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Estimated Impacts of TAA on Participants' Outcomes Under the Trade Act of 2002:

I. Background and Design

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What Is the Trade Adjustment Assistance (TAA) Program?

- **Provides reemployment services to workers who lost their jobs due to foreign trade**
- **Funded by DOL, administered by states**
- **Trade-impacted firms or other entities file petitions to DOL for eligibility**

What Are Key TAA Services?

- Training
- Trade Readjustment Allowances
- Wage Subsidy for Older Workers (ATAA)
- Health Coverage Tax Credit (HCTC)
- Job Search and Relocation Allowances
- *American Job Centers (One Stops) are focal point of participant intake*
 - Co-enrollment in WIA encouraged

What Is the TAA Program History?

- **1962 Trade Expansion Act:** Established TAA for manufacturing workers
- **2002 Trade Act:** Added new program benefits
- **2009 American Recovery and Reinvestment Act:** Expanded program eligibility to service sector workers and increased funding for training
- **2011 TAA Extension Act:** Expires 12/31/2013
- **2013 TAA Extension Act not yet passed**

Evaluation of the TAA Program Under the 2002 Amendments

- Large DOL-funded study included
 - Implementation Study
 - Impact Study
 - Benefit-Cost Analysis
- Took place between 2004-2012

TAA Eligibles Differ From Other UI Claimants

Characteristics	TAA Eligibles	UI Claimants
Female	46%	42%
Older than 50	35%	24%
In Metro Area	32%	54%
Education		
High School	58%	34%
> High School	25%	47%
Mean Earnings	\$34,000	\$28,000

TAA Eligibles Left Full-Time Jobs With Benefits and Long Job Tenure

Job Characteristics	Sample Mean
Hours per week	44
Union member	33%
Employment benefits	
Health insurance	93%
Retirement benefit	80%
Years of job tenure	13

Impact Study Used a Rigorous Propensity Score Matched Design

- **Used best practices found in the literature for minimizing potential sample selection biases**
 - Heckman et al. (1997,1998)
 - Deheija and Wahba (1999)
 - Glazerman et al. (2003)
 - Smith and Todd (2005)
 - Bloom et al. (2005)
 - Mueser et al. (2007)
 - Steiner et al. (2010)

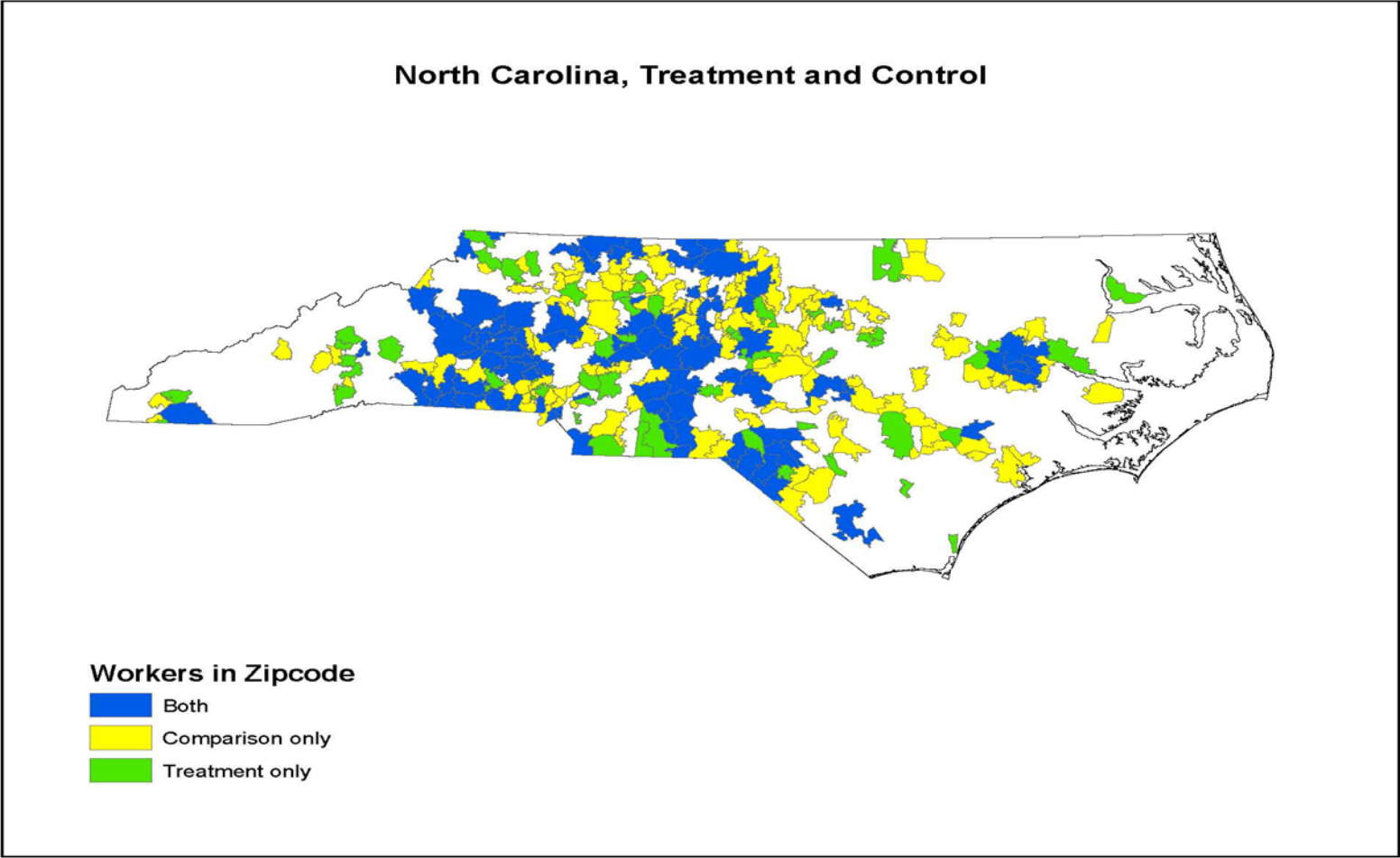
Selected Large, Nationally Representative TAA Samples

