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The Impact of Human Capital Investment on Selected Displaced Workers:

The Case of Hidalgo County, Texas

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Training and impact on individual earnings of Displaced Workers

The economic policy purpose for providing training for displaced workers stems from a calculation that relates future individual earnings to investments in human capital measured in time. Hypothetically, if a displaced worker is provided appropriate training, he or she will be able to find a better earning position than if left untrained. This additional income would, when taxed, refund the cost of training to the taxpayer. The resulting calculation, labeled the "human capital earnings function" (HCEF) is a fundamental tool in researching earnings, wages and income in developed countries. The simple schooling version was first conceived in Becker and Chiswick (1966), which was then extended to include on-the-job training in Mincer (1974). The original purpose for the development of the calculation was to calculate the value of loss earnings due to injury, death or job discrimination. Psacharapoulos and Mattson (1996) extended the model to include estimates of the rate of return from schooling before employment.

While the calculation is often used to provide policy impetus to investments in education after employment and after layoff from extended employment, Cheswick (1997) makes the argument that this coefficient of the schooling variable is in many circumstances, not the correct interpretation. The argument against the use of the calculation centers on mitigating factors to labor force inclusion such as age, labor supply, and outcomes from t years of schooling. In addition, the lost-wage calculation, which would be very high in this study's sample and the replacement-wage calculation in the case of laid off or displaced workers, negatively skews the calculation, making the logarithm unusable in the particular case being discussed.

Thus, if substantial investments in schooling provide no better an outcome in future earnings, the use of HCEF for policy purposes appears to be inappropriate.

The Case Study

This study of a single County in South Texas intends to provide qualitative data, which may best clarify why the HCEF calculation is not appropriate. It also attempts to expand available information that may be useful to policymakers in selecting among competing policy recommendations about what to do with mid-career permanent loss of jobs in a certain geographic area.

Hidalgo County is located in the Lower Rio Grande Valley of Texas, bordering with Mexico along its southern perimeter. Its 2002 estimated population is 128,000 and there are 31,000 jobs in the community. The rate of unemployment was calculated at 17.2% in August 2002. The average earnings per household were \$14,300.00 in 2002. The area also suffers from the lowest levels of formal schooling in the United States (average 6.7 years). In addition a large and unestimated percentage of its populations do not speak English. Knowledge of the English language appears as a barrier to employment even in lower wage positions, regardless of whether it is in fact a necessity for fulfilling the job specifications. Unemployment among the over 40-year old non-English speaking has not been estimated, but it is considered to be the highest of all groups. Occasional work in households, migrant work (outside of the state and Region) and wages from subsistence self-employment, are a significant source of the life sustaining income of this population. Also of significance, although not estimable, is the income produced from illegal trade (mostly in drugs) which is present in the County. Hidalgo is considered the second most significant port of entry for illegal drugs from Mexico in Texas, with Starr County being the first.

Historical Underemployment and Unemployment

It can be argued that firms that settled here in the 1970's and 1980's, came precisely because of the County's employment, education and wage conditions. They brought unskilled work and found a willing and stable group of employees who had no other options and behaved in a predictable and productive fashion, while accepting minimum wages for their labor. Gradually, Federal and State law began to provide additional non-wage income to the workers. Safety and environmental legislation, wage and salary laws and the need to remain competitive with other employers, improved the work environment for these workers. After these firms left seeking even lower wages in Latin America and Asia, the population remains behind with little or no hope of ever finding steady employment in this County at comparable wages and benefits.

Net employment deficit

The Texas Workforce Coalition estimates that since 1999 3,789 jobs have been lost to corporate relocations abroad. Another 2,946 are estimated to have resulted from the impact of the first losses. Therefore, 6,735 jobs in total may have been lost during a 3-year period. ([See Table 1](#)) Adding to those the number of high-school and college graduates who have entered the job market during the same three year period (22,500) the total number of employment seeking individuals add up to 29,235. Also significant is the number of dropouts from secondary education, estimated at 50% of the total number of graduates, or 14,617, for a total of 43,852 persons seeking employment. During the same period, the County and Cities Chambers of Commerce estimate, a total of 9, 750 jobs have been created. The net deficit of jobs in the County is therefore 34,102.

