



CRS Report for Congress

Trade Adjustment Assistance for Workers (TAA) and Alternative Trade Adjustment Assistance for Older Workers (ATAA)

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Summary

Trade Adjustment Assistance for Workers (TAA) provides assistance to qualifying workers who lose their jobs directly due to increased imports or shifts in production out of the United States. Certified workers whose unemployment compensation has ended and who are in approved training may receive Trade Readjustment Allowances (TRA) for a maximum of 130 weeks. Some workers age 50 or older are eligible to receive Alternative Trade Adjustment Assistance for Older Workers (ATAA). Both TAA- and ATAA-eligible workers can receive a Health Coverage Tax Credit (HCTC). TAA and ATAA were set to expire on September 30, 2007. On October 31, 2007, the House approved H.R. 3920 by a vote of 264-137. This bill would reauthorize and expand TAA and is awaiting Senate action. P.L. 110-161, signed on December 26, 2007, fully funds TAA through September 30, 2008. The Department of Labor has indicated that this is sufficient to continue the program, including issuing new certifications of eligible workers. This report will be updated as legislative activity warrants.

Background

Trade Adjustment Assistance for Workers (TAA) provides extended income support through Trade Readjustment Allowances (TRA). To be eligible for TAA, workers must have become unemployed for one of three reasons: (1) their jobs moved to a country with which the U.S. has a free trade agreement or to certain other countries;¹ (2) their job losses can be attributed to increased imports that contributed importantly to an actual decline in sales or production; or (3) their job losses resulted from the loss of business with a

¹ These are beneficiary countries under the Andean Trade Preference Act, African Growth and Opportunity Act, or the Caribbean Basin Economic Recovery Act.

primary firm because of a trade-related reason.² Older TAA-eligible workers may be able to opt for Alternative Trade Adjustment Assistance (ATAA), which provides a wage supplement in lieu of TAA benefits. In addition, workers can claim a refundable Health Coverage Tax Credit (HCTC). The HCTC was established to help both eligible TAA and ATAA workers pay for health insurance.³

TAA was formally established by the Trade Expansion Act of 1962 (P.L. 87-794) but was little used until the Trade Act of 1974 (P.L. 93-618) expanded benefits and eligibility. Most recently, the Trade Act of 2002 (P.L. 107-210) established ATAA and reauthorized and expanded TAA. TAA and ATAA are set to expire December 31, 2007.

Financing

TRA funds are appropriated as an entitlement out of the general fund. Funds for training, job search and relocation expenses, and administrative costs are a line item appropriation of which training is a capped entitlement (\$220 million in FY2007). ATAA is an entitlement out of the general fund. HCTC is funded out of general revenue.

Administration

At the federal level, the TAA and ATAA programs are administered by the Employment and Training Administration (ETA) within the U.S. Department of Labor (DOL). Claims for benefits by individual workers are administered by the state Unemployment Compensation (UC) agencies under agreements and contracts with DOL. The use of funds varies greatly from year to year and from state to state.

Trade Adjustment Assistance Benefits

TAA benefits, which are primarily focused on the re-employment of certified workers, have several components: training assistance, up to 130 weeks of income support while in training, and job search and relocation assistance.

Income Support. Workers have both basic and additional Trade Readjustment Allowances (TRA) available to them.

- **Basic TRA.** Workers receive basic TRA after their UC benefits are exhausted. The weekly TRA payment is equal to the worker's most recent UC benefit. The total amount of basic TRA benefits available to a worker is equal to 52 times the weekly TRA benefit minus the total amount of UC benefits.⁴ To receive the basic TRA benefit, workers must

² For example, workers laid off at a plant that moves operations to a country that does not have a free trade agreement with the U.S. are ineligible for TAA. If the layoffs result from a customer purchasing the firm's products from a foreign country, then the workers may be eligible for TAA.

³ See CRS Report RL32620, *Health Coverage Tax Credit Authorized by the Trade Act of 2002*, by Bernadette Fernandez.

⁴ For example, a worker who receives 39 weeks of UC would be eligible to receive an additional 13 weeks of basic TRA.

be enrolled or participating in TAA training, have completed such training, or have obtained a waiver of the training requirement.

- **Additional TRA.** An additional 52 weeks of income support is available for workers in approved training programs, plus another 26 weeks are available for workers in remedial training programs.

Training Assistance. Workers' training assistance is for full-time participation in an approved training program. The average number of weeks of training is 58.

Job Search and Relocation Assistance. Certified workers who cannot obtain suitable employment within their commuting areas can receive an allowance of 90% of their job search and relocation expenses, up to a maximum of \$1,250 for each benefit. Less than 1% of TAA-eligible workers receive these benefits.

