USDOL Releases NASWA Report - Implementation of the American Recovery and Reinvestment Act: Workforce Development and Unemployment Insurance Provisions

July 28, 2013

In the spring of 2009, the Employment and Training Administration (ETA) awarded a grant to the National Association of State Workforce Agencies/Center for Employment Security Education and Research (NASWA/CESER) to support and expand its efforts to document the actions of the public workforce system under the Recovery Act. The purpose of this study was to provide intelligence to state and local workforce organizations on the situation then facing state workforce development agencies and programs, and the steps taken by states (and local workforce investment areas) to meet the challenges of Recovery Act implementation and the economic downturn. It also provides critically important information to policymakers and administrators about the implementation of the Recovery Act workforce development and UI provisions, and identifies potential needs for additional federal and state policies. This information will inform future state decisions in areas of policy formation and program improvements.

NASWA obtained this information through state surveys and structured fieldwork, summary profiles of state policies and actions, and a series of case studies to learn about how states assessed their situation, identified the actions they took, examined the potential for additional policies to be implemented, and addressed other issues as they arose.

Findings related to job search assistance, training, and other workforce services are:

- States spent the additional resources in a timely manner, and were able to expand capacity quickly to provide more workforce services.
- States were encouraged by USDOL to increase the amount of training provided to the unemployed. All twenty states in the study followed through by encouraging local workforce areas to increase training, and half of these states required a minimum percentage of WIA funds (some as high as 70 percent) be spent on training. Nationally, the number of WIA program entrants receiving training more than doubled between the third quarter of 2008 and the third quarter of 2009. Despite heavy new demand for services, the share of customers receiving intensive and training services increased also.
- The Recovery Act’s investment in reemployment services (RES) for UI claimants was a major change in emphasis for the workforce system nationally, and the majority of the states in the study considered RES implementation a major accomplishment. Nevada’s RES program, which was supported by Recovery Act funds, was evaluated and found to have a four-to-one return on investment.

Findings related to the Unemployment Insurance program are:

- The rapid increase in claims volume caused by the recession (weekly initial claims more than tripled between July 2008 and January 2009) posed a number of difficulties for state UI agencies. But states successfully increased the volume of benefit payments to the unemployed and provided other services. For example, annual benefit payments in the regular state UI program increased from $32 billion in 2007 to $78 billion in 2009, or by 143 percent.

- The payment of long-term benefits was a major element of income support provided by UI following enactment of the Recovery Act. In fact, during 2010 and 2011, total long-term benefits exceeded regular state UI program benefit payments for the first time in the history of UI.
- State UI agencies responded to the record-high claims volume with a number of innovative administrative adaptations. Major staffing adjustments were required, including hiring new (mostly temporary) employees, rehiring retirees, transferring staff from other areas, and increasing work hours. Administrative capacity also was increased by adding call centers and phone lines. And states added new technologies and tools, and improved business processes, to increase self-service over the internet and promote program efficiencies. The report captures many examples of these adjustments, improvements and sustainable technology upgrades.
- States faced significant challenges with old (average age is 25 years old) and inflexible information technology (IT) systems, and also communicating the complicated law changes to claimants, many of whom were confused and frustrated, which added to call volumes in the call centers.

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