



Montana Department of
LABOR & INDUSTRY

Return to Work Bonus Program
Wrap-up Report
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Executive Summary

Shortly after being sworn into office, Governor Greg Gianforte lifted pandemic related mandates and shutdowns, allowing Montana's economy to recover as vaccinations became widespread and consumer spending returned. By May of 2021, employment was rising quickly and unfilled job openings across the state were high. With the need for federal pandemic-era Unemployment Insurance (UI) programs diminishing, the Department of Labor & Industry began the process of winding down the programs and returning to traditional unemployment benefits.

To encourage Montanans to reenter the workforce and increase worker availability for businesses, Governor Gianforte announced the state would be the first in the nation to terminate federal supplemental unemployment benefits and launch a Return to Work bonus program. Recommended unanimously by the bipartisan Economic Transformation and Stabilization and Workforce Development Advisory Commission, the program offered a \$1,200 bonus to active UI claimants who obtained jobs and resumed working. It assisted workers as they transitioned off government support and supported Montana businesses by encouraging workers to apply for unfilled positions around the state.

The Return to Work bonus program was offered to the approximately 24,000 Unemployment Insurance (UI) claimants who were actively utilizing UI benefits at the beginning of May 2021. In total, 3,054 people received the incentive after accepting and maintaining employment at Montana businesses. Some highlights of the program include:

- Applications were received from 6,175 individuals, with 3,054 applicants (49%) being approved to receive the \$1,200 bonus.
- A total of \$3,664,800 in Return to Work Bonuses were distributed across the state.
- The program incentivized claimants to return to work all over Montana. The 3,054 recipients of the bonus represented 50 of Montana's 56 counties.
- While nearly 60% of recipients earned wages less than \$30,000 per year prior to unemployment, 60% of the jobs obtained by recipients earned \$15 or more per hour, suggesting a significant increase in earnings.
- Over 14% of incentive recipients obtained work in Food Preparation and Serving Occupations, a sector of significant labor scarcity.
- Most applicants who were not approved to receive the bonus were ineligible for the program (29%) or failed to provide verification of reemployment (35%).

Montana's economy grew throughout 2021, adding a total of 8,900 payroll jobs from May to December. By providing incentives to obtain employment, the Return to Work bonus program facilitated the transition back to work for thousands of UI claimants and provided relief to employers seeking to fill positions across Montana.

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Section 1: The RTW Bonus Program

Governor Greg Gianforte established the Return to Work (RTW) Bonus Program in May 2021 following the unanimous, bipartisan recommendation of the Economic Transformation and Stabilization and Workforce Development Advisory Commission. With funding from the American Rescue Plan Act (ARPA), \$15 million was set aside for the program to be administered by the Montana Department of Labor & Industry (MTDLI).

Under the program, eligible Unemployment Insurance (UI) claimants who were actively filing at the program's creation could apply to receive a \$1,200 incentive for obtaining work in a payroll job and maintaining that job for at least four weeks. Bonus incentives were awarded on a first come first serve basis with a maximum number of possible awards of approximately 12,000. The incentive provided under the RTW Bonus Program had the intent to encourage reemployment and assist individuals (specifically active UI claimants) with returning to work. At the time, the \$1,200 incentive was the equivalent of four weeks of expanded Unemployment Insurance benefits. Additionally, incentivizing work provided support to businesses struggling to fill positions. Applications for the RTW Bonus Program were accepted for the six-month period from May 28 to November 28, 2021, through an online portal on the MTDLI website.

Eligibility, Rules, and Processes

During that time, MTDLI took concerted steps to inform eligible claimants about the opportunity to participate in the Return to Work bonus program, including frequent e-mail and mail communication, as well as a social media campaign. In total, there were 23,642 people eligible for the RTW Bonus program. Eligibility included any UI claimant with an active and paid claim for the week ending 5/3/2021, including claimants engaged in either the regular UI or pandemic-related UI programs. Individuals who began filing for UI after 5/3/2021, who stopped filing before 5/3/2021, or who were never UI claimants were not eligible for the RTW Bonus program. Additionally, claimants who were on temporary layoff (i.e. job-attached) were not eligible.

