

Updated June 19, 2019

# Trade Adjustment Assistance for Workers (TAA)

## Overview and Program Rationale

Reduced barriers to international trade are widely acknowledged to offer net benefits by expanding market access but may adversely affect domestic industries and workers that face increased competition. Trade Adjustment Assistance (TAA) is designed to help trade-affected workers adjust to job loss resulting from increased foreign competition. The primary benefits under TAA are funding for retraining and weekly income support payments while affected workers are enrolled in training.

This product provides a brief overview of the TAA for workers program. For a more detailed discussion, see CRS Report R44153, *Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015*, by Benjamin Collins.

## Trade Adjustment Assistance Reauthorization Act of 2015

In June 2015, Congress enacted the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA; Title IV of P.L. 114-27). This law established a set of TAA eligibility and benefit provisions that are set to remain in place through June 30, 2021. The law also authorized appropriations through that date. This product discusses the program as amended by TAARA.

## Program Administration

TAA is administered jointly by the U.S. Department of Labor (DOL) and cooperating state agencies. DOL is responsible for investigating group petitions to establish program eligibility. State agencies are responsible for administering federally funded benefits to eligible workers.

## Funding and FY2019 Appropriations

TAA is supported by mandatory appropriations. Funding for training and reemployment services is capped at \$450 million per year. Training for income support is not capped at the aggregate level, though there are individual benefit limits.

Appropriations for TAA in FY2019 were \$790 million: \$450 million for training and reemployment services and \$340 million for income support and other benefits. TAA is nonexempt mandatory (direct) spending, which means it is subject to sequestration under the Budget Control Act. In FY2019, sequestration for nonexempt, nondefense spending was 6.2%, meaning that the postsequestration funding level was about \$741 million.

## Eligibility and Group Application Process

To be eligible for TAA benefits, an individual worker must be part of a group of TAA-certified workers. To obtain group certification, a group of three or more dislocated workers files a petition with DOL that describes how

foreign trade contributed to the workers' job loss. DOL then conducts an investigation to determine if the circumstances of the workers' job loss meet program eligibility criteria. Qualified circumstances of job loss are the following:

- **Increase in directly competitive imports.** The sales or production of the petitioning firm has decreased and imports of articles or services directly competitive with the petitioning firm have increased.
- **Shift in production.** The workers' firm has shifted the production of articles or services that were produced by the petitioning workers to a foreign country, or the workers' firm has begun to acquire from a foreign country articles or services that are directly competitive with those produced by the workers.
- **Qualified secondary firm.** The workers' firm is a supplier or downstream producer to a firm that was certified under either of the prior two criteria, and the secondary firm meets certain other criteria.
- **USITC firm.** The workers' firm is publicly identified by name by the United States International Trade Commission as injured by a market disruption or other qualified action.

If DOL's investigation finds that the cause of the workers' dislocation meets the statutory criteria, the workers' petition is certified. Workers covered by a certified group petition can then pursue individual benefits.

The TAA eligibility criteria are designed to target workers who lose their jobs due to increased international trade and increased imports. The eligibility criteria are not designed for workers who are adversely affected by reductions in international trade or declines in exports.

## Training and Reemployment Services

Workers covered by a certified TAA petition are entitled to certain benefits and services to aid them in preparing for and obtaining new employment. As noted above, training and reemployment services are administered through state workforce agencies.

*Case management and career services* are typically provided by staff at state-run American Job Centers (also known as One-Stop Career Centers). Statute specifies a group of services that all TAA-certified workers shall receive, including a comprehensive skills assessment and the development of an individual plan to identify an employment objective and training to achieve that objective.

*Training benefits* can be paid directly to a training provider or through a voucher system. Statute establishes a set of conditions under which training shall be approved: if there is no suitable employment available for the worker, the training is available at a reasonable cost, the worker is qualified to undertake the training, and there is a reasonable expectation of employment after the completion of the training. Statute specifies a somewhat broad range of qualified training programs, including any coursework at an accredited institution of higher education for the purposes of obtaining a degree or certification.

