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PRE- AND POST- WAGE DIFFERENCES OF TRADE ADJUSTMENT ASSISTANCE JOB TRAINING
PARTICIPANTS IN ARKANSAS

PRE- AND POST- WAGE DIFFERENCES OF TRADE ADJUSTMENT ASSISTANCE JOB TRAINING
PARTICIPANTS IN ARKANSAS

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Doctor of Education in Workforce Development Education

By

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December 2012
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Abstract

A number of costs are associated with the implementation of trade agreements not the least of which is the cost to the American workforce. The information age ushered in an era of globalization unlike anything the world economy had experienced before. As countries raced forward to dominate emerging markets and grow market share, millions of American workers were left in the wake. A remedy to the plight of the dislocated worker was found in trade adjustment assistance, specifically in job training benefits.

This study examined the wage differences experienced by Trade Adjustment Assistance (TAA) job training participants served through the Western Arkansas LWIA. The results from this dissertation indicated TAA job training participants who completed the ascribed program experienced no significant difference in wages when they returned to work than dislocated workers who did not complete TAA job training programs. Upon closer examination, program completers experienced a significant difference in wage change during the three quarters following program exit when compared to their wages for the last three quarters of employment prior to entering the job training program. However, unlike the goal of WIA would suggest, program participants earned significantly less when they reentered the workforce. Socio-demographics were examined to isolate nuances that impacted wages. Neither gender nor ethnicity data were marked as significantly different. However, as it pertained to prior education attainment level and tenure in position at time of qualifying event, significant differences were found. Post hoc testing identified between which subgroups of these two independent variables were significantly different from others within each variable.

This dissertation is approved for recommendation
to the Graduate Council.

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Chapter One

Introduction

Status of the Issue

In the 1930's, increased foreign trade pushed labor organizations and politicians to consider the plight of workers whose jobs were lost. Passionate debates were commonplace as the policy-makers considered remedies such as tariffs on imported goods or social programs to provide assistance to those affected. After three decades of steadily increasing unemployment, the first resolution was presented. The Trade Expansion Act was passed by Congress in 1962 "to compensate workers for tariff cuts" (Feenstra & Lewis, 1994, p. 217). Trade adjustment assistance decreased resistance to new trade agreements and eased the burden of trade-induced unemployment by providing cash support and job retraining to aid workers transferring from declining industries into growing industries. Thus providing trade adjustment assistance served both political and economic goals (Baicker & Rehavi, 2004). The Trade Expansion Act, however, had stringent eligibility requirements such that no certification of applications occurred during the first seven years.

The Trade Act of 1974 relaxed the eligibility requirement and expanded the benefits producing the modern Trade Adjustment Assistance (TAA) program. Dislocated workers, as defined by Baicker and Rehavi (2004), are workers who have lost employment as a result of import competition or relocation of manufacturing jobs from the United States to another country. Dislocated workers who joined TAA programs were eligible for fifty-two weeks of cash assistance in addition to unemployment insurance benefits. In addition to cash benefits, dislocated workers were also eligible for retraining programs. In 1976, 62,000 dislocated workers participated in the TAA program at an annual cost of \$79 Million. Expanded coverage in 1980 grew participant rolls to 532,000 dislocated workers at an annual cost of \$1.6 Billion (Baicker & Rehavi, 2004). Cash benefits serving as wage insurance for TAA recipients amount to 70% of prior wages and outpaced cash benefits serving as wage insurance for the unemployed population at-large which amounted to 65% of prior wages (Baicker & Rehavi, 2004).

The Trade Act of 1974 was amended in 1980 to reduce TAA wage insurance and cash benefits to correspond with unemployment benefits and modified cash benefits to be issued upon exhaustion of unemployment benefits rather than payable concurrently. According to Magee (2001), TAA recipients

were no more disadvantaged in the labor market than non-TAA recipients and experience no increased difficulty in finding jobs when compared to non-TAA recipients. A number of studies support Magee as he contended TAA participants were “more likely to be recalled to their old jobs, less likely to switch industries, and did not have longer unemployment spells than other displaced workers” (Magee, 2001, 109; Corson and Nicholson, 1981; Richardson, 1982).

In 1981, the Reagan Administration in an effort to establish fiscal conservancy tightened the enforcement of the eligibility rules. In 1982 participation decreased to 30,000 at a cost of \$103 Million (Baicker & Rehavi, 2004). Economic expansion under the Reagan Administration increased employment which further reduced participation. An amendment in 1986 made participation in training a condition to receiving cash benefits.

In 1998, the Clinton Administration introduced the Workforce Investment Act (WIA) to replace previous training measures and to engage the private sector firms and individuals in the welfare reform process. The establishment of workforce investment boards for respective areas was a component of the Act. “Congress passed WIA - partly in response to concerns about inefficiencies in federal employment and training programs” (United States General Accounting Office, 2011a). While the two primary TAA programs were very similar, NAFTA TAA permitted the inclusion of employees who worked in facilities upstream (i.e. supply chain) and downstream (i.e. logistics) from the trade-impacted employers. In 2002, the U.S. Congress responded in quid pro quo to the Bush Administration’s request for continued trade authority by demanding significantly expanded trade assistance expansion. The Trade Adjustment Assistance Reform Act merged the smaller NAFTA-TAA with the traditional TAA program. The result was a TAA program with the generous benefits of the traditional TAA program while relaxing the eligibility requirements.

Program Effectiveness

Ultimately questions arose as to effectiveness of programs – especially ones with large price tags. Hollister, Kemper, and Maynard (1984) stated “although billions of dollars had been spent on employment and training programs, very little was known on a systematic basis about the impact of these programs” (p. 3). More recently, Senator Tom Coburn (2012) testified before the Committee on Oversight and Government Reform regarding “federal duplication and the mismanagement of taxpayer funding in

the current labyrinth of government programs” (p. 1). Coburn cited the Government Accountability Office’s (GAO) duplicative federal programs second annual report. Among the GAO’s many findings was what Coburn described as the “sprawl of federal job training and employment programs.” Coburn (2012) added the “GAO found forty-seven federal job training programs administered by nine agencies with separate administrative structures costing \$18 Billion annually. All but three programs were found to duplicate a least one other program” (p. 6). Twenty-three of the forty-seven programs tracked wage gain or change as an outcome yet no correlation to program effectiveness was made (Coburn, 2012).

The “GAO found little is known about the effectiveness of these programs.” (Coburn, 2012, p. 6) Of the forty-seven programs, only five were analyzed since 2004 for impact and only half have undergone program evaluation. Additionally, these numbers were at best conservative as an additional fifty-one training programs which may indeed be worthy of scrutiny were excluded because they failed to meet the stringent definition utilized by GAO. An example of a program excluded by GAO was the Social Security Administration’s Ticket to Work program. Following GAO’s 2011 report, Congresswoman Virginia Foxx, Chairwoman of the Subcommittee on Higher Education and Workforce Training introduced Streamlining Workforce Development Programs Act (H.R. 3610) to consolidate 33 of the 47 job training programs pinpointed by the GAOs report. No action has been taken to date on Foxx’s legislation (Coburn, 2012).

According to the final ruling posted by the U.S. Department of Labor (2000), WIA’s goal “is to increase employment, retention, and earnings of participants and in doing so, improve the quality of the workforce to sustain economic growth, enhance productivity and competitiveness, and reduce welfare dependence” (np). To that end, this study sought to determine if TAA participants who completed job training experienced an increase in earnings upon reentry to the workforce.

WIA mandated the districting of states into workforce investment areas at the local level generally comprised by clustering of counties. The Arkansas Department of Workforce Services (ADWS) designated ten local workforce investment areas (LWIA) with nine comprised of clustered counties and one comprised of the state capital, Little Rock. TAA programs were administered by the Employment and Training Administration of the United States Department of Labor. TAA job training programs were provided at the local level with federal funding administered through the state departments of labor. ADWS, the state agency responsible for implementation of federally-mandated labor activities, directed

the job training system. As funds were allocated for Arkansas, ADWS manages the funding streams in accordance with federal regulations. ADWS operated sixty-three field offices across the state to provide services to dislocated workers (ADWS, 2012a).

ADWS designated the Western Arkansas LWIA to include the counties of Crawford, Franklin, Logan, Polk, Scott, and Sebastian. ADWS operated one comprehensive field office in the Western Arkansas LWIA. This One-Stop center was located in Fort Smith. This study examined wage differences of TAA job training participants who listed as their primary domicile one of the six counties in the Western Arkansas LWIA.

The Fort Smith region was regarded as the manufacturing capital of Arkansas for over a century. In recent years, however, a number of large durable goods manufacturers left the region as their production capacity were offshored to nations whose comparative advantage included lower labor costs. In the wake of the exodus, satellite industries folded as their vended products and services no longer were needed. According to the ADWS (2012b), unemployment in the Western Arkansas LWIA increased from 4.3% in 2005 to 8.2% in 2011. A high number of these dislocated workers were eligible for TAA benefits and many utilized job training programs.

Problem Statement

In 2011, GAO cited annual spending on forty-seven federal job training programs at \$18 Billion. Funding was allocated to states that in turn provided training at a local level to eligible participants through third party providers. While a significant amount of federal dollars was allocated for TAA programs, little was known about their effectiveness (impact) in improving wages of program completers once they reenter the workforce. (Coburn, 2012; GAO 2011b)

Purpose of the Study

Prior studies of TAA job training programs wage outcomes are mixed. Some report differences existed by gender, ethnicity, age, prior education attainment level and tenure in the job at the time of the qualifying event. Other studies, however, did not report statistically significant evidence of differences. The studies of federal programs utilized the same data yet produced different conclusions. Studies of two regional programs suggested gains in wage outcome occurred but caution the gains may be attributable to program administration and biased selection of participants.

The purpose of this study was to determine the impact of TAA job training programs in the Western Arkansas LWIA on the wages of completing participants upon reentry to the workforce. Using secondary data from the Bureau of Labor Statistics and the ADWS, this study's population included dislocated workers in Arkansas who applied for and received TAA benefits during Program Year (PY) 07 and PY08 (entered training between July 1, 2006, and June 30, 2008, inclusively) and completed job training by June 30, 2010.

To examine the impact of TAA services within the LWIA on the wages of program completers, this study compared wages for the three quarters immediately prior to and the three quarters immediately following completion of TAA job training programs for the dislocated workers within the sample. Data analysis indicated a significant change in participant wages occurred following completion of the TAA program upon reentry to the workforce. Additionally the analysis indicated that in some cases, significant differences existed within an independent variable when examined to determine if there were differences within the variable's groups.

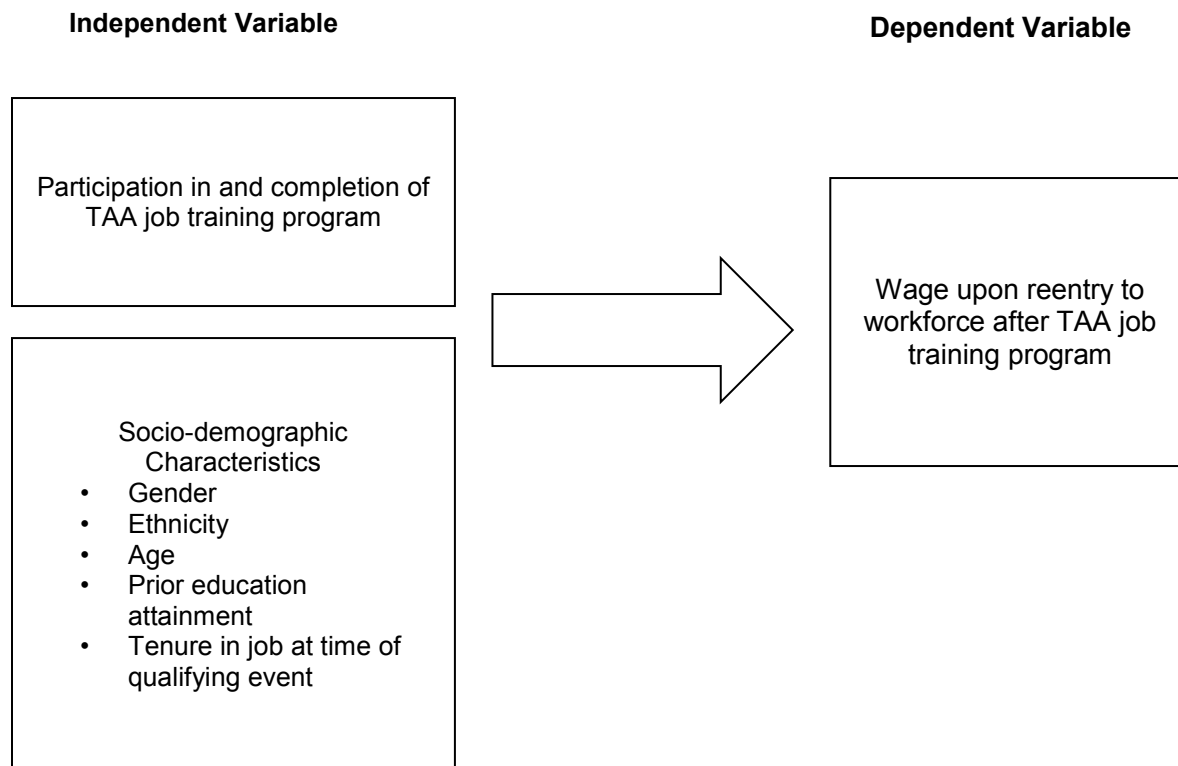
Conceptual Framework

This study examined the relationship between respondents' participation in TAA job training programs (independent variable) and their wages (dependent variable) upon reentry to the workforce following completion of the job training program. Though many federally-funded job training programs existed, only participants of TAA job training programs were examined.

The relationship between socio-demographic characteristics of the respondents and their change in wages upon reentry to the workforce was also assessed. Prior studies such as those by Kletzer (2004) measured the impact of job training programs on socio-demographic characteristics of gender, ethnicity, nationality, age, education attainment level, and tenure in position at time of qualifying event. In the course of this study, the socio-demographic characteristics examined included respondents' gender, ethnicity, age, prior education attainment level, and tenure in job at time of qualifying event. The variables for this study were changes in wages upon reentry to the workforce (dependent variable) and socio-demographic characteristics (independent variables).

Figure 1.0

Conceptualized Relationship Between Variables



Significance of the Study

Retraining workers dislocated by foreign trade aided remaining business and industries in meeting their labor needs (Kletzer, 2004) and soothed dislocated workers by providing a pathway to regaining financial stability. The focus of this study was the examination of the impact of TAA job training programs on the wages of completers upon reentry to the workforce.

The results from this study may add knowledge regarding the impact of job training programs on the wages of participants upon conclusion of the training program. While this study was limited to a small population, possibilities for future research are many. Additionally, this research may have a social impact upon job training program providers.

The results of this study could be of particular importance to the job training program coordinators, service providers, and participants in the Western Arkansas LWIA. To date, no study has been conducted on the impact of TAA job training programs on wages of completers in Arkansas. Thus this study may lay the groundwork for further comprehensive evaluation. Job training coordinators could

be made aware of the impact of the job training program on wages at the time of workforce reentry and communicate the research-based evidence to potential program participants. The results may give pause to participants as they consider the value of retraining, the impact of time spent out of the workforce, and the relevance of the job training to available jobs in the workforce investment area.

Questions to be Answered

This study specifically addressed seven questions:

1. Do participants who completed TAA job training programs experience higher wages when reemployed?
2. Do significant differences exist between the wages of male and female participants who have completed TAA job training programs?
3. Do significant differences exist between the wages between white and non-white participants who have completed TAA job training programs?
4. Do significant differences exist in the wages among the participants who have completed TAA job training programs when categorized by age of participant?
5. Do significant differences exist in the wages among participants who have completed TAA job training programs when categorized by education level?
6. Is there a significant difference in wages among participants who have completed TAA job training programs when categorized by tenure in position at time of qualifying event?
7. Is there a significant difference in wage change between job training participants who completed TAA job training programs and those who did not complete TAA job training program?

Scope of the Study

The scope of this study included dislocated workers who received TAA services through the local office commonly referred to as a “one-stop” of the ADWS in Fort Smith, Arkansas, during PY07 and PY08 entering training between July 1, 2006, and June 30, 2008, and having completed job training by June 30, 2010. The one-stop located in Fort Smith was the sole TAA processing point for residents of Crawford, Franklin, Logan, Polk, Scott, and Sebastian counties which comprise the Western Arkansas LWIA (ADWS, 2012a) . This study utilized secondary data compiled quarterly by the Arkansas Department of

Workforce Services as mandated for each participant who received TAA benefits. Data is submitted to the United States Department of Labor Employment and Training Administration for preparation of the TAPR.

This study was bounded by the geographic region from which the participants were eligible to receive TAA services, the Western Arkansas LWIA. More specifically, the study included dislocated workers who entered TAA job training programs via the ADWS located in Fort Smith, Arkansas.

Delimitations of the Study

A comprehensive study at the national level would reveal the impact of TAA job training completion upon workforce reentry wages. The United States Department of Labor Employment and Training Administration (USDOLETA) estimated that 6,903 and 2,004 dislocated workers in Arkansas became eligible for TAA job training benefits in PY07 and PY08, respectively. At the national level, an estimated 143,996 and 127,121 dislocated workers in Arkansas became eligible for TAA job training benefits in PY07 and PY08, respectively. This number is not inclusive of those already in the TAA system receiving benefits prior to the program year.

Definition of Key Terms

Participants in this study were dislocated workers as well as adult students. Motivation of adults can be classified as either intrinsic or extrinsic. Participants may be motivated intrinsically by their desire to increase their intellectual level and thus increase attractiveness in the job market. Extrinsic motivation may occur when the external motivator of higher wages entices participants to complete the program and be more attractive to potential employers.

- Career outcomes: Career outcomes referred to the career-related factors impacted by job training participation. In this study, the career outcome of focus is impact on wages at time of reentry to the workforce.
- Dislocated worker: An individual who was no longer employed through no fault of their own but rather from work contracture (reduction in workforce, plant closing, off-shoring production) as a direct result of foreign trade. Additionally, the term implied the worker's employer petitioned for and received certification approval from the U.S. Department of Labor for TAA status.

