

**W.E. Upjohn Institute for Employment Research**

*Employment Research – Spring 1999*

Randall W. Eberts, Christopher J. O’Leary, and Stephen A. Wandner

## “Targeting Employment Services” Conference

The W.E. Upjohn Institute for Employment Research and the U.S. Department of Labor recently sponsored a conference titled “Targeting Employment Services.” The conference was held in Kalamazoo, Michigan, from April 29 to May 1, 1999, and was attended by more than 70 employment policymakers, administrators, and researchers from across North America.

Statistical targeting is a relatively new practice in employment programs. Researchers and policymakers are only just beginning to explore its potential for improving the delivery of employment-related services. The 29-nation Organization for Economic Cooperation and Development (OECD) has recognized targeting as an approach with broad application to the workforce development programs of industrial countries. The OECD (1998) cited “evidence on the effectiveness of active labor market policies [which] suggests that they should be well targeted to the needs of individual job seekers and the labor market, and that treatment should start as early as possible in the unemployment spell. But offering individual treatment along with early intervention would be very costly. There is thus a premium on accurately identifying job seekers at risk.”

The United States was the first country to use targeting on a program-wide basis. Targeting models were introduced in 1994 when the first wave of states implemented the Worker Profiling and Reemployment Services (WPRS) system. This program, now operated in all states, usually employs a statistical model to identify those unemployment insurance (UI) beneficiaries who are most likely to exhaust their entitlement to benefits, so that they can be referred early in their benefit period to special reemployment services. Reports from program administrators and results from the few evaluations that have been conducted indicate that the WPRS is well received and is effective in getting UI beneficiaries into job search activities and into jobs.

The success of the WPRS for UI beneficiaries has encouraged managers of other employment programs to consider the use of targeting as a tool to improve their client referral systems. Targeting has been used by states to select and refer UI beneficiaries to self-employment assistance. A pilot study to examine the feasibility and the benefits of targeting and referring welfare-to-work participants is now underway. A recently completed simulation study shows that using a WPRS-type targeting model to identify likely UI benefit exhaustees for reemployment bonuses can improve the cost-effectiveness of reemployment bonus offers. Another potential use of targeting is to identify welfare-to-work recipients who could benefit from post-employment job retention services. Research findings related to each of these applications of targeting were presented and discussed at the conference.

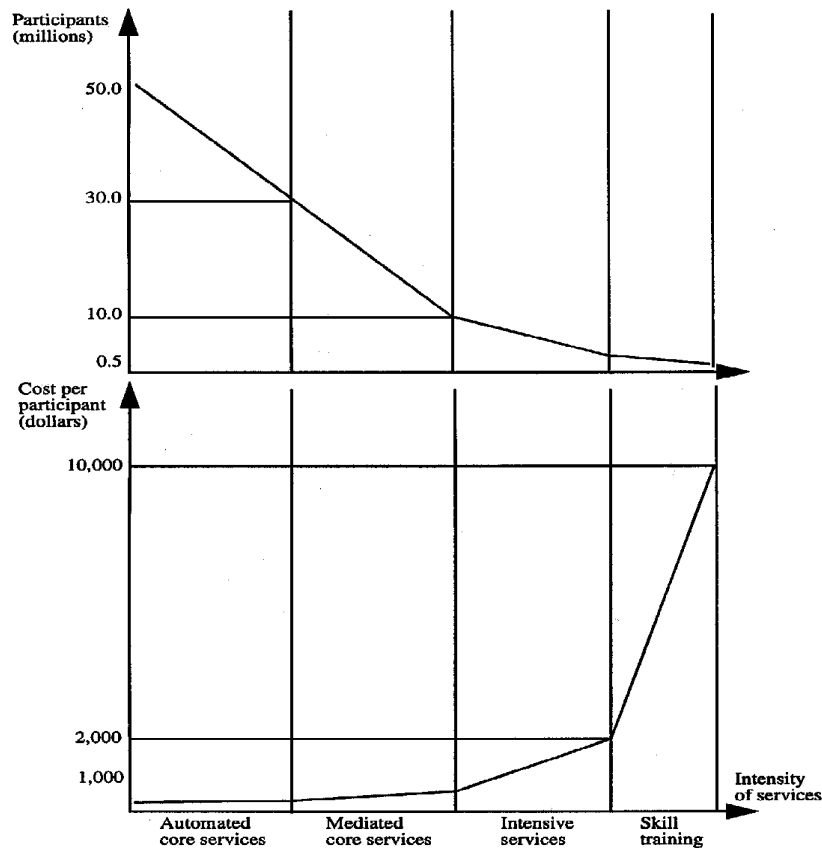
Targeting is being considered as a management tool for the career centers proposed under the Workforce Investment Act of 1998 (WIA). WIA calls for the creation of a national network of one-stop career centers where intake and referral of job-seekers will be done in a coordinated fashion. Resource constraints dictate that each workforce development program can serve only a portion of the population that might benefit. Funding, which is from state and federal sources, determines how many workers can be served. Choosing which individuals are served depends on decision rules applied by the frontline staff in one-stop career centers. Statistical tools can help make these decisions more cost-effective for society by targeting services to those job-seekers who will benefit the most, thereby maximizing the net social benefit.