Eligible claimants who obtained work were also required to meet the following conditions to receive the bonus:

- The eligible UI claimants must have obtained employment as an employee, as defined in Mont. Code Ann. § 39-71-118. In other words, workers must obtain wage-paying jobs, as opposed to self-employment or independent contractor work.
- The applicant must work for at least four weeks for a single employer. This does not prevent an applicant from holding two jobs – only that one job must last at least four weeks.
- The applicant must obtain the new job in Montana or with a Montana employer.
- The applicant must start their new job after the start of the RTW Bonus Program (5/3/2021) and before the end of the program (10/31/2021).

To apply for the RTW Bonus Program, applications were submitted using an online portal hosted on montanaworks.gov/rtw. Applicants submitted information needed to determine eligibility status and provided contact information for follow-up. During application follow-up, MTDLI requested paystubs to verify new employment other qualifying conditions. MTDLI paid the RTW Bonus to the applicant after

verifying eligibility and employment criteria were met. Following the initial program launch, the application form was updated to include employer contact information to streamline employment verification.

Individuals not qualifying for the RTW Bonus were issued a denial and offered the opportunity to provide further information, appeal, or reapply after obtaining employment that met program rules. Appeals were required to be submitted within 14 days of the denial of an application for a bonus. Reasons for denials included:

- Not an eligible UI claimant
- Did not provide verification documentation
- Did not obtain eligible employment: Self-employment or independent contractor work
- Did not obtain eligible employment: Not working in MT or with MT employer
- Did not obtain eligible employment: Did not obtain new employment
- Did not obtain eligible employment: Started work before or after the program window
- Did not obtain eligible employment: Did not keep job for at least four weeks

Section 2: Program Outcomes

Financials

Figure 1 shows the financial allocations of the RTW Bonus Program spending. Initial funding for the RTW Bonus program provided \$15 million for bonuses paid. An additional allocation was made for administrative costs. At the end of the program, applications were approved for 3,050 people and a total of \$3,664,800 in RTW bonuses were distributed across Montana. Of the initial \$15 million allocated to the RTW program, the remaining \$11.3 million is returned and available to be reallocated to future ARPA initiatives.

Because of a lack of a prior comparative program, the initial allocation of \$15 million erred on the side of high take-up and approval rates. The return of the funding is a result of this overestimate. All applicants meeting eligibility rules were awarded bonuses.

Figure 1: RTW Program Allocations

Item	Amount
Total Initial Funding	\$15,000,000
RTW Bonuses Paid	\$3,664,800
Returned Funds	\$11,335,200
*Data as of 1/24/22, pending applicant appeals may lead to updates	

