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	Reemployment Services/PRAs
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 5-04

**TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS
ALL STATE RAPID RESPONSE COORDINATORS**

FROM: EMILY STOVER DeROCCO
Assistant Secretary 

SUBJECT: Planning Guidance for Reemployment Services Allotments for Program Year (PY) 2004 and Announcement of an Impending Personal Reemployment Accounts (PRAs) Demonstration

- Purpose(s).** (a) Transmit Wagner-Peyser (W-P) Reemployment Services allotments for PY 2004 to State Workforce Agencies (SWAs); (b) Provide guidance and instructions for submittal of a Reemployment Services (RES) plan against that allotment; (c) Outline RES plan requirements and submission instructions; (d) Announce an opportunity for up to nine states to voluntarily participate in a demonstration for early implementation of Personal Reemployment Accounts (PRAs).
- References.** Training and Employment Guidance Letter (TEGL) 12-00: Workforce Investment Act (WIA) Allotments for Program Year (PY) 2001; Wagner-Peyser Act Preliminary Planning Estimates for PY 2001 and Reemployment Services Allotments for PY 2001; TEGL No. 17-00: Automation of SESA Standard Form 269 Financial Reporting. April 5, 2001. Wagner-Peyser Act as amended, Section 3(c)(3)(29 U.S.C. 49B) and Section 7 (e)(29 U.S.C. 49f); USES Employment Service Program Letter No. 1-98: Reemployment Services for Unemployment Insurance (UI) Claimants Through State Worker Profiling and Reemployment Services (WPRS) Systems. 1999; Social Security Act, as amended, Section 303(a) and (j).
- Background.** Since PY 2001, funds have been made available to states each year to provide direct services to Unemployment Insurance (UI) claimants. These funds are *in addition to* Wagner-Peyser (W-P) Act state allotments and are used to increase and target reemployment services to UI claimants through the One-Stop Career Centers. States currently provide reemployment services using these funds in accordance with approved RES state plans.

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New this year, ETA is announcing an opportunity for **up to nine states** to conduct an early test of the Administration's proposed FY 2005 Personal Reemployment Accounts initiative by launching a PRA demonstration. For those states that express a commitment and are selected as one of the nine, their RES allocation would be obligated as a special demonstration grant in order to be able to provide Personal Reemployment Accounts (PRAs) to a subset of the UI claimant population. Moreover, additional demonstration monies (above the level of the RES allotment) will be made available as a supplement.

States that wish to consider this option are referred to **Section 10 and Attachments 2 through 6** of this document. Those references provide substantial insight into the direction ETA wishes to take with PRAs, the anticipated requirements of participating states, and details on how the PRA commitment, selection and plan process will be conducted.

4. **Funding for Reemployment Services in PY 2004.** For PY 2004, available Reemployment Services funds total \$34,566,846. The allotment levels for the distribution of these funds to each state for PY 2004 are contained in Attachment #1. As in previous years, these funds are to be used to supplement W-P Act allotments to increase services to UI claimants over and above regular services.
5. **State Distribution Formula.** Allocation levels of PY 2004 Reemployment Services funds were determined on the basis of each state's share of UI first payments with every state receiving a minimum of \$215,000. PY 2004 state allotment levels may be different from PY 2003 due to Congress' appropriated across-the-board reduction and differences in UI first payment activity. These funds must be expended in accordance with the W-P Act and regulations and an approved RES state plan.
6. **Use of the Reemployment Services Funds.** Reemployment Services funds are to be used to improve the quality and quantity of direct reemployment services for UI claimants. In alignment with this goal, the Department of Labor expects the following activities to occur:
 - States will use these funds on strategies that link call centers to all of the available reemployment services in their One-Stop Career Center system to ensure that UI claimants receive the services necessary to return them to the workforce using the most effective methods available.
 - States will integrate the Reemployment Services program with One-Stop Career Center partners to provide a full range of seamless services to UI claimants. It is especially important for Employment Service (ES), UI, TAA and WIA Title I entities to work together to provide the necessary services to UI claimants enabling as many of them as possible to return to the workplace before exhausting their benefits.

7. **Required Contents and Submittal Instructions of the Reemployment Services Plan.**

States must file a PY 2004 Reemployment Services plan and required documents as outlined in this TEGl to the *appropriate Regional Office* (as per instructions below) and include the following:

- A transmittal letter from the authorized signatory
- An SF-424 (Revised 9/2003) Application for Federal Assistance including, but not limited to, the proposed plan period, the funding amount of the PY 2004 fund allotment requested, and the newly required organizational Dun and Bradstreet Numbering Systems (DUNS) number. This number should be available from state fiscal/accounting units. A copy of the current SF-424 form may be obtained from the ETA Web site, Grants and Contracts section, at <http://wdsc.doleta.gov/sga/forms/form424.pdf>.
- SF 424 A Budget (Section D only)
- A Plan Narrative for the funding request. Activities must be in accordance with the guidance on operating a traditional plan as provided in section 6 earlier in this TEGl.

The Reemployment Services plan with all required documents should be submitted via e-mail, an overnight delivery service, U.S. Priority Mail or fax to the appropriate DOL Regional Administrator.