Most individuals who finish college in this County do not remain in the County and many of those who complete high school do not seek employment but rather enter higher education, therefore the actual ratio of individuals seeking work to existing and new jobs is much lower than these figures would suggest. Nonetheless, the fact remains that the supply of jobs, especially unskilled jobs, is less than 25% of the hypothetical demand. The County's transformation from a primarily agricultural to a service and information technology economy has lagged behind other areas of the country. There's still a large dependency upon the winter tourist from northern U.S. and Canada, and the Mexican nationals that cross the border to make purchases and engage in tourism in the U.S.

The Case Study sample

The case study includes 21 individuals who were selected at random from a total of 753 people who have enrolled (and in some cases exited) from a program of training in Hidalgo County. These individuals were all displaced by the garment industry and are eligible for benefits through the Trade Adjustment Act and various state programs.

Of the 21 participants in the study, 2 are males and 19 females, which is representative of the displaced workers, 90% of whom are females. Their ages range from 37 to 56 years with an average age of 47.4 years, which is also representative of the universe. They range from 5 to 22 years of experience in the trade with the average being 14.9 years.

Five are single, two are divorced and the balance are married. Their level of formal education ranges from 0 to 12th grade all of it in their country of origin. Nineteen come from Northern Mexico, 1 from Veracruz and another from Nicaragua. They are all permanent residents or citizens of the U.S. Six were employed by Levi-Strauss, 13 by Haggard and 2 by Carter. The majority (14) are taking in English as a Second Language (ESL) training four are in pre-literate courses and 3 are working on their High School Equivalency Diploma (GED). The married workers all have children, the fewest with 2 and the most with 9. Four of the married worker's spouses are undocumented and have no full time employment. One of the female worker's spouses is unemployed and the balance are employed. Two of the male's spouses are listed as homemakers. ([See Table 2](#))

There's no relationship between years of formal schooling, years in post displacement training and attainment at training. One who completed the 12th grade and has been in training over a year is still at the lowest ESL level. Another with a 5th grade education and in training less than 3 months has already attained the highest level. There's also no relationship between their tested level of English at entry and their progress per month in training. There's a relationship between the number of children and their progress in training. The one with the most children (9) in spite of a 12th grade formal education, has not been able to progress through ESL level 2 after 18 months in training, but those who have 0-2 children have progressed through 2 levels of ESL in an average of 18 months.

There remained, at the time of the study, 268 individuals enrolled in ESL, GED or basic literacy courses. The program from which the sample was selected does not provide technical training although there are a number of displaced workers receiving technical training at the local community college and through private vocational training organizations.

The benefit of the direct cost of training

Of the 753 individuals in the program's roster, 485 have exhausted their benefits and are no longer in the program. Although statistical data was not officially provided, unofficial accounts tell us that only 75 of those can be confirmed to have become employed. In an attempt to calculate the cost of training we used the actual published budget for direct services of the training organization from which we derived the sample. In that process we counted 81 full-time equivalent positions, from executives to service delivery personnel involved in the training of the 753. We also noted that this human capital investment only produced 75 jobs thus far. Therefore on a rough global calculation, the human capital investment does not appear to be paying off for the displaced worker, but does appear to have created additional employment opportunities for the educational service community.

The cost of training per recipient in this sample amounts to \$19,000 over an average period of 18 months. Also, during the same 18 months, individuals in the sample received an average of \$5,900.00 in unemployment benefits, \$3,100 in extended health benefits, \$900.00 in severance pay, \$2,100 in transportation and day care costs and \$860.00 in miscellaneous costs. In addition, the contractor who processes and provides vouchers for training may have incurred an average cost of \$2,900.00 for each voucher issued. This totals \$36,860.00 in direct costs of the program on the average. Some programs and employers incur in higher costs of training, severance and incentives, bringing the upper-limit of costs to \$55,300.00.

The end result of this human capital investment is unknown, however, using our current estimates of 75 jobs at, or slightly above minimum wage, that have been obtained by the 753 participants in the program under study, the benefit is substantially inferior to the cost. If we add the lost wages by individuals who could have conceivably found employment without further training (we estimate 22% could have found employment at minimum wage or slightly above) the cost of running this program for all parties ascends to \$78,900.00 per person.

Life before and after displacement

Various questions were explored in the qualitative portion of this study. The researcher wanted to know:

1. What conditions existed in the work environment of these individuals?
2. How have their lives been changed by the displacement?
3. Why did individuals not seek formal employment after becoming unemployed?
4. If the majority do not feel they can find work, have they thought about self-employment?
5. Why individuals did not change residence to pursue potential jobs in better job markets?
6. What other social costs were created by the displacement and subsequent enrollment in training?

What conditions existed in the work environment of these individuals?