Engagement and Outcomes

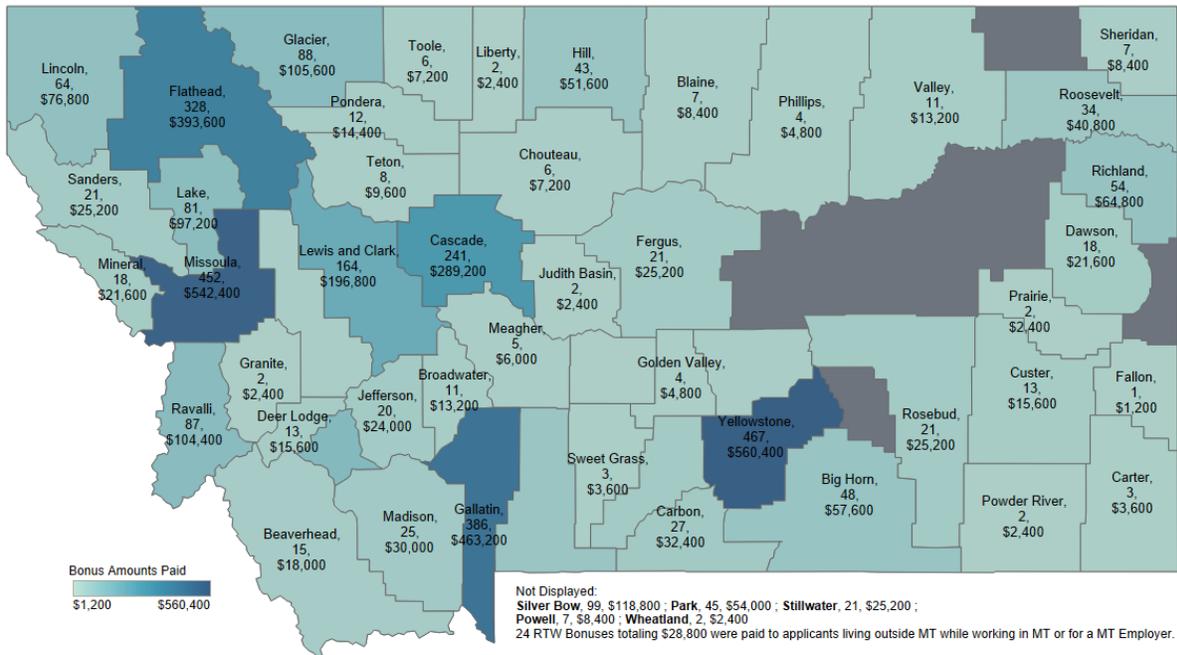
MTDLI received applications from 6,175 individuals during the application period. In total, 3,054 applications (49%) were approved with RTW bonuses paid. The remaining 3,121 applications were denied payment. The denial reasons are listed in Figure 2. Over 60% of denials were because the applicant was not an eligible UI claimant, or they failed to provide documentation to verify that they obtained new work for at least four weeks. Other common denial reasons were individuals obtaining work either before the program began or after it ended, obtaining work in self-employment or as an independent contractor, and obtaining work in another state. A small portion of applicants provided documentation but were unable to keep their jobs for at least four weeks. At least one applicant is known to have deceased. Five applicants have appealed their denial and have not yet received a final determination. MTDLI received applications from 22% of the UI claimants eligible for the program.

Figure 2: High Level Program Outcomes

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Application Result	Number	Percent
Total Applications	6,175	100%
Approved:	3,054	49%
Denied:	3,121	51%
Denial Reasons:		(% of denied)*
Not an eligible UI claimant	906	29%
Did not provide verification documentation**	1,099	35%
Ineligible employment: Self-Employed/Independent Contractor	329	11%
Ineligible employment: Started work outside program window	583	19%
Ineligible employment: Not in MT or with MT employer	151	5%
Did not keep job at least 4 weeks	47	2%
Applicant Deceased	1	0.03%
Denial under appeal, final status unresolved	5	0.2%
*Denied %'s do not sum to 100% due to rounding error		
**Includes individuals who requested withdrawal of their application		

RTW Bonus recipients were in 50 of Montana's 56 counties, as seen in Figure 3, with the greatest concentrations of recipients in the more populated areas. The largest numbers of recipients were in Yellowstone and Missoula counties, two of Montana's largest counties in terms of population and UI claimants. Six counties had no recipients.

Figure 3: RTW Bonuses by County



MTDLI Lessons Learned

MTDLI faced challenges in implementing and operating the RTW Bonus program that have contributed to the adoption of new operational practices. The RTW program was established with very specific eligibility criteria, which led to some confusion and difficulty in processing applications. In addition, the speed at which the program needed to be launched necessitated the adoption of labor-intensive practices. Without automated systems for verifying employment or eligibility, the employment verification process was burdensome.

Over the course of the program, MTDLI was able to learn from challenges and implement new practices to speed application processing and turnaround. Streamlined processes for contacting employers to verify employment were developed, and documentation practices were improved to account for the large volume of applications. Additionally, alternative software solutions for application processing have been explored and implemented. These new practices continue to be applied to other new ARPA-related programs with similar application and documentation processes.

Since the launch of the RTW Bonus program, MTDLI has implemented other programs requiring applications and documentation. The lessons learned in the RTW Bonus program have helped streamline and speed the application and approval processes for these other ARPA-related work programs and will improve future operations.

Section 3: RTW Bonus Recipients

This section describes the characteristics of RTW Bonus recipients and their obtained employment. For comparative purposes, information on the pool of all eligible UI claimants is also provided. These statistics characterize what populations engaged with the program and the sectors of the labor market that these recipients found work in.