8. **Program Plan and Modification Review and Approval.** Regional Administrators (RAs) are responsible for review, negotiation of changes (where appropriate), and final approval of the plan. The RA will issue an approval letter, with a copy of the approved plan, to the SWA and a copy of the approval letter and plan to the Grant Officer and the Administrator, Office of Workforce Investment.

9. **Administrative and Reporting Instructions.**

Program Reporting

SWAs must submit a program narrative performance report for PY 2004 using ETA Form 9100. The PY 2004 report is due on September 30, 2005. SWAs should report all activity and compare accomplishment of planned performance goals, including the goals established by the SWA, with the attainment of the performance indicators, including state goals identified in the program plan. The report should include an explanation of problems or delays as well as corrective actions plans and subsequent outcomes. States are encouraged to discuss their experience and report any costs savings, especially those to the UI Trust Fund, occurring as a result of the RES program grants.

The program narrative performance report based on a RES plan should be submitted via e-mail, fax, an overnight delivery service or U.S. Priority Mail to the appropriate RA with a copy to Ms. Gay Gilbert, Administrator, Office of Workforce Investment.

Financial Reporting

SWAs must report quarterly expenditures separately for each program year fund allotment, by direct data entry of Standard Form 269 into the Web-based Enterprise Information Management System (EIMS). Reports must be submitted in accordance with guidance provided in TEGL No. 17-00, "Automation of SESA Standard Form 269 Financial Reporting." Following the instructions in TEGL No. 17-00, Section 4, please provide appropriate contact information for data entry and data certification for Reemployment Services. If Reemployment Services will be added to a SWA Contact Information Listing (Attachment II of TEGL No. 17-00) already submitted per instruction in TEGL No 17-00, please re-submit that listing and identify as revised. If Reemployment Services contact information is different from that for all other SWA programs, an additional Contact Information sheet must be provided. As with all other SF 269 reporting, the data must be entered electronically into the system within 30 days after the end of each quarter.

OMB Approval

Recipients of RES grants are required to report on program activities and expenditures. However, SWAs are not required to respond to a particular collection of information unless the report form displays an OMB approval number. Public reporting burden for this collection of information is estimated to average 56 hours for one report per year including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have any comments regarding this estimate or any other aspect of this collection of information including suggestions for reducing this burden, please send them to the U.S. Department of Labor, Office of Workforce Investment, Room S4231, 200 Constitution Avenue, N.W. Washington, D.C. 20210 (Paperwork Reduction Project 1205-0424).

10. **Participation in a Personal Reemployment Accounts (PRA) Demonstration.** As an alternative to mounting a traditional Reemployment Services strategy using the fund allotments transmitted with this TEGL, ETA is providing an opportunity for **up to nine states** to participate in a PRA demonstration. States are encouraged to make an informed decision regarding their potential participation in this demonstration, based in part on the information contained here and in Attachment #2 of this document entitled, "The Personal Reemployment Accounts Demonstration." Please note that states **selected** to demonstrate PRAs will receive additional funds above the level of their RES allocation. The total amount of additional funds available will not exceed \$4 million. From this set-aside, the Department will provide an additional dollar for each dollar of RES funds used for the demonstration, up to \$750,000 per state.

States that are interested in being considered for participation in the PRA demonstration must submit a letter of commitment signed by the State Workforce Agency Administrator. Please send the letter via e-mail, fax, an overnight delivery service or U.S. Priority Mail **within 10 working days of the issuance date of this TEGL** to:

U.S. Department of Labor
Employment and Training Administration
Office of Workforce Investment
Division of Adults and Dislocated Workers
200 Constitution Ave., N.W.
Room C-4318
Washington, D.C. 20210
Attention: Mr. Dennis Lieberman
Director, Division of Adults and Dislocated Workers
lieberman.dennis@dol.gov
202-693-3375 (phone)
202-693-2982 (fax)

The letter of commitment should express the state's desire to participate in the demonstration and contain a request that, if chosen, the state's PY 2004 Reemployment Services funds should be obligated to the state as a special and separate demonstration grant. As a convenience to states that are interested in participating, Attachment #5 of this document contains a "Letter of Commitment" template that can be completed, signed and submitted to ETA.

Those letters received within the 10-working day time frame will be reviewed, and selections will be made. In order to assure that the demonstration results and lessons learned can be applied to the broadest number of future PRA projects, the selection criteria will include consideration of characteristics such as state size, population, and geographic location. Within 10 working days after the letter of commitment deadline has passed, ETA will issue notification of acceptance letters to those states selected to participate in the PRA demonstration. The notification of acceptance will be faxed to each state, followed by a mailed letter. The letter will also outline the necessary next steps for submittal of a PRA demonstration plan.

Those states that submitted a letter of commitment but are not selected to participate in the PRA demonstration will be notified by fax, followed by a mailed letter. States that have not been selected for the PRA demonstration should follow the planning guidelines contained in this TEGL that apply to the Reemployment Services grant program and submit their RES plan in accordance with instructions outlined in Section 7. The RES allotments for states that have not been selected for the PRA demonstration will be obligated to them in the usual manner.