- Job training: Job training in this study referred to job training activity provided as a benefit to participants in the TAA program arranged through the ADWS (formerly the Arkansas Employment Security Department commissioned in 1935) and the local one-stop coordinators.
- One-stop: Formerly referred to as the “employment office” or the “unemployment office, one-stop center(s) or one-stop(s) provide job-search related activities as well as human services. In Arkansas, as in most states, one-stops were under the direction of the state’s department of workforce services.
- Qualifying event: The external event precipitating an individual's loss of employment in an organization directly related to foreign trade. The employer or a proxy of the employer petitioned for and received approval from the U.S. Department of Labor to become certified as benefactors of TAA programs.
- Trade Activity Participant Report: The Trade Activity Participant Report (TAPR) was the report published quarterly by the U.S. Department of Labor Employment and Training Administration. The data for this report was collected and provided by the state administrators to the U.S. Department of Labor Education and Training Administration.
- Trade Adjustment Assistance: The Trade Adjustment Assistance (TAA) Act endeavored to provide a variety of resources to participants whose jobs were eliminated as a result of foreign trade. TAA training was funded by the federal government, allocated to states, and utilized within the state at the regional level.
- Unemployment: Unemployment referred to the status of an adult who is not currently in the workforce. Unemployment was deemed frictional, cyclical or structural. For the purpose of this study, TAA job training participants were either cyclically unemployed or structurally unemployed. Both categories included dislocated workers qualified for TAA job training programs. The Bureau of Labor Statistics and the ADWS were the source for unemployment data.
- Wages: For the purpose of this study, wages for the three quarters prior to entering the TAA job training program were compared to wages for the three quarters immediately following completion of the TAA job training program.

Summary

Chapter One contained information regarding the background of the problem which was foundational to this study. The purpose of the study was presented and the research design was described. The significance of this study and overall social impact was explained.

Chapter Two contains historical information demonstrating the relationship between unemployment and foreign trade, evolution of trade adjustment assistance programs, and a review of previous studies of the effectiveness of job training programs. In particular, Chapter Two will provide results of studies conducted on training programs affiliated with the Manpower Development and Training Act, Comprehensive Employment Training Act, and Jobs Training Partnership Act. Results will be provided of studies of the Center for Employment Training's JobStart and the consortium-sponsored Sectoral Employment Development Learning Project. Chapter Two includes a review of the relationship in western Arkansas between foreign trade, unemployment, and trade-related job training in the Western Arkansas WIA. The chapter also establishes the conceptual framework of this study with references to theories of relevance to various elements cited in previous studies.

Chapter Three describes the research methods incorporated in this study. Chapter Four contains an analysis of collected data using descriptive and inferential statistical techniques. Chapter Five is a summary chapter providing a conclusion of this study, as well as recommendations and implications for future studies.

Chapter Two

Literature Review

Introduction

This study focused on the impact of TAA job training on program completers' wages at time of reentry to the workforce. This chapter includes a historical review of employment trends, the impact of foreign competition on the American workforce, and the evolution of federal job training programs. The literature review continues with implementation of trade adjustment policies from which federally-subsidized job training programs emerged. A micro examination of these trends, policies, and programs will be provided. Finally, this review provides reflection upon a number of theories that may be combined to provide a conceptual framework for this study.

Evolution of the American Labor Market

The impact of trade policy upon the American labor market is a challenge that spans more than a century. As the Industrial Revolution changed the American landscape, the government established protectionist tariffs as a means of insulating infant industries from foreign competitors whose workforce earned considerably lower wages supporting lifestyles that were clearly different from the American standard of living.

J. R. Commons, an advocate for international fair labor standards, coined the term "pauper labor argument" to describe the protectionist approach of organized labor towards their own workers while at the same time their approach to expansion of export markets to be completely suitable to the American economy. Commons added the standard of living the Americans experienced was the impetus for protective tariffs (Commons, 1913). The counter to the pauper labor argument was the belief by organized labor, sections of the business community, and the U. S. State Department that freer trade increased employment. During the Great Depression era, foreign trade had fallen nearly 70% and catapulted American unemployment to unprecedented heights. Focus was shifted as a result of efforts by many in the AFL along with the Congress of Industrial Organization (CIO). The new goal was to develop a liberalized trade policy that vowed higher domestic employment and trade policies that were reciprocally beneficial (Krueger, 1995).

Depression Era

As the world's nations struggled to survive the Great Depression, struggling industries and job losses in the hundreds of thousands forced political leaders to turn to protectionist trade measures such as higher tariffs, restriction of imports and currency devaluations. The United States was no exception. Its higher wages and higher standards of living were threatened by cheap foreign imports and tariffs on U. S. goods imposed by receiving nations. Harvard economist Alvin Hansen asserted the solution was full employment which would allow freer trade during the postwar era. Hansen cited his belief nationwide unemployment constrained international trade. Hansen concluded liberalized trade must be accompanied by full employment policies (Hansen, 1945). The political landscape was dotted with "growth liberals"—individuals who opposed capitalism during the Great Depression era but embraced capitalism and the growth and mass consumption it provided. Collectively, free trade advocates and growth liberals gave rise to the growth coalition. The growth coalition supported domestic growth and trade expansion and believed the combined blend of business and labor interests would create a new harmonious economy (Brinkley, 2011; Wolfe, 1981).

In the 1930s, Secretary of State Cordell Hull championed efforts to liberalize the United States trade policy. In 1934 Congress passed the Reciprocal Trade Agreement Act (RTAA) authorizing the president to discount tariffs by as much as half for countries the U.S. regarded as favored nations. RTAA originally granted such latitude for a three year period but was renewed repeatedly by a simple majority vote in Congress. In the mid-1940s, the General Agreement on Tariffs and Trade (GATT) was created. The United States administration sought to establish the International Trade Organization (ITO) but efforts were thwarted as protectionist fears grew. A popular element in each trade debate was the pauper labor argument (Zeiler, 1998).

RTAA of 1934 required negotiation of bilateral agreements between the U. S. and foreign governments to institute tariffs reductions which in turn would expand America's access to foreign markets. During the Great Depression, Cordell Hull worked to limit the influence of special interest groups. Hull succeeded by including in the reciprocal trade agreements program a shift of power for tariff-making to the U. S. president rather than allowing it to reside with Congress. For more than a decade Hull warned that higher tariffs undermined economic prosperity resulting in mass unemployment, deterioration

of economic conditions, and creation of autarchy. Hull's belief that free trade contributed to international peace and stability was supported by the State Department. Irwin, Petros and Sykes (2008) reported Hull said:

Unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war. Though realizing that many other factors were involved, I reasoned that, if we could get a freer flow of trade—freer in the sense of fewer discriminations and obstructions—so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war, we might have a reasonable chance for lasting peace (Irwin, Petros, & Sykes, 2008, p. 10).

With Hull at the helm, the State Department executed twenty-eight reciprocal trade agreements between 1934 and 1940. In the period between 1934 and 1947, State Department efforts to reduce tariffs and enter into trade agreements were realized through a drop in American tariffs from forty-eight to twenty-five%. Tariffs continued to fall such that in 1960 American tariffs averaged twelve% (Piquet, 1958). Regardless of the intention, reciprocal trade agreements supported by the RTAA program failed to create free trade. Unemployment increased and peaked in 1935 at 33%. Policy makers blended safeguards into programs to protect American interests (Gardner, 1971).

The mandatory three year renewal of RTAA kept tariffs and domestic employment a key concern for politicians, labor leaders and business leaders. In 1934, Missouri Senator Roscoe Conkling Patterson (1934) cautioned Senate members of Congress that eliminating a tariff would have one of three ultimate impacts. Patterson articulated that domestic companies would be forced to close, to relocate operations to another county, or force “those employed therein reduce their wage and living standards to the level of foreign countries” (1934, p. 9559). Patterson wasn't alone in his criticism of RTAA. Rhode Island Senator Jess Houghton Metcalf, member of the Committee on Education and Labor, asserted that trade agreements would only be successful if the industries involved created enough jobs to offset the multitude of American jobs lost because of imports. A former member of the textile industry, Metcalf was well attuned to the suffering associated with job loss due to foreign trade. He frequently cited Rhode Island's staggering job loss of 30,000 jobs. Patterson also pointed out his concern that the New Deal created a strain on American workers because it forced those who were employed to support those he regarded as being on the “public dole.” Metcalf argued for protectionism of American-based industries and jobs while “new dealers” sought freer trade (Patterson, 1934, p. 9559).

The America's Wage Earners' Protective Association (AWEPA), a member group of the AFL, represented 250,000 workers many of whom belonged to international unions. The leaders of the AWEPA challenged the trade rules on a parliamentary level and repeated the assertion that the principle of trade agreements was detrimental to American jobs.

Matthew Woll, an official with the AFL, additionally challenged RTAA. When pressed to concede that America was receptive to foreign goods, Woll concluded the wars in Asia and Europe were the reason American markets had not already been overwhelmed. Woll was challenged by James Winant, an official with the International Labor Organization, who cautioned isolationist economics would exacerbate the situation as the U.S. struggled to outcompete foreign markets. Winsant foretold of a time when workers would have to work longer hours and experience a lesser standard of living as the American marketplace devalued the workplace in order to compete with other nations (Morris, 1958). A cautious Roosevelt Administration was tenuous in its approach to foreign trade and the impact on American jobs. In 1934 Roosevelt announced the U. S. would grow trade partnerships in a "cautious and sound" manner without injuring workers in the U. S. (Aaronson, 1996).

In his testimony at the RTAA hearings, Isador Lubin of the Department of Labor cited hard evidence that trade agreements work. Between 1937 and 1938 exports of American products increased \$465 Million because of trade agreements. When comparing the difference between countries with and countries without trade agreements, the countries with trade agreements increased sixty-five% compared to those without at thirty-eight%. Lubin added that the reciprocal trade agreements generated enough new jobs to offset those lost to import competition. Workers who moved to export industry jobs earned wages higher than those in the jobs they left; this enabled workers in new export jobs to have greater purchasing power (Fraser & Gerstle, 1990).

World War II Era

Jobs shifted from U. S. to Canada and Europe during the 1920s and 1930s in response to increases in worldwide tariffs. Shifts occurred to avoid high tariffs rather than to avoid the higher wages of American labor as many alleged. In total, 450,000 American jobs shifted to non-domestic production. Hence the job loss in America was directly attributed to protectionism. To have stayed with domestic production would have rendered the U. S.-made goods uncompetitive (Aaronson, 1996).

During World War II, policies of liberalized trade were credited for the maintenance of full employment. The State Department and organized labor both grew to regard liberalized trade inseparable from a culture of full employment. In fact, full employment grew closely associated with and dependent upon liberalized trade. Leaders in the AFL and the CIO believed free trade was anti-monopolistic and as such benefitted American consumers and foreign consumers alike. They believed increased consumption fostered increases in production, employment and wages. As the war ended, American labor leaders, politicians and business leaders regarded the war-torn foreign markets as pockets of great potential for American exports (Krueger, 1995).

Membership in the AFL and CIO reached 14.5 million exceeding a third of the civilian workforce. The U. S. experienced record employment numbers. Organized labor benefitted greatly from the surge in membership forcing the leaders to become even more attuned to trade initiatives. Hence leaders in the AFL and CIO engaged more actively in the political arena. The labor organizations touted America's skilled and efficient workforce as superior to the low-wage workers abroad. The CIO stance solidified to fundamental acceptance of liberal international trade sustained by consumption-based full employment. Cohen (2003) claimed labor's favorable outlook was born from the political and material gains of the war era and fueled labor's prominence in the Democratic Party. Labor leaders and party leaders supported consumption-based full employment. Labor leaders and party leaders also supported the State Department's desire for trade liberalization (Cohen, 2003).

The economic events of the Great Depression and World War II eras inextricably joined trade and employment policies. Economic policy debates for two decades were dominated by the two issues. Policymakers used liberalized trade mechanisms to pull the nation out of the depression and later the U. S. aided war-torn nations with the task of rebuilding. Consumption based full employment followed and brought peace and prosperity. National leaders endeavored to promote freer trade while extinguishing the pauper labor argument. Labor groups enjoyed impressive gains in membership as well as gains in power through political capital. The gain in union membership provided union leadership with newfound influence and aided organized labor by expanding production and justifying higher wages during the postwar era.

Post World War II Era

Following the World War II era, the U. S. experienced a shift to multinational corporations. The corporations capitalized on the foreign markets to maximize access to raw materials, low-wage workers and markets (Galambos & Pratt, 1988). While the AFL and CIO memberships largely supported trade liberalization, a vocal dissenter emerged. Solomon Barkin, a leader in the Textile Workers Union, announced he could never support liberalized trade unless a full employment guarantee was attached. Barkin (1962) warned liberalization would be the death of many industries ending full employment and creating injury to the United States which would limit the ability to absorb the full impact of imported goods. Barkin cautioned that union leaders must “not only promote sound national economic policies but also advocate a program which stresses, along with the broader goals of economic growth and development, facilitation of individual adjustment to the changes resulting from expansion of international trade” (Barkin, 1962, p. 49). Barkin added the unions and government must work together to remedy the imbalance by creating “supplementary measure designed to promote the raising of living standards. . . . provide significant assistance for individual workers who must adjust to job displacement and find new types of employment” (1962, p. 57). Barkin also believed industries adversely impacted by foreign trade should be protected since industry is essential to the national security (Barkin, 1962).

Globalization Era: The Knowledge Worker Era

From the early 1940s through the mid-1980s, national unemployment increased steadily. Economist Charles Killingsworth suggested the trend upward resulted from the structural imbalance between supply and demand. Workers’ skills in some sectors were growing obsolete while simultaneously advances in technology raised the skill requirement in many other occupations (Killingsworth, 1966). The International Labor Organization (ILO), the first specialized United Nations agency, observed “the adjustment costs of trade reform represent some of the most visible and criticized aspects of globalization.” (ILO, n.d.) Additionally, the ILO policy statement said “reducing these costs can significantly lessen the burden on particular groups, especially the poorest and less-well educated and those least able to cope with trade liberalization and accompanying adjustment processes.” (ILO, n.d).

Through the mid-twentieth century, unemployment was shown to trend upwards until 1983. The trend reduced its upward direction following the election of Ronald Reagan as president in 1980 and the

subsequent resurgence of business influence (Huntington 1981; Weir, 1992). As the economy cycles, so does employment. The economy stalled again from 2000 to 2003 and caused unemployment numbers to climb once again.

Many countries participated in agreements that in turn reconfigured industries as well as reconfigured regional and global economies. Developing nations engaged trade negotiations to capitalize on the welfare gains for their citizens. "Studies over the years conclude that further trade liberalization will lead to increases in income, especially in developing countries" Bacchetta & Jansen, 2003, Abstract). Governments of many developing countries, it appeared, preferred to participate within the trade arena rather than remain outside.

The U. S. government has grown its free trade agreements considerably over the last century. According to the International Trade Association of the U.S. Department of Commerce (USDOC) (2012a), the U. S. holds twelve free trade agreements with eighteen countries. Individual free trade agreements are held with these countries: Australia, Bahrain, Chile, Colombia, Israel, Jordan, Morocco, Oman, Peru, Singapore, and South Korea. Two regional free trade agreements are also in effect. The North America Free Trade Agreement (NAFTA) enacted in 1994 included Canada and Mexico (USDOC, 2012b). The Central America Free Trade Agreement (CAFTA-DR) enacted in 2004 included Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua (USDOC, 2012c). Negotiations continue for a free trade agreement (FTA) with Panama. Additionally, the U. S. presently seeks to establish a regional free trade agreement, the Trans-Pacific Partnership. Proposed partnering countries in the regional FTA include Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam. (USDOC, 2012a).

Unemployment

Market economies like the one in the United States are in a perpetual state of flux. It expands and contracts, as has been noted, in conjunction with trade vacillation. As individuals shift from a status of employed to a status of unemployed, they reshape the economy. According to Kaufman (1994) unemployment has many negative consequences. The unemployed and their families suffer economic hardship which increases the emotional toll. High unemployment levels signal economic inefficiencies as laborers are idled while their skills diminish. Finally employment rates are a barometer of the economy; if

unemployment is high, the economy is underperforming (Kaufman, 1994). "Structural changes in the demand for labor can be measured by employment shifts across sectors using establishment-level data on job creation and destruction" (Hyclak, 1996, p. 654).

Unemployment is regarded by economists as ascending from (1) short-term or frictional unemployment, (2) cyclical employment resulting from fluctuating aggregate demand in the marketplace by consumers whose desire for goods and services fluctuate and (3) structural unemployment as workers exit structurally declining industries (Hoque & Inder, 1991). Frictional unemployment is a term used to describe the constant movement of people in and out of work. Full employment implicitly includes an element of frictional unemployment. Cyclical unemployment, derived from aggregate demand and sectoral shifts, impacts policy in a variety of ways (Abraham & Katz, 1986). Correctives such as monetary payments or other fiscal stimuli are not effective for unemployment that occurs from sector shifts. Rather the traditional response to sectoral shifts involves application of supply-side remedies like job training.

Structural unemployment is a term used to identify the unemployment and weakening of wages that result from shifts in the basic organization of the industrial structure. When unemployment is concentrated among certain industries or demographics, and is longer-lasting than frictional or cyclical, structural unemployment occurs. (Abraham, 1983; Riddell, 2000; Osberg & Lin, 2004). Structural unemployment affects specific economic sectors causing periods of unemployment that exceed six months. Structural employment occurs when an organization realigns work eliminating jobs in one area while creating jobs in another. Structural employment also occurs when the realignment moves jobs from domestic production to a foreign nation. In both situations, the need for job training and job search assistance is fundamental.

Structural unemployment is a public policy concern since it is associated with disequilibrium between demand and labor supply resulting in underemployment or even withdrawal from the labor force pool altogether (Fortin, 2000). Individuals who are categorized as structurally unemployed find themselves in extended job search taking years rather than months to rejoin the gainfully employed. Mobility of labor resources creates gaps in the available labor pool and the existing job opportunities. With the prospects for recall dwindling, dislocated workers were forced to move into new jobs, often at wages lower than their previous employment (Decker & Corson, 1995).

American academic literature lacks information on structural unemployment unlike Europe where structural unemployment information is abundant. The popular press, in contrast to academia, includes far more coverage of structural unemployment than it has of cyclical unemployment. Moody (2008) noted in his research that a November 2004 query using the search term “structural unemployment” returned twice as many responses than the search term “cyclical unemployment.” Moody further noted most of the responses to inquiries for his hailed from popular press rather than academic. A similar search performed on Google for this study indicated queries for “structural unemployment” returned with 1,520,000 responses while “cyclical unemployment” returned 2,900,000 responses.

