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CLEVELAND: 3631 PERKINS AVENUE SUITE 4C - EAST • CLEVELAND, OHIO, 44114 • TEL: 216/361-9801 • FAX: 216/361-9810  
COLUMBUS: 1372 GRANDVIEW AVE. SUITE 242 • COLUMBUS, OHIO, 43212 • TEL: 614/486-4601 • FAX: 614/486-4603  
HTTP://WWW.POLICYMATTERSOHIO.ORG

## **Federal Trade Adjustment Assistance covers 5,319 Ohioans so far in 2007 Congress can make vital expansions and improvements to the program**

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**Contact: Jon Honeck, 614-486-4601**

**Read the report: [www.policymattersohio.com/FTAA2007\\_0824.htm](http://www.policymattersohio.com/FTAA2007_0824.htm)**

During the first seven months of this year, Federal authorities certified that 5,319 Ohio workers at 47 different workplaces lost their jobs because of international trade. This update of trade-related job losses in Ohio is based on a Policy Matters Ohio analysis of data from the federal Trade Adjustment Assistance (TAA) program. Although the program does not cover all layoffs, it provides a minimum estimate of job losses due to import competition and moving production overseas.

The TAA program provides job search, training, health care, and wage insurance benefits to workers in the manufacturing sector who lose their jobs due to international trade. To access the program, workers or company officials at a downsizing facility must submit a group petition for coverage to the U.S. Department of Labor. If the petition is certified, workers then may apply individually for program benefits. The program is set to expire and must be reauthorized by Congress before September 30 of this year. Reauthorization and expansion of TAA is critical for Ohio's workers as the federal government's flawed approach to international trade continues to damage our state's economy.

Next month Congress will consider various approaches to reauthorization, ranging from short-term continuation with no changes to full-fledged overhaul. The most comprehensive approach to reform so far is the "The Trade and Globalization Adjustment Assistance Act of 2007," sponsored by Senator Max Baucus (D-Montana), which reauthorizes the program and expands coverage to service sector workers, increases training funds and health care assistance, and makes improvements to the U.S. Department of Labor's TAA petition approval process.<sup>1</sup>

A previous Policy Matters Ohio report found that in 2006 the TAA program certified 13,432 Ohio workers who had lost their jobs due to international trade, the highest recorded level over the past 12 years.<sup>2</sup> Thus far in 2007, the program approved coverage for 5,319 Ohioans at 47 worksites across the state.<sup>3</sup> Overall, the TAA program certified 56,414 Ohio workers since January 2001, providing a minimum estimate of the number of trade-related job losses since then.<sup>4</sup>

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<sup>1</sup> S. 1848, available through the library of Congress at <http://thomas.loc.gov/cgi-bin/query/z?c110:S.1848>:

<sup>2</sup> See our report *International Trade and Job Loss in Ohio 2007*, available at <http://www.policymattersohio.org/InternationalTradeJobLossOhio2007.htm>.

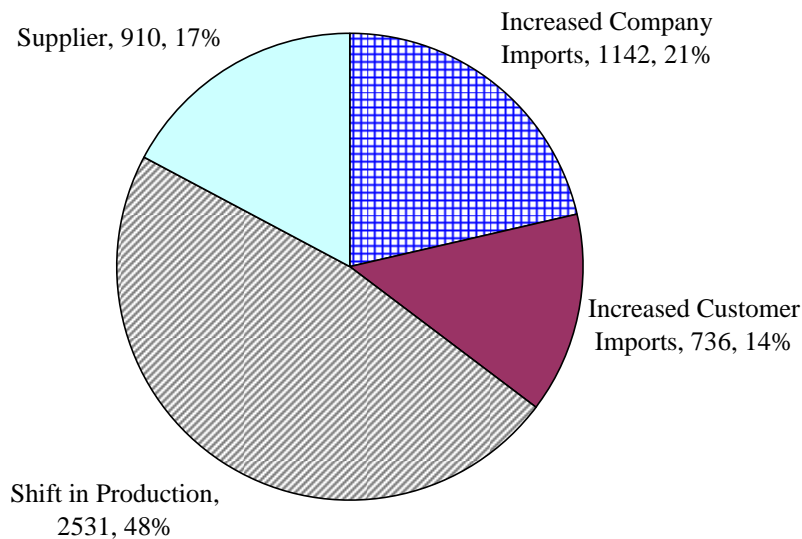
<sup>3</sup> Data include all TAA petitions with determination dates from January 1 to August 8, 2007. The most recent certification occurred on July 27, 2007. The number of affected workers is an estimate made during the petition determination process. The actual number of layoffs may be higher or lower.

<sup>4</sup> This figure includes the former NAFTA-TAA program. Other manufacturing establishments with trade-related job losses are not covered because of lack of awareness of the program, flaws in the petition investigation process, and restrictive

In the second quarter of 2007, a total of 2,964 Ohio workers participated in the program, including 852 individuals who were in training.<sup>5</sup> As part of their training benefits package, these workers have access to extended unemployment insurance benefits for an additional 1½ years beyond the normal 26-week maximum if it is necessary to complete their training programs. Because of the high level of trade-related layoffs, Ohio spends all of its federal TAA training fund allocation each year and struggles to keep up with demands on the program.

In order for an establishment to become TAA-certified, the U.S. Department of Labor must determine that job losses there occurred for a specific reason that meets legal requirements. Figure 1 shows the categories for 2007 Ohio certifications with their share of the total job losses. Traditional import competition (“increased customer imports”) is the primary factor in just 14 percent of the layoffs, involving 736 workers. Ohio companies’ decisions to build factories overseas (“shift in production”) or to seek foreign suppliers (“increased company imports”) to replace Ohio-made products combined to account for 69 percent of the job losses. The remaining 17 percent of the layoffs occurred at companies that supplied parts to other facilities that were TAA-certified.

