

January 27, 2015

# Trade Adjustment Assistance for Workers (TAA)

## Overview and Current Status

TAA is a program that provides federal assistance to dislocated workers who have been adversely affected by international trade. Its primary benefits are funding for retraining and weekly income support payments while affected workers are enrolled in retraining.

**Rationale.** Reduced barriers to international trade are widely acknowledged to offer net benefits by expanding market access, but they may adversely affect domestic industries and workers that face increased competition. TAA is designed to help trade-affected workers adjust to dislocation resulting from trade liberalization.

**Eligibility.** A group of workers (most frequently employees at a single employer) must apply to the Department of Labor (DOL) to establish that international competition “contributed importantly” to their job loss. After DOL certifies the petition as meeting the statutory requirements, individual workers covered by that petition receive benefits through state workforce systems and state unemployment insurance agencies.

**Last reauthorization.** Congress last reauthorized TAA under the Trade Adjustment Assistance Extension Act of 2011 (P.L. 112-40). This reauthorization was aligned with the passage of 2011 free trade agreements with Colombia, South Korea, and Panama. In the past, TAA has frequently been reauthorized alongside other congressional action on international trade.

**Current status.** The program was set to be phased out beginning January 1, 2015, but the FY2015 appropriations law (P.L. 113-235) provided funding for the full operation of the program, including new certifications, through FY2015. Reauthorization of TAA is part of ongoing trade negotiations.

**“Reversion 2014.”** Between 2009 and 2013, TAA operated under expanded eligibility and benefit provisions. P.L. 112-40 specified that on January 1, 2014, the program would largely revert to the more restrictive provisions that were in place prior to the 2009 expansion. DOL refers to these provisions as “Reversion 2014.” The TAA program is currently operating under the Reversion 2014 provisions for new beneficiaries.

**Program cost.** In FY2015, appropriations for TAA were \$711 million. Appropriations cover estimated program costs. Actual programs costs vary each year depending on usage.

## Program Benefits

**Training services.** TAA authorizes a number of training options, though the most common is occupational training: training related to a specific occupations, typically conducted in a classroom setting. Statute specifies that TAA-funded training must be available at a reasonable cost and there must be a reasonable expectation of employment following completion of the training.

**Trade Readjustment Allowance (TRA).** TRA is a weekly payment to a worker who has exhausted his or her unemployment insurance (UI) and who is enrolled in a TAA-eligible training program. The weekly TRA payment is equal to the worker’s last UI payment and begins the week after the worker’s UI expires. A worker may collect UI or TRA for the duration of his or her training program, up to a combined maximum of 117 weeks, or 130 weeks in certain circumstances.

**Other services.** TAA-certified workers may also receive employment-related services such as case management and job search assistance. TAA also provides a job search allowance and a relocation allowance for workers who pursue and/or relocate to employment outside of their commuting area.

## Program Administration

TAA benefits are funded through the appropriations process and administered through state agencies. Training and other employment services are provided through local American Job Centers (AJCs, see box). TRA payments are made through states’ UI agencies.

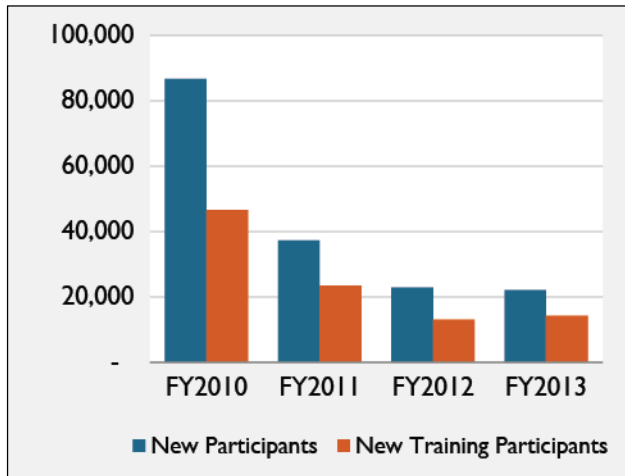
### American Job Center Network

AJCs are a network of locally run centers that coordinate federal employment and training programs, including TAA. AJCs are run by local workforce investment boards that partner with employers and government actors to identify labor needs in the local area and coordinate with local training providers to meet those needs. Other federal programs administered through the AJC network include Adult and Dislocated Workers programs under the Workforce Innovation and Opportunity Act and the Employment Service under the Wagner-Peyser Act.