Aside from the involuntary jobless workers, other explanations for the increase in unemployment numbers included unrealistic expectations of job search, high reservation wages, and a marginal attachment to the workforce (Mocan, 1999). The long-term unemployment dynamics evolved as technology altered the work environment and requisite job skills. Demographic variables of the workforce impacted the dynamic as well (Mocan, 1999). Nationally demand increasingly shifted away from production of goods to provision of services. As consumer demand shifted, labor needs to meet consumer demands also shifted. In this case, the need for labor shifted from manufacturing of goods to the service industries (Hoque & Inder, 1991). Dislocated workers experienced difficulty reentering the workforce in industries declining as a result of increased import competition. This was especially the case when industries were regionally clustered (Kruse, 1988). Congestion also occurred when plants were closing or relocating offering the dislocated workers no real chance of recall (Decker & Corson, 1995).

When it comes to trade displacement, policy makers and citizens alike make the case that compensation is a necessary corollary to any trade liberalization policy in order to make the policy efficient (Kapstein, 1998). Compensation can aid efficiency by helping workers relocate to more competitive positions and can, as a political tool, be used to make trade liberalization more palatable to legislators and labor unions (Magee, 2000).

Dislocated Workers

The identifying term “dislocated workers” covers an expansive group of people. The USDOL (1998) defined a dislocated worker as an individual who:

- Has been terminated or laid off, or who has received a notice of termination or layoff, from employment; is eligible for or has exhausted entitlement to unemployment compensation; or

has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center referred to in section 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and is unlikely to return to a previous industry or occupation;

- Has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise; is employed at a facility at which the employer has made a general announcement that such facility will close within 180 days; or for purposes of eligibility to receive services other than training services described in section 134(d)(4), intensive services described in section 134(d)(3), or supportive services, is employed at a facility at which the employer has made a general announcement that such facility will close;
- Was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters; or
- Is a displaced homemaker. The term "displaced homemaker" means an individual who has been providing unpaid services to family members in the home and who (A) has been dependent on the income of another family member but is no longer supported by that income; and (B) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment [sic] (USDOL, 1998).

The dislocated workers associated with this study are those whose employment was severed as a direct result of foreign competition. The dislocated workers must be covered under a USDOL-approved petition in order to qualify for assistance associated with trade adjustment.

Trade Adjustment Assistance

Federal trade adjustment assistance targeted industries in which "sales or production... have decreased absolutely," and where "increases in imports... contributed importantly" to the decline (US Code, 1994, §2272). The USDOL was authorized to modify assistance levels for any given industry that impacts the TAA services. Additionally, the USDOL was also authorized to modify program-qualifying requirements. Magee (1997) found "certification probabilities do vary across industries even after controlling for many reasonable predictors of petitions outcomes" (p. 47). Remedies for unemployment are mandated by federal public policy. The USDOL is the source for unemployment assistance. Assistance in the form of cash payments to unemployed workers differs from one person to the next as it is determined by pre-layoff wages earned by the individual worker.

The U. S. Bureau of Labor Statistics (BLS) collects and publishes unemployment data. The official unemployment data routinely released to the public blends short-term and long-term unemployment data in an attempt to provide an estimate close to the real unemployment rate. BLS publishes unemployment statistics on a monthly basis as part of the Current Population Survey (CPS). The USDOL BLS (2012) defines unemployed as persons 16 or more years old who are not

institutionalized (mental hospital, prison, etc.) and who are not actively in the labor force. Active duty military personnel are excluded from the CPS. For the purpose of establishing employment, an individual who has reported one work hour in the reporting week is employed. An individual who reports working 15 hours or more in a family business is employed. To be categorized as unemployed, an individual is not working, would accept a job if offered, and has actively engaged in job search for at least four weeks prior to the reporting week.

Employment rises during times of economic expansion; conversely unemployment rises during times of economic contraction. When economic contractions have ended, unemployment generally continues to rise and may persist for a considerable period of time. Following the contractions of 1973-75 and 1981-82, unemployment continued to rise for six months.

Figure 2.0

National Unemployment Rate

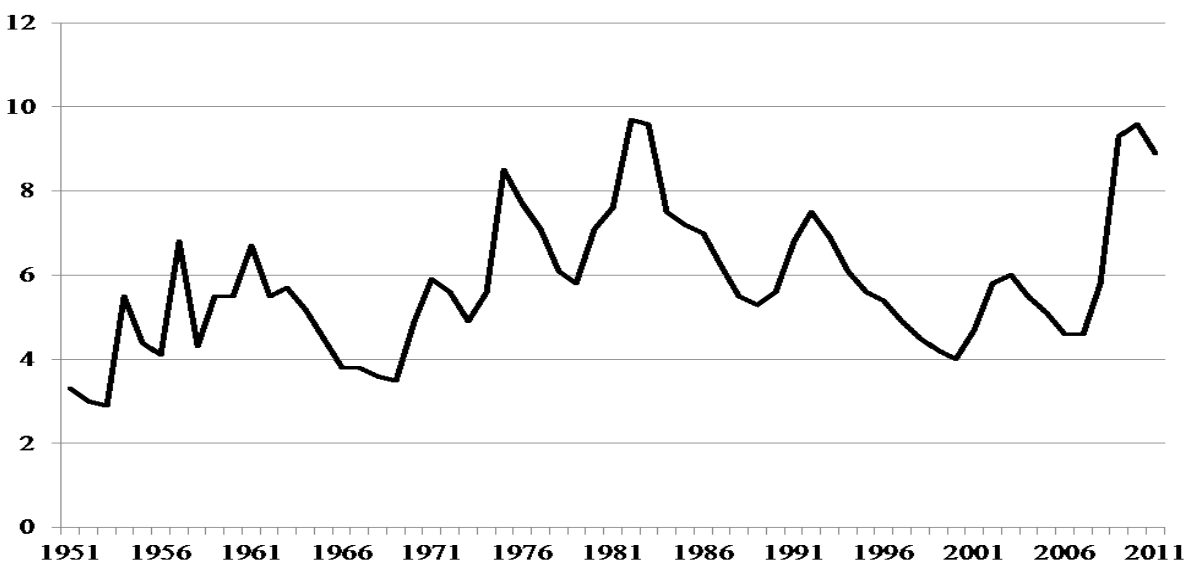


Figure 2.0: Arkansas Department of Workforce Services, 2012b

In 1983, on the heels of the 1981 and 1982 recessions, long-term unemployment reached 23.9% (Allegretto & Stettner, 2004). The recession of 1990-91 was followed by a year of persistent unemployment rise. Unemployment persisted even longer after the recovery from the 2001 recession

(Baltimore, 2008). During the most recent recession which began in 2008 unemployment trended upward through 2010.

As job search success concludes the duration of unemployment, one must consider as well that the duration of the job search itself is directly linked to accessibility of suitable jobs.

Protracted job searches ranging from months to years occur when a disconnect exists between currently available jobs and workers skills. Protracted job searches are a structural unemployment indicator (Riddell, 2000) The duration of a job search is also predicated on the financial burden a job seeker is willing to shoulder before accepting a job offer (Weiler, 2001). Likewise minimum acceptable wage, frequently called reservation wage or lowest wage, impacts the duration of job search (Kiefer, 1979).

Bernstein (2004) noted the duration of unemployment on the national level grew from 2000's duration of 12.4 weeks to 17.9 weeks in 2002 (Bernstein, 2004). During the same period, individuals out of work for six months or more grew from 11.1% to 20.9%. The trend continued in 2003 with the long-term unemployed increasing to 21.8% from 18.3% in 2002 (Stettner & Wenger, 2003). Kaufman (1994) observed worsening unemployment within specific socio-demographics. In the 1970s the group most impacted were black teenagers while in the 1980s the group was adult men in general. Allegretto and Stettner (2004) identified similar trends in the 1990s and 2000s creating adverse consequences for adult men and blacks. Lynch believed new factors including the decline of high-tech employment coupled with numerous large plant closures and increased offshoring of manufacturing exacerbated structural unemployment for diverse demographic groups (Lynch & Hyclak, 1984).

While Allegretto and Stettner (2004) and Lynch and Hyclak (1984) cited adverse impact occurred for men, Perry (1972) argued that women and minorities were the two groups most impacted by consistently high unemployment rates. Perry believed unemployment arose not because of a shortage of jobs but because of characteristics of the workers. To that end, elevated unemployment rates for blacks may have occurred because of frequent spells of joblessness rather than a structural issue (Hall, 1972).

Clark and Summers (1979) and Akerloff and Main (1980) suggest another explanation. Unemployment, these researchers contended, was concentrated among a fairly small number of workers who were long-term unemployed. The unemployment numbers, therefore, were less comprised by large

groups of unemployed workers experiencing frictional unemployment but more so comprised by a smaller number of long-term unemployed workers.

Adjustment Costs

The government has two avenues to mitigate trade concerns. Trade taxes may be levied on the goods of the foreign competitor upon entry to the American market or the government may subsidize a sector of industry. An alternative to both avenues is the provision of assistance to workers whose job loss was trade-related. TAA benefits protect dislocated workers against some of the costs associated with relocating from a job within a diminishing industry to one in a growth industry. Job training when utilized in a targeted fashion provides an avenue for the structurally unemployed workers to acquire the knowledge and skills they need to find work in the evolving job market. Although providing job training to a broad worker population seems straight-forward, implementation of job training programs is a complicated issue.

Table 2.0

Comprehensive Deconstruction of Adjustment Costs

Private Sector	Labour	Opportunity costs of unemployed labour Obsolescence of skills and skill specificity Lower wage levels Re-training costs Personal costs such as psychological suffering Other costs (e.g., rent seeking)
	Capital	Opportunity cost of underutilized or unemployed capital Cost of capital rendered obsolete (e.g., capital write-offs) Transition costs of shifting capital from one activity to another
Public Sector		Loss in tax revenue Social safety net spending (e.g., unemployment benefits) Erosion of benefits from preferential treatment Efforts to ensure macroeconomic stability Implementation costs of trade reforms Non Trade Concerns: food security, support to rural areas, environmental concerns

Table 2.0: Cordoba et al., 2006

“The adjustment costs faced by the public sector are mainly losses of revenue. Public sector adjustment costs can also include spending on, social safety nets, efforts to ensure macro-economic

stability and the implementation costs of trade reform ” (Cordoba, Laird, Maur, & Serena, 2006, p. 61). To understand the difference between social and private costs of adjustment, Cordoba et al. (2006, p. 61) added “social costs are the cost to the society as a whole, while private costs are the costs to an individual due to liberalization” (p. 61). Matusz and Tarr (1999) mirror the suggestion of Cordoba et al. (2006) stating “the social costs of adjustment are relevant for considering the aggregate welfare effects of trade reforms” (p. 3). Private costs of adjustment include income loss associated with unemployment, lower wages, and collapse of monopolies. “Distinguishing between social and private costs helps to explain the sources of opposition to trade liberalization,” reported Coroba et al. (2006, p. 61).

Bhagwati and Srinivasan (1983) acknowledged a challenge existed when determining the impact of trade liberalization as there are many variables including industries, sectors and barriers. To understand the extent of adjustment coming from trade liberalization would be helpful so that support with transitional measures would be appropriate (Bhagwati & Srinivasan, 1983).

With the ongoing American financial struggles--its national debt and deficit budget--a profound need exists to ensure that tax revenues are being spent wisely, that a return on investment is occurring, and --as is the focus of this study-- that stated program goals are being realized (Baltimore, 2008). Cordoba et al. (2006) observed “trade economists tend to place greater emphasis on the long run effects of trade liberalization, such as those resulting from comparative advantage and shifting trade patterns, and dismiss the short term adjustment costs” (2006, p. 60). Bacchetta and Jansen (2003) cited the economists’ tendency to disregard adjustment costs and focus solely on long-term trade gains. Coroba et al. (2006) advised addressing the source of adjustment during the policy-making stage so as to best establish the cost/benefit analysis parameters for indication of outcomes.

“The second motivation for understanding adjustment costs is the pragmatic need to win political support for reform,” stated Stiglitz and Charlton (2007, p. 173). The removal of obstacles to changes in welfare-improving policy requires targeted remedies for groups particularly vulnerable to adjustment costs of the transition.

Workforce Development: Evolution of Job Training Programs

The Manpower Development Training Act (MDTA) of 1962 targeted retraining programs to workers displaced by industrial automation (Borus, 1978). The scope of the retraining effort shifted soon

afterward to include severely disadvantaged workers. The shift was the result of the USDOL's conclusion that structural unemployment was more detrimental to the labor force than the frictional unemployment of the skilled workers displaced by technological advances (Bartik & Hollenbeck, 2000). In the 1960s and 1970s, politicians of both parties were in agreement on the elemental goals of labor policy: full employment achieved by improvements in job search, job training, reduction of turnover, and the targeted emphasis on unemployment in the middle class (Lafer, 1994).

In 1972, President Richard Nixon sought to decentralize the legislative activities at the federal level redirecting authority to the states and localities, abruptly ending the consensus of the political parties. In 1973 the Comprehensive Employment Training Act (CETA) program, which mirrored decentralization efforts, replaced the MDTA program. While the worker training program began with the MDTA and its focus on structural unemployment created by workers exiting declining industries, CETA grew MDTA by expanding scope to groups such as minorities who held marginal attachment to the workforce as well as Vietnam veterans returning to the home front. The structurally unemployed were excluded by this gradual shift as many were highly experienced yet had skills that approached uselessness. To that end, CETA created numerous public service employment programs (Ginzberg, 1996).

The Carter Administration in 1978 focused CETA's scope on those in the structural unemployment cycle and on the poor. In the beginning, CETA included a substantial training component. In the mid 1970s, however, the sharp increase in joblessness justified refocus on creating public jobs. Outcries from conservative groups about the growing size of government and government waste – especially at a time when taxpayers were feeling overburdened – caused CETA to lose substantial public support. CETA redirected attention once again to employment programs with focus upon race and remedial efforts. Midway through his term, President Carter slashed the CETA program and redirected CETA efforts to target the poorest of the unemployed (Weir, 1992).

In the 1970s and 1980s academic research of employment policy concentrated on macroeconomic forces rather than the industrial sectors and labor market institutions (Weir, 1992). Economists all but abandoned their institutional thinking for the still preferred quantifiable analysis from the neoclassical school. The new approach shielded them from contentious political issues such as

structural unemployment. The U. S. Congress continued to readdress TAA every few years renewing the program with a handful of modifications.

In 1982 the Reagan administration replaced CETA with the Jobs Training Partnership Act (JTPA). JTPA's funding levels which were relatively low reflected the less significant role of the federal government in employment policy. JTPA shifted job-training services from economically disadvantaged adults and youth to adults facing significant employment barriers and dislocated workers (Bartik & Hollenbeck, 2000). The goal of JTPA was the movement of unemployed workers into self-sustaining and permanent employment. To overcome the doubting public, JTPA shifted program execution to private industry councils comprised of individuals from the private sector.

In 1998 President Bill Clinton, making good on a campaign promise to reform welfare programs, passed the Workforce Investment Act (USDOL, 1998) superseding JTPA in its entirety. WIA reformed the job training programs and grew the program to include adult education and literacy as it created a comprehensive system of workforce investment. WIA espoused seven principles: (1) streamlining services, (2) empowering individuals, (3) universal access, (4) increased accountability, (5) strong role for local workforce investment boards and the private sector, (6) state and local flexibility, and (7) improved youth programs (USDOL, 1998). The U. S. Department of Labor stated in the WIA Final Rule:

Through these regulations, the Department implements major reforms of the nation's job training system and provides guidance for statewide and local workforce investment systems that increase the employment, retention and earnings of participants, and increase occupational skill attainment by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation. Key components of this reform include streamlining services through a One-Stop service delivery system, empowering individuals through information and access to training resources through Individual Training Accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for Local Boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth programs (USDOL, 2000).

WIA provided access to core services to all adults aged 18 and older. The WIA program operated as a pathway to the various programs through geographically dispersed facilities using federal funding streams through state and local agencies (Giloith, 2000). One-stop centers provided all job-related activities as well as human support services. Priority status remained for recipients of public assistance and low-income individuals for intensive training services.

Tiered Delivery

WIA services are for the most part delivered in a tiered approach: core, intensive and training. WIA participants are required to utilize services in one tier prior to advancing to the next. Each tier is comprised of targeted activity.

- **Subpart A--One-Stop System** that provides universal access to certain services to all individuals age 18 or older is a key tenet of the Workforce Investment Act. The regulation reflects the emphasis in WIA to consolidate and coordinate services. The grant recipient(s) for the adult and dislocated worker program becomes a required partner of the One Stop system.
- **Subpart B--Intensive Services** are intended to identify obstacles to employment through a comprehensive assessment or individual employment plan in order to determine specific services needed, such as counseling and career planning, referrals to community services and, if appropriate, referrals to training.
- **Subpart C--Training Services** are designed to equip individuals to enter the workforce and retain employment. Under JTPA, a dislocated worker participating in training under Title III of JTPA is deemed to be in training with the approval of the State Unemployment Compensation Agency (USDOL, 1998).

WIAs Title I included adults, dislocated workers, and youth employment and training services. In essence Title I served the group previously served by JTPA in the “second chance” job training program (Bartik & Hollenbeck, 2000). WIA’s role was administrative with the introduction of training vouchers called Individual Training Accounts that allowed well-informed participants to acquire the best instruction available for their specific needs and moved the government towards administration of training programs rather than training program delivery (Buck, 2002).

The WIA (USDOL, 1998) mandated specific activities be conducted at the local one-stop service centers operated by the state departments of workforce services. WIA’s operational philosophy to secure immediate work pushed skills development via occupational training to a limited number of participants (Bartik & Hollenbeck, 2000). The core services provided job search assistance and required little support from WIA staff. Dislocated workers who did not find employment receiving core services were eligible for job training services via a training voucher system when funding sources were available. In practice, job training for the unemployed became less of an option under WIA as compared to JTPA. The structure of WIA services intended for this to be the case though the USDOL funding greatly limited access to job training. Chronic budget constraints resulted in funding redirected from training and education to activities that support the work-first initiative geared toward swift reemployment (Spence & Kiel, 2003; Atkinson, 1998).