11. **Action Required.** SWAs should submit the information indicated according to the instructions and timelines as outlined in this TEGL. SWAs are requested to forward the contact information, as specified in Section 9, to Elizabeth Norris norris.elizabeth@dol.gov and Shantay Logan logan.shantay@dol.gov and to the regional office.
12. **Inquiries.** Questions regarding this TEGL should be directed to the appropriate regional office. Specific questions regarding the PRA demonstration program should be directed to Mr. Dennis Lieberman at (202) 693-3375 or lieberman.dennis@dol.gov.

Attachments:

- #1 RES Allotments
- #2 The PRA Demonstration
- #3 PRA Readiness Indicators
- #4 PRA Implementation Study Questions
- #5 PRA Letter of Commitment Template
- #6 PRA Research Papers List

Employment and Training Administration
Reemployment Services
PY 2004 vs PY 2003 Allotments

State	PY 2003	PY 2004	Difference	% Diff
Total	\$34,772,500	\$34,566,846	(205,654)	-0.59%
Alabama	550,972	541,555	(9,417)	-1.71%
Alaska	326,058	327,778	1,720	0.53%
Arizona	510,304	489,941	(20,363)	-3.99%
Arkansas	458,459	463,091	4,632	1.01%
California	3,404,676	3,426,275	21,599	0.63%
Colorado	480,637	482,490	1,853	0.39%
Connecticut	571,624	577,098	5,474	0.96%
Delaware	286,781	292,968	6,187	2.16%
District of Columbia .	270,980	265,430	(5,550)	-2.05%
Florida	1,071,667	983,324	(88,343)	-8.24%
Georgia	811,784	833,546	21,762	2.68%
Hawaii	307,783	286,462	(21,321)	-6.93%
Idaho	349,504	355,368	5,864	1.68%
Illinois	1,296,182	1,256,279	(39,903)	-3.08%
Indiana	677,166	701,962	24,796	3.66%
Iowa	471,939	467,344	(4,595)	-0.97%
Kansas	400,504	422,539	22,035	5.50%
Kentucky	523,881	537,557	13,676	2.61%
Louisiana	439,271	444,676	5,405	1.23%
Maine	290,972	290,481	(491)	-0.17%
Maryland	517,652	516,208	(1,444)	-0.28%
Massachusetts	911,443	894,453	(16,990)	-1.86%
Michigan	1,362,258	1,321,707	(40,551)	-2.98%
Minnesota	606,834	604,640	(2,194)	-0.36%
Mississippi	390,956	389,432	(1,524)	-0.39%
Missouri	622,700	643,240	20,540	3.30%
Montana	274,081	278,896	4,815	1.76%
Nebraska	312,249	320,695	8,446	2.70%
Nevada	436,289	404,041	(32,248)	-7.39%
New Hampshire	270,234	269,663	(571)	-0.21%
New Jersey	993,139	1,049,760	56,621	5.70%
New Mexico	302,529	299,946	(2,583)	-0.85%
New York	1,682,704	1,631,923	(50,781)	-3.02%
North Carolina	1,065,743	1,056,089	(9,654)	-0.91%
North Dakota	251,544	252,589	1,045	0.42%
Ohio	1,036,012	1,031,240	(4,772)	-0.46%
Oklahoma	375,320	396,027	20,707	5.52%
Oregon	624,878	656,245	31,367	5.02%
Pennsylvania	1,491,997	1,526,880	34,883	2.34%
Puerto Rico	493,458	460,276	(33,182)	-6.72%
Rhode Island	315,605	314,112	(1,493)	-0.47%
South Carolina	557,239	562,104	4,865	0.87%
South Dakota	242,778	242,918	140	0.06%
Tennessee	759,581	688,395	(71,186)	-9.37%
Texas	1,481,573	1,457,022	(24,551)	-1.66%
Utah	369,704	353,840	(15,864)	-4.29%
Vermont	277,479	281,484	4,005	1.44%
Virgin Islands	223,016	221,039	(1,977)	-0.89%
Virginia	614,647	614,168	(479)	-0.08%
Washington	875,996	841,743	(34,253)	-3.91%
West Virginia	337,465	341,731	4,266	1.26%
Wisconsin	945,365	941,759	(3,606)	-0.38%
Wyoming	248,888	256,417	7,529	3.03%

ATTACHMENT #2

THE PERSONAL REEMPLOYMENT ACCOUNTS (PRAS) DEMONSTRATION

This year the Employment and Training Administration is providing up to nine states with an opportunity to conduct an early test of the Administration's proposed FY 2005 Personal Reemployment Accounts initiative by participating in a PRA demonstration. ETA is encouraging states that are interested in being considered to submit a letter of commitment signed by the State Workforce Agency Administrator asking that their PY 2004 Reemployment Services funds be obligated to them as a special and separate demonstration grant in order to participate in the PRA demonstration. States have full discretion to decide whether to participate in the demonstration or to provide traditional Reemployment Services in other ways that fall within the RES guidelines provided in this document. Below is a general description of the option for implementing a Personal Reemployment Accounts demonstration and the components of a PRA demonstration plan that ETA anticipates it will require from states following the selection process.

The PRA Concept

PRAs are worker-managed accounts set at a specific dollar level through which certain eligible individuals may purchase job training as well as supportive services and products from One-Stop Career Centers and/or the marketplace at large. If employment is found within 13 weeks, the individual can keep a portion, in an amount set by the state, of the remaining account funds as a reemployment bonus. After a set period of retention on the job, the worker will be provided with the remaining portion of the bonus.

