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Trade Adjustment Assistance for Workers (TAA) and Reemployment Trade Adjustment Assistance (RTAA)

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Trade Adjustment Assistance for Workers (TAA) and Reemployment Trade Adjustment Assistance (RTAA)

Abstract
[Excerpt] 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 income support payments (Trade Readjustment Allowances (TRA)) for a maximum of 156 weeks. Some workers age 50 or older are eligible to receive Reemployment Trade Adjustment Assistance (RTAA), a wage insurance program. Both TAA- and RTAA-eligible workers can receive a Health Coverage Tax Credit (HCTC), which provides a refundable tax credit to offset 80% of the health insurance premiums of TAA- and RTAA- eligible workers. This report provides background on the programs, including a description of the eligibility for these programs and benefits available to participants. It also describes the main changes to the program with the reauthorization and expansion of TAA in the American Recovery and Reinvestment Act of 2009, (H.R. 1, which was signed into law by President Barack Obama on February 17, 2009). This report will be updated as legislative activity warrants.

Keywords
Trade Adjustment Assistance for Workers, TAA, Reemployment Trade Adjustment Assistance, RTAA, public policy, Health Coverage Tax Credit, HCTC

Comments

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Congressional Research Service

Trade Adjustment Assistance for Workers (TAA) and Reemployment Trade Adjustment Assistance (RTAA)

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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 income support payments (Trade Readjustment Allowances (TRA)) for a maximum of 156 weeks. Some workers age 50 or older are eligible to receive Reemployment Trade Adjustment Assistance (RTAA), a wage insurance program. Both TAA- and RTAA-eligible workers can receive a Health Coverage Tax Credit (HCTC), which provides a refundable tax credit to offset 80% of the health insurance premiums of TAA- and RTAA-eligible workers. This report provides background on the programs, including a description of the eligibility for these programs and benefits available to participants. It also describes the main changes to the program with the reauthorization and expansion of TAA in the American Recovery and Reinvestment Act of 2009, (H.R. 1, which was signed into law by President Barack Obama on February 17, 2009). This report will be updated as legislative activity warrants.

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Background

Trade Adjustment Assistance for Workers (TAA) provides extended income support as well as training, job search, and relocation benefits.[1] To be eligible for TAA, workers must have become unemployed for one of three reasons: (1) their jobs moved to another country; (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 primary firm because of a trade-related reason. Older TAA-eligible workers may be able to opt for Reemployment Trade Adjustment Assistance (RTAA), 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 RTAA workers pay for health insurance.[2]

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 RTAA and reauthorized and expanded TAA. TAA and RTAA were set to expire December 31, 2007. The House passed a three-month extension (H.R. 4341) by a voice vote. However, the Senate did not act on the measure. The Consolidated Appropriations Act, 2008 (P.L. 110-161, signed by President George W. Bush on December 26, 2007) contained an appropriation for the TAA for Workers and RTAA programs that fully funded the programs for FY2008.[3] The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (P.L. 110-329) fully funds the TAA and RTAA programs through March 6, 2009, and specifies that the programs will continue through this date. The American Recovery and Reinvestment Act of 2009 (H.R. 1 which was signed into law by President Barack Obama on February 17, 2009) reauthorized and expanded TAA. Authorization for TAA ends December 31, 2010.

Financing

TAA financing has several components. TRA funds for extended unemployment benefits are appropriated as an entitlement out of general revenue (not out of the Unemployment Trust Fund). TRA benefits are provided to all workers who meet eligibility requirements. In FY2007, $572 million was appropriated for TRA benefits. 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). In FY2007, $6.6 million was appropriated for job search and relocation benefits. The RTAA is appropriated as an entitlement out of the general fund. In FY2007, $23.5 million was appropriated for RTAA. The HCTC is funded out of general revenue.

[1] Other Trade Adjustment Assistance available is TAA for Firms (see CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck), and TAA for Farmers (see CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Remy Jurenas).

[2] For more information, see CRS Report RL32620, *Health Coverage Tax Credit Authorized by the Trade Act of 2002*, by Bernadette Fernandez.

[3] For more information see CRS Report RL34383, *Trade Adjustment Assistance (TAA) for Workers: Current Issues and Legislation*, by John J. Topoleski.

Administration

At the federal level, the TAA and RTAA programs are administered by the Office of Trade Adjustment Assistance 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: up to 156 weeks of income support while in training; training assistance; and job search and relocation assistance.

Income Support (Trade Readjustment Allowances (TRA))

Workers have both basic and additional TRA available to them and can receive up to 156 weeks of income support.

- **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. For example, a worker who receives 26 weeks of UC would be eligible to receive an additional 26 weeks of basic TRA.[4] To receive the basic TRA benefit, workers must be enrolled or participating in TAA-approved training, have completed such training, or have obtained a waiver of the training requirement.[5]
- **Additional TRA.** An additional 78 weeks of income support is available for workers who are enrolled in TAA-approved training programs, plus another 26 weeks are available for workers in remedial training programs. A worker cannot receive a waiver of the training requirement to receive additional TRA.