Recipient Demographics

Figure 4 shows the breakdown of bonus recipients by UI type, gender, ethnicity, and race. Nearly 85% of recipients of the bonus were regular UI claimants (as opposed to the pandemic-related UI program). In comparison, regular UI claimants were only 65% of eligible claimants. The pandemic-related programs extended UI benefits to the self-employed and independent contractors – types of employment that do not meet the definition of employee that is required per the RTW program policy. If claimants from the pandemic programs obtained similar self-employed work, they would not qualify for the RTW bonus. On the other hand, regular UI claimants previously worked in UI-covered jobs and would qualify for the RTW bonus when returning to a similar work arrangement. Self-employment likely explains much of the higher take-up rate of claimants from regular UI.

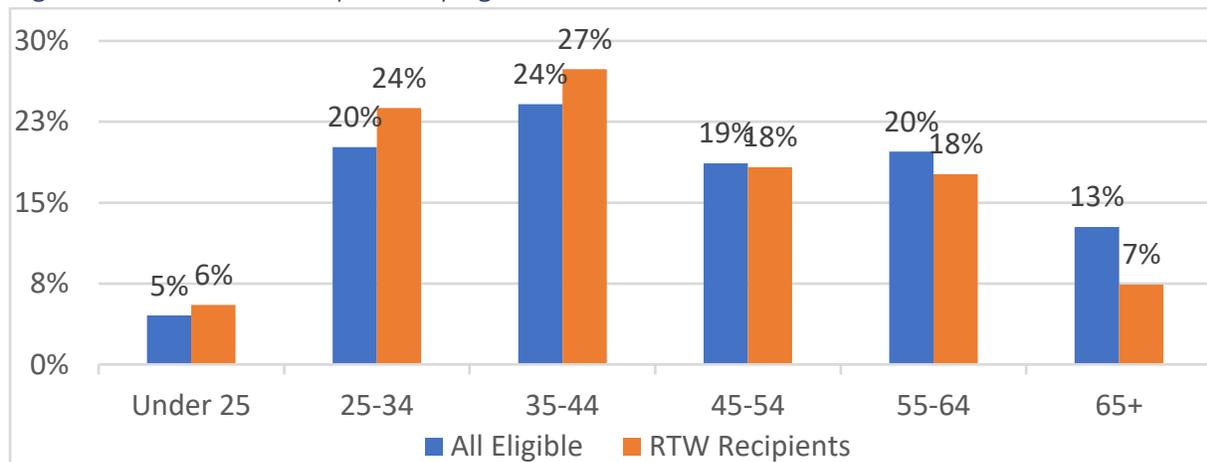
Figure 4: RTW Bonus Recipients by UI Type, Gender, Ethnicity, and Race

Figure 4: UI Type, Gender, Ethnicity, and Race of Recipients		
UI Type	All Eligible*	RTW Recipients
Regular UI	65.6%	84.1%
PUA	35.4%	15.9%
Gender		
Female	48.9%	50.1%
Male	49.4%	49.0%
Declined to Report	1.8%	0.9%
Ethnicity		
Not Hispanic or Latino	86.7%	88.9%
Hispanic or Latino	4.0%	4.4%
Declined to Report	9.3%	6.7%
Race		
White	82.7%	82.1%
Native American	9.8%	11.3%
Other	2.9%	2.8%
Declined to Report	4.6%	3.9%
*May not sum to 100% due to rounding error		

Slightly more women received RTW bonuses than men; however, the split was nearly 50/50. There were slightly more eligible UI claims from men than women, though not enough to suggest a significant difference in program utilization between men and women. Bonus recipients were mostly not Hispanic or Latino and White, consistent with Montana’s overall population demographics and the distribution among eligible UI claims. The percent of bonus recipients was slightly higher among Native Americans than eligible claimants, suggesting higher program take-up among this population.