Working life in the garment factories was not easy or pleasant. Workers report that they feared missing work, even for one day, because it often resulted in negative consequences. They report going to work with fever, or leaving sick children or elderly relatives at home. Fear of the loss of the job due to any absence, lateness or perceived weakness on their part was reported by all. Among the negative consequences was reduction in pay, placement in less productive teams or dismissal. They began work typically at 7:30 A.M. and those who were in production teams often stayed beyond 6:00 P. M. in order to meet their quota. Injuries and pain due to repetitive tasks and movements was done away with using pain killers and home remedies. Some females reported that male supervisors constantly made suggestive remarks, touched them inappropriately or punished them by putting them in less productive work teams, when they protested the unwanted attention. Nonetheless, they all reported that they would go back to work tomorrow if the factory were to open again.

When they were employed they enjoyed benefits such as health, life and disability insurance and felt a sense of security as their meager but steady pay enabled them to buy homes, cars and finance trips back to Mexico. One of the workers cried when recalling that the last Christmas of employment was the last Christmas her family was able to celebrate. Another

cried at the thought of not being able to care for her mother, having to send her back to Mexico to live with relatives.

They also enjoyed a social circle of co-workers with whom they often went shopping or attended children's birthday parties and other family celebrations. Their current sense of isolation comes primarily from the loss of this social circle.

How have their lives been changed by the displacement?

After displacement their lives have changed substantially. All of those we interviewed were still deriving unemployment benefits, stipends and other financial assistance, but in most cases this was 30 to 40 percent of the net income they enjoyed before. A sense of self-worthlessness permeates the discussion about their current status. Most came to the US to work at Levi's or Haggar. Relatives or friends from their communities in Mexico, who had made the trip ahead of them, found them the employment. They recall how they dreamt of coming and finding a job that would enable them to send money back home and eventually bring their families. Some came as single persons and found a husband on this side. They expected to work here until retirement and some had begun to build a home back in Nuevo Leon or Ciudad Victoria expecting to settle there on their social security check.

Their sense of loss extends to the dreams abandoned. It is not simply that they are unemployed and have little or no prospects of employment, it is that even if they manage to find employment they feel they will never be able to realize the "dream".

While they reported having been ill or felt pain or injuries from the repetitive work, they reported to have been in much better health than they are now. Soon after their unemployment began, the workers reported that their repetitive movement injuries began to get worse. Some still had some health coverage and so they went for treatment and were contacted by attorneys wanting to represent them on disability claims. All of them felt that proceeding with these claims would endanger their unemployment and training. One of them relates that unemployment turned her into a couch potato.

"I get up and turn on my TV until it's time to go to class and then I come home to watch the novelas and stay there until I fall asleep. I have no place to go nothing to do and no money. Everyone I know has the same problem. I get depressed just thinking about it. Sometimes I baby-sit for a nurse with three children and I look forward to having the kids to care for. I gained 30 pounds and I am now diabetic, all I do is sit, watch television and eat." (Code 04)

The loss of their social capital has been nearly total. At one point they knew people who were working elsewhere and some thought of changing jobs. Now they know no one who is employed and have no way to use their circle of friends to get out of the unemployment dilemma.

"Everybody at Haggar knew that it was much better to work at Levi's so from time to time we would hear of a job there and some of us would apply. I know no one who has a real job." (Code 19)

Their salaries enabled them to save some money. Some had bought homes and had built up equity, others had savings accounts and one had bought a piece of land where she raised chickens and sold them to people in the factory. They all reported that their assets had vanished over the 18 months (on the average) of unemployment. One woman and her husband lost the house they had worked very hard to build because they were forced to get

a mortgage in order to meet living expenses and then could not pay the mortgage. Some went back to live with relatives and one sold her house to her uncle and they moved in with her.

Those who have children cite their main concern as being the children.

"The reason I left San Fernando (a small town in the state of Tamaulipas in Mexico) was for the children. They could get a better education in the United States. Now my oldest graduated high school but has to go to work to help with expenses. I would have liked for him to go to college, since he's a very good student, but I can't afford that and so the main reason for being here is now gone."(Code 09)

"I decided to come after I was divorced. I worked for four years in order to get enough money to bring my two children from Mexico. They learned English very quickly and I thought their life would be much better than mine would. When I was displaced, my oldest was in the new college here (South Texas Community College) and he finished but I can't help with going to the next college (a four-year institution) and this breaks my heart. He's washing cars and working in construction. He brings his money home and tells me not to worry things will get better. But I don't think so. I think I should go back to Mexico, but there's no work there either." (Code 08)

Why did individuals not seek formal employment after becoming unemployed?

