Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

Updated December 16, 2025

Trade Adjustment Assistance for Firms

Congress established the Trade Adjustment Assistance for Firms (TAAF) program under the Trade Expansion Act of 1962 (P.L. 87-794) to provide targeted recovery plans to U.S. firms impacted by import competition. TAAF is administered by the U.S. Department of Commerce's Economic Development Administration (EDA). On July 1, 2022, TAAF termination provisions took effect meaning EDA cannot accept new petitions for TAAF but may continue to assist firms that submitted a petition prior to the program's expiration. In its FY2026 budget request, the Trump Administration proposed eliminating EDA and defunding the TAAF program.

Historically, Congress reauthorized and expanded Trade Adjustment Assistance (TAA) programs, including TAAF and a program for workers (see **text box**), in tandem with trade liberalization legislation that reduced U.S. tariffs, such as for free trade agreements (FTAs) or trade preference programs. Congress may consider whether or not to reauthorize TAA programs, including TAAF. If Congress reauthorizes TAAF, it may consider whether to streamline the TAAF program, expand program eligibility, or adapt the program to address different challenges.

> **Trade Adjustment Assistance (TAA) for Workers** provides workforce services and other benefits for trade-affected workers. It is administered by the U.S. Department of Labor. Under sunset and termination provisions in the Trade Adjustment Assistance Reauthorization Act of 2015 (Title IV, P.L. 114-27), the program began a phaseout on July 1, 2022, the same day the TAAF termination provisions took effect. Workers who were receiving benefits prior to termination may continue to do so, but new worker groups are ineligible for the program. Congress has continued to appropriate funds for TAA for Workers to support legacy participants.

Background

Congress first authorized TAA programs amid global efforts to reduce tariffs and promote trade flows among nations (e.g., negotiations under the General Agreement on Tariffs and Trade). TAA programs were introduced to address concerns about localized negative impacts of tariff reductions and trade liberalization. Congress reauthorized and expanded TAA programs in the Trade Act of 1974 (P.L. 93-618), which also created "fast track trade negotiating authority"—expedited legislative consideration of trade agreements covering tariffs and nontariff barriers, now referred to as Trade Promotion Authority (TPA).

Under the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA, part of P.L. 111-5, the American Recovery and Reinvestment Act), Congress expanded TAAF through provisions such as (1) the inclusion of service-sector firms to reflect their increased role in the U.S. economy, and (2) extended timeframes for evaluating negative impacts of import competition on firm sales and/or production. Congress last reauthorized TAAF and other TAA programs in the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA, Title IV, P.L. 114-27), in conjunction with the latest TPA reauthorization (P.L. 114-26). TPA expired in July 2021. TAARA included "sunset provisions" for TAAF, which ended TGAAA's expanded measures as of July 1, 2021. TAARA termination provisions took effect on July 1, 2022.

TAAF Overview

EDA does not directly provide funds to firms, but instead provides TAAF funding to 11 regional Trade Adjustment Assistance Centers (TAACs). TAACs provide technical assistance to firms in the 50 states, the District of Columbia, and Puerto Rico. The following entities may apply to operate a TAAC: (1) universities or affiliated organizations; (2) states or local governments; or (3) nonprofit organizations.

Phase 1: Certification. Before termination provisions took effect, firms could get support through TAACs at no cost to complete and submit petitions to EDA to be certified as a trade-impacted firm. Most firms that applied for TAAF certification have been from the manufacturing sector. EDA had to certify that firms met three conditions:

- Real or threatened negative employment impacts for "a significant number or proportion of workers";
- Decreased sales and/or production during a specified timeframe; and
- Import competition "contributed importantly" to the negative impacts on employment, sales and/or production.

Phase 2: Recovery Planning. Once EDA certified a firm, the firm worked with TAAC staff to develop a business recovery plan ("adjustment proposal," or AP) for approval by EDA. Firms had two years from certification to submit an AP. TAAF covered 75% of phase 2 costs.

Phase 3: AP Implementation. Once EDA approved a firm's AP, TAACs and firms jointly selected and contracted with consultants to assist with AP implementation. Firms have up to five years to implement projects, unless EDA approves an extension. TAAF covers 50%-75% of costs (up to $75,000) to implement APs, depending on the proposed project costs. Examples of AP projects include improvements to marketing/sales, production processes, financial systems, management, and information systems. According to EDA, firms receive an average of 57 months of TAAF benefits from the time of petition certification until program completion.

