Federal workforce programs. Lastly, the creation of additional measures for RESEA conflicts with ongoing efforts to implement WIOA's vision of promoting a fully integrated workforce system.

At this time, ETA will prioritize available resources to improve current reporting, to ensure the successful transition of RESEA to the WIOA Common Measures, and to conduct an evaluation of the RESEA program. ETA would welcome additional discussion with the OIG to support their understanding of ETA's goal to implement the WIOA Common Measures for all workforce programs, including RESEA, and why additional measures are unnecessary.

Recommendation 2: Continue to work with states [to] update their worker profiling models to accurately identify claimants most likely to exhaust their UI benefits.

ETA Response: In the past three years, ETA conducted two national seminars related to profiling modeling, identified and catalogued various available resources, and issued multiple notices and guidance documents which informed states that assistance is available on all aspects of profiling modeling, including guidance on modeling issues, techniques and diagnostics, as well as complete model building assistance. Attached to this response is a list of recent

resources ETA has provided to states to help with their profiling models. ETA will continue to work with states to maintain their profiling models. Additionally, ETA Regional Office staff members will continue to review profile modeling as part of routine state monitoring and the ETA National Office will continue to support the regional offices by updating monitoring guidelines and tools in FY 2018 and reiterating the importance of well-maintained profiling models during the FY 2018 RESEA implementation webinar.

Recommendation 3: Continue to work with states to improve the accuracy of reported RESEA outcomes.

ETA Response: ETA will continue to work with states to improve the accuracy of the RESEA data. A webinar will be conducted by the end of calendar year 2017 on proper reporting and that addresses common issues states have with the RESEA required reports discussed above. Monitoring tools and the format of the quarterly data analysis used by ETA staff to identify potential reporting issues are currently being updated. ETA is also fully committed to the successful implementation of the WIOA Common Measures and representatives from ETA's Office of Unemployment Insurance are directly supporting related technical assistance efforts. Also, in FY 2018, ETA will issue new guidance on the new ETA-9128X and ETA-9129X reports and work with the regional offices to identify and provide any needed additional technical assistance.

Recommendation 4: Conduct periodic evaluations of RESEA outcomes, including a comparison of outcomes with the outcomes of non-RESEA participants.

ETA Response: As noted above, ETA has been committed to studying the REA and RESEA programs for some time. ETA plans to conduct periodic independent evaluations of the RESEA program and an evaluation of the program is currently on ETA's learning agenda.

Again, we appreciate the opportunity to respond to your draft report and its recommendations. If you have questions, please contact Gay M. Gilbert, Administrator, Office of Unemployment Insurance, at (202) 693-3029.

Attachment

Attachment: Recent Worker Profiling Model Technical Assistance

- **National Seminars:** In the past 3 years, the Department of Labor (DOL) provided two Profiling Methods Training Seminars:
 - Washington, DC – held on May 19 – 22, 2015
 - States attending the 2015 seminar: AK, AZ, AR, CO, CT, DC, FL, GA, HI, ID, IA, KY, LA, ME, MD, MA, MN, MT, NE, NV, NJ, NM, OK, OR, PA, PR, RI, TN, TX, UT, VA and WA
 - Phoenix, AZ – held on April 26 – 29, 2016
 - States attending the 2016 seminar: AK, AZ, CA, CO, DC, GA, IA, KS, KY, ME, MA, MI, MO, NJ, NM, NY, NC, OH, OK, PA, RI, VA and WA
 - Analysts from all states were invited through the issuance of Training and Employment Notices (TENs). These included TEN No. 26-14 and TEN No. 26-15 for the 2015 and 2016 sessions, respectively, and through direct e-mail communications to known profiling model contacts within the states and through ETA Regional Office contacts.

- **DOL Technical Assistance Awareness:** On June 3, 2016, ETA issued TEN No. 37-15, which reminded all states that assistance is available on all aspects of profiling modeling, including guidance on modeling issues, techniques and diagnostics, as well as complete model building assistance.

- **Technical Assistance Archive:** ETA is actively archiving technical assistance (TA) resources on ETA's TA platform WorkforceGPS. In addition to specific information about worker profiling, the archive also includes links to general resources about statistical approaches and methodologies. The material can be found at this link: <https://rc.workforcegps.org/resources/2017/06/14/11/49/A-List-of-Available-Resources-for-Worker-Profiling-and-Reemployment-Services-WPRS-Modeling>.

Appendix C

ACKNOWLEDGMENTS

Key contributors to this report were Dwight Gates (Audit Director), Betty Norwood (Audit Manager), Christy Powell, Velma Ivey, Sharon Newby, and Thomas Price.

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