As we interviewed the workers we were very curious about why they said they had not looked for employment. There was no effort at all reported.

"There were people who went to look but they found nothing."
(Code 01)

"I was told of a job in a mesaca (corn dough for tortillas) factory, but I found out it was all men there and I could not work under such conditions, so I didn't go."(Code 04)

"If we went to look for a job and found one we would lose the benefit and if we lost the job...." (Code 20)

Once they heard of the closing of the plant, their focus was diverted toward the options for re-training and the benefits being offered to them if they agree to go into training. Those seeking their vouchers for training created great expectations. Some were told that those who took the training would have an 80% chance of finding a job. Others promised jobs that would pay 200 to 300 percent over their previous wages.

"People just wanted to take your money and they promised everything, jobs, computers, benefits...I went to all the presentations and finally took the option of learning English since at least I knew I could benefit from that." (Code 15)

Since everyone in the sample was either non or limited-English speaking, the option of learning English was identified as the most attractive. This may be the result of our own sampling, since the sample was drawn from a program where ESL is the mainstay. The ESL courses were held in temporary buildings, inside classrooms, with little or no involvement of the "functional" aspects of language learning, i.e. the use of the language in work or community. A teacher in the program told us that the curriculum was largely oriented

toward what linguists call "basic interpersonal communications skills" (BICS). He would as a teacher, be evaluated on how many of the words in that week's syllabus could be mastered by students. In his class half the students were barely literate in Spanish and since the method of instruction involved being able to decode the word, the process was very slow. Nearly all of the displaced workers we interviewed, while calling ESL the type of training they needed, were very dissatisfied with the results.

"We go every day and we learn very little. The same words, again and again, very boring. New teachers coming in and out. One teacher was a drunk and would forget that he was teaching and start talking about his family. " (Code 13)

"Very informal, no seriousness about it. Some teachers would say that if we learned English they would be out of a job." (Code 17)

Their sense of worthlessness seems to have been confirmed by the nature of some of the training activities and the attitudes of some of their teachers.

"One day the teacher started teaching us the private parts. You know... what to call the man's thing in English. I got up and walked out." (Code 19)

"I got the feeling...it was as if...we would be there only to give the teacher a job. I was...I was feeling more like a welfare person than a person who had worked all her life." (Code 17)

If the majority do not feel they can find work, have they thought about self-employment?
As we were conducting interviews we noticed that some individuals would make reference to self-employed activities. The majority were taking care of children, or cleaning homes, or working as helpers for the elderly. These were sporadic and informal activities, which were designed to earn them a few dollars on the side. When we began to ask formally if they had ever considered self-employment and if so what kind of business could they start and whether or not they had the funds to do it, the dialog changed to either an exuberantly naive attitude to a defeatist attitude about what was possible. The majority had explored one or another way of earning income through self-employment. One participant and two colleagues (not part of this study) started to supply breakfast tacos to a gas station and expanded their clients to a construction site and a church. This was fine for a while, but one accused another of stealing money and the partnership dissolved and so did their friendship. A local florist supplements her income by teaching the displaced workers how to arrange flowers for a fee (\$600.00 per student) and then sends them out looking for clients they can service. So far the arrangement has not worked out for any of the displaced workers but it has worked out for the florist. Two of the workers believe that they can make enough money selling Avon products, but do not believe they can or should go door to door, have few friends employed and have no ideas where their clients will come from. None of the workers had any capital to employ in a new business and the majority (11) had already thought about and discarded the idea as being too risky and without prospects for success.

As far as future employment prospects are concerned, only two people in the sample, both of them males, seem to think they will be able to find work after they finish training. One already has, (Code 21). His story is so unusual that it is worthwhile to tell it, as it reveals some of the limitations and challenges that need to be overcome by the displaced worker in order to achieve their goals. (See The story of Juan below) The second person (Code 15) plans to move away from this area as soon as his training is completed and already knows of jobs he could get a few hour's driving time north of this community. Nine in the sample think they can find minimum wage work, for which no training is needed.

Why did individuals not change residence to pursue potential jobs in better job markets?