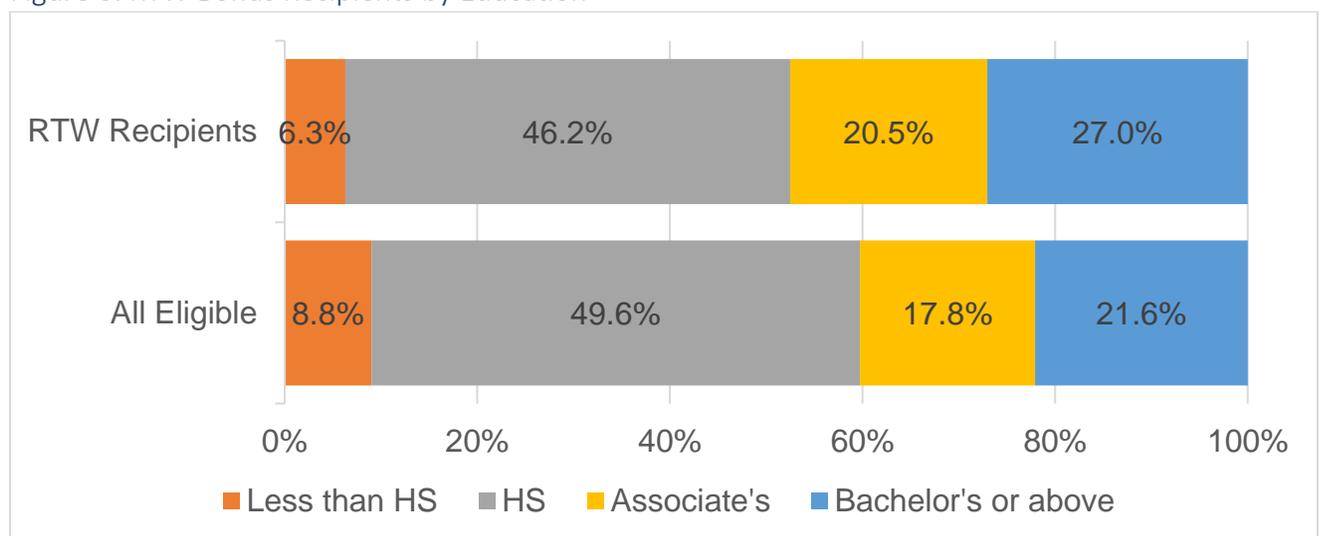
Shown in Figure 5, receipt of the RTW bonus was higher among young workers. People under 44 make up a greater share of RTW recipients (57%) than all eligible claimants (49%). People over 45 make up a smaller share of recipients than all eligible claimant, with workers over 65 having the largest discrepancy (7% of recipients versus 13% of all eligible claimants).

Figure 5: RTW Bonus Recipients by Age



Eligible claimants who used the RTW bonus tended to have higher levels of education. Individuals with an associate’s degree or higher were 39% of all eligible claimants and 48% of all bonus recipients. In contrast, workers with a high school diploma were 50% of all eligible claimants and only 46% of recipients. It is not immediately clear why workers at higher education levels had higher take-up rates.