**Figure 1. Number of TAA-covered workers in Ohio, Jan. – July 2007, by reason of certification**



Source: U.S. Department of Labor; Policy Matters Ohio.

eligibility rules for supplier and production shifts. Thus, the numbers in this report understate the actual number of Ohio manufacturing workers who have lost their jobs due to trade.

<sup>5</sup> Information provided by ODJFS. Some of these individuals started participating in previous years but were continuing their training.

Job losses were scattered widely around the state, as shown in Table 1. Twenty-five counties had at least one affected worksite. Montgomery County had the highest number of certified workers (1,382). Most of these workers were separated from a large Delphi facility in Moraine. Cuyahoga County had the second-highest total (883). The majority of these layoffs are scheduled to occur at the Ford plant in Brook Park. Three companies combined to give Allen County, which includes the city of Lima, the third-highest number of affected workers (474). In terms of the number of workplaces certified, Stark County led the state with 5 separate layoffs.

**Table 1. Number of Ohio TAA-covered workers Jan. – July 2007, by county of workplace**

<b>County</b>	<b>Workers</b>	<b>County</b>	<b>Workers</b>
Allen	474	Marion	51
Ashtabula	74	Montgomery	1,382
Cuyahoga	883	Portage	155
Erie	180	Richland	365
Franklin	174	Shelby	36
Hamilton	15	Stark	168
Highland	132	Summit	24
Huron	90	Trumbull	269
Jefferson	85	Tuscarawas	44
Knox	218	Van Wert	112
Lake	86	Warren	27
Licking	143	Wyandot	125
Lucas	7	Total	5,319

Source: U.S. Department of Labor; Policy Matters Ohio.

Sixteen petitions covering 2,531 workers were issued because companies shifted production facilities to foreign countries. As we found in our previous reports, Ohio companies were most likely to shift production to Mexico (Table 2). In 2007, shifts to Mexico alone led to the filing of seven petitions covering 1,603 Ohio workers. Two other petitions, which combined to cause 258 layoffs, involved production shifts to Mexico and other countries.

**Table 2. TAA-covered production shifts from Ohio to other countries, Jan. – July 2007, by Number of Petitions**

<b>Destination Country</b>	<b>Petitions</b>	<b>Workers</b>
Mexico	7	1603
Taiwan	2	57
Brazil	1	143
Canada	1	250
Honduras	1	44
India	1	101
China & Barbados	1	75
China & Mexico	1	149
Canada & Mexico	1	109

Source: U.S. Department of Labor; Policy Matters Ohio

The Baucus bill would make service sector workers eligible for TAA assistance.<sup>6</sup> This policy change is an overdue response to the rising tide of off-shoring in the service sector. The number of jobs lost to service sector off-shoring is difficult to gauge, so it is hard to know if the bill's proposed doubling of training funds under the program from \$220 million to \$440 million will be adequate. Princeton economist Alan Blinder estimates that between 22 and 29 percent of all U.S. jobs are potentially at-risk for off-shoring over the next several decades.<sup>7</sup>

In Ohio, several recently-denied TAA petitions may have been granted if the program included service sector workers. National City Mortgage outsourced jobs at its loan document processing center in Miamisburg (Montgomery County) to India. Workers who filed the petition claimed that over 100 workers would be affected.<sup>8</sup> In the Cincinnati area, Avon Products closed its Springdale call center. The Department of Labor investigation estimated that 171 jobs would receive TAA coverage.<sup>9</sup> A company announcement put the total number of job cuts close to 300.<sup>10</sup>

Current trade policies played a significant role in U.S. manufacturing job losses, which have totaled more than three million since 2000.<sup>11</sup> In Ohio, we have lost nearly 242,000 manufacturing jobs since July 2000, including over 34,000 in the last two years.<sup>12</sup> "Reauthorization and comprehensive reform of the TAA program are important steps forward in modernizing our nation's response to globalization. TAA reauthorization should stand on its own merits and should not be held hostage to future or pending trade deals," said Dr. Jon Honeck, a research analyst with Policy Matters Ohio. "Current trade policies already have led to staggering job losses in the manufacturing sector and are causing growing dislocation in the service sector. We need to provide better protection to affected workers and communities while rethinking our approach to international trade," he said.

*Policy Matters Ohio is a nonpartisan, nonprofit research institute with offices in Cleveland and Columbus.*

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<sup>6</sup> The existing program only covers workers who produce an "article," i.e., a tangible good, unless a service job is directly related to production jobs that can be TAA-certified.

<sup>7</sup> Alan S. Blinder, "How Many U.S. Jobs Might Be Offshorable?" Princeton University, Center for Economic Policy Studies. CEPS Working Paper No. 142. March 2007. <http://www.princeton.edu/~ceps/workingpapers/142blinder.pdf> Blinder does not believe that all of these jobs will be off-shored.

<sup>8</sup> TAA petition number 61787, determination date July 20, 2007. See also John Nolan, "National City plans to send more jobs to India," *Dayton Daily News*, May 23, 2007. Available on-line at [www.daytondailynews.com](http://www.daytondailynews.com).

<sup>9</sup> TAA petition number 61482, determination date May 17, 2007.

<sup>10</sup> "Avon to cut jobs in Springdale," *Business Courier of Cincinnati*, March 16, 2007. Available at <http://cincinnati.bizjournals.com>

<sup>11</sup> Policy Matters Ohio calculation using U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics.

<sup>12</sup> Id. Two-year calculation is from July 2005 to July 2007.