

# Trade Adjustment Assistance for Workers: Background and Current Status

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**T**rade Adjustment Assistance for Workers (TAA) provides federal assistance to workers who involuntarily lose their jobs due to foreign competition.<sup>1</sup> The primary benefits for TAA-eligible workers are funding for training and reemployment services as well as income support while a worker is enrolled in training.

In accordance with the termination provisions of the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA, Title IV of P.L. 114-26), the TAA program entered a phased termination beginning July 1, 2022. During the phase-out, no new petitions will be certified, but previously participating workers can continue to receive benefits.

This report discusses the TAA program in its current context. The first section provides brief background on the authorization and operation of the program. The next section describes TAARA and the implementation of its sunset provisions and termination provisions. The last section describes activity in the 117<sup>th</sup> Congress, which has not included an enacted extension of the program.

## Background

This section provides a brief description of TAA. For more detail on program operation, eligibility, and benefits, see CRS Report R44153, *Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015*.<sup>2</sup>

## Program Rationale and Authorizing Statute

Reduced barriers to international trade are widely acknowledged to offer benefits to consumers in the form of increased choices and lower prices. Expanded trade may also offer opportunities to firms that produce goods or supply services for increased exports. Reduced barriers to trade may, however, have concentrated negative effects on domestic industries and workers who face increased competition.<sup>3</sup> TAA is designed to provide readjustment assistance to workers who suffer dislocation (job loss) due to foreign competition or offshoring. Generally, TAA provides a more robust set of benefits and services than would be available to a worker who lost his or her job for reasons other than foreign competition.<sup>4</sup>

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<sup>1</sup> In addition to the program for workers, other Trade Adjustment Assistance programs are authorized for firms and farmers that have been adversely affected by international trade. This report discusses the program for workers. From a budgetary standpoint, the workers program is substantially larger than the programs for firms and farmers, and general discussion of TAA often only refers to the workers program. For more information on other Trade Adjustment Assistance programs, see CRS Report RS20210, *Trade Adjustment Assistance for Firms*; and CRS Report R40206, *Trade Adjustment Assistance for Farmers*.

<sup>2</sup> The Department of Labor (DOL) also publishes annual reports on the TAA program that include program data and information on program operation. The most recent report is for FY2021. See <https://www.dol.gov/agencies/eta/tradeact/reports>.

<sup>3</sup> For more information on international trade, see CRS Report R45148, *U.S. Trade Policy Primer: Frequently Asked Questions*.

<sup>4</sup> For more information on other workforce programs, see CRS Report R43301, *Programs Available to Unemployed Workers Through the American Job Center Network*.

TAA is authorized by Title II of the Trade Act of 1974, as amended.<sup>5</sup> Historically, it has been reauthorized alongside expansionary trade policies.<sup>6</sup> It was most recently reauthorized in 2015 by TAARA.

## Financing and Administration

TAA is funded by federal appropriations. It is jointly administered by the U.S. Department of Labor (DOL) and cooperating state agencies.

### Financing and FY2022 Funding

TAA is funded by mandatory appropriations. Typically, Congress appropriates a single sum that supports all TAA activities.<sup>7</sup> DOL then allocates these funds to various program functions. States may expend training and reemployment service funds in the year of allotment or in either of the next two fiscal years.

TAA is a direct spending (also referred to as *mandatory*) program and subject to sequestration under the Budget Control Act of 2011, as amended. In FY2022, the pre-sequestration appropriation for TAA was \$540 million.<sup>8</sup> The FY2022 funding covered the operation of the program through July 1, 2022, as well as the implementation of the termination provisions, including the ongoing provision of benefits to previous participants.

### Administration

TAA is jointly administered by DOL and cooperating state agencies. DOL reviews group petitions, makes group eligibility determinations, allots appropriated funds to cooperating state agencies, and oversees grantees. Benefits to individual members of certified groups are provided through state workforce systems and state unemployment insurance systems.<sup>9</sup> States are responsible for collecting participation and outcome data and reporting these data to DOL.

## Major Components of the TAA Program

Eligibility for TAA is established by group petitions. Workers who are covered by a certified petition pursue benefits through state agencies. As noted above, in accordance with program termination provisions, no new petitions are being certified after July 1, 2022. The eligibility procedures and benefit descriptions that follow pertain to participants from prior certified petitions who are receiving benefits.

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<sup>5</sup> See 19 U.S.C. §2271 et. seq.

<sup>6</sup> For a history of TAA reauthorization, see the appendix of CRS Report R44153, *Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015*.

<sup>7</sup> Funds for TAA are typically appropriated under “Federal Unemployment Benefits and Allowances” in the Labor, Health and Human Services, Education, and Related Agencies appropriations bill.

<sup>8</sup> This amount was reduced by 5.7%, leaving \$509,220,200 for distribution to the states. See DOL Training and Employment Guidance Letter No. 15-21, issued June 15, 2022, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-guidance-letter-no-15-21>.