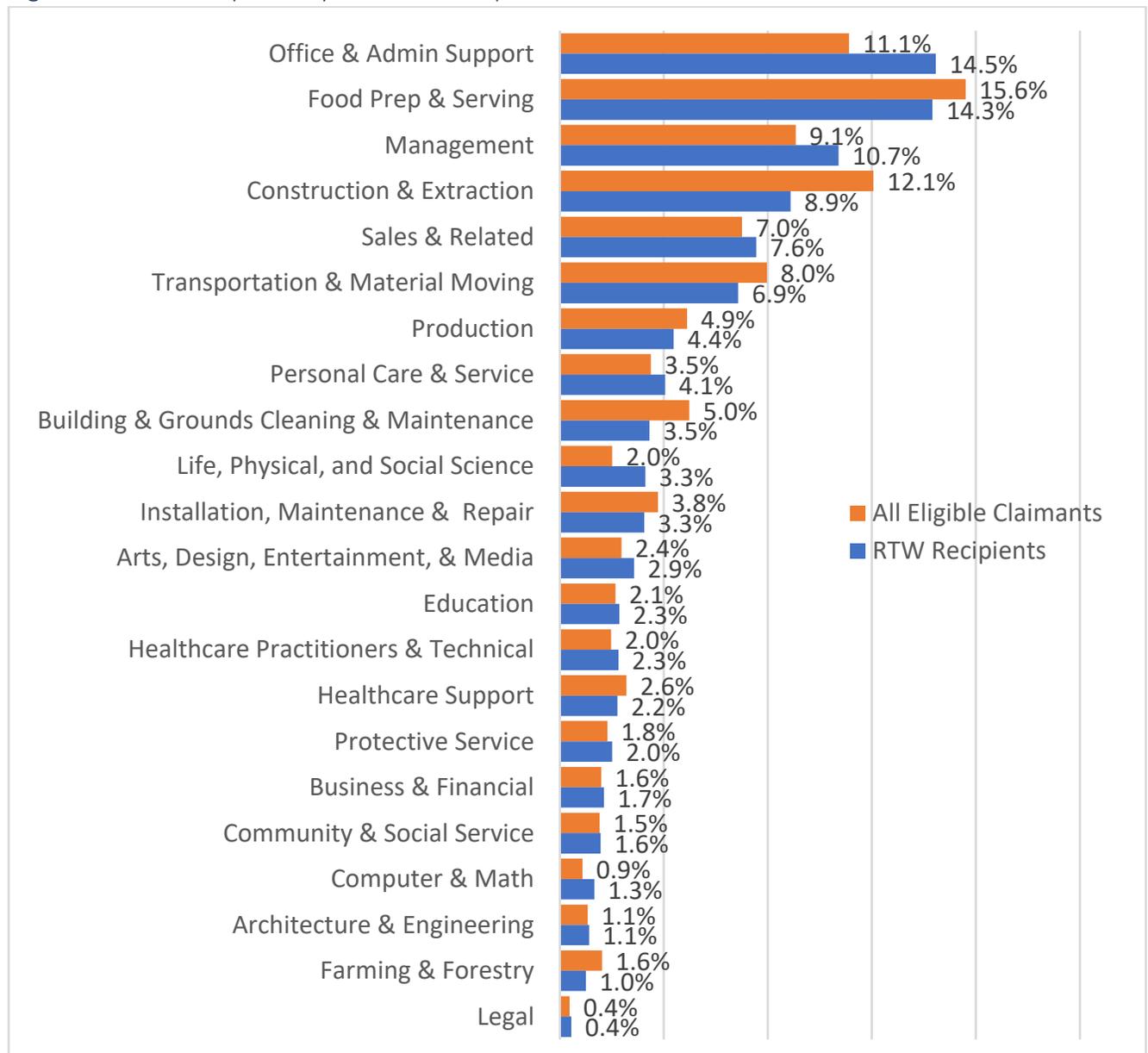
Figure 6: RTW Bonus Recipients by Education