- 26 states randomly selected proportional to size
 - 90 percent of the TAA population
 - All agreed to participate and provide UI and TAA data
- **Multiple** TAA samples to examine robustness
 - **Workers on TAA worker lists (20,000)**
 1. TAA participants
 2. TAA-eligible nonparticipants
 - ▶ ***Expected zero impacts for this group***
 - **TRA beneficiaries (10,000)**

Selection of Comparison Groups: Overall Approach

- TAA and matched comparisons were all:
 - UI claimants
 - Manufacturing workers
 - *From same local areas*
 - Laid off in 2005-2006
- ***Two-stage matching process***
 1. Used UI claims and local area data: 2-to-1 match
 2. Refined using detailed baseline survey data
- Matching conducted separately by state and for each TAA group

Overlap of Treatment and Comparisons, NC



Initial Selection of Comparison Groups

- **Used matching variables in UI claims data**
 - Demographics
 - Base-period earnings
 - UI claim and benefit data
 - Local area characteristics
- **Selected two “nearest neighbor” comparisons for each treatment**
- **Matched *with replacement***
- **Used specification tests to find best model**
- **Released a subset of treatments and matched comparisons for initial telephone surveys**

Updated Selection of Comparison Groups Using More Detailed Survey Data

- Re-matching was conducted using rich baseline characteristics not in UI claims data
- Adjusted for important TAA-comparison group differences
 - Expected to be recalled to job
 - Job tenure
 - Health insurance
 - Company size
 - Union status
- Kernel matching used to increase sample sizes

TAA Participants and Matched Comparisons in Survey Sample Have Similar Baseline Characteristics