- **Job Search Allowance.** Applications must be submitted before a job search begins and made either within one year of certification or final separation or within six months of the end of training.
- **Relocation Expenses.** Applications must be made within 14 months of certification or layoff (whichever is later) or within six months of the end of training.

Alternative Trade Adjustment Assistance Benefits

Workers who qualify for the ATAA benefit can receive a wage supplement worth half the difference in salary between their old and new jobs for a maximum of \$10,000 over two years. Although workers are ineligible if their wages are more than \$50,000 a year, their combined wages and ATAA payments can exceed \$50,000 a year. For example, a worker who earned \$55,000 at a previous job and earns \$48,000 at a new job would be eligible for a benefit of \$7,000 over two years. In this case, the worker would receive a total of \$51,500 per year in wages and ATAA benefits.

Health Coverage Tax Credit (HCTC) Benefit

The Health Coverage Tax Credit (HCTC) is available to TAA and ATAA workers. The HCTC covers 65% of the premium for qualified health insurance purchased by an eligible taxpayer (the taxpayer is responsible for the other 35%). It is refundable, so workers may claim the full credit even if they have little or no federal income tax liability. The credit may also be advanced, so taxpayers have the option of using the credit on a monthly basis when premiums are due rather than waiting until the end of the year. Individuals may receive the HCTC for one month longer than their TAA eligibility or exactly two years in the case of their ATAA eligibility.

Eligibility

Obtaining TAA or ATAA benefits is a two-stage process: (1) a group of workers must petition DOL to become TAA certified, and they also may apply for ATAA certification; and (2) individual workers apply for TAA or ATAA benefits at a local One-Stop Career Center.

TAA Group Eligibility. To gain TAA eligibility, a group of three or more workers (or their union, firm, or state) petitions DOL. Then, DOL investigates whether import competition “contributed importantly” to the group’s job loss or whether their firm has shifted production of like articles to certain countries. TAA also extends eligibility to groups of secondary workers whose job losses result from the loss of business with a primary firm (i.e., the firm that directly lost business or outsourced as a result of trade). Certification of the petition requires that a significant number of workers⁵ is laid off or threatened with layoffs, the sales or production of the firm decreased, and increased imports have “contributed importantly” to these declines.

TAA Individual Eligibility. If DOL certifies a petitioner’s group of workers as eligible, the individual workers then apply to their state agency to establish a TAA benefit claim. For an individual worker, eligibility is based on (1) separation from the firm on or after the date specified in the certification but within two years of DOL certification; (2) employment with the affected firm in at least 26 of the 52 weeks preceding layoff; (3) entitlement to state UC benefits; (4) no disqualification for extended unemployment benefits; and (5) enrollment or a waiver for participation in an approved training program.

ATAA Group Eligibility. If a group of workers also wants ATAA eligibility, they must apply concurrently with TAA certification and meet the following criteria: a significant number of the affected workers is 50 years of age or older, the petitioning workers’ skills are not easily transferable, and the workers’ industry experienced adverse competitive conditions.

ATAA Individual Eligibility. If DOL certifies a group as ATAA eligible, then an individual worker must meet the following requirements: be at least 50 years old at the time of reemployment and obtain full-time employment earning less than \$50,000 per year within 26 weeks of separation.

Participation

Table 1 includes data on TAA petitions and certifications for calendar years 2000 to 2006. Following the reauthorization in 2002, there is an increase in petitions and certifications. The numbers do not exhibit a particular trend over time because the number of petitions and certifications depends on the episodic nature of layoffs, especially within a particular state.

Table 2 includes data on TAA benefits for FY2000 to FY2006. The large increases from FY2002 to FY2003 are the result of reauthorization.

ATAA data are difficult to find in part because demographic data are collected only after a participant has completed the program. Data on the first participants were first reported by states in 2006. According to DOL data received by CRS on March 2, 2007, in calendar year 2003, there were 1,403 new recipients. This increased to 2,349 and 3,028 in 2004 and 2005, respectively.

⁵ *Significant* means the group of workers must contain at least 3 workers if the firm had less than 50 workers, or 5% of total workers if the firm had 50 or more workers.

Table 1. Petitions and Certifications by Calendar Year, 2000-2006

Calendar Year	Petitions Filed		Petitions Certified		
	Petitions	Estimated Workers	Number	Percent	Estimated Workers
2000	1,440	151,786	822	57%	98,039
2001	2,406	308,253	1,166	48%	148,093
2002	2,574	265,757	1,685	65%	245,533
2003	3,958	292,827	2,165	55%	205,417
2004	2,594	171,281	1,504	58%	123,068
2005	2,672	164,371	1,543	58%	117,735
2006	2,383	172,651	1,435	60%	129,552

Source: Table provided to CRS by U.S. Department of Labor, Employment and Training Administration, on August 10, 2007. Data from the FY2003 reauthorization appears in calendar year 2002.