Table 2.1

One-Stop Service Structure

Core Services	Intensive Services	Training Services
<ul style="list-style-type: none"> • Eligibility determination • Initial assessment • Outreach, recruitment • Labor market information • Information on training providers performance and costs • Information on support services • Information and assistance filing unemployment insurance claims • Follow-up services for twelve months 	<ul style="list-style-type: none"> • Comprehensive assessments • Individual employment plans • Group counseling • Individual counseling • Case management 	<ul style="list-style-type: none"> • Occupational skills • Combined workplace/classroom training • Private sector training • Entrepreneurial training • Skills enhancement training and/or retraining • Job-readiness training • Customized training by employers

Table 2.1: USDOL, 1998

TAA Process

TAA was targeted at industries in which “sales or production... have decreased absolutely,” and where “increases in imports... contributed importantly” to the decline (US Code, 1994, §2272). Often, the most difficult adjustments were borne by those who were least able to afford them: women, minorities, and workers who were less-educated, older, high-tenured and lower-paid (Aho & Orr, 1981; Kruse, 1988; Kletzer, 2004).

In the early 1990s, TAA expansion was included in negotiations on the North American Free Trade Agreement (NAFTA), and in 1994, NAFTA-TAA provisions broadened eligibility to include the suppliers and finishers (upstream and downstream companies) affected by a plant's decision to move to Canada or Mexico. To increase the likelihood that trade promotion authority would be passed by Congress in 2002, TAA benefits were included by the George W. Bush Administration. In this expansion, the more substantial NAFTA-TAA provisions became the standard for the entire program so that all upstream and downstream companies could apply for TAA as well as the primary entity directly suffering job loss because of trade competition. The expansion also added farmers to TAA, created a tax credit which acted as a voucher to purchase health insurance, and began a pilot program for workers age 50 or

over that provided a cash benefit of up to 50% of the difference between a worker's old salary and new salary (Aho & Bayard, 1984).

Workers who experienced job loss as a direct consequence for foreign trade qualified for TAA benefits. Additional unemployment compensation was available through the TAA program for these individuals. The existing unemployment compensation program was bolstered by the additional compensation in response to concerns of efficiency, equity or political efficacy (Aho & Bayard, 1984). The additional unemployment compensation provided under the TAA program umbrella was trade readjustment allowance. Workers who completed their job training showed the largest decline in post-training earnings, with a wage replacement ratio nearly 20 percentage points lower than their peers. There were several plausible explanations for this result, including the possibility that workers who completed training moved into new fields and thus needed to "start over" (Mlynek, 2011).

Job Training at the State Level

Arkansas is comprised of ten local workforce investment areas. Arkansas Department of Workforce Services (ADWS) currently operates 18 comprehensive (full service) one-stop centers in the state. Additionally, 45 satellite locations are operated in nine of the LWIAs. Satellite centers offer specialized services for specific populations as well as limited services in conjunction with services offered at the one-stop centers. The single one-stop center operated by the ADWS for the Western Arkansas LWIA is located in Fort Smith (ADWS, 2012a).

Figure 2.1

Local Workforce Investment Areas in Arkansas

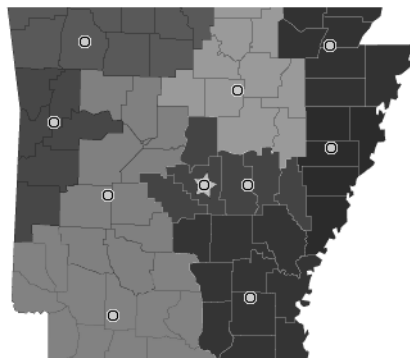


Figure 2.1: Your Local Connection, 2012

Federal funding for programs is allocated annually by Congress. Funding is then distributed to the states. States parcel the allocations as needed. States institute their own funding formulas for funds dispersal. The ADWS reserves 40% of the federal proceeds: 15% for state-wide initiatives and programs and 25% for activities in support of the Governor's Dislocated Worker Taskforce. The remaining funds are distributed through the ten LWIAs (T. Chapple, personal communication, September 18, 2012).

Table 2.2

Allocation of Federal Funding Dollars for Dislocated Worker Training Programs

	National	Arkansas	Western Arkansas LWIA
PY06	1,471,903,360.00	9,887,425.00	309,318.00
PY07	1,471,903,000.00	9,506,720.00	371,157.00
PY08	1,464,707,055.00	13,518,488.00	704,012.00
PY09	1,466,891,000.00	7,192,470.00	589,451.00
PY10	1,413,000,000.00	6,867,051.00	416,001.00
PY11	1,287,544,000.00	6,535,066.00	480,810.00
Total allocations			
(PY06 – PY11)	9,808,166,307.00	60,529,431.00	3,528,169.00

Table 2.2: USDOLETA, 2012c

In addition to the annual WIA funding stream, training funds are sometimes supplemented by other grants. One significant supplementation occurred with the American Recovery and Reinvestment Act (ARRA) of 2008. By order of the ARRA, the state of Arkansas received an additional \$7,518,483 with \$616,180 going to the Western Arkansas LWIA. (USDOLETA, 2012c; T. Chapple, personal communication, September 18, 2012).

Policy and procedure for job training delivery was established at the state and local levels. Training providers, once approved, are contacted by local LWIA staffers. Dislocated workers generally access training provider information via web-based systems. "Local workforce investment boards determine eligibility and registration procedures and set priorities for selection" (O'Leary, Straits, & Wandner, 2004, p. 295). During the timeframe under study, PY07 and PY08, 73 petitions on behalf of Arkansas employees were made to the federal government seeking TAA certification for benefits.

According to USDOLETA (2012a), 46 of the petitions were certified. Nine of the 46 were located in the Western Arkansas LWIA.

Prior Studies of Job Training Programs

Two studies concluded that in spite of the WIA program's centralized intake method, integration of services from participating agencies and funding streams did not go well. (Giloith, 2004; O'Shea & King, 2001). Professionals in workforce development considered WIAs tiered services to be one in which training is the last option and to be offered only after all other resources to secure a job have been exhausted. (Smith, Wittner, Spence & VanKleunen, 2002). Alternate strategies were suggested to move clients through the tiers into targeted skill-based training as swiftly as possible. With this approach participants would be moved through the program more quickly and returned to gainful employment.

Labor market challenges such as unemployment are frequently attributed to the shortcomings of the unemployed worker disregarding the potential structural economic issues that may be at play (Lynch & Hyclak, 1984). Empirical literature (Keane & Wolpin, 1997; Magee 1997) indicated workers own a sector-specific skill that depreciates if it is unused. Keane and Wolpin (1997) found skills of a white-collar nature depreciate at a rapid rate if they are unused. Keane and Wolpin (1997) cited skill depreciation evidence in both white-collar and blue-collar workers with depreciation rates of 30% and 9.6% respectively.

Knowles (2004) suggested displaced workers were frequently naïve regarding the length of time required to find replacement work. Consequently, many dislocated workers who took advantage of job loss benefits waited too long to attempt workforce reentry. Knowles added the length of time detached from the workforce created negative patterns of thought that exacerbated the reemployment process (Knowles, 2004).

Marcal (2001) also identified an initial opportunity cost to time spent retraining. Examinations of the training programs themselves found workers who participated in job training experienced greater wage loss, relative to their pre-training employment, than workers who did not complete training (Kodrzycki, 1997; Reynolds & Palatucci, 2008). Researchers discovered alternative designs to eliminate possible adverse incentives to reemployment. These included unconditional payment schemes that continued benefits after the worker found a new job (Brander & Spencer, 1994) and wage insurance

which supplemented a worker's new lesser wage so that it was equivalent to his or her previous wage (Kletzer, 2004).

Decker and Corson (1995) compared two groups of dislocated workers: one group received TAA job training while the other group was not eligible for such benefits. The TAA job training benefactors were more likely to have lost their employment as a result of plant closings. The time period of joblessness was longer for this group than it was for the group that did not receive specialized assistance. Finally, the TAA job training participants experienced a larger wage decline at the time of reentry to the workforce than did the group that did not receive specialized assistance. Decker and Corson (1995) concluded workers who had received TAA job training did not fare as well as those who had no specialized assistance. Individuals who received TAA job training frequently held jobs with higher wages at the time of the qualifying event (lay off). Speculation abounded that higher wages resulted in a bolstered ability to withstand the shock of job loss and a longer duration before reentry to the workplace (Decker & Corson, 1995).

Aho and Bayard (1984) suggest workers may be immobile. When a small labor market experiences a lay-off of considerable size, labor market congestion may occur. A cumulative impact on the duration of joblessness occurs as more workers are added to the ranks of unemployed. Equity and efficiency progress associated with TAA has not been supported with empirical evidence. Neary (1982) suggests the program acts as a sweetener to the public thus allowing for tariff reductions with less interference. Fung and Staiger (1996) and Magee (1997) found in their theoretical studies that the net impact of TAA on tariffs is inconclusive.

Numerous researchers contend that TAA policy was a method for silencing opponents of trade reform (Aho and Bayard, 1980, 1984; Bhagwati, 1989; Lawrence and Litan, 1986; Magee, 1997; Richardson, 1982; Stein, 1982; Wonnacott & Hill, 1987). The program was equitable because it aided displaced workers who faced extended durations of unemployment (Aho & Bayard, 1984; Richardson, 1982). TAA promoted efficiency as it aided displaced workers in failing markets generally noted as crowded labor markets (Aho & Bayard, 1984; Wonnacott & Hill, 1987). Yet Aho and Bayard (1984) acknowledged that neither equity nor efficiency grounds were significant enough to warrant the trade

assistance; they opined “the political argument for government intervention is really the best argument for categorical programs to supplement a more general, and less generous, dislocation program” (p. 160).

In her empirical study, Polivka (1991) purported that efficiency and equity both suffered under the TAA program. Market efficiency, Polivka claimed, found extensions of unemployment compensation received by many TAA job training participants discouraged dislocated workers from seeking and finding employment for longer durations of time. Polivka’s study indicated that once the disincentive to reenter the workforce was eliminated, duration of joblessness between the TAA job training group and the group without specialized assistance was very similar. Upon this revelation, Polivka concluded the expectation that trade-impacted dislocated workers experienced longer durations of unemployment should not be an equity rationale for TAA (Polivka, 1991).

Magee (1997) was one of the first to conduct a comprehensive study of the Trade Adjustment Act program administration following the only significant review which was conducted by the Comptroller General in 1977. While Magee’s study sought to empirically determine the link between TAA and reduction of tariffs, Magee indirectly provided evidence of the Department of Labor Employment and Training Administration’s (USDOLETA) motivation in the administration of TAA. Specifically, Magee found the USDOLETA used the TAA program to address equity and efficiency concerns as well as make trade liberalization more attractive (Magee, 1997).

The equity argument had two primary aspects. TAA compensated the TAA-qualified dislocated workers in the international trade arena to create Pareto gains. The second was the presumption that TAA-qualified dislocated workers experienced fewer economic prospects than experienced by other unemployed workers.

Aho and Bayard (1984) point to the findings in the report of Mathematica Policy Research saying “the occupational and demographic characteristics of TAA participants were very similar to those of unemployment insurance recipients” stated Aho and Bayard (1984, p. 155). Decker and Corson (1995) found the mean earning between TAA recipients and the earning of the standard unemployment compensation programs to be about the same three years after displacement. Magee (1997) concluded the equity goal of TAA provided some justification but was not supported with strong evidence to support the claim that TAA participants experienced worse economic conditions than did other unemployed

workers. Additionally, no evidence existed to support that TAA was a government-supported offset to individuals who suffer from trade liberalization.

Administering TAA benefits so that lower trade barriers could be achieved was a strong argument. Aho and Bayard (1984) surmised “it is difficult to argue for special assistance on either equity or efficiency grounds” (p. 160). Thus “the political argument for government intervention is really the best argument for categorical programs to supplement a more general, and less generous, dislocation program” (Aho & Bayard, 1984, p. 160). Similar findings were presented by Marcal (2001).

Empirical analysis investigating the political efficacy argument with respect to TAA was limited. Only Fung and Staiger (1996) directly linked the impact of adjustment assistance on tariffs. Fung and Staiger (1996) determined tariffs were established by self-enforcing cooperation between the governing bodies of two countries which recognized that deviation from the collaborative tariff agreement would result in punitive trade measures frequently referred to as trade war. TAA, therefore, allowed for the movement of labor away from industries steeped in import competition into industries involved in export production or production for domestic use (Magee, 1997).

TAA programs impacted tariffs by requiring the creation of a lump-sum transfer of benefits to participants drawing them away from a declining industry. The lump sum funded elements involved in the relocation of workers to a different industry. Note that relocation in this sense was not a literal geographic relocation though that may occur. It was intended to speak to the relocation of workers from the declining industry to a growth industry. The shift of labor from an industry reduced pressure on the specific sector's lobby to acquire tariff protection.

Staiger and Tabellini (1987) determined the government's incentive to impose a tariff on imports or to subsidize workers in competing industries pushed decision-makers towards the pure tariff because the size of the subsidy was generally larger than the costs of tariffs. Wilson (1990) provided a model depicting two politicians and their pre-election concessions to special interest groups. Politicians gave more substantial transfers than needed to maximize their welfare in what was regarded as the Nash equilibrium. If the transfer lost its incentive, equilibrium fell and the politicians' welfare increased. Grossman and Helpman (1994) revealed that intense competition among lobbies pushed the lobbies to support government tariffs rather than policy-directed subsidies. Magee (1997) demonstrated TAA was a

more efficient catalyst for efficient transfer because it diminishes production distortion created by a tariff. Policymakers historically selected higher levels of tariffs rather than initiating TAA pushing tariffs higher while decreasing the social welfare of the impacted employees.

Program Outcomes Studies

According to the January 2010 Displaced Worker Survey administered by the U. S. Census Bureau, “workers taking advantage of TAA training have less previous experience with post-secondary education than their peers in the broader labor market.” The survey, a supplement to the monthly Current Population Survey, captured household members 16 years of age or older regardless of employment status unless employment status was affected by disability, retirement, student status or another legitimate reason that precluded individuals from working (U. S. Census Bureau, 2010).

Job training acquired through second-chance programs addressed basic education and training to advance to a higher skill level in order to gain economic independence. When adult students did not perceive their time or energy to be of good use participating in a college course, they dropped the course or underperformed (Wlodkowski, 1999). Many of the programs, however, required hundreds of hours of instruction (Carnevale & Reich, 2000). Conversely, the WIA philosophy of “work first” provided participants core and intensive training services utilizing short training in preparation for advanced training courses.

Tiers 1 and 2 focused on employability skills and basic academic skills including verbal and numeric literacy; the focus of Tier 3 was industry-specific skills (Bartik & Hollenbeck, 2000). Interpersonal or soft skills were critical for employment in positions that require interaction with the public (Whiting, 2005). Even the more advanced jobs required soft skills in the worker’s repertoire. While the skills associated with Tiers 1 and 2 were important in their own right, they lacked the critical advanced skills offered in Tier 3 that aided industry specific job seekers. These advance skills were often associated with advanced manufacturing or knowledge worker employment. However, Lafer (2004b) pointed out “traits such as discipline, loyalty and punctuality are not ‘skills’ that one either possesses or lacks; they are measures of commitment that one chooses to give or withhold based on the conditions of work offered” (p. 117 – 118).

Manpower Development Training Act (MDTA) and Comprehensive Employment Training Act (CETA)

Ashenfelter (1978) conducted a number of studies of the impact of training programs on the career outcomes of wages. His 1964 study of MDTA training programs revealed positive wage impact – or positive career outcomes – of \$1740 annually for white females. Other workers, however, were noted to experience substantially smaller gains and even losses (Dickinson, Johnson, & West, 1986). In his 1976 CETA study, Ashenfelter (1978) identified through his 1976 CETA study annual earnings gains for both male and female participants, \$2,913 and \$2,781 respectively.

Barnow (1987) reviewed hundreds of training evaluations conducted by a range of researchers to measure the effectiveness of job training programs. Barnow (1987) found no broad consensus supporting or criticizing job training programs or evidence that training aided in swift job placement or increased worker wages. Reasons offered for the lack of consensus with Ashenfelter included the continuous ebb and flow of the economy and its different impacts on the related industries and new occupations (Barnow, 1987).

LaLonde (1995) conducted comprehensive reviews of the MDTA job training program as well as of the CETA program. Estimated earnings gains were slightly negative or small to large losses (Bryant & Rupp, 1987; LaLonde, 1995). LaLonde's (1995) study indicated certain assumptions were made about selection procedures of individuals who received training. LaLonde (1995) concluded the struggle to adequately test validity of the selection processes limited the ability to determine if the studies modeled the process correctly. LaLonde (1995) discovered evaluators frequently reported "training had no effect or that it actually lowered the earnings of disadvantaged men and youths" (p. 156). LaLonde declared the findings counterintuitive "from specification errors in the underlying economic model. Or more seriously, it might result from lost labor market experience or from some stigma associated with having participated in government training programs" (LaLonde 1995, p. 157).

Bloom and McLaughlin (1982) identified a \$300 impact on wages for men but a higher impact for women at \$1520. The findings of the researchers revealed the impact on wages to be negative. Ashenfelter and Card (1985) as well as Bryant and Rupp (1987) found positive impact on wages, though the impact was small. Dickinson et al. (1986), Bassi (1984), Westat (1984), and Gay and Borus (1980)

identified some negative impact on wages. Barnow (1987) identified similarly small as well as statistically insignificant impact on earnings. The array of findings is remarkable in that many of these empirical researchers analyzed the same data (LaLonde, 1995). Bryant and Rupp (1987) acknowledged the variability between studies and upon closer examination, declared no sample error existed but rather the variations were attributable to subtle differences within the statistical models each used (Bryant & Rupp, 1987).

Participants were skeptical about the return on their investment. Carnevale and Reich (2000) speculated the time invested in training while remaining unemployed was expected by participants to be justified by the attainment of a higher skill level and thus higher compensated employment. The pair concluded the evidence of return on investment for participants was not convincing. Walsh, Goldsmith, Abe, and Cann (2000) observed the programs were overall more effective for women than effective for men. Further, on-the-job training and public service employment were more effective learning activities than were classroom training and work experience.

Job Training Partnership Act (JTPA)

The USDOL commissioned a large-scale, experimental design study of the JTPA program for the period beginning November 1987 and ending September 1989 (Orr, Bloom, Bell, Doolittle & Lin, 1996). Manpower Demonstration Research Corporation was hired and charged as the lead contractor to implement and monitor the experiment. Abt Associates were contracted to design the study, collect data and conduct analyses. Bloom, Orr, Bell, Cave, Doolittle, Lin, and Bos (1997) conducted a randomized study centered on 16 local JTPA program sites and included data from 15,981 participants.