Previous Occupations and Earnings

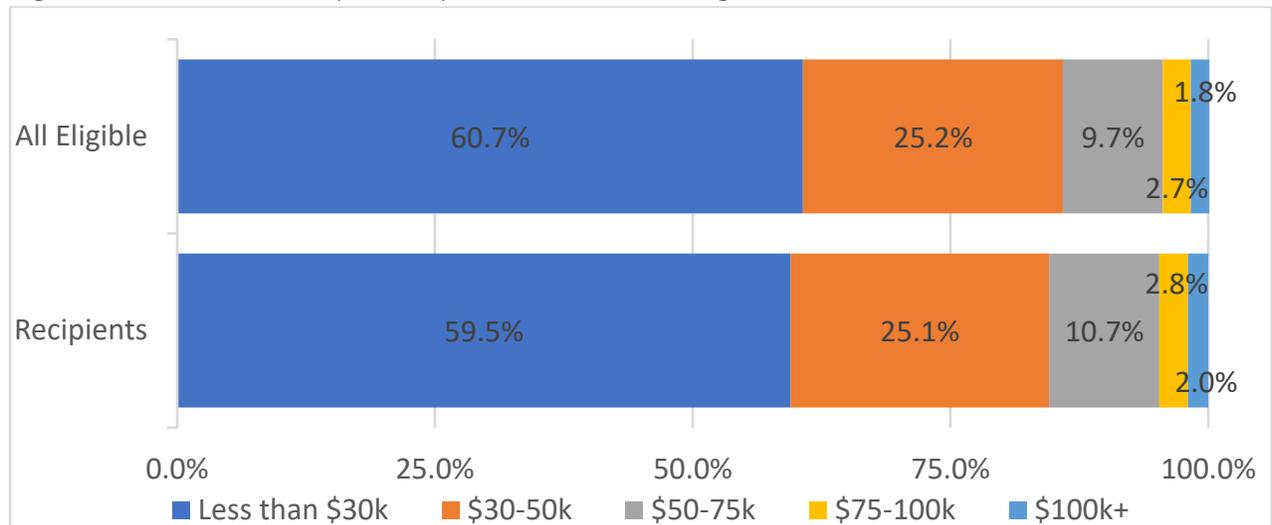
Information on the previous occupation and earnings from the pandemic-related UI claimants is not available. (Pandemic related claimants account for 16% of those receiving a RTW Bonus and 35% of all eligible claimants). Including only those who received UI from the regular UI program, Figure 7 shows bonus recipients by previous occupation. Most commonly, bonus recipients worked in Office and Administrative Support or Food Preparation and Serving occupations. Claimants from Office and Administrative support jobs had a much higher take-up rate than Food Preparation and Serving workers, as this group was 14.5% of claimants and only 11.1% of all eligible claimants. In contrast, workers in Construction and Extraction as well as Building and Grounds Cleaning and Maintenance had relatively lower take-up rates. Despite appearing to have a low take-up rate, claimants from construction jobs were the fourth largest occupational group to participate.

Figure 7: Bonus Recipients by Previous Occupation



The previous wages of RTW Bonus recipients were typically low. Nearly 60% of recipients had annual earnings under \$30,000 prior to becoming a UI claimant. Recipients with previous annual wages over \$50,000 comprised about 15% of bonuses awarded. There do not appear to be differences in take-up rates across wage levels. During the pandemic, jobs at the lower end of wages experienced the most job losses, with higher wage workers often experiencing greater access to telework and reduced levels of UI claim filing.