PRAs are meant to provide unemployed workers with more control over their access to training and services and to help them make a quick return to work. The goals of PRA demonstration grants are to provide greater choices for individuals and to improve their economic outcomes. States that submit a letter of commitment to ETA and are selected to demonstrate PRAs in 2004 will receive additional funds above the level of their RES allocation. The total amount of additional funds available will not exceed \$4 million. From this set-aside, the Department will provide an additional dollar for each dollar of RES funds used for the demonstration up to \$750,000 per state. To participate in the PRA demonstration, states must commit their full RES allotment. However, states have the choice of implementing the PRA demonstration throughout the entire state or in a targeted portion of the state. In addition, demonstration states will become part of a specialized peer learning group. The peer learning group will be convened for an orientation meeting shortly after the PRA demonstration plans are approved. Special demonstration support products, training and other activities will be spread throughout the year.

Operational Requirements for a PRA Demonstration State

In order to ensure comparability of demonstrations, all states selected to implement a PRA demonstration must meet the following:

State Requirements

- A. As in past years, a state operating a PRA demonstration will receive funds in the amount of its PY 2004 Reemployment Services formula allotment.
- B. From the funds received (allotment level plus additional demonstration dollars), states may use a reasonable level for administrative costs, which will be negotiated if necessary with the Department of Labor.
- C. Because the decision to accept a PRA lies with the individual, potential account holders must have a thorough knowledge of the benefits and risks associated with PRAs upon which to make a final decision. To that end, states operating a PRA demonstration will be expected to focus on the quality of this information provided to potential account holders.
- D. Since consumer choice under PRAs is relatively unfettered, users must have access to up-to-date, accurate and actionable labor market and career information upon which to make informed decisions. For this reason, states operating a PRA demonstration will be expected to pay particular attention to the quality of the information provided to account holders.
- E. Because the state's Unemployment Insurance profiling system will be central in the identification and referral of potential PRA recipients, any state submitting a plan to be a PRA demonstration must provide assurance that its profiling system has the quality and accuracy needed to carry out the PRA demonstration.
- F. The state must conduct oversight of the demonstration and conduct periodic transactional audits to assure proper usage of funds.
- G. Based on the research questions that DOL defines in Attachment #4 of this document, states that commit to and are selected for a demonstration grant must agree to gather and maintain (but do not have to report) the documentation and data elements necessary to allow such research questions to be answered. There will be no additional reporting requirements other than those customary for demonstration grants.

Participant Eligibility Requirements

- A. PRAs are to be a one-time benefit for individuals.
- B. Individuals who are currently receiving UI benefits and are determined through the state's profiling system to be most likely (relative to other claimants) to exhaust their benefits are eligible for a PRA. Eligibility for a PRA does not mean, however, that a state operating a demonstration program must offer such an individual a PRA. The state may establish other reasonable criteria that eligible individuals must meet in order to qualify for award of a PRA.
- C. Such profiled individuals determined eligible for and who are offered an account can continue to receive their regular Unemployment Insurance benefits.

- D. Within the limits of the funds available, states can also choose to identify as PRA eligible certain UI exhaustees who exhausted their UI benefits during calendar years 2004 and 2005.
- E. States that award PRA accounts to UI benefit exhaustees have the discretion to provide PRA-funded income support as long as the individual is engaged in intensive services and/or training leading to a job. Note: Current UI claimants are not eligible for PRA-funded income support.
- F. Account holders receiving unemployment insurance that do not become reemployed by their 13th UI compensable week will not be eligible for the bonus feature of the account. Account holders that have exhausted UI benefits will not be eligible for the bonus feature if they do not become reemployed by the 13th week from the date of establishment of their account. All account holders will, however, continue to be able to purchase (using their account resources for up to one year from the date the account was established) intensive, training and supportive services as defined under the Workforce Investment Act. Access to core services as defined under the Workforce Investment Act must continue to be available at no cost to the account holder.
- G. All account holders who receive a reemployment bonus (in part or full) can continue to access core services at no cost but will not be eligible to receive intensive, training and supportive services as defined by the Workforce Investment Act through a One-Stop Career Center for a period of one year after the account is established.

Account Requirements

- A. The ceiling for each PRA cannot go above \$3,000. States may choose to award smaller accounts but account levels must be consistent across the state.
- B. The life of the account will be one year from the date of establishment.
- C. Regardless of the account amount set by the state (while adhering to the \$3,000 ceiling), states will have the flexibility to test different levels of total reemployment bonus amounts.
- D. The bonus will be paid to an account holder in two installments: If the account holder becomes reemployed by his/her 13th UI compensable week (or for UI exhaustees, by the 13th week from the date their account was established), 60% of the total bonus amount identified by the state will be paid directly to the individual. The remaining 40% of the total will be paid directly to the individual after six months of job retention. Bonus payments represent income taxable to the participant.
- E. Once the reemployment bonus has been paid in its entirety, or the year of eligibility has expired, any balance remaining in the account will be withdrawn, the account closed and the balance of funds invested in new PRA accounts.
- F. States and One-Stop Career Centers must impose the financial safeguards necessary for use of federal funds on account management.