Table 1. TAAF Program and Participant Information

	2019	2020	2021	2022
Appropriations (millions)	$13.0	$13.0	$13.5	$13.5
APs Approved	66	64	97	66
Active Firms	538	498	538	490
Avg. Firm Sales (millions)	$11.1	$10.1	$18.7	$20.0
Avg. Firm Employees	63	57	59	60

Source: CRS analysis of data from Department of Commerce EDA, annual EDA and TAAF reports.

Note: EDA considers a firm "active" if it has an approved AP, has not completed all projects in its AP, and remains engaged in the TAAF program.

In FY2024 and the FY2025 enacted budget, Congress appropriated $13.5 million for EDA to continue its support for firms already in the TAAF program. In its FY2025 budget request, EDA stated that it "expects a need for continued appropriations through FY2029 to serve firms that submitted petitions by the sunset date." In its FY2024 budget request, EDA noted that unless Congress reauthorizes TAAF, the "inability to accept new firms into the program will ultimately result in program termination."

Impact of TAAF

The 2009 TGAAA included additional oversight and evaluation criteria for TAAF and required EDA to submit annual reports on TAAF to Congress. TGAAA also mandated the Government Accountability Office (GAO) to conduct a comprehensive evaluation of TAAF. GAO's 2012 evaluation report noted that changes mandated by TGAAA improved operations and led to increased TAAF participation. GAO found that a firm's TAAF participation was statistically associated with increased sales. At the same time, GAO recommended improvements to EDA's performance measures and data collection. As of 2021, EDA had implemented all of GAO's recommendations.

In its FY2022 TAAF annual report (latest available), EDA stated that self-reported TAAF participant data collected from FY2010-FY2022 showed that

- From certification to program completion, firms' average sales increased by 31%, and average employment decreased by 7%.
- From program completion to two years after completing the program, average sales increased by 11%, and average employment increased by 22%.

Supporters of TAAF have argued that the program has a significant and positive impact on small- and medium-sized enterprises (SMEs), particularly manufacturers. Critics have questioned the program's efficacy and noted that other government programs, such as the Hollings Manufacturing Extension Partnership, provide similar assistance to firms.

Issues for Congress

TAAF reauthorization and trade liberalization. In the 119th Congress, some Members have proposed reauthorizing TAAF and other TAA programs through bills such as S. 1449 or in tandem with the reauthorization of trade preference programs such as the African Growth and Opportunity Act (AGOA). In the 118th Congress, some Members proposed reauthorizing TAA programs alongside expired trade programs, such as the Generalized System of Preferences (GSP), which provided nonreciprocal, duty-free access for certain goods from eligible developing countries. Some Members opposed reauthorizing TAA without consideration of TPA.

A key issue for Congress is whether TAA programs remain relevant given shifts in U.S. trade policy in 2025. TAA programs previously were enacted in tandem with measures that reduced U.S. tariffs or promoted trade liberalization between the United States and foreign trading partners. The Trump Administration has criticized trade liberalization and has implemented or proposed measures to incentivize U.S. manufacturing and reduce the U.S. trade deficit, such as tariffs and quotas. In the 117th Congress, H.R. 5289 would have expanded TAAF eligibility to firms whose exports declined due to foreign tariffs imposed in retaliation for U.S. tariffs under certain executive authorities.

Streamlining programs. Previous Congresses and Administrations have considered eliminating TAAF due to concerns about costs and duplication with other programs and agencies. Members who may be interested in continuing support for trade-impacted firms, particularly SMEs, but are concerned about program costs might consider whether TAAF's mission can be accomplished by other federal programs that assist SMEs, such as those operated by the Small Business Administration (SBA). SBA is undergoing a reorganization that could potentially affect its capacity to provide loans to SMEs.

Changes to TAAF. If Congress chooses to reauthorize TAAF, Members may consider making changes to the program. For example, while TAAF has focused on firms that can demonstrate harm from import competition, Congress could consider measures to identify or support firms *before* they experience negative impacts. Congress could consider requiring EDA to prepare a capacity-building plan to assist industries or regions that the United States International Trade Commission (USITC) identifies as potentially vulnerable or likely to experience a negative impact from implementation of trade liberalizing measures.

Members also may consider whether or not firms affected by factors other than import competition should qualify for TAAF (e.g., changes related to technology, the growth of global supply chains, labor productivity, consumer preferences, and other domestic and global economic factors).

Kyla H. Kitamura, Analyst in International Trade and Finance

IF12430

Disclaimer