1.5 Billion Reasons to Retool UI Work Search
A Verifiable Problem

There's a lot of talk in states and DC about what's called Work Search Integrity – a US Department of Labor (DOL) measure designed to ensure that unemployment insurance (UI) claimants are meeting state requirements to actively seek work. It's the leading cause of Improper Payments in our UI system and its leak rate is 4.5% of annual claims, costing over $1.5 billion for the year ending June 30, 2014. For context, that's _more than 15 times_ the cost of one of the Department of Labor's more effective job search programs (the Reemployment Eligibility Assessment program).

The Measure has Two Major Problems:

Minimal Requirements. First, because we don't have a nationwide minimum job search standard, every state sets their own. Most states require little activity, often achievable in less than two hours per week. States vary in their requirements and the US DOL measure simply measures whether claimants met whatever standard the state has set.

This leads to states with more rigorous work search requirements being penalized—higher requirements and accountability means more claimants failing to meet the requirements and more claimants getting away with it. By contrast, claimants in a state with zero work search requirements, by definition, cannot fail to meet that zero requirement. Ironically, then, the measure intended to improve work search tends to undermine it instead.

Inherently Unverifiable. Second, most states require that job seekers self-report their contacts with employers, which is inherently unverifiable. Aside from the conflict of interest of a claimant in charge of policing themselves, auditing is expensive and hard for states. How do we really know it happened? Audits often involve calling employers two to four weeks after a claimant employer contact, hoping the employer will respond and remember the contact, by name and date.

A Better Approach? We're not engaging or equipping our unemployed, who rate their job search readiness at a D+ average. What would happen if we fixed our work search integrity problems so that all of our job-seeking claimants were engaged more strongly with either a uniform minimum standard and/or job search activities that are verifiable, e.g. online learning or online certification by community job search providers, such as job clubs, staffing companies, LinkedIn, outplacement companies or government one stop centers?   There might just be **_1.5 billion reasons_** to consider a new approach.

Odds of Getting Caught

According to studies, one third or more claimants may not comply with work search requirements in UI, perhaps due to depression, confusion about the requirements or simply deciding not to comply.   And their average claim of $5,000 has better odds paying off than any trip to Vegas. Here are our rough estimates of the chances of getting caught not complying:

1. State Weekly Audits ≤ 1%   x
2. Employers Verifying = 50% =
3. Odds of Being Caught = 0.5% (1 in 200)
4. Second Chance States = 0.25% (1 in 400)

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