- G. Account holders must be oriented to account policies and procedures, their access, rights, responsibilities and liabilities at the time of award.
- H. Account holders must be provided access to all One-Stop Career Center core services.
- I. Account holders must be free to purchase WIA intensive, training and supportive services with account funds either through the One-Stop Career Center system, from providers outside the One-Stop system or through a strategy that combines services from both components. One-Stop Career Centers must honor participant choices in all cases other than those it deems egregious, wholly unreasonable and inappropriate. States may establish supportive service policies for participants in the PRA demonstration that allow the purchase of items considered necessary for reemployment.
- J. For those One-Stop Career Centers that choose the option to offer their own services for purchase from the account, it will be necessary to price those services. In its pricing of intensive, training and supportive services purchased by participants, a One-Stop Career Center may charge more than the actual cost of the service, but any profit in excess of that actual cost is to be considered program income and must be reinvested into the PRA demonstration as an allowable cost. A One-Stop Career Center may not price its services below the actual cost of the service.

Anticipated Demonstration Plan Components

Following the selection process that is described in Section 10 of this TEG, demonstration states will be informed officially of how to proceed regarding the development and submittal of a PRA demonstration plan. Please refer to the set of *Personal Reemployment Accounts Demonstration Readiness Indicators* in Attachment #3 to this guidance. It is provided as a suggested checklist that may assist states as they prepare for the demonstration and describe their preparedness as part of the PRA plan. States may have already undertaken or completed many of the activities in the list as part of their ongoing improvements, streamlining and progression towards becoming more demand-driven. Below is a list of some of the types of information ETA anticipates will be necessary for inclusion in an approvable PRA demonstration plan.

- A transmittal letter from the authorized signatory.
- An SF-424 (Revised 9/2003) Application for Federal Assistance including, but not limited to, the proposed plan period, the amount of PY 2004 fund allotment requested, and the newly required organizational Dun and Bradstreet Numbering Systems (DUNS) number. This number should be available from state fiscal/accounting units. A copy of the current SF-424 form may be obtained from the ETA Web site, Grants and Contracts section, at <http://wdsc.doleta.gov/sga/forms/form424.pdf>.
- A Statement of Work that describes the state's PRA demonstration design including:
 - o Identification of the local areas and number of One-Stop Career Centers that will participate and how they were selected.

- o How and when the funds will be distributed.
 - o Who will be eligible for selection to receive a PRA.
 - o The maximum amount of the Personal Reemployment Accounts (this amount must be the same statewide and not exceed \$3,000).
 - o The total maximum bonus amount available as determined by the state.
 - o An assurance that quality labor market and career information will be provided at no cost to the account holder together with a description of the nature, content and process for providing such information.
 - o A description, should One-Stop Career Centers choose to offer their own services for purchase from an account, of how One-Stop Center services have been or will be priced.
 - o If applicable, a statement that income support will be paid to UI exhaustees who are account holders.
 - o A description of the action the state will take to update its profiling system as may be necessary.
 - o A description of the financial safeguards the state and local sites will implement to manage and ensure the integrity of the federal funds.
 - o A description of the system by which the state will oversee the demonstration and conduct periodic transactional audits to assure proper usage of funds.
 - o A description of how the state intends to document its activities in order to answer the outcome and implementation questions.
- An Implementation Schedule with tasks and milestones of achievement, showing service provision through PRAs to participants beginning no later than 60 days after the state receives its grant.
 - An SF-424 line item budget that reflects the RES allotment level plus the additional Department of Labor funds provided for the demonstration.
 - An Administrative Plan that describes how account holders, their purchase payments and bonus pay-outs will be tracked and managed and what mechanisms will be used to protect against fraudulent activity.
 - Assurances that the state will sufficiently document PRA demonstration activities (in accordance with the questions in Attachment #4 of this guidance) to be able to participate in a PRA implementation study.

PRA Demonstration Implementation Study

The Department of Labor intends to conduct an implementation study of this 2004 PRA demonstration. States that are selected to demonstrate PRAs must agree to cooperate with the implementation study contractor to answer a series of research questions. Demonstration states will not have to report information related to the research questions to the Department, but must maintain it for a future evaluation. These research questions anticipate the larger scale Administration proposal to be implemented in 2005 and a longer-term impact evaluation. Research questions are listed in Attachment #4.

ATTACHMENT #3

PERSONAL REEMPLOYMENT ACCOUNTS (PRA) DEMONSTRATION READINESS INDICATORS

This list of PRA Demonstration Readiness Indicators is provided for the use of states that volunteer to have their PY 2004 Reemployment Services allotment level (in combination with additional demonstration funds) obligated as a separate grant in order to conduct a PRA demonstration in lieu of a “traditional” Reemployment Services plan option. The purpose of this tool is to prompt states to both ask and answer, for themselves, the necessary questions as they plan for and subsequently implement the PRA demonstration. For the user’s ease, the list is divided under two prime headings: 1) Defining Policies, and 2) Designing Processes. It is the Department’s expectation that many, if not all, of these indicators will be addressed in the narrative of the state’s PRA demonstration plan submittal.