To achieve workforce development system objectives, job-seekers must be served effectively and efficiently. It is expected that each year as many as 50 million customers will use one-stop career center services. A large proportion might only use automated services, while 10–15 million persons are expected to receive personally mediated services. The challenge is to properly address the needs of each customer using the limited resources available to the system. The WIA divides employment services into three levels: core, intensive, and training.

Core services, which are available to all adults and dislocated workers, include automated services; intake and orientation to services available through the one-stop career center; assessment of skill levels, aptitudes, abilities, and supportive service needs; job search and placement assistance and, where appropriate, career counseling; and provision of labor market information statistics. Intensive services, which are available to unemployed job-seekers who have exhausted core services, include comprehensive assessments of skill levels and service needs; development of an individual employment plan; group counseling; individual counseling and career planning; short-term pre-vocational services (including development of learning, communication, and interviewing skills); and case management for participants seeking training.

Training services, which are available to unemployed job seekers unable to obtain employment through core and intensive services and who meet some additional eligibility requirements, include skill training directly linked to employment opportunities in the local area. The funneling of claimants into these progressively more intensive employment services and an approximation of the associated per-participant costs are shown in Figure 1. The huge number of participants involved and the way that unit costs rise dramatically with the increasing intensity of employment services makes clear the need for strategic referral to services.

**Figure 1. Use and Cost of One-Stop Career Center Services under the Workforce Investment Act**



To the extent that services are available, targeting is ultimately determined by the frontline one-stop-career-center staff, who traditionally have few tools to help them in their daily decision making. The frontline worker must decide which claimants get referred to particular services. Targeting tools can provide the frontline staff with guidance in making speedy and appropriate referrals to available employment services.

Such a statistics-based targeting system could serve as a basis for coordinating the various employment-related programs within one-stop career centers. The U.S. Department of Labor is about to begin work on a Frontline Decision Support System (FDSS), the goal of which is to assist local staff in providing appropriate and useful employment and training assistance to job-seekers in a timely and cost-effective manner. These tools will be incorporated into a computerized One-Stop Operating System (OSOS) that is currently being developed in a handful of pilot states.

An outline of the contents of an FDSS was presented at the conference on Targeting Employment Services. The outline was consistent with the requirement of the Workforce Investment Act and relied on many of the research findings presented at the conference. Participants of the conference helped to further shape the concepts of the FDSS so as to make the system more practical for the local context and more encompassing of the many needs of claimants. In the near future, the U.S. Department of Labor will solicit comments about the functionality of a prototype FDSS.

The ultimate hope is that a flexible version of the FDSS will be made available for use by all states and all localities. This will provide a decision-support system that includes a number of tools for early assessment and referral that can be used to develop effective and efficient individual service plans for program participants. It will be possible for states to customize the FDSS to reflect state and local conditions. The FDSS will include modules for referral to job search assistance, self-employment assistance, and training targeting. A special parallel system will be developed for welfare-to-work programs and will include both employment services and post-employment job retention services.

With the current interest, acceptance, and success of targeting and the changing workforce investment environment, the spring of 1999 was an opportune time to examine practical uses of targeting. At the conference, 10 research papers were presented and discussed, and two panel sessions involving state and federal policymakers were held. The W.E. Upjohn Institute will produce a reviewed and edited volume documenting the information shared at the conference. The book will be prepared so as to be a useful resource for employment policymakers, practitioners, and researchers.

### **Suggestions for further reading**

Decker, Paul T., and Kathleen P. Dickinson. 1996. *Evaluation of Worker Profiling and Reemployment Services Systems: Interim Report*. Unemployment Insurance Occasional Paper 96-1, Washington, DC: U.S. Department of Labor, Employment and Training Administration.

Eberts, Randall W., and Christopher J. O'Leary. 1997. *Profiling and Referral to Services of the Long-term Unemployed: Experiences and Lessons from Several Countries*. European Employment Observatory: Policies, inforMISEP no. 60, Berlin: Institute for Applied Socio-Economics (Winter).

Eberts, Randall W. 1998. "The Use of Profiling to Target Services in State Welfare-to-Work Programs: An Example of Process and Implementation." Kalamazoo: W.E. Upjohn Institute Working Paper 98-52 (January).

OECD 1998. *Early Identification of Jobseekers at Risk of Long-term Unemployment: The Role of Profiling*. Paris: Organization for Economic Cooperation and Development.

O'Leary, Christopher J., Paul T. Decker, and Stephen A. Wandner. 1998. "Reemployment Bonuses and Profiling." Kalamazoo: W.E. Upjohn Institute Working Paper 98-51 (January).

Wandner, Stephen A., ed. 1994. *The Worker Profiling and Reemployment Services System: Legislation, Implementation Process and Research Finding*. Unemployment Insurance Occasional Paper 94-4, Washington, DC: U.S. Department of Labor, Employment and Training Administration.

*Randall W. Eberts is executive director of the Upjohn Institute.*

*Christopher J. O'Leary is a senior economist at the Upjohn Institute.*

*Stephen A. Wandner is director, Research and Demonstration, Office of Policy and Research/ETA, U.S. Department of Labor.*