Participants for this study were randomly assigned to control groups or experimental groups. Multiple regression analysis was used to compare impact earnings of JTPA graduates to earnings of workers who did not participate in JTPA training. According to Bloom et al. (1997), “the earnings of both women and men assigned to the treatment groups increased appreciably over time” (p. 556). Bloom et al. (1997) found adult women who participated in training experienced post training wages annualized at \$13,471 compared to \$12,241 for adult women in the control group. Adult men experienced similar but smaller gains with the treatment group experiencing post training wages annualized at \$19,474 compared to \$18,496 for adult men in the control group (p. 559). Observing data by location, 11 of the 16 sites

reported gains for women while 12 reported gains for men (p. 563). It was noted in the study that even those who did not participate in the job training, the control group, also experienced wage increase. Lafer (2004b, 2004a, 1994) suggested the inconsistency in wage outcomes may be related less to participation in job training programs and more to nuances of the workplace such as assistance with placement and discriminatory hiring practices.

The 1993 study of Bloom, Orr, Cave, Bell, & Doolittle Bloom for Abt used rigorous control and treatment group methodology and concluded that participation in JTPA programs produced job offers for all groups. Additionally, Abt determined that for the adult female group, training services increased educational attainment levels. Abt noted in spite of these positive impacts, there were a number of outcomes that were not favorably impacted by JTPA program participation. The outcomes for which there was unremarkable or unfavorable results included short-term and long-term earnings and education attainment level for adult males. Regarding a key goal of JTPA, lack of impact on wages indicated the program was of limited effectiveness and failed to meet the publicly-stated goals (Bloom et al., 1993).

The GAO embarked on a second study of the JTPA program hoping to appease policy-makers with definite positive impacts. Although there was some evidence the treatment group's wages exceeded the wages of the control group, the difference was statistically insignificant. While women were able to raise education attainment level groups indicated the JTPA training programs to be of limited effectiveness.

Upon further analysis, Moody (2008) reported Bloom et al. identified a number of contradictory results including wage increases for the control group outpacing the wage increase of the JTPA trained group. Black males were impacted negatively by a wage reduction of as much as 22 %. As noted by Moody (2008), Bloom et al. stated "one cannot control directly for characteristics that affect labor market outcomes but that cannot be measured fully, such as motivation." Bloom et al. continued "although a wide range of statistical matching and modeling procedures have been used to address the problem (of selection bias) no acceptable solution has been found" (Moody, 2008, p. 56).

Center for Employment Training (CET)

Occasionally job training programs with clearly positive results were identified. The Center for Employment Training (CET) was acclaimed for having the best record of a successful job training

program with their JobStart program. (Walsh et al., 2000). The program, based in San Jose, California, was credited with increasing employment and wages for females. Sixteen training and employment providers participated in the program. CET was well positioned in Silicon Valley which ultimately provided a fertile training environment and attractive job search prospects. JobStart participants were quickly engaged in occupation-specific training (Bartik & Hollenbeck, 2000).

CET's JobStart training program reportedly generated significant gains in earnings two and three years following the completion of training. However, the gains were also attributable to the higher wages associated with the emerging industries in the region (Silicon Valley) as well as long work days (Smith et al., 2002). The training was effective for participants who remained in the targeted career paths. Questions remained as to the transferability of these skills and therefore the results to other work settings (Walsh et al., 2000). Miller, Bos, Porter, Tseng, Doolittle, Tanguay and Vencil (2003) reported the USDOL sought to replicate CET's results in twelve locations across the country. Two-thirds of the sites experienced difficulty implementing the CET model. The replication study of the multi-site application of CET included 1485 participants age 16 to 22 (Miller et al., 2003). The random assignment of participants was nearly even with half receiving CET training program services while the other half was not given access to the CET training program. Respondents who attended training in the "high fidelity" sites averaged 218 instructional hours while those without access to CET received 62 instructional hours (Miller et al., 2003). CET disclosed another factor to be considered: females spent more hours in training compared to their male counterparts.

Males experienced a decrease in employment and wages. Miller et al. (2003) suggested males lagged behind females because of employment barriers such as arrest records or a less favorable impression than the females. Miller et al. (2003) also suggested males may hold a higher reservation wage which prospective employers were unable to meet. Additionally, it was noted the two genders tracked to different types of job training with females participating more frequently in office training and accounting and males sought non-clerical and skilled-trade training.

Sectoral Employment Development Learning Project (SEDELP)

In 1997, the Ford, Mott and Annie E. Casey Foundations funded the Aspen Institute's Sectoral Employment Development Learning Project (SEDELP) administered by six organizations in California,

Michigan, New York, and Texas. Sectoral employment referred to the concentration of training and development on a handful of industries rather than a broad regional scope (Pindus, O'Brian, Conway, Haskins & Rademacher, 2004). Low-income adults engaged in six specific training programs were targeted. The six programs included garment and needles industries, financial services, healthcare, metalworking and precision machining. The longitudinal study spanned three years (1998 to 2000) and analyzed outcomes at specific points in time: prior to training, baseline after training, post-training at ninety days, one and two years. Descriptive data reported 65% as female and 92% as non-white with 38% identified as immigrants (Smith et al., 2002).

Evaluators Zandniapour and Conway (2001) declared pre-training and post-training differences had occurred. However, as this was not an experimental design and no comparison group utilized, a direct link between program participation and wage outcomes was not possible to ascertain (Zandniapour & Conway, 2001). The respondents reported wages increased from a baseline of \$9,036 to \$16,456 at the one-year interval and increased to \$19,809 at the two-year interval. Two-year post training data indicated 26% of respondents reported no income. The wage change represented an increase of 31 % over the course of the survey (Zandniapour & Conway, 2001). The SEDELP study was not methodologically rigorous such that the results have little value to researchers or program planners.

In a study of the retraining of dislocated workers, Moody (2008) found that the Georgia Department of Labor job training services most frequently found success in career redeployment for those workers who had held low-skill, low-wage jobs that required little human capital. Additionally, the Georgia study found that "job training is, on average, ineffective at raising the wages of workers leaving the manufacturing sector or reducing the time spent in job search" Moody, 2008, p. 4) The result for those who were in the retail and services sectors was significantly different in that they experienced positive effects from job training services (Moody, 2008).

Summary Regarding Training Program Effectiveness

Overall a dearth of relevant research exists addressing the challenge of wage outcomes for job training program participants who are structurally unemployed. A review of the literature regarding effects of job training on worker wages was inconclusive. Job training programs administered through the USDOL were evaluated in large-scale studies and revealed to yield unremarkable results. Goldhaber and

Brewer (1996) acknowledged the existence of unobservable effects and the challenge of including such factors in analyses. LaLonde (1986) concluded “policymakers should be aware that the available nonexperimental evaluations of employment and training programs may contain large and unknown biases resulting from specification errors” (p. 617).

Noted a number of times was that under some circumstances, job training programs can positively impact wages. Adult trainees who participated in job training fared no better in the job market than did adults who did not participate in such services (Smith et al., 2002). Smith et al. (2002) observed studies of programs including the CETA and the National Job Training Partnership Act (JTPA). Studies of CET reported mixed results while SEDELP showed positive results but did so by using hand-chosen samples.

Negative wage effects might very well be explained by specification errors including insufficient personal data or arbitrary variables such as motivation. Perceptions of potential employers towards job training programs and job training program participants were likewise a challenge for researchers (LaLonde, 1986). Perhaps the perceptions of job training program staff introduced bias to the program as staffers determined which applicant was permitted to join the job training program. Perhaps the applicants to the program who had the most to gain were not provided access to the program. Finally, it may be that job training programs were ineffective and never actually met the stated goals (O’Shea & King, 2001). Collectively, job training studies identified a variety of other concerns. Statistical significance seldom occurred in the previous studies. No delineation between types of training created comingling of high-tech skills with soft skills. Specific program evaluation was thereby unavailable. This may be rectified in the coming years as the USDOLETA mandated the collection of additional individual data beginning with the second quarter reporting period for fiscal year 2012 (USDOL, 2012b).

Program management may have been critical to gaining positive impact from the job training program on wage outcomes after training is completed. CETs JobSmart was successful within the San Diego region yet the USDOL had difficulty replicating the results in other locations. It was plausible that local administrators and staff may have created a tipping point wherein participants developed loyalty to the program and a desire to succeed in contrast with programs managed by administrators and staff who themselves were not motivated to aid students to the extent that positive outcomes occur.

Raphael, Stoll, and Melendez (2003) observed many of job training programs failed to meet for instruction frequently enough for learning to occur and be reinforced. A number of causes were identified. Geographic challenges existed for job training programs not located in urban areas. Resources including qualified staff and funding precluded most suburban and rural areas from participating locally. Many job training programs were intent on improving outcomes for youth, disadvantaged adults and welfare populations. The impetus appeared to see job training programs as socially driven rather than economically driven. Large studies such as those cited within this particular study reported relatively negative results. Exceptions did occur such as with CET's JobSmart, but the exceptions were suspect to concerns of "creaming" the participants which occurred when participation was impacted by subjective actions of administration. In reflection on the data presented thus far, it may be concluded that overall job training programs do not positively impact the wages of participants (Raphael, Stoll, & Melendez, 2003).

The literature reviews support the assertion that some job training program participants increased their wages following completion but only when the group receiving training was small (Grubb, 1995). Participants who exited high-skill occupations benefited from job training but those who were less skilled experienced limited success. Chronic unemployment was a political concern for many including labor leaders. This concern required purposeful thought by policy-makers executing trade agreements as they determined the extent to which a country's absorption of free trade and the decision regarding tariff imposition. One thing was certain: the belief that the resolution to the unemployment problem was found by completion of job training programs was not substantiated with an acceptable degree of certainty (Grubb, 1995).

For job training programs to be deemed successful, the programs must have positively impacted wages of job training program completers and be replicable at other locations regardless of management styles. Very few studies utilized true experimental design with control and treatment groups thus the ability to conduct counter-studies was nonexistent. Most studies pointed to the efficacy of job training programs in the absence of rigorous examination (Hollenbeck 2003, 2004). Many job training programs indicated the programs deemed as successful were effective with job training but were muddled by poor employment experiences. Evaluations did not consider the types of programs in which participants engaged.

Failing to identify positive wage impact for all participants implied the job training programs did not positively impact wages for participants who completed job training programs. Lafer's (2004b) expansive study of job training programs prompted him to write "One point of consensus emerges: almost all varieties of education and training services have resulted in small or insignificant earnings gains... not a single study suggests that job training has enabled impoverished Americans to earn their way out of poverty" (p. 108). Another challenge to the validity of research was the suspicion that the real issue was not that job training programs were ineffective at raising wages but rather job training programs were managed and operated inefficiently (Giloith, 2004).

Applicable Theory

The healthy coexistence of trade and job training programs was said to be incumbent for peace. Researchers have theorized that economic interdependence may reduce the likelihood of war. In 1623, Cruce purported free trade enriched a society in general and so made people more peaceable (Balch, 2009). In 1797 Kant suggested trade shifted political power away from the more warlike aristocracy (Reiss & Nisbet, 1991). Angell (1907) believed economic interdependence moved cost/benefit calculations in a peace-promoting direction. Gartzke and Li (2003) suggested healthy trade relations enhance collaborative transparency between nations and help thwart bargaining miscalculations. Many economists used the Stolper-Samuelson (1941) theorem to substantiate the plausibility that trade creates distributional effects on society. The theorem was used to further the claim American production contracted because of labor scarcity and abundance of capital as opposed to China, a country which was scarce in capital but abundant in labor.

Globalization was defined in many different ways yet a theme was apparent: globalization occurred when capital, goods, and workers moved across national boundaries (Bardham, Bowles, & Wallerstein, 2006; Greico & Ikenberry, 2003). As the nation's business climate sought to join the global market, trade policy and the domestic challenges experienced when manufacturing shifted to other countries created intense pressure on the social structure of communities far and wide. Significant literature exists that demonstrated the interconnectedness of trade and globalization with political outcomes, democratization and domestic political stability. Inglehart and Baker (2000) noted globalization, as it led to economic modernization and growth, transformed societies in predictable ways.

Industrialization, the two contend, led to occupational specialization raising education and income levels. The result of such manifested itself in changes with respect to gender roles and sexual norms, attitudes towards authority, declining birth rates, wider participation in the political process, and a better-informed and less-gullible public (Inglehart and Baker, 2000).

Accordingly, emancipation of the workforce as a result of globalization should support the notion of Acemoglu and Robinson (2006) that the poor were emancipated and so had less need for redistributive programs and the wealthy were less threatened by democracy. Yet globalization and the empowerment of the worker were most frequently met with anocratic governments. Many anocracies, argued Marshall and Cole (2008), emerged creating nations that were not fully consolidated democracies or full autocracies. The anocracies were posited somewhere in the middle and vulnerable to rapid economic and social change.

Ricardo's Comparative Advantage

Global trade manifested itself in the U. S. during the 1970s and 1980s via savvy competition from European and Japanese firms. To compete, many U. S. firms turned to foreign sourcing for their materials and eventually opened their own facilities abroad (Levine 2005). Imported inputs for U. S. firms grew between 1987 and 1997 from 10.5% to 16.2% (Bardhan & Kroll, 2003). Yet comparative advantage, developed in the early 1800s by David Ricardo, proposed that regardless of a nation's size and degree of development, the nation will benefit and experience welfare gains if engaged in international trade. Ruffin (2002) provided Ricardo's explanation of the comparative principle:

Two men can make shoes and hats, one is superior to the other in both employments; but in making hats he can only exceed his competitor by one-fifth, or 20%, and in making shoes he can excel him by one-third or 33%. Will it not be for the interest of both that the super man should employ himself exclusively in making shoes, and the inferior man in making hats? (Ruffin, 2002, p. 740).

In essence, comparative advantage is contradictory to protectionism as it supports free trade. A "country has a comparative advantage in producing a good if the opportunity cost of producing that good in terms of other goods is lower in that country than it is in other countries" (Krugman & Obstfeld, 2000, p. 12). The theory lends support to the notion that countries should seek to specialize in providing the goods at which the country is the "most best" at producing rather than engaging in efforts to compete with goods that are produced more efficiently (and/or less expensively) by a competing country (Suranovic,

2007). In the published text of his lecture at the inauguration of the John W. Sweetland Chair in International Economic at the University of Michigan, Dearborn (1998) stated “even in the best of worlds, some people lose from trade, and the case for free trade is only that other people gain more. Furthermore, this is not the best of worlds, and there are many conditions in the real world that may, in some cases, cause even the net effects of trade to be harmful” (1998, p. 8).

When calculating comparative advantage, a number of existing conditions impact a country's approach to manufacturing of the goods. Generally, the differentiating factor is labor and its associated costs. From a global perspective, the labor market in the U.S. is considerably a higher cost than competitors like China or Mexico. In that regard, the U.S. is at a disadvantage when competing for market share. The subsequent boost in production and personal income in the advantaged countries leads to increases in income and standards of living (Bacchetta & Jansen, 2003).

Matusz and Tarr (1999) added “one of the basic tenets in neo-classical economics is that the regime of liberal international trade leads to a more efficient allocation of resources and higher level of economic well-being than does a regime involving artificial distortions of trade” (p. 3). To that end, many economic scholars regard trade liberalization “an agent of economic growth” (Bacchetta & Jensen, 2003, p. 6). Krugman and Obstfeld (2000) added “the most important insight in all international economics is the idea that there are gains from trade” (p. 3).

Knowles' Theory of Andragogy

Pedagogy is the science of education. A subset, andragogy, specifically addresses the learning style of the adult learner. In his Five Assumptions of Andragogy, Knowles, Holton and Swanson (1998) asserted internal motivators for adults are more powerful than external motivators. Adults were self-directed in their approach to learning, built on prior experiences, desired to perform more effectively, wanted practical application for learning, and were internally motivated by characteristics such as recognition of contribution, curiosity and self-esteem. The internal motivators improved quality of life, recognition and enabled adults to achieve self-actualization. To that end, becoming more marketable because of enhanced skills was an internal motivator. In her study, Tharenou (2010) documented more highly motivated participants engaged in training and development opportunities. For dislocated workers, the anxiety associated with permanent loss of employment undoubtedly has emotional implications. Many

dislocated workers are academically underprepared which likely heightens self-esteem struggles.

Goleman (1995) believed human learning is comprised of rationale and emotion. The two are so deeply connected that to differentiate between them is difficult.

Mezirow's Transformational Learning Theory

Mezirow's transformational learning theory, according to Clark (1993), "is defined as learning that induces more far-reaching change in the learner than other kinds of learning, especially learning experiences which shape the learner and produce a significant impact, or paradigm shift, which affects the learner's subsequent experiences" (p. 47). Transformative learning is based on constructivist theory with phenomenological perspectives. Transformational learning is composed of three themes: experience, critical reflection and rational discourse (Mezirow, 1991). Meaning schemes are composed of the unique beliefs held by the individual that helps provide identity. These include an individual's specific knowledge, meaning of life experiences, and values. Adult learners should understand the logic for transforming the way they think regarding a certain topic or issue and change their meaning schemes before the student can fully comprehend the importance of the topic at hand (Mezirow, 1991).

As the individual explores new ideas and experiences new situations, the individual's understanding that was based upon prior knowledge and experience shifts. Mezirow (2000) said "the goal of adult education is to help adult learners become more critically reflective, participate more fully and freely in rational discourse and action, and advance developmentally by moving toward meaning perspectives that are more inclusive, discriminating, permeable, and integrative of experience" (p. 224-225). The final phase of transformation involves the individual's reentry to life from the point where they left it on the journey for more knowledge. The tasks may be the same or the tasks may be different. Regardless, the lens through which the individual makes sense of the task will be colored by the newly attained knowledge and understandings.

Super's Theory of Career Development

Career development theory (Super, 1980) suggests career patterns are impacted by a variety of experiences including socio-economic factors, personal characteristics, intellectual and physical abilities, and the opportunities to which individuals are availed. Super defined career as "the combination and sequence of roles played by a person during the course of a lifetime" (p. 282).

The opportunity to participate in TAA job training affords individuals the chance to redirect their careers into a growth industry where they expect to find financial stability. McMahon, Arthur, and Collins (2008) posited “career development is positioned as an interface between individual needs and political and societal needs. At a time when career development is enjoying recognition from policy makers and has an opportunity to advance the profession from its traditionally marginalised position, consideration needs to be given to the implications of the possible socio-political location of career development which Watts (1996) contends may range from social reform to social control depending on the position it assumes [sic]” (p. 24).