I. **DEFINING POLICIES**

A. **Demonstration Site Selection**

- A1. The state has developed policy and criteria for selecting the local PRA demonstration sites.
- A2. The state selected its local PRA demonstration sites.
- A3. The state’s selection process has been documented.
- A4. The state has determined any appropriate administrative cost sharing arrangements it deems necessary with selected sites.

B. **Eligibility**

- B1. The state has determined which profiled UI recipients will be eligible for PRAs.
- B2. The state has reviewed and made any necessary adjustments to UI profiling policies to accommodate the PRA demonstration.
- B3. The state has determined whether exhaustees will be eligible for PRAs.
- B4. If exhaustees are eligible for PRAs, the state has developed selection criteria for choosing which exhaustees will receive PRAs.
- B5. The state and the local PRA demonstration sites have identified the process by which PRAs will be offered to eligible individuals.

C. Allowable Services and Pricing

- C1. The state has (or has required the local demonstration sites to) specifically identify the One-Stop services and goods that will be available at no cost to account holders and those that will be available for purchase.
- C2. If they have chosen the option to offer their own services for purchase from the account, the local PRA demonstration sites have established prices for their One-Stop Career Center Services.
- C3. The state has determined if it will make income support available to eligible PRA exhaustees.

D. Delivery of Labor Market and Career Information

- D1. The state has required local areas to maintain quality labor market and career information necessary for informed consumer choice and has defined this clearly enough so that there is minimal ambiguity regarding its expectations.
- D2. The state has required the local PRA demonstration sites to develop policy for how PRA account holders will access labor market and career information.
- D3. Local PRA demonstration sites have determined how to assure that account holders are given maximum choice in the services they choose to purchase and that the decisions are honored by staff.

II. DESIGNING PROCESSES

E. PRA Account and Bonus Values

- E1. The state has determined the PRA account level, and it is consistent across the state.
- E2. The state has determined the PRA reemployment bonus level, and it is consistent across the state.
- E3. The state has determined that participating One-Stop Centers have a process to manage the 60/40% incremental bonus payout that allows for verifying employment by the 13th UI compensable week (or for UI exhaustees by the 13th week from the date the account was established) and for tracking and verifying retention in the job for six months.
- E4. The state has determined that participating One-Stop Centers have a process for liquidating dollars remaining in abandoned or expired accounts or for funds left after full bonus withdrawal, in order to reprogram those dollars for the creation of additional accounts.

F. Referral and Access to One-Stop Services

- F1. The state has designed a process by which eligible profiled UI claimants/and or benefit exhaustees (if the state chooses to serve them) are referred both timely and seamlessly to the appropriate One-Stop Center.
- F2. The state and participating One-Stop Centers have designed a fair process for determining how individuals will be offered a PRA and establishing priorities if demand outstrips the funds available for accounts.
- F3. The state has ensured that participating One-Stop Centers have designed a process by which PRA account holders are oriented to and attest to a full understanding of the freedoms, limits and liabilities to which they are subject as account holders.
- F4. The state has ensured that participating One-Stop Centers have designed a process to manage the one-year period for which intensive, training and supportive services are not available for account holders who have exhausted their accounts or drawn their full bonus. All account holders will continuously have access to core services in the One-Stop Career Centers.

G. One-Stop Capacity, Role and Program Oversight

- G1. Participating One-Stop Centers have clearly identified staff that will manage PRAs on behalf of eligible account holders.
- G2. The state has ensured that participating One-Stop Centers have instituted the necessary financial systems for authorized account holder invoice payment and cash distribution as necessary, allowable and appropriate.
- G3. The state has ensured that participating One-Stop Centers have implemented the safeguards required for use of federal dollars and have instituted definitions and a process to prohibit the egregious or unauthorized use of account funds while maximizing consumer choice.
- G4. The numbers, duties and knowledge of One-Stop staff designated to deliver One-Stop services are clear and extensive enough to encompass provision of PRA account holder advice, oversight of PRA account holder choice (both within and outside the One-Stop environment), proper use of state-determined definitions of allowable PRA activities/products, and the procedures necessary to refuse payment from PRA funds when products or activities may be deemed egregious enough that payment must be denied.

H. State Oversight and Complaint/Appeal Process

- H1. The state has identified a process and schedule for general monitoring of participating One-Stop Centers.

- H2. The state has identified a process and schedule for random audits of One-Stop PRA financial management and account payment transactions to assure adherence to federal and state law and policies.
- H3. The state has identified the process by which it will seek corrective actions for violation of law, policy or formally issued guidance.
- H4. The state has assured that its complaint system is adequate for handling the kinds of unique grievances (example: denial of bonus payment) that may be generated by the PRA demonstration.

I. Reporting and Evaluation

- I1. The state has designed means and methods for PRA performance to be reflected in the regularly required reporting for Reemployment Services funds and activities.
- I2. The state has worked with One-Stop Centers to assure that the data required for evaluation of the demonstration (as outlined in the planning guidance) is being regularly and accurately collected.

J. Administration and Fiscal Management

- J1. The state has modified existing or developed new administration and fiscal policies to accommodate the PRA demonstration.
- J2. The state has ensured that participating One-Stop Centers have a process for modifying existing or developing new administration and fiscal policies to accommodate the PRA demonstration.