<sup>9</sup> For more information on state workforce systems, see CRS Report R44252, *The Workforce Innovation and Opportunity Act and the One-Stop Delivery System*. For more information on state unemployment insurance systems, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*.

## Eligibility

To establish eligibility, a group of workers who had been laid off or threatened with a layoff filed a petition with DOL. A union, firm, or state workforce agency was also eligible to file a petition on the workers' behalf. After receiving a petition, DOL conducted an investigation to determine if foreign competition "contributed importantly" to the workers' job loss and if the circumstances of the layoff met statutory eligibility criteria.<sup>10</sup>

## Benefits

Individual benefits are funded by the federal government and administered by state agencies through their workforce systems and unemployment insurance systems. Benefits available to individual workers include the following:<sup>11</sup>

- **Training and reemployment services** are designed to assist workers in preparing for and obtaining new employment. Training subsidies support workers in developing skills for a new occupation. Workers may also receive case management services and job search assistance.<sup>12</sup> In some cases, workers who pursue employment outside their local commuting area may be eligible for job search or relocation allowances.
- **Trade Readjustment Allowance (TRA)** is a weekly income support payment for TAA-certified workers who have exhausted unemployment insurance and are enrolled in an eligible training program. Weekly TRA payments are equal to the worker's final weekly unemployment benefit. Workers may collect unemployment insurance and TRA for a combined maximum of 130 weeks.<sup>13</sup>
- **Reemployment Trade Adjustment Assistance (RTAA)** is a wage insurance program available to certified workers age 50 and over who obtain reemployment at a lower wage.<sup>14</sup> The wage insurance program provides a cash payment equal to 50% of the difference between the worker's new wage and previous wage, up to a two-year maximum of \$10,000.<sup>15</sup>

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<sup>10</sup> Group eligibility criteria are established in Section 222 of the Trade Act of 1974, as amended (19 U.S.C. §2272). Detailed descriptions of group eligibility are also in CRS Report R44153, *Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015* and the TAA FY2021 annual report at <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport21.pdf>.

<sup>11</sup> The benefit descriptions in this section are somewhat general and, except where noted, typically apply to both the provisions that were initially in effect after the enactment of TAARA and under the Reversion 2021 provisions (see the "TAARA Sunset Provisions and Reversion 2021 section) that were in effect from July 1, 2021, through June 30, 2022. For a detailed comparison of benefits under the two sets of provisions, see <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/side-by-side.pdf>.

<sup>12</sup> Under the Reversion 2021 provisions, the TAA statute does not authorize funding for case management and career services. For workers certified under the Reversion 2021 provisions, states must provide these services using other funding such as that under Title I of the Workforce Innovation and Opportunity Act. See the "TAARA Sunset Provisions and Reversion 2021 section later in this report.

<sup>13</sup> The final 13 weeks of TRA (i.e., weeks 118-130) are only available if necessary for the worker to complete a qualified training program.

<sup>14</sup> Statute establishes an offset for RTAA recipients who previously received TRA. See Section 246(a)(4) of the Trade Act of 1974.

<sup>15</sup> Under the Reversion 2021 provisions, the wage insurance program is called "Alternative Trade Adjustment Assistance" but the design and operation are generally similar to RTAA.

- **The Health Coverage Tax Credit (HCTC)** is a credit equal to 72.5% of qualified health insurance premiums. Eligibility is aligned with TRA. Unlike other TAA benefits, it is administered through the tax code. The HCTC is authorized separately from other TAA benefits and had a full sunset date of January 1, 2022.<sup>16</sup>

Workers typically only receive a subset of the available benefits. In some cases, the limitation is a matter of policy (e.g., statutory provisions limit a worker's ability to collect both TRA and RTAA) but in most cases only receiving a portion of the available benefits is a worker's choice. For example, a worker who is interested in immediate reemployment might forego training benefits and elect only to receive job search assistance.<sup>17</sup>

## Trade Adjustment Assistance Reauthorization Act of 2015

TAA was most recently reauthorized by TAARA in June 2015.<sup>18</sup> TAARA (Title IV of P.L. 114-27) was part of a bill that extended other trade-related policies. TAARA was also passed in conjunction with a separate bill that reauthorized the Trade Promotion Authority (TPA; Title I of P.L. 114-26). TPA (also known as *fast track authority*) grants the President authority to negotiate trade agreements, which are then subject to an up or down vote in Congress. Since the reauthorization of TPA in 2015, Congress has not voted on any presidentially negotiated trade agreements.<sup>19</sup>

### TAARA Sunset Provisions and Reversion 2021

TAARA established an initial set of eligibility and benefit provisions that were in effect between the effective date of TAARA and June 30, 2021 (hereinafter, the "2015 provisions"). TAARA included sunset provisions that took effect July 1, 2021.<sup>20</sup> The sunset provisions reduced eligibility and benefits for new program participants.<sup>21</sup> TAARA specified that the reduced provisions (referred to as "Reversion 2021" in DOL documents) would be in place from July 1, 2021, through June 30, 2022. The most significant changes included the following:<sup>22</sup>

- **Reduction of eligible sectors.** Under the 2015 provisions, production workers and service workers could qualify for TAA. Under the Reversion 2021

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<sup>16</sup> For more information on the HCTC and its sunset, see CRS Report R44392, *The Health Coverage Tax Credit (HCTC): In Brief*.