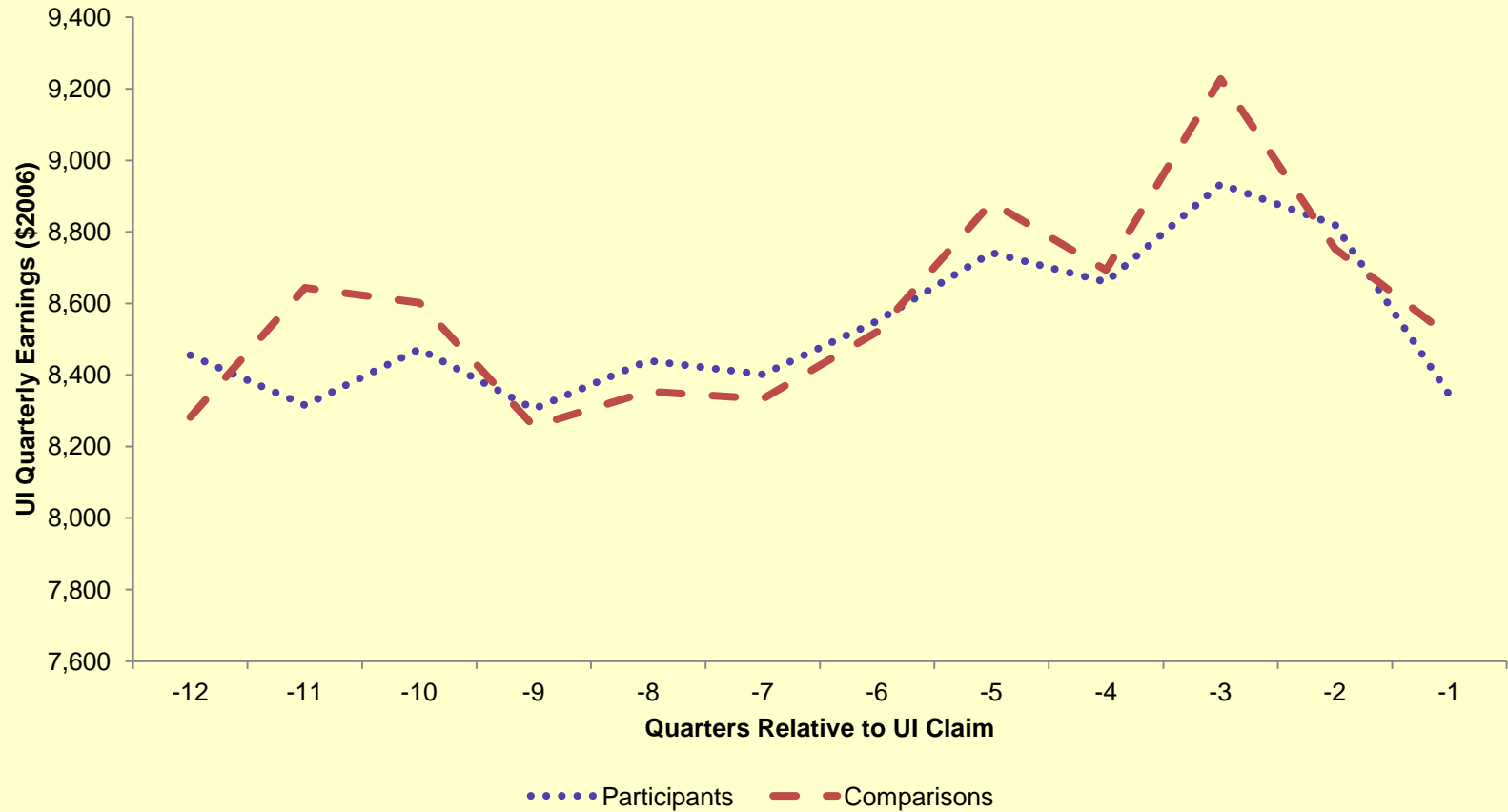
<u>Matching Variable</u>	<u>TAA Participants</u>	<u>Comparisons</u>
Male	48%	48%
White	65%	65%
Age (years)	49	49
High school or more	84%	83%
Base period earnings	\$33,000	\$33,000
Household Income	\$42,700	\$41,900
Expected to be recalled	11%	11%
Health insurance on job	95%	95%
Company size	486	450
Job tenure (years)	13	13
Hourly wage	\$14.80	\$14.90
Area unemployment rate	5.4%	5.5%
% workers in manufacturing	14%	14%

Both Groups Were in Declining Industries

% Change in Employment Between 2004 and 2009

<u>% Change</u>	<u>TAA Participants</u>	<u>Comparisons</u>
-100 to -44%	26%	26%
-44 to -30%	24%	23%
-30 to -18%	25%	25%
-18 to 20%	25%	26%
Average % Change	-31%	-30%

Quarterly Earnings From UI Wage Records Prior to the UI Claim, by Research Status



Caveats About Propensity Score Design

- TAA participants and comparisons are balanced on observable characteristics
- Unobservable differences could remain
 - Availability of jobs in local areas
 - Skills and motivation to seek employment
- Conducted many sensitivity analyses to assess credibility of findings

Data Sources for Outcome Measures

- Survey data covering the four years after the UI claim date
 - 2,000 TAA and 1,800 comparison workers who completed 51-month follow-up interviews
 - 63 percent effective survey response rate
 - Adjusted weights for nonresponse
- UI wage records covering three years
 - Much larger samples