Figure 8: RTW Bonus Recipients by Previous Annual Wages

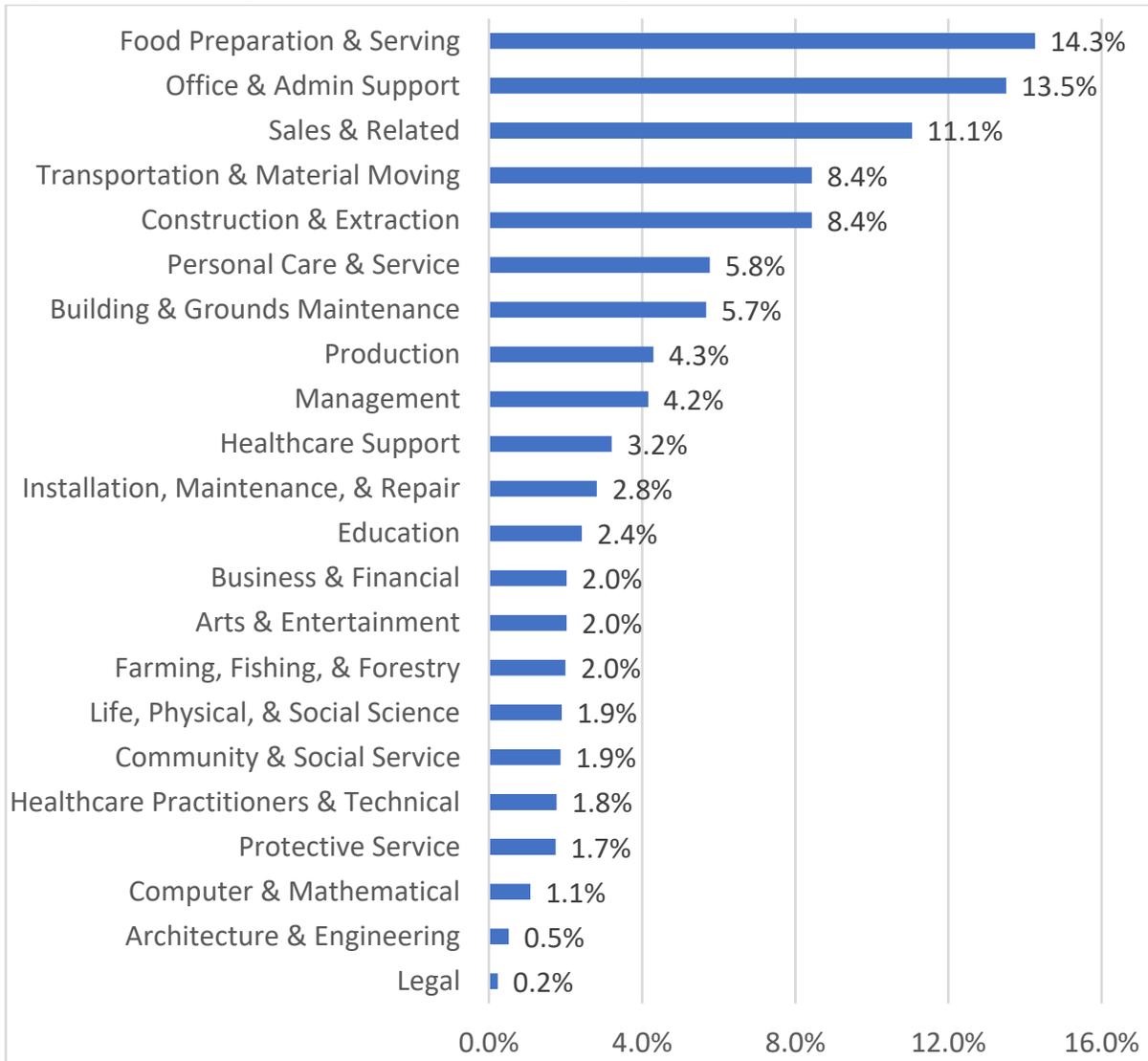


Characteristics of Jobs Gained

RTW program recipients provided their new job title and hourly pay on the RTW application. Shown in Figure 9, the two most common occupation groups for new jobs obtained by RTW recipients were Food Preparation and Serving, and Office and Administrative support. The next most common groups were Sales and Related and Transportation and Material Moving. The return of many workers into Food Preparation and Serving occupations reflects improving prospects in the leisure activities industry as consumer activity employment rebounded that sector.

The wage earnings that RTW Bonus recipients received at their new jobs appear to be higher than what they were earning in previous jobs. Figure 10 shows hourly pay levels (estimated for salaried and commission jobs when possible) for RTW Bonus recipients. Around 60% of recipients earned above \$15 per hour in their new jobs. In their previous jobs, nearly 60% had wage earnings less than \$30,000 per year, suggesting that the new jobs workers found paid significantly more than their previous jobs. However, it is not possible to draw this conclusion completely because actual earnings account for part-time and part-year work, while hourly pay rates do not. In 2020 and 2021, Montana was experiencing significant wage growth resulting from competition for a limited supply of workers, explaining the increases in worker wages.

Figure 9: New Occupations of Return to Work Recipients



*Percentages may not add to 100% due to rounding error

Figure 10: New Jobs for RTW Recipients by Pay Range



Future Work

This analysis encompasses information about RTW Bonus recipients from their previous UI claims and the application process. Comparing recipients of the RTW bonuses compared to eligible claimants provides information about what demographic groups used the program. However, more time is needed before the effects of the RTW Bonus program on employment outcomes (such as job obtainment and retention) can be studied as the administrative wage data is not yet available. MTDLI plans to further examine the effects of the RTW Bonus program, including analysis on changes in worker wages, industries of employment, and outcomes of RTW Bonus recipients compared to claimants who did not receive the RTW bonus. Further work will provide greater insight into the effectiveness of incentivizing UI claimants to find jobs and could provide greater clarity into other factors in the return-to-work decision-making process that could be utilized in future initiatives.