Funding for training and reemployment services is granted from the federal DOL to state agencies using a formula that considers the state's past and anticipated usage of TAA. A portion of funding is withheld from the initial formula distribution and states may apply for these reserve funds.

### Income Support: Trade Readjustment Allowance (TRA)

TRA is a weekly payment that works in conjunction with unemployment insurance (UI) to provide a TAA-certified worker with income while the worker is enrolled in training. TRA begins the week after a worker exhausts his or her UI. A worker's weekly TRA benefit equals his or her final weekly UI payment. There are three stages of TRA that, when combined with UI, offer a maximum of 130 weeks of benefits.

- *Basic TRA* begins the week after a worker exhausts UI. A worker may collect UI and Basic TRA for a combined total of 52 weeks. In limited cases, a worker may be able to obtain a training waiver and collect Basic TRA without enrolling in training.
- *Additional TRA* begins the week after a worker exhausts Basic TRA. A worker may collect Additional TRA for up to 65 weeks. Only workers enrolled in training may collect Additional TRA; workers with waivers are not eligible.
- *Completion TRA* is an additional 13 weeks of benefits that are available only if a worker will complete a training program during that time.

### Wage Insurance for Older Workers: Reemployment Trade Adjustment Assistance (RTAA)

Workers who are age 50 and over can participate in the RTAA program, which provides a wage supplement to qualified workers who obtain new employment at a lower wage. RTAA is a payment equal to 50% of the difference between the worker's wage at his or her TAA-certified job and his or her new job. The maximum RTAA benefit is \$10,000 or two years of benefits, whichever comes first.

To qualify for RTAA, a worker must either be employed on a full-time basis (as defined by the laws of the state in which the worker is employed) or be employed at least 20 hours per week and be enrolled in a TAA-sponsored training program. RTAA beneficiaries are not eligible to concurrently receive TRA. RTAA beneficiaries who had previously received TRA receive a reduced RTAA benefit.

### Health Coverage Tax Credit (HCTC)

The HCTC provides a subsidy for qualified health insurance premiums for TAA workers. The HCTC equals 72.5% of qualified health insurance costs. To qualify for the HCTC, the worker must be receiving TRA, UI in lieu of TRA, or RTAA.

### Issues for Congress

**Equity among dislocated workers.** TAA provides a set of benefits and services that, in many cases, are more robust than those available to workers who involuntarily lose their jobs for nontrade reasons. Some opponents of TAA suggest trade-affected workers should not receive special treatment and trade-affected workers should instead utilize the benefits and services that are available to all dislocated workers. Supporters of TAA note that, due to the congressional role in approving trade agreements, trade-based dislocation may have a more direct relationship to congressional action than other forms of job loss, and therefore a specialized program is warranted.

**The relationship between TAA and expansionary trade policy.** Historically, TAA has been reauthorized and expanded alongside policies that relate to expansionary trade policy. For example, TAARA was enacted in 2015 in conjunction with the Trade Promotion Authority, which granted the President the authority to negotiate trade agreements that would be subject to an "up or down" vote in Congress. Some members may consider expansionary trade policy more appealing if it is accompanied by TAA legislation.

### Other TAA Programs

This product discussed the TAA for Workers program. In addition to the program for workers, statute also authorizes smaller programs that provide assistance to firms and farmers 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. The authorization for the TAA for Firms program was extended by TAARA, and FY2018 funding for the program was \$13.0 million. For more information, see CRS Report RS20210, *Trade Adjustment Assistance for Firms*, by Rachel F. Fefer.
- **Trade Adjustment Assistance for Farmers** is authorized in statute to provide technical assistance and cash payments to trade-affected agricultural commodity producers. The authorization of the TAA for Farmers program was extended by TAARA, but the program has not received an appropriation since FY2011. For more information, see CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Mark A. McMinimy.

---

Benjamin Collins, Analyst in Labor Policy

IF10570

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.