## Participation and Outcomes

Not all workers who are covered by a certified petition pursue services and not all workers who pursue services utilize every available benefit. **Figure 1** shows the annual number of new participants (certified workers who received an initial TAA service, including case management or job search assistance) and the number of workers who began training. Since a worker's enrollment in TAA can last two years or longer, the graph reflects new participants rather than total participants so that individuals are not double counted in either category.

**Figure 1. New TAA for Workers Participants, FY2010-FY2013**



**Source:** Department of Labor, Employment and Training Administration, <http://www.doleta.gov/tradeact/>.

In FY2013, 71% of program exiters entered employment (defined as being employed in the first quarter after program exit). Of the workers who entered employment, 90% retained employment for the subsequent two quarters.

Since TAA is an entitlement for eligible workers, it has not been subject to a random-assignment evaluation by DOL. Thus, estimating the impact of the program (i.e., the differences in employment outcomes of TAA beneficiaries vs. otherwise identical workers who did not participate in TAA) is extremely difficult.

## Key Reauthorization Issues for the Workers Program

As noted previously, TAA eligibility and benefits were expanded in 2009 through 2013. Prior to 2009 and since 2014, the program has operated under more-limited provisions. There is debate regarding which set of provisions should be used as the baseline when considering reauthorization.

**Eligibility of service workers.** Between 2009 and 2013, TAA certification was available to workers in production or services sectors. Prior to 2009 and since 2014, certification for new workers has been limited to workers in production industries. Some suggest that the expansion to service

workers reflects a changing economy and should be made permanent. Others suggest that it was a temporary expansion during a time of above-average unemployment and should not be renewed.

**Funding level for reemployment services.** TAA reemployment services (including training) are a capped entitlement with the funding level established in statute. Prior to the 2009 expansion and since the beginning of 2014, funding for these services was approximately \$250 million per year. Between 2009 and 2013, funding was approximately \$575 million per year. There is disagreement as to which funding level should be used as the baseline during reauthorization debates.

**Duplication with other programs.** Some opponents of TAA suggest that the program is duplicative and should not be reauthorized at all since all unemployed workers have access to employment services through other federally supported programs. Supporters of TAA reauthorization note that other programs tend to have limited capacity and may not provide the intensive services or benefits that are provided by TAA.

**Equity among dislocated workers.** Opponents of TAA point out that it provides a more robust benefit package to trade-affected workers while other dislocated workers may have access to more limited programs and benefits. Supporters of reauthorization argue that trade-related job loss bears a more direct relationship to government action (e.g., passage of free trade agreements) than other types of job loss and thus merits a more direct remedy.

## Other TAA Programs

This In Focus discusses the TAA for Workers program. In addition to the program for workers, statute also authorizes smaller programs that provide assistance to firms and farmers that are adversely affected by international competition.

- **Trade Adjustment Assistance for Firms** supports trade-impacted businesses by providing technical assistance in developing business recovery plans and matching funds to implement those plans. FY2015 funding for TAA for Firms was \$12.5 million. For more information, see CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by Mary Jane Bolle.
- **Trade Adjustment Assistance for Farmers** is authorized in statute to provide technical assistance and cash payments to trade-affected agricultural commodity producers. The TAA for Farmers program last received funding in the first quarter of FY2011. For more information, see CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Mark A. McMinimy.

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