

ANALYSIS OF THE UNEMPLOYMENT INSURANCE TRAINING BENEFITS PROGRAM

BRIEFING REPORT
JUNE 23, 2011



STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

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Why Is JLARC Providing this Briefing Report?

JLARC is providing this briefing report to give the Committee advance notice of a study that was assigned in 2011 legislation. The legislation (EHB 1091) directed JLARC to evaluate the efficiency and effectiveness of the Unemployment Insurance (UI) Training Benefits Program, managed by the Employment Security Department.

Since the term “effectiveness” can be broadly interpreted, JLARC plans to present the Legislature with a range of options for evaluating the effectiveness of the program and their associated costs. The Legislature can then take these options and costs into consideration during the 2012 Legislative Session and budget process.

JLARC Assignment on UI Training Benefits Program

Engrossed House Bill 1091 (2011) includes five parts related to unemployment benefits: I) Temporary Benefit Increases; II) Extended Benefits; III) Training Benefits; IV) Social Taxes; and V) Miscellaneous Provisions. Under Part III, the Legislature directed JLARC to conduct a review of the Training Benefits Program.

What Is the Training Benefits Program?

The Unemployment Insurance program provides partial wage replacement for covered employees who are unemployed through no fault of their own.

Regular unemployment insurance provides up to 26 weeks of benefits, funded by employer payroll taxes. Beginning in 2008, the federal government provided additional weeks of extended and emergency benefits in response to the current recession. Regular unemployment benefits, as well as extended and emergency benefits, require that recipients search for work unless they are in an approved training program.

The Training Benefits Program provides up to an additional 26 weeks of unemployment benefits, funded by employer payroll taxes. Workers must meet certain requirements, including participation in an approved training program. Factors considered for approval of a training program include the geographic area of the worker and whether the occupation for which the training prepares the worker is considered in demand. Some examples of training programs include dental assistant training, and technical writing. Workers in approved training programs are not required to search for work.

What Is JLARC's Assignment?

The Legislature directed JLARC to conduct a thorough review and evaluation of the Training Benefits Program.

A full report on the efficiency and effectiveness of the Training Benefits Program is due three years after the implementation of EHB 1091 and every five years thereafter, and when certain spending limits are triggered. JLARC estimates its first full report will be due in December 2015.

As part of the review, JLARC is to assess:

- Whether the program is complying with legislative intent;
- Whether the program is effective; and
- Whether the program is operating in an efficient and economical manner which results in optimum performance.

The legislation further states that, after JLARC conducts its review, the appropriate committees of the Legislature must hold a public hearing on the review and consider potential changes to improve the program.

JLARC Will Identify a Range of Options for Evaluating the Training Benefits Program

JLARC's assignment to evaluate the "effectiveness" of the Training Benefits Program could range from simple descriptions to a complex statistical analysis. For example, the study could provide descriptions of the number of applicants who obtain employment, or JLARC could undertake a more complex analysis that attempts to determine the likely cause of employment for Training Benefits recipients compared to non-recipients.

A consultant will assist JLARC staff in determining a range of methodologies that could be used to evaluate the effectiveness of the Training Benefits Program and the associated costs of each option.

Next Steps

- JLARC staff will present a range of options and their associated costs to the Joint Legislative Audit and Review Committee in January 2012.
- The Legislature will then be able to take these options and costs into consideration during the 2012 Legislative Session and budget process.
- A complete evaluation using the selected approach will be completed in the future (estimated for 2015).

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