Sweetland’s Human Capital Theory

Participation in job training programs points in another theoretical direction: human capital theory. Human capital theory is found when “individuals and society derive economic benefits from investments in people” (Sweetland, 1996, p. 341). Ting’s (1991) study of dislocated agricultural workers found an increase in human capital following classroom training programs. Using the 1984 Displaced Worker Survey, he found that likelihood of reemployment increased when training included elements such as basic skills, job skills and on-the-job training. Ting asserted classroom training programs when provided in conjunction with job training increased participants’ human capital. Job training participants may experience higher earnings over the course of a lifetime, more job satisfaction within the work environment, improved occupational and social status, better health, and a higher probability of continued employment (Pandey & Kim, 2008). However, as Becker (1993) pointed out, those who are absent from the workforce may lose previously acquired skills which in turn impacts the human capital potential.

Why It Matters

Dislocated workers are motivated to participate in job retraining programs for a number of reasons: skill enhancement which is expected to positively impact future earnings and the increase viability in the workforce. Additionally, some participate to aid in their job search or to increase attractiveness to prospective employers (Heckman, LaLonde & Smith, 1999). As manufacturing jobs have been moved abroad, the U. S. has shifted a considerable amount of income production to service-centered industries. Jensen and Kletzer (2005) used market surveys, macroeconomic models, and on-site research and determined that 3.4 million service jobs might move abroad by 2015. However, the shift

from low-tech manufacturing to service sector contributions is not without worker vulnerability (Jensen & Kletzer, 2005).

ADWS (2012b) data indicated the LWIA under study experienced job growth through 2007 at which time the growth stagnated then began falling. The Western Arkansas LWIA experienced a drop in employed individuals during the period from 115,575 in 2006 to 108,650 in 2011. The employment loss in this region was attributable to diminishing demands for domestically-produced durable goods. The decrease in workforce numbers evidenced in 2008 was also attributable to losses in sourcing, warehousing, and distribution for employers upstream and downstream of trade-impacted manufacturers.

Figure 2.2

Employment in Western Arkansas LWIA

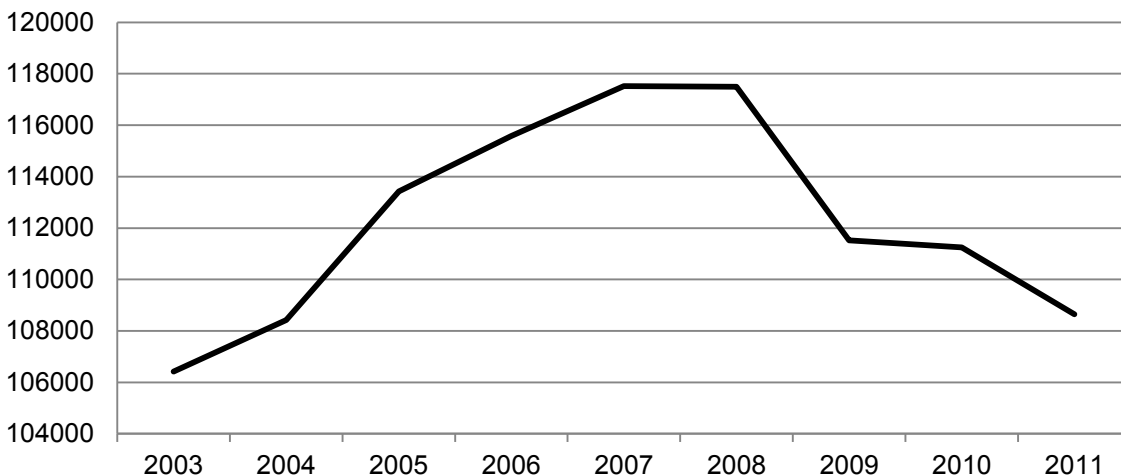


Figure 2.2: ADWS, 2012

Arkansas's unemployment rate has trended similarly to national numbers. Economic development is visible in service industries and advanced technology manufacturing. Dislocated workers who have entered TAA job training during program years 2007 and 2008 exited the programs by June 20, 2010. It is the intention of this researcher to ascertain if workers exiting the TAA job training programs provided through the Western Arkansas LWIA experience a positive impact on wages at the time of reentry to the workforce when wages were compared to prior earnings. As was noted above, employment in the Western Arkansas LWIA continued to climb during 2006 and 2007 while it leveled during 2008. Employment numbers dropped in 2009 and were relatively unchanged in 2010. TAA job training

participants who began training during PY07 and PY08 exited the program between 2008 and 2010, inclusively.

The unemployment rate during the same time period increased but at a lesser rate than the national rate and slightly lower than the state rate. The labor shed hence was replete with dislocated workers complicating job search.

Figure 2.3

Unemployment Rates for United States, Arkansas and Western Arkansas LWIA

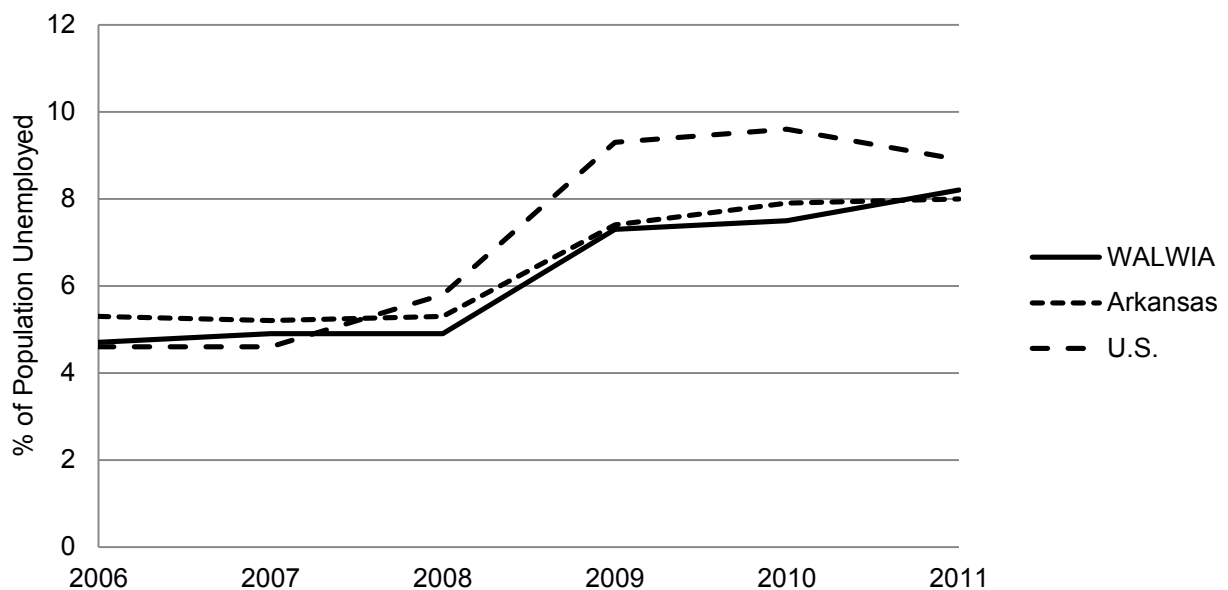


Figure 2.3: ADWS, 2012b

Summary

This chapter reviewed the historical relationship between trade, unemployment and federal job training initiatives. The review demonstrated the need for redirection of unemployed workers into gainful positions. Federal programs targeted to trade-impacted dislocated workers were reviewed as were prior studies of the program outcomes. Theoretical elements for the various approaches were provided to establish conceptual framework for this study. Specific learning theories included androgogy, transformational learning, career development and human capital.

Chapter Three provides a description of the research methods. Chapter Four presents analysis of collected data using descriptive statistical techniques. Chapter Five is a summary chapter which will revisit briefly the conclusion of this study, as well as recommendations and implications for future studies.

Chapter Three

Methodology

Introduction

The purpose of this study was to examine the impact of TAA job training programs obtained through the Western Arkansas LWIA One-Stops on participant wages at the time of reentry to the workforce. This was accomplished by using secondary data available through the United States Department of Labor Employment and Training Administration. Seven questions framed this study:

1. Do participants who completed TAA job training programs experience higher wages when reemployed?
2. Is there a significant difference between the wages of male and female participants who have completed TAA job training programs?
3. Is there a significant difference in wages between white and non-white participants who have completed TAA job training programs?
4. Is there a significant difference in wages among the participants who have completed TAA job training programs when categorized by age of participant?
5. Is there a significant difference in wages among participants who have completed TAA job training programs when categorized by education level?
6. Is there a significant difference in wages among participants who have completed TAA job training programs when categorized by tenure in position at time of qualifying event?
7. Is there a significant difference in wages between job training participants who completed TAA job training programs and those who did not complete TAA job training program?

This chapter describes the methods and procedures that were used to complete this study. The research design will first be explained. Research design is followed by a description of the dependent and independent variables. Explanation of subject selection follows. As secondary data was used for this study, no instruments were utilized. Explanations of the data source and data collection procedure are provided. Each research question will be revisited with specific details regarding independent variable characteristics and analysis type. Finally, limitations of this study will be reviewed.

Research Design

Research methods chosen for studies depend on the nature of the query (Cooper, 2003). Two primary methods of evaluation available to social researchers are the positivist approach and the interpretive approach. Similar to the research approach used in hard science (i.e. biology, physics, etc.), a positivist approach is marked by the use of empirical data and deductive reasoning. Interpretive approach centers on human feelings and interactions. The nature of the interpretive inquiry is qualitative and draws the researcher into the environment of the subjects of the study (Healy, 2006; Neuman, 2003).

This research constituted a quantitative study and is of non-experimental design. The purpose of this study was to examine relationships among the variables and to make inferences about the sample and generalizability to the population (Healy, 2006; Neuman, 2003). Creswell (2008) posited quantitative methods were valuable to research when “trends or explanations need to be made” (p. 62). This study specifically examined the impact of TAA job training programs on participants’ wages to determine if a positive outcome on wage at the time of reentry is evident for participants. Data will be further deconstructed to determine if significant differences existed when the sample was divided by the socio-demographic characteristics of gender, ethnicity, age, prior education attainment level, and tenure in position at the time of the qualifying event.

Eligibility to participate in TAA training programs was determined by an individual’s involuntary cessation of employment from an employer whose business has suffered a detrimental shift as a result of foreign trade. As mandated by the WIA, principle agents of such companies filed a petition for determination and certification of eligibility for benefits under TAA for dislocated worker program.

The non-experimental ex post facto design of this study consisted of secondary data. The population that informed this study was the TAA job training participants in the Western Arkansas WIA. A secondary data source was appropriate for this study as it provided actual wage data for each participant at the time of the qualifying event (when the layoff occurred) and actual wage data for each participant upon reentry to the workforce following completion of the TAA job training program. Use of USDOL and ADWS archived data was preferred as the researcher may otherwise have experienced difficulty securing the data from participants. Challenges to obtain the information may have included lack of current contact information, literacy, language differences, inability to accurately recall wage at the time of the

qualifying event, and inability to accurately recall wage at the workforce reentry point. Additionally, reservation on the part of the participant to disclose information to a third party (the researcher) may have impeded the study had instrumentation to obtain primary data been used.

Description of the Study Variables

The impetus for this study was to determine if participants receiving TAA benefits in the form of job training experienced a positive change in wages at the time of reentry to the workforce. The post-training wage was the dependent variable. The independent variables included socio-demographic characteristics frequently cited as wage impacting: gender, ethnicity, age, prior educational attainment level, and tenure in job at the time of the qualifying event. These five independent variables were further examined to determine if differences existed within each independent variable.

Selection of Subjects

The general population for this study was the group of TAA job training participants who entered TAA job training programs via the one-stop centers located in the Western Arkansas LWIA. States are required by the USDOLETA to report data by LWIA. Participant data was collected by the one-stops providing TAA-related benefits and reported to the Employment and Training Administration of the U. S. Department of Labor.

An artificial cohort was established for participants who began the job training program in the state during PY07 and PY08 (beginning 7-1-2006 through 6-30-2008) and who completed the prescribed training program by end of Program Year 2010 (6-30-2010). A sampling frame was established to ensure the random sample was extracted from a population with all necessary elements for the study. Specifically, participants whose records contain all data pertaining to the dependent and independent variables were retained in the general population from which the random sample was drawn. Participants who were missing any data required for this study were removed prior to random sampling collection.

Data Source

This study was conducted using public historical secondary data. The USDOLETA established the protocol for data collection from every participating state. States must provide data regarding TAA training participants to the USDOLETA (U. S. Department of Labor, Employment & Training Administration, 2009a; USDOL 2009b) every quarter via an electronic spreadsheet formatted to U. S.

Department of Labor standards. These data are published by the USDOL in the Trade Act Participant Report (TAPR). As public historical data were utilized, survey instruments were not utilized in this study.

The data extracted from the TAPR published by the Department of Labor Employment and Training Administration did not include direct involvement with human subjects. No individual identities were gathered and therefore none at risk of disclosure. Informed consent was not necessary for this study. The TAPR is comprised of three sections. The first section provided personal or “personological” data for each participant. The second section provided data relevant to the participant’s training activity. The third section provided participant outcome data.

Data Collection Procedures

A request to obtain data was made of the University of Arkansas Institutional Review Board for permission to proceed with this study. Pursuant to federal regulations a Freedom of Information Act (FOIA) request was made to the USDOLETA disclosure officer. This researcher requested the TAPR data relevant to Arkansas TAA participant activity for participants entering the program during PY07 and PY08 (7-1-2006 – 6-30-2008, inclusively) and having completed the program by 6-30-2010. Data was requested to be supplied to the researcher in electronic format. Federal statutes require responses to FOIA requests be completed within twenty business days. Federal agencies are entitled to charge certain fees for provision of information. No such fees were assessed against this researcher for this study. USDOLETA provided the data in spreadsheet format via a cd delivered via an external courier service.

USDOLETA’s TAPR report included raw data for all TAA job training participants ($n=1965$) in Arkansas who began training during the specified period. No individual identities were included. County code identifiers established by the American National Standards Institute (ANSI) were used to extract data relevant to the research population of Western Arkansas LWIA ($n=476$). For a population of 476 at a confidence interval of 95%, a sample of 213 participants was needed. Participants with incomplete data were not included in the tabulation of reports and data analysis. Data analysis was conducted on 203 Western Arkansas participants who completed the TAA job training program. The data supplied by the USDOLETA was imported to SPSS-19 for statistical analysis. Previous research identified during the

literature review confirmed the data provided by the USDOLETA was consistent with SPSS-19 coding format. Recoding of some data was necessary for grouping purposes.

Data Analysis

The first question to be addressed in this study was “Do participants who have completed TAA job training programs experience higher wages when reemployed?” A paired sample t-test was utilized to determine if a significant difference existed between the pre-training wage reported at the time of the qualifying event and the post-training wage reported upon reentry to the workforce.

Comparison studies of the impact on wage as presented by wage gain were conducted on five independent variables: gender, ethnicity, age, education attainment level, and tenure in job at the time of the qualifying event. Each independent variable was deconstructed into subgroups to determine if significant difference existed between-group and within-group between the pre-training and post-training wage. The numeric value for gain/loss was compared within the independent variable to determine if significant differences existed within the socio-demographic variable.

Research Question Two: Do differences exist in the wages of male and female participants who completed TAA job training programs? Gender was separated into two categories: male and female. For Research Question Two an analysis of variance was used.

Research Question Three: Do differences exist in the wages of white and non-white participants who completed TAA job training programs? Terminology sometimes used in this vein included race and ethnicity. As the evolution of ethnic identities and references to race evolved in recent years, the descriptors reported by the TAPR in the determination of ethnic group included:

- Hispanic /Latino if the participant indicates he/she is of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture in origin, regardless of race;
- American Indian or Alaskan Native if the participant indicates that he/she is a person having origins in any of the original peoples of North America and South America (including Central America), and who maintains cultural identification through tribal affiliation or community recognition;
- Asian if the participant indicates that he/she is a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent (e.g., India, Pakistan, Bangladesh, Sri Lanka, Nepal, Sikkim, and Bhutan). This area includes, for example, Cambodia, China, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam;
- Black or African American if the participant indicates that he/she is a person having origins in any of the black racial groups of Africa;
- Native Hawaiian or Other Pacific Islander if the participant indicates that he/she is a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands; and

- White if the participant indicates that he/she is a person having origins in any of the original peoples of Europe, the Middle East, or North Africa. (USDOLETA, 2012a).

TAA participants self-identify race/ethnicity in one of the preceding categories. The researcher intended to examine differences by ethnicity since data was available. However, the subgroups were too small for comparisons to be drawn. Non-whites were therefore grouped and recoded to allow for comparison to whites. For Research Question Three an analysis of variance was used.

Research Question Four: Do differences exist in the wages of participants who completed TAA job training programs when categorized by age of participant? Although the USDOLETA gathers date of birth information for each participant, they declined to provide the data stating “While we have disclosed records, the date of birth data field was withheld under the provisions of 5 U.S.C. 552(b)6. Exemption 6 protects personally identifiable information which would constitute a clearly unwarranted invasion of personal privacy” (USDOLETA, 2012). The USDOLETA statement was followed by an appeal requesting years of birth or other artificial clustering the USDOLETA may prefer to us. The USDOLETA response to the appeal was similar in that birth dates fall under the “Personally Identifiable Information (PII)” caveat – therefore that information cannot be released” (USDOLETA, 2012). Hence the limitation of the USDOLETA from provision of birthdates prohibits the examination of change in wages based upon age for this study.

Research Question Five: Do differences exist in the wages of participants who completed TAA job training programs when categorized by education attainment level? Units of analysis reflected the categories established by the USDOLETA. While the TAPR presented ten levels of education from which the participants chose, the sample reflected only three of the ten: (1) did not complete high school, (2) high school diploma or GED, and (3) bachelor’s degree. For Research Question Five an analysis of variance was used

Research Question Six: Do differences exist in the wages of participants who completed TAA job training programs when categorized by tenure in position at time of qualifying event? The TAPR (2012) data indicated participants held a wide range of tenure in position at the time of qualifying event. Tenure data reported by the TAPR is done by number of months the participant was employed by the trade-impacted employer at the time of the qualifying event. Work on a single day within a month marks a

month of employment regardless of the number of days worked within the month. For the purpose of this study, months were grouped as follow:

- 1 – 12 months (\leq one year);
- 13 – 24 months ($>$ one year but \leq two years);
- 25 – 36 months ($>$ two years but \leq three years);
- 37 – 48 months ($>$ three years but \leq four years);
- 49 – 60 months ($>$ four years but \leq five years);
- 61 – 120 months ($>$ five years but \leq ten years);
- 121- -180 months ($>$ ten years but \leq fifteen years); and
- 181+ months ($>$ fifteen years).