Part of the view of the traditional Mexican culture shuns travelling or moving away from family and ancestral home. Their own journey to the US in search of work or in order to extend greater opportunities to their children, required a denial of the cultural norm as well as engaging in a very difficult process of adaptation to a new environment. Many remember their own transition as being very negative, yet inevitable, given the conditions they abandoned. As they found work here, they remained in close touch with their families, travelling at least once a year back to their village or city and returning only when conditions (economic and social) demanded their return. It is not surprising then that in the face of this new challenge, the thought of leaving on their own to pursue work in other communities has for the most part never entered their minds. One worker tells me of an opportunity offered by a poultry-processing plant in the southeast, which was recruiting in the area.

"When the people came to look at us as possible employees I was very excited. We could get \$9.00 an hour and I didn't care that it was working with chickens (which I think may be smelly and hard). But when they told us we had to move to South Carolina, my heart fell to the ground. I brought my whole family here, my mother, my father, my grandmother, and the aunts, my children...how can I take them away? I can't go away either, what would I do without my family, by myself? Who would take care of me if I got sick." [I reminded her that she had taken the trip from Mexico here leaving everyone behind.] "Yes, and I cried every day for three years. No I can't do that."

(Code 14)

One of the assumptions made in the retraining of displaced workers is that once retrained they will pursue job opportunities wherever they are. This assumption cannot be made for this sample.

What other social costs were incurred by the displacement and subsequent enrollment in training?

The cost-benefit calculations provided earlier are only part of the equation. In addition there are incalculable but nonetheless very real costs of the displacement. Most of these costs accrue to the individual but some are also borne by the taxpayer. The individual's health, state of mind, ability to care for family and ability to contribute to the income of the area has been compromised. A great number in the sample exhibit classical signs of depression; that is they report fatigue, lack of sleep, anxiety, unexplained anger and frustration. The fact that they are not being treated for this condition does not make the cost of the condition any less. While this portion of the Center's study is not directly concerned with health issues, the sample reports untreated conditions. The most frequent report is that -- having given up employment-- their repetitive movement problems have gotten worse. Three of the sample wore bandages or other movement support devices on the wrists, which they said they had gotten so that they could write in class. Many sported magnetic and copper bracelets, which they said helped them control pain in the elbows, wrists, hands and shoulders. Several reported having had episodes, which took them to emergency rooms, finding there that they had become diabetics. Nearly all reported gaining weight and some had stopped taking medications for a number of conditions due to the lack of funds and insurance.

Their displaced condition can be hypothesized to also have negative effects upon their families. The sample of 21 workers has a total of 59 children and 14 have spouses who depended on their income. In the case of the school-age children, the impact of the displacement would be felt in the lack of interest in their school activities, reduced supervision and lack of positive vision, all brought about by the depression most are suffering. The changed conditions for the children will have a long-term impact on the society they will inhabit. Some of the spouses were unemployed or marginally employed themselves and this creates a scenario for increased conflict at home, leading to abuse. We can project ahead to a time where suicide or homicide will become prevalent in this group. In spite of the millions being spent on their training, the lack of possibility for future employment in this area will create additional millions in expenditures to deal with the problems raised by this catastrophic tir lives.

The Story of Juan

Juan (not his real name) came to me in the middle of one interview. He had not been selected for the study, but he had heard from others what I was doing and he wanted to be a part. I waited until the end of his ESL class and then drove him to a restaurant where we shared lunch and he told me his story.

"I had been a mechanic at (a clothing manufacturer) for 17 years. I went from mechanical machines to electronic machines and learned all the maintenance work very quickly. I didn't speak English but neither do the machines. I was laid off later than the rest of the people because I needed to disassemble the machines and pack them, so I had more time to think about what I was going to do. I heard the stories from others about how bad it was out there. I decided, instead of finding a job, I needed to become self-employed. I wanted to be a computer repairman. Not many like those around. I went to a school in Harlingen where they teach computer repair, but they would not take me because of the English. They told me to go get the English and then come back for training. That took too long. So I bought a computer in a kit from a magazine ad and it came with a course on how to put it together. [In Spanish or English? -I asked] English, but I knew how to read schematics and my daughter translated some pieces I did not understand. So I put the computer together and it worked. I took it apart and put it together again, and it worked. I did this ten times in one week. I could do it with my eyes closed. My daughter works in one of those places with a lot of computers and she said if the computers went bad, they just replaced the computer and there was only one guy fixing them. So she took me there one day and I talked to the guy who fixed them. He gave me a computer to take home. It was a different computer but when I opened it was just like the other. I found the problem, just a loose connection, and I took it back the next morning. The man tested the computer and told me it was very good. He took me to his boss and told him he wanted to hire me to fix computers on piecework. The boss got very mad and I didn't know what was going on. Finally when the man came out, he told me he had been fired because he had given me a computer to take home and fix. Now we were both without a job! He said not to worry, so he went to see somebody who had a shop and found a job, then he brought me in and told me I had a job with him." [In the meantime his other employment ended and he began ESL classes during the day leaving his afternoon and evenings free.] I began to work there and slowly he taught me what I didn't know. Some computers have problems which no one can solve, but most just have disk problems, or connections or small things. You just test them and find out where the circuit board is not working and that's that. But this is the best part. We then get a contract to fix the computers where my daughter works. They could not find a repairman so they gave us a

