Net Impact Evaluation of Washington State's Reemployment Services and Eligibility Assessment (RESEA) Program

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Abstract: Washington State provides reemployment services to unemployment insurance claimants through the Reemployment Services and Eligibility Assessment (RESEA) program. We aim to measure the net impact of this program on claimants' job search and career outcomes. To do so, we will use a randomized controlled trial, where some claimants are selected to participate in the RESEA program and some are not. We will analyze administrative records to measure average program effects on claim duration, the likelihood of finding a job, wages and earnings once reemployed, and the quality of the employer-employee match. We will use two econometric models to estimate employer-employee match quality, both of which are built on the canonical Abowd, Kramarz, and Margolis (1999) model. We anticipate that we will collect experimental data for at least one year. (JEL J22, J24, J48)

1. Introduction

States can receive federal funding to provide reemployment services to unemployment insurance (UI) claimants through programs called Reemployment Services and Eligibility Assessments (RESEA). These services are targeted to claimants early in their claim, with the goals of reducing claim duration and improving job search outcomes. They typically consist of two, one-hour-long meetings. In these meetings, service delivery staff provide claimants with labor market information, help them draft a reemployment plan, provide them with information about additional resources like training and interview preparation, and more.

Existing experimental evidence indicates that similar programs can effectively accomplish these goals, but no evidence exists for the RESEA program in particular. Notably, there is experimental evidence that the predecessor program of RESEA, called the Reemployment and Eligibility Assessment program, improved claimants' employment outcomes and reduced their claim duration (Klerman et al, 2019).

This study will evaluate the RESEA program's overall impact in Washington state. The primary outcomes of interest will be claim duration, employment, and earnings. A secondary outcome of interest is the quality of the match between the employer and the employee. We will measure match quality using the fixed effects estimator derived in Woodcock (2015), as well as the rank similarity approach developed by Farooq, Kugler, and Muratori (2020).

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2. Experimental Design

Claimants will be randomized into a treatment group (receive standard services) or a control group (receives no services). Currently, RESEA-eligible claimants are chosen to receive services if three conditions are met:

1) One or more service providers has availability.
2) The claimant must be ranked ahead of their peers in their profiling score, which measures the likelihood that a claimant exhausts their benefits using a simple logistic regression model. This is referred to as having a high spot in the RESEA queue.
3) The claimant has been in the RESEA queue for five or fewer weeks.

Instead of a profiling score, during the experiment, a random score will be used to prioritize claimants. As such, after five weeks, if a claimant has not been selected for RESEA, they will drop from consideration and be added to the control group. Whether they are selected or not, then, will not depend on the individuals' characteristics.

The number of eligible UI claimants is expected to vary within local employment offices by week. For example, smaller offices, typically located in less populated areas, may see a small number of UI claimants during certain periods and a large number at other times. We will account for this using inverse probability weighting.

We anticipate that we will be able to detect an effect (probability of Type I error = 0.05, power = 0.8) if we have at least 11,000 treatment group and 11,000 control group participants. Roughly 35,000 UI claimants are served annually in Washington state. About 600 people naturally drop from the queue per week in normal years (based on data from July 2019 through December 2019). This amount was much higher during the pandemic, when services were paused then ramped up slowly again. We anticipate running the experiment for one year.

3. Outcomes

We aim to study outcomes that include:

1) Primary outcome: UI claim duration. The Employment Security Department (ESD) administers UI benefits and keeps records on claim history.
2) Primary outcome: earnings in the quarter of the claim. The ESD collects quarterly earnings information from tax records for covered employers.
3) Primary outcome: earnings in the quarter after the claim.
4) Primary outcome: earnings in the second quarter after the claim.
5) Primary outcome: employment in the quarter of the claim.
6) Primary outcome: employment in the quarter after the claim.
7) Primary outcome: employment in the second quarter after the claim.
8) Secondary outcome: match quality, using the fixed effects estimator derived in Woodcock (2015).

   In this framework, productivity is a function of the employee's quality, the employer's quality, and also the quality of the match between employer and employee. This match

effect is the productivity boost above what is attributable to the employer and the employee alone. An instructive example of how to estimate the Woodcock (2015) model is given in Lachowska, Mas, and Woodbury (2020). They estimate this model in two steps using panel data. First, they average the logged outcome of interest (earnings, wages, or hours worked) over time for each worker-employer match. In step two, this average is the dependent variable in a regression. The independent variables are worker and firm fixed effects. The regression is weighted by match duration. The error terms from this regression capture all match-specific determinants of the outcome of interest not explained by the firm and worker fixed effects, i.e. the match effects. We can study whether match quality is higher for RESEA recipients in the experiment.

9) Secondary outcome: match quality, using the rank similarity index approach developed by Farooq, Kugler, and Muratori (2020).

   They use the Abowd, Kramarz, and Margolis (1999) decomposition to measure worker and firm fixed effects, and then rank workers and firms. (Note that the Woodcock (2015) model is also an extension of the Abowd, Kramarz, and Margolis (1999) model.) The best match in this framework is one between a worker and a firm in the same percentile. For instance, a worker with a twentieth percentile fixed effect matched with a firm with a twentieth percentile fixed effect would constitute the highest quality match. This method to measure match quality provides complimentary information to the match quality measure in the Woodcock (2015) model. Both are informative about the impacts of RESEA on the labor market in Washington state.
10) Secondary outcome: benefits paid over the course of the claim.

4. Empirical Specification

Our primary regression will take the following form

$$y_i = Treatment_i + X_i\beta + \phi_{o,m} + \epsilon_i$$

Where y_i is the outcome of interest, $Treatment_i$ is an indicator variable equal to one if individual *i* is in the treatment group, X_i includes demographic information like quarterly earnings in the five quarters preceding the claim,[2] $\phi_{o,m}$ is a month-office fixed effect (the subscript *o* refers to the office and *m* to the month),[3] and ϵ_i is a normally distributed error term. Following the design-based clustering logic in Abadie et al (2017), we will not cluster the data in these cross-sectional regressions. We will weight the observations based on the likelihood that they are sorted into treatment (which depends on service provider availability

[2] The ESD keeps administrative records that include demographic information. This information is collected via the UI application process, and from covered employer's tax records.
[3] We also intend to fit the model with week-office fixed effects.

and queue length in each office in each week). We will study heterogenous treatment effects by age, occupation, industry, and other variables as well.

5. Works Cited

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