In summary of tenure groupings, the first five were grouped in annual increments by months up to and including the month completing the year. Larger groupings occurred as seniority increased. For Research Question Six an analysis of variance was used.

Research Question Seven: Is there a significant difference in wages between job training participants who completed TAA job training programs and those who did not complete TAA job training program? While the intent of the study was to focus on the wages of participants who completed TAA job training programs, a final comparison was made of the mean difference in wage change prior to and immediately following TAA job training participation of participants who completed the program and participants who exited the program prior to completion. For Research Question Seven an analysis of variance was used.

Limitations of the Study

As has been previously cited, the USDOLETA declined to provide any data relevant to age. The inability to gain age-related information (dates of birth, years of birth, etc.) made it impossible to test for differences in wages based upon age. This researcher particularly intended to determine if aged workers experience differences in wages when reemployed at a rate different from the younger workers.

The population of the study was the TAA job training participants who received services through the one-stop centers in Arkansas's LWIAs. The sample was comprised of participants in the Western Arkansas LWIA. Arkansas is a southern state bordering the central plains region of the United States. Economic development differs from region to region, state to state. Environmental factors impacting reentry to the workforce in the Western Arkansas LWIA may not reflect job opportunities in other areas of

the state or regions of the country. Thus generalizability to other LWIAs in the United States may be limited.

Job availability within the Western Arkansas LWIA labor shed may impact the reported wage upon reentry to the workforce. As the overall economy has suffered from the contracture of the 2008 recession, overall job demand was consistent high and the job supply was steady. Some participants may have return to employment in a position of lower wage merely because they can no longer hold out for a position offering a higher wage. In this regard, the participant is effectively under employed. Regardless, the USDOLETA reported wages during the first, second, third and fourth quarters following program exit. As earlier defined, the key term wages refers to the difference in the participants' average wages for the three quarters prior to entering the TAA job training program was the three quarters immediately following completion of the TAA job training program.

Finally, participants in job training programs may have enrolled in TAA job training as a means to receiving income assistance from state and federal governmental agencies. Reentry to the workforce with enhanced skills and knowledge may not have been catalyst for these individuals. As with the limitation described immediately above, participants may have accepted employment for reasons other than to secure wages.

Summary

Chapter Three explained the mechanics of the study to determine and evaluate the impact of TAA job training on the career outcomes of participants. The specific career outcome upon which this study was focused was the wage at the time of reentry to the workforce following completion of the TAA job training program. The methods in the study were designed to analyze whether significant differences existed between the pre-training wage (wage at time of the qualifying event) and post-training wage (wage at the time of reentry to the workforce). A review of the sample, design, data collection, instrument, and data analysis was provided.

Chapter Four

Research Findings

Introduction

Federally-funded job training assistance programs exist because the federal government “has recognized that, although the benefits of free trade are widely dispersed across the economy, worker dislocation can have an adverse effect on communities” (U.S. General Accounting Office, 2012, p. 1). To that end, billions of dollars are allocated annually in an effort to retrain dislocated workers for new careers in growth industries. As was pointed out nearly three decades ago by Hollister, Kemper and Maynard (1984) and echoed more recently by Coburn (2012), effectiveness of job training programs should be measureable by impact on wages upon reentry to the workforce.

A number of publicly- and privately-funded research studies were conducted over the last few decades yet the results varied widely. The GAO (1993) in its research concluded “the displaced workers who incurred the largest losses [from displacement] were disproportionately those who were the least well educated, the oldest, and had the longest tenure with their previous employer. [They] were far less likely than the displaced workers who were better educated, younger, and had shorter job tenure to be working at all at the time of the survey” (U.S. Congressional Budget Office, 1993, p. xiii). The GAO (2012) observed that reentry to the workforce was complicated by age, low education levels, and long job tenures.

This study sought to determine if dislocated workers who participated in TAA job training programs provided through the Western Arkansas LWIA experienced impact on wages upon reentry to the workforce. Additionally, this study examined key socio-demographic characteristics to determine if differences existed within the independent variables.

Summary of the Study

An artificial cohort was established comprised solely of TAA job training participants in Western Arkansas LWIA (Crawford, Franklin, Logan, Polk, Scott, and Sebastian counties). Further, the cohort was bounded by program entry dates of July 1, 2006, through June 30, 2008 inclusively. The cohort therefore was comprised of TAA job training participants who entered job training programs during PY07 and PY08 and who completed the training within the prescribed program requirement of 24 months.

Data Analysis

The study was conducted using existing data compiled quarterly by the USDOLETA. The data was reported by LWIAs as mandated by WIA regulations to the USDOLETA who then tabulated the TAPR. An FOIA request was made via email to the USDOLETA. The disclosure officer provided the specified the TAPR information in electronic format.

Participant data was reported in the TAPR using a unique identifying number so no identities were disclosed. Data provided by the TAPR was recoded as is customary to meet the categorical needs of this research study. Additional specific details regarding each socio-demographic group and the groups coding and grouping was provided within the context of the response to the research question. SPSS19 was used for the statistical reports for analysis. The customary social science confidence level of 95% was used in this study.

The population for this study was the Arkansas dislocated workers who entered the TAA job training program during PY07 and PY08 (July 1, 2006, through June 30, 2008) and exited TAA job training by June 30, 2010. The Arkansas population of TAA participants was 1965 participants. Extraction of the primary population created a population for Western Arkansas LWIA of 476. Prior to sample selection, participants with incomplete records were removed from the sample selection pool. A sample of 311 participants was drawn for this study. Of the 311 participants, 203 participants (65%) completed TAA job training.

Table 4.0

Socio-Demographic Characteristics of Sample

	<i>N</i>	<i>%</i>	<i>MS</i>	<i>SD</i>	Minimum	Maximum
Earnings						
Prior	203	100	7,406.21	2,016.92	551.72	24,774.46
Post	203	100	4,982.64	3,892.75	.00	19,520.15
Gender						
Male	95	46.8	-2,164.99	3,715.40	-16,312.89	8,753.74
Female	108	53.27	-2,859.74	3,269.30	-8,468.23	10,617.75
Ethnicity						
Non-White	51	25.1	-2,195.28	3,914.06	-8,468.23	10,617.75
White	152	74.9	-2,648.87	3,332.02	-16,312.89	5,666.15
Prior Education						
Some K-12	7	3.4	-951.64	4,380.36	-6,340.60	6,789.94
High School Diploma or GED	191	94.1	-2,487.50	3,349.10	-9,846.99	10,617.75
Bachelor Degree	5	2.5	-6,555.71	5,490.48	-16,312.89	-3,293.55
Beyond Bachelor Degree	0					
Tenure in Months						
1 -12	9	4.4	-2,044.22	2,523.28	-5,810.93	1,494.31
13-24	36	17.7	-1,630.04	3,800.25	-7,678.15	10,617.75
25-36	19	9.4	-653.82	3,321.33	-6,391.08	6,789.94
37-48	14	6.9	-4,422.06	3,833.76	-16,312.89	-757.26
49-60	16	7.9	-2,755.04	2,952.17	-6,958.79	5,190.26
61-120	89	43.8	-3,011.76	3,501.35	-9,846.99	8,753.74
121-180	10	5	-3,068.94	2,744.09	-6,943.05	1,963.76
181+	10	4.9	-2,032.49	2,731.80	-5,945.48	3,609.56
Program Completers						
Completed	108	34.7	-2,328.36	3,165.63	-16,312.90	10,617.75
Not completed	203	65.3.	-2,533.25	3,485.19	-10,343.90	4,356.50

The USDOLETA elected to withhold all information regarding birthdates citing provisions of 5 U.S.C. 552(b)6 which calls for protection of “personally identifiable information which would constitute a clearly unwarranted invasion of personal privacy” (USDOLETA, 2012).

Research Questions

Research Question One

Do participants who completed TAA job training programs experience higher wages when reemployed?

Mean scores were established for the time frame (three calendar quarters) prior to entering TAA job training and for the time frame (three calendar quarters) immediately following exit from the program. A directional dependent sample t-test was conducted to evaluate the hypothesis that participation in TAA job training programs affected wages upon reentry to the workforce. At $\alpha = .05$, there was significant change in wages, $t(202) = 9.143$, $p < .00$. The post-training wages \$4982.64 ($m=4982.64$, $sd= 3892.75$) were significantly different from the pre-training wages \$7406.21 ($m=7406.21$, $sd=2016.92$). The correlation between the two scores was .316. The confidence interval of the difference ranged from 1900.92 to 2946.23

Table 4.1

Mean Values for Pre-Training and Post-Training Wages

Wages	<i>N</i>	<i>M</i>	<i>SD</i>
Pre-Training	203	7406.21	2016.92
Post-Training	203	4982.64	3892.75

This researcher has concluded that significant differences in wages existed between wages prior to and following completion of job training programs. It should be noted that the change in wages was a decrease rather than increase in wages. Thus the hypothesis that participants who complete TAA job training programs experience higher wages when reemployed is rejected. Please refer to Table 4.0 for descriptive analysis.

Research Question Two

Do significant differences exist between the wages of male and female participants who have completed TAA job training programs?

A one-way analysis of variance was conducted to determine if a difference existed in post-training wage change based upon gender. The independent variable, gender, included two levels: male and female. The dependent variable was the change in wage following completion of the TAA job training program. The mean change in wages for males ($n=95$) was $-\$2164.99$ ($m=-2164.99$, $sd=3715.40$). The mean change in wages for females ($n=108$) was $-\$2854.21$ ($m=-2859.74$, $sd=3269.30$). The ANOVA was not significant $F(1, 201) = 2.01$, $p=.158$.

Table 4.2

ANOVA Test for Male and Female Groups

Gender	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>sig</i>
Between-group	1	24,413	24,412,539.942	2.010	.158
Within-group	201	2,441,240	12,145,472.941		
Total	202	2,465,653			

(All SS scores for the following tables are reported in the thousands.)

Hence this researcher concluded that no significant differences existed between the change in wages of male participants and the wages of female participants. Please refer to Table 4.0 for descriptive analysis.

Research Question Three

Do significant differences exist between the wages between white and non-white participants who have completed TAA job training programs?

A one-way analysis of variance was conducted to determine if a difference existed between in the post-training wage change based upon ethnicity. The independent variable, ethnicity, included two levels: white and non-white. The dependent variable was the change in wages following completion of the TAA job training program. The mean change in wages for white participants ($n=152$) was $-\$2684.87$ ($m=-2684.87$, $sd=3332.02$). The mean change in wages for non-whites ($n=51$) was $-\$2194.59$ ($m=-2194.59$, $sd=3953.00$). The ANOVA was not significant $F(1, 201) = .645$, $p=.423$.

Table 4.3

ANOVA Test for White and Non-White Groups

Ethnicity	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Sig</i>
Between-group	2	7,881	7,880,774.025	.645	0.423
Within-group	201	3,769,912	12,227,720.532		
Total	202	3,777,793			

(All SS scores for the following tables are reported in the thousands.)

Hence this researcher concluded that no significant differences existed between the change in wages of white participants and the wages of non-white participants. Error may have existed due to disparate cell sizes. Please refer to Table 4.0 for descriptive analysis.

Research Question Four

Do significant differences exist in the wages among the participants who have completed TAA job training programs when categorized by age of participant?

The USDOLETA declined to disclose age-related information for participants. The disclosure office noted “While we have disclosed records, the date of birth data field was withheld under the provisions of 5 U.S.C. 552(b)6. Exemption 6 protects personally identifiable information which would constitute a clearly unwarranted invasion of personal privacy” (USDOLETA, 2012). The USDOLETA statement was followed by an appeal to provide only birth years or group by decades. The answer was similar; “Birth dates fall under the “Personally Identifiable Information (PII)” caveat – therefore that information cannot be released” (USDOLETA, 2012). Hence the ability to address wage outcomes by age was not possible for this study.

Research Question Five

Do significant differences exist in the wages among participants who have completed TAA job training programs when categorized by education level?

A one-way analysis of variance was conducted to determine if a difference existed between pre-training and post-training wages based upon prior education level. The independent variable, education level, included three levels: less than high school diploma or GED, high school diploma or GED, and bachelor's degree. The dependent variable was the change in wages following completion of the TAA job training program. The mean change in wages for participants with less than a high school diploma or

GED ($n=7$) was $-\$951.64$ ($m=-951.64$, $sd=4380.36$). The mean change in wages for participants who possessed a school diploma or GED ($n=191$) was $-\$2487.50$ ($m=-2487.50$, $sd=3349.10$). The mean change in wages for participants who possessed a bachelor's degree ($n=5$) was $-\$6555.71$ ($m=6555.71$, $sd=5490.48$). The ANOVA was significant $F(2, 200) = 4.175$, $p=.017$.

Variances between group size and means necessitated post hoc analysis. Post hoc comparisons using the Tukey HSD test indicated that the mean score of difference in wages for the participants was significantly different between two of the groups: those who possessed bachelor's degrees and those with less than high school or GED ($p=.016$), and those who possessed bachelor's degrees and those who possessed a high school diploma or GED ($p=.026$).

Table 4.4

ANOVA Test for Groups by Education Level

Education	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>sig</i>
Between-group	2	98,811	49,405,440.932	2.010	.017*
Within-group	200	2,366,842	11,834,208.596		
Total	202	2,465,653			

(All *SS* scores for the following tables are reported in the thousands.)

Hence this researcher has concluded that significant differences existed between the changes in wages for participants based upon reported prior education levels: less than a high school diploma or GED, possession of a high school diploma or GED, and possession of bachelor's degree. Please refer to Table 4.0 for descriptive analysis.

Research Question Six

Is there a significant difference in wages among participants who have completed TAA job training programs when categorized by tenure in position at time of qualifying event?

Groups were created based upon months of tenure. The first five groups are marked by years of service beginning with one year or less (≥ 12 months) and continuing through more than four but not greater than five years of service (< 48 and ≥ 60 months). The remaining lengths of tenure were grouped in five year increments: 61 – 120 months, 121-180 months, and 181 months or more. As there were eight groups, the outcomes of the analysis were wide ranging. The ANOVA was significant $F(7, 195) = 2.13$, $p=.071$.

Variances between group size and means necessitated post hoc analysis. Post hoc comparisons using the Tukey HSD test indicated that the mean score of difference in wages for the participants was significantly different between two of the groups: 25-36 months and 37-48 months ($p=.042$)

Table 4.5

ANOVA Test for Groups by Tenure

Tenure	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>sig</i>
Between-group	7	175,123	25,017,595.688	2.130	.042*
Within-group	195	2,290,529	11,746,304.775		
Total	202	2,465,653			

(All *SS* scores for the following tables are reported in the thousands).

Hence this researcher concluded that significant differences existed between the changes in wages of participants based upon tenure in the position at the time of the qualifying event. Please refer to Table 4.0 for descriptive analysis.

Research Question Seven

Is there a significant difference in wages between job training participants who completed TAA job training programs and those who did not complete TAA job training program?

A one-way analysis of variance was conducted to evaluate the hypotheses that participants who complete job training programs have better wages at time of reentry to the workforce than do participations who began but did not complete training programs. The independent variable, gender, included two levels: participants who completed job training programs and participants who exited the program prior to completion. The dependent variable was the change in wage following completion of the TAA job training program. The mean change in wages for completers ($n=203$) was $-\$2534.74$ ($m=-2534.74$, $sd=3493.74$). The mean change in wages for noncompleters ($n=108$) was $-\$2854.21$ ($m=-2328.36$, $sd=3165.63$). The ANOVA was not significant $F(1, 309) = 2.62$, $p=.609$.

Table 4.6

ANOVA Test for Completer and Noncompleter Groups

Completers	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>sig</i>
Between-group	1	3,003	3,002,646.992	.262	.609
Within-group	309	3,537,925	11,449,594.145		
Total	310	3,540,927			

(All *SS* scores for the following tables are reported in the thousands)

Hence this researcher concluded that no significant differences existed between the change in wages for participants who completed the program and participants who exited the program prior to completion. Please refer to Table 4.0 for descriptive analysis.

Summary

The chapter presented data analysis intended to answer the research questions. Each question was answered in accordance with the specific statistical test performed. In Research Question One, data generated from an independent t-test indicated participants in Western Arkansas LWIA who completed TAA job training programs during PY07 and PY08 did not experience a positive impact on their wages when reentering the workforce.

Research Questions Two, Three, Five and Six were answered using analyses of variance. Each of these questions addressed socio-demographic characteristics (gender, ethnicity, prior education attainment level and tenure in job at the time of the qualifying event, respectively) to determine if significant differences existed within each independent variable. Research for Question Seven answered the query regarding the existence of significant differences between the workforce reentry wages of TAA job training program completers and the workforce reentry wages TAA job training participants who left the program prior to completion. The analysis of variance indicated there was no significant difference in wage change for participants in Western Arkansas LWIA who completed TAA job training and those who did not

Research for Question Two sought evidence of significant wage differences existed between the workforce reentry wages of male participants and the workforce reentry wages of female participants. The analysis of variance indicated there was no significant difference in wage change between male participants and female participants who completed TAA job training in Western Arkansas LWIA.

Question Three sought to determine whether significant differences existed between whites and specific minority groups. However, the individual groups previously identified were not large enough to appropriately compare. Thus the minority groups were grouped into one category of non-whites. The analysis of variance indicated there was no significant difference in wages changes between white and non-white participants who completed TAA job training in Western Arkansas LWIA.

Research Question Four was not addressed as the USDOLETA did not release data required to do so. The USDOLETA stated “the date of birth data field was withheld under the provisions of 5 U.S.C. 552(b)6. Exemption 6 protects personally identifiable information which would constitute a clearly unwarranted invasion of personal privacy” (USDOLETA, 2012).

Question Five sought to determine whether significant differences existed between the change in TAA job training program participants’ wages at workforce reentry differed when prior education attainment levels were considered. The analysis of variance indicated significant differences existed between those who possessed a bachelor’s degree with the other two groups: less than a high school diploma or GED, and possession of a high school diploma or GED.

Question Six sought to determine whether significant differences existed between the workforce reentry wages of TAA job training program completers based upon their tenure in position at the time of the qualifying event. Significant differences between tenure groups of 25-36 months and 37-48 months.

Question Seven intended to identify significant differences between the workforce reentry wages of TAA job training program completers and the workforce reentry wages TAA job training participants who left the program prior to completion. It should be noted that prior to this question, the assumption was made that the TAA job training participants addressed in this study were participants in Western Arkansas LWIA who had indeed completed the job training program. This question sought to determine if a difference existed between the primary sample of this study (program completers) and those who exited the job training program prior to completion. The analysis of variance indicated there was no significant difference in wage change for participants in Western Arkansas LWIA who completed TAA job training and those who did not.

