



Bipartisan, Bicameral Trade Adjustment Assistance Legislation

The bipartisan, bicameral Trade and Globalization Adjustment Assistance Act of 2009 – reflecting agreement among Senators Baucus and Grassley and Congressmen Rangel and Camp – significantly expands existing TAA programs. Among other things, it extends TAA to trade-affected services sector workers and workers affected by offshoring or outsourcing to countries like China or India. It creates a new TAA program for trade-affected communities, and makes training, healthcare and reemployment TAA benefits more accessible and flexible. It reauthorizes all TAA programs (which expired December 31, 2007) through December 31, 2010. Key provisions of the legislation are set out below:

- ***Extends TAA benefits to service sector workers and firms.*** Current law covers workers who produce *articles* that are subject to import competition. A May 2007 GAO study found that 40% of TAA denials are because workers did not produce *an article*. The legislation clarifies that workers and firms that supply *services*, and are affected by trade, are also eligible for TAA.
- ***Covers workers whose firms shift production to non-FTA partner countries.*** Current law covers shifts in production to Free Trade Agreement partner or certain preference program countries. The legislation ensures that workers whose firms shift production to other countries, such as China or India, are eligible for TAA, without having to meet other tests.
- ***Increases training funding by 160 percent to up to \$575 million.*** Current law caps training funds at \$220 million. In the past, some states have run out of training funds. The legislation authorizes up to \$575 million for fiscal years 2009 and 2010, and prorates such funds for the period beginning October 1, 2010, and ending December 31, 2010.
- ***Creates a TAA for Communities program.*** The legislation authorizes \$230 million per fiscal year for trade adjustment assistance for communities affected by trade. It makes qualifying communities eligible for strategic planning grants (with preference given to small- and medium-sized communities), sector partnership grants, and community college and career training grants.
- ***Improves TAA coverage for U.S. suppliers of component parts.*** Under current law, a firm that supplies component parts to another firm may be certified for TAA benefits only if the customer employed workers who were adversely affected by trade and receive TAA certification. If the customer's workers do not obtain TAA certification, the workers who lose their jobs at the component part supplier cannot do so either. The legislation remedies this shortcoming in current law. It also allows firms that supply component parts to foreign customers to petition for benefits if their customers switch to component parts produced outside the United States.
- ***Ensures automatic eligibility for workers suffering from unfair trade and import surges.*** Unfair foreign subsidies and dumping of foreign goods and unexpected import surges can injure U.S. industries and cause workers in those industries to lose their jobs. The legislation provides for automatic TAA certification of workers at firms in such industries if they were totally or partially separated from such a firm within one year before or after an affirmative injury determination by the International Trade Commission.
- ***Tripled funding for TAA for Firms.*** The TAA for Firms program, which helps businesses adjust to foreign competition, has a backlog of approved but unfunded projects equivalent to a full year's funding at current levels. The legislation authorizes \$50 million for the program and expands the program's reach by allowing firms to show a decline in sales or production over one, two, or three years instead of the current one year allowed.
- ***Creates more flexible training options.*** The legislation improves training options, including expanded opportunities for long-term training, part-time training, and pre-layoff training.

- ***Restarts the eligibility clock for active duty military service.*** The legislation allows a worker called up for active duty military or full-time National Guard service to restart his/her TAA enrollment process after completing such service.
- ***Improves the affordability and availability of health coverage.*** The Health Coverage Tax Credit (HCTC) program provides health insurance benefits to TAA eligible workers or retirees covered by pension plans taken over by Pension Benefit Guaranty Corporation (PBGC) who have lost their employer-sponsored coverage. While many workers are eligible for the HCTC program, few enroll due to lack of affordability. The legislation amends the HCTC program by increasing the premium subsidy level from 65 percent to 80 percent, providing workers retroactive payments to help cover the up-front costs of obtaining health coverage, expanding coverage of spouses and dependents, and establishing new reporting requirements on the costs and types of health benefits available to this population. The legislation also provides \$150 million in grant funding to help states improve the availability of health insurance options and to help TAA eligible workers and retirees cover their monthly health premium costs.
- ***Makes wage insurance more accessible and flexible with other benefits.*** The legislation eliminates the requirement to forfeit training to be eligible for wage insurance, and it allows workers to switch from trade readjustment allowances (TRAs) to wage insurance payments at any time during their training. Further, the legislation provides for a worker who successfully completes training and is reemployed to receive reemployment TAA benefits in lieu of TRA benefits for the remainder of the worker's TRA eligibility. And the legislation raises the maximum yearly earnings of an eligible worker to \$55,000 (from \$50,000), and the maximum two-year benefit to \$12,000 (from \$10,000).
- ***Streamlines eligibility criteria for TAA for Farmers and Fishermen.*** The legislation reduces the commodity price decline that producers must demonstrate to qualify for benefits from 20 % to 15%, and it reduces the historical price data required from five years to three. The legislation clarifies that fishermen and aquaculture producers may receive TAA benefits whether they are competing against imported farmed or wild-caught fish or seafood. The legislation provides targeted training that was previously unavailable to most participants. Producers who successfully complete the training phases become eligible for up to \$12,000 in seed money to use their new skills and implement a business plan.
- ***Helps states fund caseworker time spent with TAA clients.*** TAA funds do not pay for caseworker time with clients, so states must use other sources of funds (including from shrinking non-entitlement programs like the Workforce Investment Act) for such activities. The legislation provides \$86 million per year to states for administrative and case management services, as well as an additional \$350,000 to each state per year for case management services.
- ***Fixes technical hurdles to benefits.*** The legislation streamlines multiple training enrollment deadlines (currently 8 weeks after certification or 16 weeks after separation, and 210 days after layoff) into one: 26 weeks after layoff or certification, whichever is later. It allows states to grant training waivers to workers with postgraduate degrees to give more time for job search. It gives 6 extra months for a worker to complete pre-requisite courses (necessary to enter most programs in high-growth industries like healthcare), improves accountability for on-the-job training placements, extends TRA benefits for a worker whose approved training and hence TRA benefits were delayed, and ensures that workers who win administrative or judicial appeals are not penalized for time lost during such appeals.
- ***Creates an Office of Trade Adjustment Assistance and improves outreach to workers.*** The GAO has found that few workers are aware of or understand TAA benefits. The legislation creates an Office of Trade Adjustment Assistance within the Department of Labor that reports directly to the Deputy Assistant Secretary (DAS) for Employment and Training. The office will make eligibility determinations, give technical assistance to petitioners, explain benefits to participants, and provide feedback to Congress on TAA service delivery.
- ***Helps improve TAA program performance.*** The legislation requires the collection and reporting of data related to the TAA program and its performance, including data on worker outcomes, to better assure accountability, cost-effectiveness, and efficiency.