ATTACHMENT #4

PRA IMPLEMENTATION STUDY AND SUBSEQUENT EVALUATION

The Department of Labor will focus on implementation issues regarding the PY 2004 PRA demonstration. A study will be conducted in order to obtain basic information on the results. This information will be used to inform the broader implementation of PRAs anticipated in the President's FY 2005 budget. For the 2004 implementation study, states will be expected to document the following kinds of information, which will be analyzed and reported upon by a contractor procured by the Department to conduct the study. While the Department has made its best effort up-front of capturing the kinds of information that will glean the most learning from the 2004 demonstration as displayed in the 15 questions below, it may become necessary to ask some additional questions to better prepare the system for 2005 PRA implementation. The following is provided for information purposes only for states that are considering the PRA demonstration. Official guidance regarding information to be collected will be issued to the states selected to participate in the PRA demonstration. In addition, technical assistance regarding the study phase of this demonstration will be provided both at the orientation meeting and on an ongoing basis.

IMPLEMENTATION STUDY INFORMATION

Quantitative

1. How many individuals were eligible for the PRA account, based on state profiling, and what was the take-up rate for accepting PRA accounts?
 - How many PRA recipients were current UI recipients?
 - How many were UI exhaustees?

2. Employment: What was the entered employment rate for PRA recipients and what was the employment retention rate (measured using UI data)? What are the reemployment wages as compared to wages prior to the unemployment spell?
 - What was the duration of unemployment insurance payments?
 - How many individuals received a reemployment bonus, i.e., became employed before 13 weeks and what was the amount of the reemployment bonus?
 - How many individuals who received their first bonus payment also received their second, i.e., retained their employment for at least six months? In addition to using UI data, this information provides a direct retention rate for bonus recipients.

3. How many individuals did not use all of the funds in their account and what was the amount of funds not used from individuals' accounts? How much of the unused account funds were due to:
 - Funds not used within the one year?
 - Second installment of the bonus not paid?

- Funds remaining in the account after first and second installments of the bonus were paid (this pertains to states that have an account level higher than the bonus level)?
4. How many first and second bonus payments were denied?
 5. How many PRA expenditure requests were denied?
 6. What was the average time necessary for determination of who is eligible for a PRA account?
 7. What was the average time necessary for offering and establishing PRA accounts?

Qualitative

8. What roles did the state and/or One-Stop Career Centers play in the administration of the PRAs (such as the type of staff that delivered PRAs)?
9. How effective was the One-Stop system in carrying out its roles as administrator of the PRA account and provider of services to PRA-eligible individuals?
10. How did the design and operation of the state's Worker Profiling and Reemployment Services (WPRS) scoring and selection model influence the PRA candidate selection? How was the WPRS selection and referral threshold defined? How well did it work to prevent over-enrollment? Were adjustments necessary? Did it vary by site?
11. What kinds of PRA administrative mechanisms were developed to manage the program (such as accounting and reporting systems, tracking system, staff training, and the like), how long did it take to develop them, and how well did they work?
12. How were prices for One-Stop services determined? Was there variation in pricing across the state and if so, upon what basis?
13. What types of services did individuals procure and what training did they engage in?
 - Through the One-Stop system?
 - Outside of the One-Stop system?
14. What were the most common uses of PRA funds?
15. What kinds of expenditure requests were denied and what were the reasons for denial?

DATA ELEMENTS TO BE COLLECTED IN THE DEMONSTRATION

Generally, WIASRD information should be collected on all PRA recipients, but additional information will be necessary as well. Information will have to be collected by individual on the cost of the services received. Some of the standard elements include:

Demographics of Applicants: SSN, age, race/ethnicity, gender, education, income, previous employment (e.g., quarterly earnings, number of years held, reason for job loss, occupation, industry), UI exhaustee. Optional: marital status, number of dependents, household size, TANF and Food Stamp Eligibility.

PRA Receipt

- Type of service provider including whether a One-Stop system provider.
- Amount of the account used by type of service (intensive services, training, supportive services).
- Number of individuals who declined PRAs and reasons for doing so.
- Number of recipients receiving first and second bonus payment and payment amount.

Employment Information

- Types of jobs obtained that qualify account holder for bonus (e.g., wage rate, occupation).
- Information on employment status six months after receiving bonus.
- UI wage record information for tracking outcomes.

THE RESEARCH COMPONENT OF THE FY 2005 PRA INITIATIVE

As stated earlier in this attachment, more rigorous impact findings using control groups will not be part of the 2004 demonstration effort but may be part of the larger PRA effort in 2005. For example, determining the impact that PRAs have on UI savings or the duration on UI payments will require comparison groups. States that participate in the 2005 PRA initiative will be expected to respond to the 15 implementation study questions above as well as the illustrative list of research and impact questions that follows below:

- Does the timing of PRA receipt (e.g., at UI benefit exhaustion, while receiving UI, newly eligible for UI) affect employment outcomes?
- Do PRAs increase the number of recipients participating in training and the types of training they choose? Why? How?
- Do PRAs lead to shorter unemployment spells? Shorter benefit duration?
- What is the impact of PRAs on duration of UI payments?
- Are there savings to state UI trust funds from PRAs?
- How much do the total benefits that claimants receive increase or decrease from what they would have received otherwise?
- Do PRAs lead individuals to apply for UI who wouldn't have otherwise?
- Does the 40% retention bonus keep an individual in a job longer than would have been the case otherwise?
- Are PRAs cost-effective? If so, is there an optimum PRA level? Is there an optimum bonus level?
- What is the impact of differing bonus levels?