<sup>17</sup> In FY2021, 95% of TAA participants received employment services and case management, 51% received training, 11% collected RTAA or wage insurance, and less than 1% received a job search allowance or relocation allowance. See Table 11 of the FY2021 TAA annual report.

<sup>18</sup> TAARA also reauthorized the TAA programs for firms and farmers. For more information on TAARA and those programs, see CRS Report RS20210, *Trade Adjustment Assistance for Firms*; and CRS Report R40206, *Trade Adjustment Assistance for Farmers*.

<sup>19</sup> For more information on TPA, see CRS In Focus IF10038, *Trade Promotion Authority (TPA)*.

<sup>20</sup> See Section 406 of P.L. 114-27.

<sup>21</sup> Workers who were certified under the 2015 provisions could continue to receive benefits under those provisions.

<sup>22</sup> For a more detailed discussion, see DOL Training and Employment Notice No. 1-21; "Frequently Asked Questions Relating to Trade Adjustment Assistance Program Reversion 2021, July 1, 2021, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-01-21>.

provisions, only production workers were eligible; new petitions from groups of service workers were no longer eligible.

- **Reduction of layoff circumstances that are TAA-eligible.** Under the 2015 provisions, groups of workers could qualify for TAA under the “shift in production” criteria if their jobs were shifted to any foreign country. Under the Reversion 2021 provisions, workers would largely have been eligible under these criteria only if their jobs were moved to a country with which the United States has a free trade agreement.<sup>23</sup>
- **Reduction in training funding cap.** Under the 2015 provisions, the statutory cap for “training and other activities” is \$450 million. Under the Reversion 2021 provisions, the cap was limited to training and reduced to \$220 million.<sup>24</sup>

The Reversion 2021 provisions were not retroactive. Workers from groups certified under the 2015 provisions would continue to be eligible under those provisions even if the eligibility provisions that they were certified under are no longer in effect for new participants.

## Termination Provisions under TAARA

On July 1, 2022, the termination provisions of TAARA took effect.<sup>25</sup> These provisions specify that DOL may not provide benefits under the TAA program after that date, with the exception that previously participating workers may continue to receive benefits. New petitions may not be investigated or certified after the termination date.

Prior to these termination provisions taking effect, DOL issued guidance to state agencies on how to implement them.<sup>26</sup> The guidance specified that workers would continue to receive benefits under the version of the program that was in place at the time the workers’ group petition was certified.

## Action in the 117<sup>th</sup> Congress

While the 117<sup>th</sup> Congress has not enacted an extension of TAA, there has been some activity around the program, and it has been included in two broader pieces of House-passed legislation.

- In March 2021, the House Ways and Means Committee’s Trade Subcommittee held a hearing on reauthorizing the TAA program.<sup>27</sup>

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<sup>23</sup> Shifts in production to countries that are beneficiaries under certain non-FTA trade agreements may also be covered.

<sup>24</sup> The funding structures under the 2015 provisions and the Reversion 2021 are somewhat different. Under Reversion 2021, Congress may appropriate additional funds beyond the cap for administration and case management. Under the 2015 provisions, the \$450 million cap is inclusive of administration and case management costs.

<sup>25</sup> The TAA termination provisions are in Section 285 of the Trade Act of 1974, as amended by Section 406 of P.L. 114-27.

<sup>26</sup> See DOL Training and Employment Guidance Letter No. 13-21; “Trade Adjustment Assistance (TAA) for Workers and Alternative Trade Adjustment Assistance (ATAA) and Reemployment Trade Adjustment Assistance (RTAA) Program Operations after June 30, 2022,” issued June 10, 2022, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-guidance-letter-no-13-21>.

<sup>27</sup> House Ways and Means Committee, Trade Subcommittee, “Trade Subcommittee Hearing on Reauthorizing Trade Adjustment Assistance: Opportunities for Equitable Access and Modernization,” March 4, 2021, <https://waysandmeans.house.gov/legislation/hearings/trade-subcommittee-hearing-reauthorizing-trade-adjustment-assistance>.

- In June 2021, the Trade Adjustment Assistance Modernization Act of 2021 (H.R. 3974) was introduced. The bill was sponsored by the chair of the House Trade Subcommittee and was co-sponsored by most majority members of the subcommittee. As of the cover date of this report, the bill has not been marked up. H.R. 3974 would extend the authorization of TAA through FY2028 and make expansions to program eligibility and benefits.
- In November 2021, the House passed the Build Back Better Act (H.R. 5376), which included provisions that would extend the authorization of TAA through FY2028 and included expansions similar to those in H.R. 3974.
- In February 2022, the House passed the America COMPETES Act (H.R. 4521), which included language that would extend the authorization of TAA through FY2028 and included program expansions similar to those in H.R. 3974.

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