Table 2. Selected Statistics on TAA Benefits, FY2000-FY2006

Fiscal Year	Trade Readjustment Allowance			Training, Job Search, Relocation Allowances			
	New Recipients	Average Weekly Payment (\$)	Total Outlays (\$ millions)	Entered Training	Job Search	Re-location	Total Outlays (\$ millions)
2000	33,000	218	239	23,000	351	641	93
2001	33,000	222	226	24,000	242	369	94
2002	37,000	234	199	37,000	279	393	95
2003	44,000	245	398	44,000	430	736	259
2004	81,000	264	562	51,000	467	817	259
2005	55,000	277	646	38,000	288	446	259
2006	60,000	293	549	37,000	454	531	259

Source: Table provided to CRS by U.S. Department of Labor, Employment and Training Administration, on August 10, 2007. Reauthorization and expansion of TAA eligibility occurred in FY2003.

TAA and ATAA Legislation in the 110th Congress

H.R. 910. Among other provisions, the American Competitiveness and Adjustment Act, introduced on February 8, 2007, would extend certification to an entire industry after three or more certifications within a six-month period and allow certifications for production shifts to any foreign country.

H.R. 1729/S. 1652. The Trade Adjustment Assistance Reform Act, introduced on March 28, 2007, and an identical companion bill, introduced on June 19, 2007, would allow for eligibility for affected workers regardless of the country of the production shift and would extend TAA to textile and apparel workers without regard to the group eligibility requirements.

H.R. 2764/P.L. 110-161. The Consolidated Appropriations Act, 2008 appropriates \$888.7 million for the TAA for Workers program for FY2008. Absent Senate action on H.R. 4341, the Department of Labor considers the appropriations language sufficient to continue the TAA for workers program for FY2008, including issuing new certifications for eligibility. This act prohibits any of the funds made available from being used to finalize or implement any proposed regulation until TAA is reauthorized. President Bush signed it into law December 26, 2007.

H.R. 3375/P.L. 110-89. This bill, introduced on August 3, 2007, would extend the Trade Act of 1974, through December 31, 2007. President Bush signed it into law on September 28, 2007.

H.R. 3589. This bill, introduced on September 19, 2007, would extend TAA benefits to service industry workers who provide “information technology or other high technology services.”

H.R. 3801. The Trade Adjustment Assistance Improvement Act, introduced on October 10, 2007, is similar to S. 1848.

H.R. 3843. The NEW JOBS Act of 2007, introduced on October 16, 2007, would expand the New Markets Tax Credit to spur investments into businesses that receive TAA benefits or employ TAA-eligible workers.

H.R. 3920. The Trade and Globalization Assistance Act of 2007, introduced on October 22, 2007, would extend eligibility to service and public sector workers, allow for automatic approval of firms within an industry, increase the deadline to enroll in training to 26 weeks, allow participants to work part-time while enrolled in training, increase the training cap to \$440 million, increase the HCTC from 65% to 85%, sunset the HCTC after December 31, 2009, and establish 24 manufacturing redevelopment zones that would be eligible for redevelopment tax incentives. H.R. 3920 passed the House on October 31, 2007, by a vote of 264-137.

H.R. 3943. Among other provisions, the Trade Adjustment Assistance and Training Improvement Act of 2007, introduced on October 23, 2007, would expand eligibility to include workers who make an intangible product such as software and allow participants to simultaneously work and receive training.

H.R. 4341. This bill, introduced on December 10, 2007, would extend the TAA programs through March 31, 2008. H.R. 4341 passed the House by a voice vote on December 11, 2007. The Senate has yet to act on this bill.

S. 122. Among other provisions, the Trade Adjustment Assistance Improvement Act of 2007, introduced on January 4, 2007, would expand the TAA program by extending the benefits to workers in service industries and the public sector and by expanding eligibility to include workers within an entire industry or occupation; it would also lower the age requirement for ATAA from 50 to 40.

S. 1739. The TAA Health Coverage Improvement Act of 2007, introduced on June 28, 2007, would increase the HCTC and offer TAA-eligible workers enrollment in the Federal Employees Health Benefit Program.

S. 1848. In addition to provisions mentioned in S. 122 above, the Trade and Globalization Adjustment Assistance Act of 2007, introduced on July 23, 2007, would allow training funds to be used for higher education expenses and waive the training requirement for post-graduate degree holders. It would also increase the HCTC from 65% to 85%. The bill doubles the training funding cap from \$220 million to \$440 million.