ATTACHMENT #5

Dennis Lieberman
Office of Workforce Investment Systems, Room C-4318
U.S. Department of Labor
Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210
FAX: (202) 693-2982
e-mail: lieberman.dennis@dol.gov

Re: *Personal Reemployment Account (PRA) Demonstration Letter of Commitment*

Dear Mr. Lieberman:

In accordance with Training and Employment Guidance Letter (TEGL) number _____ issued _____, this communication notifies you that the State of _____ requests that its FY 2004 formula allotment of Wagner-Peyser Reemployment Services funds (in the amount of \$ _____) be obligated to the state by the Department of Labor as a demonstration grant allowing for early implementation of a Personal Reemployment Account (PRA) initiative. We understand that the Department of Labor will select a maximum of 9 states for this demonstration based upon sequence of requests received and other criteria, and that selection qualifies the state for one dollar of additional demonstration funds for every dollar in its RES formula allotment up to a maximum of \$750,000.

As per the TEGL, the state will submit the required plan for its demonstration grant no later than forty-five (45) days from receipt of notification by the Department of Labor (via FAX followed by a mailed letter) that the state letter of intent request has been accepted. We also understand that the Department of Labor notification will also inform the state of the amount of *additional* funds that will be made available in its grant.

The Department of Labor should send the approval letter to:

(name and title of individual)

(mailing address)

FAX: _____ Phone: _____

Sincerely,

State Workforce Administrator (signature required)

ATTACHMENT #6

Existing Research That May Inform A States Choice to Design and Pilot PRAs

The following studies and/or reports (reflecting conclusions of researchers and not endorsement or approval by DOL) may prove beneficial to and inform the policies and design of those states choosing to participate as a PRA early implementation pilot:

What Can We Expect Under Personal Reemployment Accounts? Predictions and Procedures, Mathematica Policy Research Inc., U.S. Department of Labor. ETA Occasional paper 2004-04, 2004 <http://www.doleta.gov/reports/searcheta/occ/papers/prafinal%20report-all-nodraft.pdf>

Assisting Unemployment Insurance Claimants: The Long-Term Impacts of the Job Search Assistance Demonstration. Mathematica Policy Research Inc., U.S. Department of Labor, Unemployment Insurance Occasional Paper 2000-02, 2000 <http://wdr.doleta.gov/owsdrr/00-2/00-02.pdf>

Evaluation of Worker Profiling and Reemployment Services: Final Report. Research and Evaluation Report Series 99D. U.S. Department of Labor. 2000;

Evaluation of the Impact of Telephone Initial Claims Filing. Information Technology Support Center and Mathematica Policy Research, Inc., U.S. Department of Labor, Unemployment Insurance Occasional Paper 2000-03, 2000 <http://wdr.doleta.gov/owsdrr/00-3/00-3.pdf>

Evaluation of Worker Profiling and Reemployment Services Policy Workgroup: Final Report and Recommendations. 1999 <http://wdr.doleta.gov/opr/fulltext/99-profiling.pdf>

Worker Profiling and Reemployment Services Policy Workgroup: Final Report and Recommendations 1999 <http://wdr.doleta.gov/opr/fulltext/wprswkgr.pdf>

Evaluation of the Maryland Unemployment Insurance Work Search Demonstration. U.S. Department of Labor. Abt Associates, Inc., Unemployment Insurance Occasional Paper 98-2, 1998 <http://wdr.doleta.gov/owsdrr/98-2/98-2.pdf>

Evaluation of Worker Profiling and Reemployment Services Systems: Report to Congress, U.S Department of Labor, Employment and Training Administration, Office of Policy and Research, 1997, <http://wdr.doleta.gov/opr/fulltext/97-profiling.pdf>

The New Jersey Unemployment Insurance Reemployment Demonstration Project: Six year Follow-up and Summary Report. Mathematica Policy Research, Inc., U.S. Department of Labor, Unemployment Insurance Occasional Paper 96-2, 1996 http://ows.doleta.gov/dmstree/op/op96/op_02-96.pdf

Worker Profiling and Reemployment Services (WPRS) Systems. National WPRS Colloquium, June 1996: Selected Papers and Materials. U.S. Department of Labor, Employment and Training Administration. 1996

Pennsylvania Reemployment Bonus Demonstration Final Report Mathematica Policy Research, Inc., U.S. Department of Labor, Unemployment Insurance Occasional Paper 92-1, 1992, http://ows.doleta.gov/dmstree/op/op92/op_01-92.pdf

An Analysis of Pooled Evidence from the PA and WA Reemployment Bonus Demonstration, Mathematica Policy Research, Inc., U.S. Department of Labor, Unemployment Insurance Occasional Paper 92-7, 1992, http://ows.doleta.gov/dmstree/op/op92/op_07-92.pdf

The WA Reemployment Bonus Experiment Final Report, W.E. Upjohn Institute for Employment Research, U.S. Department of Labor, Unemployment Insurance Occasional Paper 92-6, 1992, http://ows.doleta.gov/dmstree/op/op92/op_06-92.pdf