contract! [So, how much work do you have?] I do three or four computers a day. [And what do you get paid?] Depends on what it takes, sometimes \$20.00 or sometimes \$30.00 an hour." (Code 21)

I wanted to know why he had sought me out for the interview and asked him.

"I think people here are doing it all wrong. I don't need English. I'm studying English because this is a great opportunity I never had, but to do work, you don't need to know that Viernes means Friday. What these people should do, is what I'm doing. Give people a little bit of help and then put them to work somewhere with someone who can help them know about the job and train them. Not everybody will get the job they want but I think most people will get something. I only went to 8th grade in Mexico. Some people here haven't even 2nd grade. But we know how to work. Get up in the morning, follow instructions, and be responsible. Some people here are being turned into brujos (zombies) and all they need is work. Instead of unemployment giving people money for doing nothing, give them more money and put them to work somewhere. A store, where they can clean and put things up in the shelf. Or a company like where I am working, we need people to deliver things and go pick up parts and sweep the floors, but we have to do it ourselves because it costs too much to hire someone else. Why don't you tell the people in charge what I just told you." (Code 21)

And so I have.

Conclusions and Recommendations

The indirect and direct cost of training and supporting a displaced worker (human capital investment) are very high for the benefit they have produced in this case. It is perhaps too high. The "schooling" orientation of the policy and this particular sample is incongruent with the work orientation of the participants. Incentives have diverted the population from the pursuit of work to the pursuit of training. Expectations have been raised by false promises. The current policy is not likely to be successful in areas where unemployment is structural and high and where individuals involved in the training are over a certain age. Most importantly, the work orientation of the participants is being eroded and turned into a benefits orientation, where they conspire with providers to accept what they believe is inferior or inappropriate training, just so that they can receive the benefit they need to survive. In addition, the long term costs accruing the individual and society are predictably very high.

We have the following recommendations:

1. Replace schooled training with long-term wage support
2. The cost of training and unemployment support, added to a severance package from the factory that wishes to leave the community, could be invested in an annuity which would yield a basic income of sufficient import to provide a level of security until social security steps in. The individual may then supplement this basic income with additional employment or self-employment and the work orientation would remain intact.
3. Replace schooled training with on-the-job training through apprenticeships.
4. Juan is right. People in this program are work oriented and are perfectly capable of performing unskilled tasks with a high level of consistency and reliability. They have proven that though an average of 12.9 years of work. Service employers in this area could be persuaded to provide on-the-job training, in return for the free or reduced

cost of labor from the individual. The cost of finding these placements and adequately supervising them to prevent abuse is likely to be no higher than the cost of monitoring this program (about \$2,900.00 per participant).

5. Shift the focus and incentives of service providers away from schooled-training to on-the-job training, placement and income.
6. If in fact schooling is viable, either because the person is already schooled to a certain level (8th grade is a good point of demarcation) and needs only English training to complete a GED, or where the participant is younger than the average age of these workers (47.4 years of age), or an individual is childless, a program of formal schooling might be called for. Otherwise, training programs of the type in place here, provide non-marketable training, which fails to increase earnings for participants, inspite of its huge investment.
7. Self-employment should be explored in an incubator environment.

While it is true that these workers have a great deal of cultural capital they can invest in productive work, they lack both the social and the economic capital to make self-employment a viable option for most. However, in a sheltered environment, where Juan, for example, could create his own computer repair business, gradually adding people and hiring salespeople to get him business, could work. What is needed is a small business incubator, to provide support services, capital and infrastructure. This incubator is not likely to become self-sustaining, as the businesses it would incubate would tend to be, neither marketable to capital investors, nor yield sufficient operating profit to fully compensate the costs of the effort. Yet it would be another way of creating wealth for a community that has lost so much of it due to the economic realities of globalization.

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