Chapter Five

Conclusions and Recommendations

Summary of the Study

This study sought to determine the extent to which wages of participants changed following completion of TAA job training programs. Existing empirical evidence of the outcomes of job training indicates wage outcomes ranged from significant losses to moderate gains. Nearly two decades ago, Hollister, Kemper, and Maynard asserted “although billions of dollars had been spent on employment and training programs, very little was known on a systematic basis about the impact of these programs” (1984, p. 3). Many earlier studies were conducted but true consensus of the impact on wages proved elusive. Bryant and Rupp (1987), Dickinson et al., 1987, and LaLonde (1995) were cautious not to implicate the researchers for the variability which they suggested occurred because of subtle differences in models and the nuances of comparison grouping. While true experimental design is ideal, Doolittle and Traeger (1990) reminded scholars the ethical challenge to be faced should site administrators randomly deny participation to eligible dislocated workers.

This study of Western Arkansas LWIA TAA job training participants’ wages was intended to add to the body of knowledge regarding wage outcomes.

As stated in the USDOLETA’s (2000) final rule, the goal of WIA “is to increase employment, retention, and earnings of participants and in doing so, improve the quality of the workforce to sustain economic growth, enhance productivity and competitiveness, and reduce welfare dependency.” Findings of this study indicate participants who completed job training endured wage loss rather than wage gain when returning to the workforce. In particular, findings indicated TAA job training participants in Western Arkansas LWIA who comprised this sample failed to increase earnings during the three quarters immediately following program completion.

While prior studies indicated socio-demographic elements may factor into post-training wage outcomes, not everyone agreed. Deis and Scott (2002) studied airline workers who participated in job retraining programs. They found no conclusive evidence of socio-demographic factors being a determinant in retraining success. In this study, socio-demographic variables were split. In two of the

four, no significant differences were found while in the other two, significant differences were indeed present.

No significant wage outcomes differences were found when considering the participants using their socio-demographic characteristics of gender and ethnicity. However, significant wage differences were found to exist for participants when considering their socio-demographic characteristics of prior education attainment and tenure in position at the time of the qualifying event. This study did not address the socio-demographic characteristic of age as the USDOLETA did not release the data necessary to conduct the analysis. The final question of this study indicated that no significant difference existed between the wage outcomes of program completers and those who did not persist in the program.

Conclusions

Research Question One

Do participants who completed TAA job training programs experience higher wages when reemployed? This researcher documented a wage loss for participants when they returned to work rather than the program-intended wage gain. This finding was consistent with earlier conclusions by researchers such as Leigh (1991) and Decker and Corson (1995). In both studies, it was indicated that TAA job training participation and completion did not positively impact the wages of participants in the first three quarters.

Reynolds and Palatucci (2008) found in their study of TAPR data that dislocated workers wages when comparing the three quarters prior to training and the three quarters immediately following program exit experienced a decrease of nearly 30% in weekly wages. However, as was documented a number of times in this study, evidence to the contrary exists as well.

Research Question Two

Do significant differences exist between the wages of male and female participants who have completed TAA job training programs? Unlike most of the established research findings, this researcher concluded no significant differences existed between the change in wages of male participants and the wages of female participants.

A number of prior studies found female program completers experienced more positive wage outcomes than did their male counterparts. Decker and Corson (1995) found that females fared better

following job training participation did then their male counterparts. Eberts (2005) found “substantial earnings impact for women but smaller and shorter-lived impacts for men” (p. 79). Jacobson, LaLonde and Sullivan (2005) surmised that not everyone was cut out to attend community college retraining programs. Jacobson et al added job training programs were only really effective at positively impacting wages for female participants and younger participants.

Employment and training services sometimes raise participants' earnings though this is most evident for disadvantaged adult women. By contrast, program evaluators often report that training had no effect or that it actually lowered the earnings of disadvantaged men and youths.

Worth noting is the wage gap between male and female earnings which has existed since record keeping began. In 1978, females earned 61.3% of males in comparable positions with comparable skills and education. In 1993 the earnings gap had decreased with women earning 76.8% compared to males. In 2012, earnings of females compared to males reached 81.2% (US BLS, 2012). Reasons for the disparity follow expectations and stereotypes associated with society's gender norms.

As it pertained to studies of wages at reentry to the workforce, seeing real wage values may be supported by these statistics. However, for the purpose of this study, the independent variable is the difference in wage gain/loss following completing of training.

Research Question Three

Do significant differences exist between the wages differences of white and non-white participants who have completed TAA job training programs? This researcher concluded no significant differences existed between the change in wages of white participants and the wages of non-white participants.

Similar findings such as those by Stewart (1998) found there to be no differences between wages of the various ethnicities. Yet as was reported, many other studies found that some minority groups do experience significant differences in wages following training. Closer examination by particular ethnic group provided insights to clusters of dislocated workers who are not being served well by the current programs. Language barriers, for instance, may prove to be a barrier.

Research Question Four

Do significant differences exist in the wages among the participants who have completed TAA job training programs when categorized by age of participant? This question was not addressed as the USDOLETA declined to provide the necessary TAPR data.

Research Question Five

Do significant differences exist in the changes in wages among participants who have completed TAA job training programs when categorized by education level? This researcher concluded significant differences existed between the changes in wages for participants based upon reported prior education levels: less than a high school diploma or GED, possession of a high school diploma or GED, and possession of a bachelor's degree.

Jacobson et al. (1995) opined "the equivalent of a year of community college credits raises displaced workers' earning by about 7% for men and by about 11% for women" (p. 17) regardless of program completion. Dislocated workers from the manufacturing sector were found to have less education than workers in nonmanufacturing environments (Decker & Corson, 1995; Kletzer, 2001). It is noted the TAA benefit programs are targeted toward the manufacturing industries.

Kletzer (2001) reported a manufacturing employment population held steady with high-school non-completers accounting for 20% of the population. Kletzer found this to be true during the 1980s and 1990s. The USDOLETA (2006) noted in 2002 data a variety of education levels: 16% less than a high school diploma; 53% possession of a high school diploma or GED; 6% college graduate; and 5% with undisclosed education data. Jacobson, et al. (2005) found dislocated workers who possessed high school diplomas more frequently enrolled in courses than did those without high school diplomas or GEDs. The findings of this research are consistent with prior research findings.

Research Question Six

Is there a significant difference in wages among participants who have completed TAA job training programs when categorized by tenure in position at time of qualifying event? This researcher concluded that significant differences existed between the changes in wages of participants based upon tenure in the position at the time of the qualifying event.

Ashenfelter (1978) noted workers' wages increased over the span of the career. Those with long spans of tenure were likely to have higher wages than the groups with less tenure. The CBO (1993) found that workers with greater tenures in position faced more difficult challenges when returned to the job marketplace. Most were unprepared for the job search process as it had been years and even decades since they actively sought employment. Many were well-established in the communities where local major employers existed and therefore unprepared and unwilling to relocate to areas where employment opportunities existed. "The skills acquired while working with one firm may not be needed by other employers, which implies that many displaced workers may be unable to regain their previous level of earnings when they do find work" (U.S. Congressional Budget Office, 1993, p. 11). Hence tenure and allegiance to an industry or community exacerbated the challenge of finding a job with a comparable replacement wage. Long tenures in position were marked by older and less educated workers (Kletzer, 2001, 2004). As dislocated workers, this group had more difficulty when reentering the workforce than did the younger and more educated workers. Marcal (2001) noted the opportunity cost of time spent in training as a challenge to program persistence. Kodrzycki (1997) and Reynolds and Palatucci (2008) found workers who are engaged in job training experienced a greater wage loss than did dislocated workers who did not complete training.

Dislocated workers who held high tenure (and subsequently higher age) may be devastated psychologically as well as financially. In such a state, they may find themselves paralyzed and unable to enter job training or compete for employment.

Reynolds and Palatucci (2008) reported the GAO found the displaced workers who had low education levels, long job tenures and were of older age encountered more difficulty entering and completing job training programs in a post-secondary environment. For those that were successful, it was noted many still lacked the appropriate job skills required for higher-paying jobs. Dislocated workers who were middle aged, had less than a high school diploma or GED, and tenure of 10 or more years at the time of the qualifying event were noted to have only a 50% chance of finding employment at a comparable wage when reentering the workforce. By comparison, dislocated workers in the 25-44 age group with a college degree and 10 years tenure had an 80% chance of finding employment at a

comparable wage when reentering the workforce (Kletzer, 2001, 2004). The findings of this research are consistent with prior research findings.

Research Question Seven

Is there a significant difference in wages between job training participants who completed TAA job training programs and those who did not complete TAA job training program?

This researcher concluded that no significant differences existed between the change in wages for participants who completed the program and participants who exited the program prior to completion. This conclusion is widely supported by earlier research.

Neumann and Glyde (1978) analyzed 424 dislocated workers: 309 job training participants, and 109 recipients of unemployment compensation who did not participate in job training programs. The job training participants experienced longer spells of unemployment and greater earnings losses. Stewart (1998) found the wages changes for program completers at time of reentry to the workforce were lower than the wages of dislocated workers who start but did not complete job training programs.

Marcal (2001) found very little evidence that participation in TAA job training improved earnings. Marcal (2001) found nearly 75% of TAA job training participants earned wages less than earned at the time of the qualifying event. Program participants, in fact, fared worst than those who did not participate in job training programs of whom 60% experienced wage loss.

Reynolds and Palatucci (2008) found wage losses of TAA participants compared to non-participants was 20% higher. The findings of Reynolds and Palatucci (2008) implied that even after controlling for covariates by using propensity score matching techniques, participation in the TAA job training program resulted in wage loss approximately 10% greater than displaced workers who did not participate in the TAA job training programs. Mlynec (2011) found the program completers experienced reemployment wages of nearly 20% less than dislocated workers who do not participate in and complete training programs. The findings of this research are consistent with prior research findings.

Observations

The conceptual framework was constructed to provide examination wages following TAA job training programs by independent variables of a socio-demographic nature. As was noted in the literature review, evidence existed in a number of prior studies which suggested wages differences existed when

these variables were deconstructed. With respect to the four specific independent variables of gender and ethnicity, no significant differences were detected. Within the remaining two independent variables, prior education attainment level and tenure, findings indicated significant differences did exist in wages upon reentry to the workforce.

Clearly additional studies regarding wage outcomes for participants of TAA job training programs is in order. Longitudinal research following wage histories of TAA job training completers and wage histories for non-completers may provide evidence that the returns on the wages of program participants increases sharply over time thus outperforming the wages of non-participants. It is impossible to predict future salary growth for job training program completers. Long-term salary gains and associated benefits may exist. These gains may then reverse the outcomes with the job training participants outpacing the earnings of non-participants over the course of their work lives.

The absence of data on age prevented this study from addressing age as a socio-demographic variable. However, it can be surmised that those with long tenures in a position were likely to be at least somewhat older than workers early in their careers. For instance, a participant who held 15 years of seniority would likely be at least 43 years of age. Additional research on the impact of age on job training participants wage when reentering the workforce would be helpful in determining if job training is an appropriate remedy to those whose anticipated remaining work years are few.

This researcher found the data supplied by TAPR to be considerably different in composition than is usually reported with respect to numbers of participants with less than a high school diploma or GED. Compared to the USDOLETA (2006) report where it was noted that 16% have less than a high school diploma, this study found 3% to be similarly educated. The USDOLETA cited 53% possessed a high school diploma or GED while this study found 94% to be similarly educated. Finally, the USDOLETA found 6% be college graduates while this study cited 3% held a bachelor's degree. College graduate was undefined but may have included those with associates level degrees or vocational certifications. An overconcentration of participants who held a high school diploma or GED warrants further investigation to determine why such a disparity exists.

The absence of significant difference in wage change between job training program completers and program non-completers, on the surface, gives pause. Adverse incentives that create an

environment where participants believe it is more lucrative or valuable to remain out of the workplace may impact participants' willingness to pass up employment opportunities. These include unconditional payment programs and wage insurance (e.g. expanded unemployment compensation). Earnings may also be adversely impacted by potential employers' unfavorable regard for the long period of joblessness involved in retraining. Weakened resumes resulting from time out of the labor market may hinder the obtainment of one of the WIA goals which is to rapidly redeploy dislocated workers to the workplace (Reynolds & Palatucci, 2008).

Ashenfelter (1978) and Kletzer (2001, 2004) both found the longer workers are unemployed after the qualifying event, the less likely it was that the workers would acquire a comparable wage when reentering the workforce. They suggest that marked periods of unemployment are best filled with training that enhances the dislocated workers education and training and thereby aids them in the return to gainful employment.

Job search services received cursory mention in a number of different publications. This study did not focus on job search yet the impact of the job search process clearly affects the wages. Marcal (2001) found many dislocated workers don't receive individualized counseling or skills assessments. Marcal (2001) noted program delivery was slow to aid dislocated workers who got lost in the complicated certification process. Potential participants first filed a petition for benefit eligibility. For many, the employer petitioned the USDOLETA. The determination period took up to 60 days. Once certified, dislocated workers applied to the state services agency for benefits and forced to wait as many as 60 additional days for determination. In sum, four months of waiting occurred before benefits were begun.

Without hard data that consistently supports the success of these multi-million dollar programs, policy-makers should be hard-pressed to rethink once again the program objectives, measurement systems, and modification to better serve both the program participants and the tax-payers funding the programs. Qualitative inquiries of program participants may reveal intangibles that support the continuance of the program in spite of absence of hard data.

Consideration of the return on taxpayer investment also warrants examination of the types of training programs pursued by dislocated workers. In this regard, the question arises as to which training programs have the greatest likelihood of providing new skills for a dislocated to achieve gainful

employment. Each year states establish an approved list of “in demand” jobs for which federally-funds may be used for training dislocated workers. The science behind the selection of in-demand jobs and the channeling of dislocated workers into programs with little chance of growth may result in employment congestion where newly trained workers continue to compete for jobs that aren’t so much in demand as they may have been at the time approved list was established.

Supporters and critics alike provided commentary on the cost effectiveness of the program but few were as direct as Marcal (2001). “There is little evidence that training under the program had a positive impact on the post-layoff earnings of participants three years” (p. 124) after they first claimed benefits. Marcal cogitated a number of key points such as the relationship between the loss of union representation and negatively impacted wages. Additionally, Marcal wrote of increasing profoundness of wage losses in geographic areas in severe decline. Finally, Marcal braved to publicly consideration that “the training provided under this program is a failure” (p.124).

Summary

This study sought to determine if the TAA job training participants in Western Arkansas LWIA who completed the program were encountering the wage increases listed as a program goal of the Workforce Investment Act. The findings of this study support the many earlier studies that the anticipated gains in wages at the time of workforce reentry did not materialize. Findings indicated no significant differences existed by gender or ethnicity. Significant differences did exist, however, in change in wages based upon education attainment level and based. These findings are consistent with empirical evidence presented throughout this report.

Several suggestions for additional studies were provided. Suggestions included longitudinal studies of completer and non-completer wages and further inquiry to wages changes based upon age. Incorporation of the job search component into a study may shed light on the impact of aggressive job search assistance. Types of training may also provide insight to the programs that have the completers whose change in wages is the most successful. Finally, qualitative inquiries are suggested to identify intangibles not measured by the TAPR.

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APPENDIX A



UNIVERSITY OF
ARKANSAS

Office of Research Compliance
Institutional Review Board

September 27, 2012

MEMORANDUM

TO: Kimberley Gordon
Kit Kacerik

FROM: Ro Windwalker
IRB Coordinator

RE: New Protocol Approval

IRB Protocol #: 12-09-122

Protocol Title: *Pre and Post Wages of Trade Adjustment Assistance Training Program Participants in Arkansas*

Review Type: ☒ EXEMPT ☐ EXPEDITED ☐ FULL IRB

Approved Project Period: Start Date: 09/27/2012 Expiration Date: 09/26/2013

Your protocol has been approved by the IRB. Protocols are approved for a maximum period of one year. If you wish to continue the project past the approved project period (see above), you must submit a request, using the form *Continuing Review for IRB Approved Projects*, prior to the expiration date. This form is available from the IRB Coordinator or on the Research Compliance website (<http://vpred.uark.edu/210.php>). As a courtesy, you will be sent a reminder two months in advance of that date. However, failure to receive a reminder does not negate your obligation to make the request in sufficient time for review and approval. Federal regulations prohibit retroactive approval of continuation. Failure to receive approval to continue the project prior to the expiration date will result in Termination of the protocol approval. The IRB Coordinator can give you guidance on submission times.

This protocol has been approved for 1,000 participants. If you wish to make any modifications in the approved protocol, including enrolling more than this number, you must seek approval *prior to* implementing those changes. All modifications should be requested in writing (email is acceptable) and must provide sufficient detail to assess the impact of the change.

If you have questions or need any assistance from the IRB, please contact me at 210 Administration Building, 5-2208, or irb@uark.edu.

210 Administration Building • 1 University of Arkansas • Fayetteville, AR 72701
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The University of Arkansas is an equal opportunity/affirmative action institution.

APPENDIX B

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



October 2, 2012

Kimberly Gordon, SPHR
UAFS, Center for Business and Professional Development
5210 Grand Avenue
Fort Smith, Arkansas 72913

RE: Freedom of Information Act Request #695735
TAA Participant Data

Dear Ms. Gordon:

Thank you for your recent Freedom of Information Act (FOIA) request, wherein you requested Trade Activity Participant Report (TAPR) data for participants who entered training during the period between July 1, 2006 and June 30, 2008 in Arkansas. The Employment and Training Administration (ETA) completed the processing of your request and enclosed all responsive records.

While we have disclosed records, the date of birth data field was withheld under the provisions of 5 U.S.C. 552(b)6. Exemption 6 protects personally identifiable information which would constitute a clearly unwarranted invasion of personal privacy.

We believe that we have been responsive to your request. Should you disagree, you may file an appeal of this partial denial decision with the Solicitor of Labor within 90 days of this letter. The appeal must state the grounds for the appeal and should include any supporting statement or arguments, a copy of your initial request and this letter. To facilitate processing, you may wish to fax your appeal to (202) 693-5538. If mailed, both the envelope and the letter of appeal should be clearly marked: "Freedom of Information Act Appeal," and addressed to: Solicitor of Labor, U.S. Department of Labor, 200 Constitution Avenue, N.W., Room N-2428, Washington, D.C. 20210.

Sincerely,

A black rectangular redaction box covering the signature of the Director.

Director, Office of Trade Adjustment Assistance