Training Assistance

Workers' training assistance is for full-time participation in an approved training program. Approved training programs include, but are not limited to, employer-based training, including customized training and on-the-job training; any training program provided by a state pursuant to Title I of the Workforce Investment Act of 1998 (WIA, P.L. 105-220); any training program

[4] Amounts of Emergency Unemployment Compensation or Extended Benefits (EB) offset the amount of Basic TRA for which a worker is eligible. For example, a worker that receives 13 weeks of EB in addition to the usual 26 weeks of UC would be entitled to receive 13 weeks of Basic TRA.

[5] Reasons for a training waiver include the following: the worker will be recalled reasonably soon, the worker has marketable skills for suitable employment and a reasonable expectation of employment, the worker is within two years of eligibility for a pension or Social Security, the worker is unable to participate in or complete training for health reasons, the worker cannot enroll in training immediately, or the worker cannot find a suitable training program.

approved by a private industry council under Section 102 of WIA; a program of prerequisite education; a training program or coursework at an accredited higher education institution; or any training program for which all, or any portion, of the costs are paid (1) under a federal or state program or (2) from any other source. According to DOL, between July 2006 and June 2007 the average number of weeks of training per participant was 63, and 72% of participants completed training.

Job Search and Relocation Assistance

Certified workers who cannot obtain suitable employment within their commuting areas can receive an allowance of 100% of their job search and relocation expenses, up to a maximum of $1,500 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 by the 365th day after certification or final separation (whichever is later) or within 182 days of the end of training.
- **Relocation Expenses.** Applications must be submitted before the relocation occurs and made within 425 days of certification or layoff (whichever is later) or within 182 days of the end of training. The relocation must occur within 182 days of filing the application for relocation assistance or within 182 days after the conclusion of training.

Reemployment Trade Adjustment Assistance (RTAA) Benefits

Workers who qualify for the RTAA benefit can receive a wage supplement worth half the difference in salary between their old and new jobs for a maximum of $12,000 over two years. Although workers are ineligible if their wages are more than $55,000 a year, their combined wages and RTAA payments can exceed $55,000 a year. For example, a worker who earned $58,000 at a previous job and earns $53,000 at a new job would be eligible for a benefit of $2,500 per year for two years. In this case, the worker would receive a total of $55,500 per year (for two years) in wages and RTAA benefits.

Health Coverage Tax Credit (HCTC) Benefit

The Health Coverage Tax Credit (HCTC) is available to TAA and RTAA workers. The HCTC covers 80% of the premium for qualified health insurance purchased by an eligible taxpayer (the taxpayer is responsible for the other 20%). 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 RTAA eligibility.

Eligibility

Obtaining TAA or RTAA benefits is a two-stage process: (1) a group of workers must petition DOL to become TAA certified. A group of workers that is TAA certified is automatically certified for RTAA; and (2) individual workers apply for TAA or RTAA 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 their jobs to a foreign country. 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 firms meet one of several criteria.

In the case of firm that shifts production to a foreign country, certification requires:

- A significant number of workers[6] are laid off or threatened with layoffs;
- Either (1) a shift by the workers' firm to a foreign country of the production of articles or services like or directly competitive with those produced by the workers' firm, or (2) the workers' firm has acquired the articles or services from a foreign country; and
- The shift in production or acquisition of foreign goods or services contributed importantly to the workers' separation.

In the case of a firm that does not shift production to a foreign country, certification requires

- A significant number of workers are laid off or threatened with layoffs;
- The sales or production of the firm decreased; and
- Increased imports of (1) articles or services competitive with the firm's articles or service or (2) articles which are competitive with the articles in which the firm's products or services are component parts or services have "contributed importantly" to the decline in sales or production.

In the case of public sector workers, certification requires

- A significant number of workers in the public agency are laid off or threatened with layoffs;
- The public agency has acquired like or competitive services from a foreign country, and

[6] DOL regulations (see 20 C.F.R. § 90.2) define s*ignificant* to mean that 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.

- The acquisition of the services contributed importantly to the workers' separation.

In the case of adversely affected secondary workers, certification requires

- A significant number of workers are laid off or threatened with layoffs;
- The workers' firm is a supplier or downstream producer to a TAA-certified firm; and
- Either (1) the sales or production to the TAA-certified firm accounted for at least 20% of the sales or production of the supplier firm or (2) the loss of sales to the TAA-certified firm contributed importantly to the workers' job losses.

The determination on a TAA petition must be made by DOL within 40 days of filing. Generally, the certification covers all members of the worker group who are laid off during the three-year period beginning one year before the petition was filed (the *impact date*) and ending two years after the date of the certification. Determinations on TAA petitions are published in the Federal Register and on the DOL website. Workers who are denied certification may request administrative reconsideration by DOL. Reconsideration requests must be mailed within 30 days of Federal Register publication. Workers who are denied certification may seek judicial review of DOL's initial petition denial or denial following administrative reconsideration. Appeals for judicial review must be filed with U.S. Court of International Trade within 60 days of Federal Register publication of the initial denial or administrative reconsideration denial.

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 all of the following: (1) separation from the firm on or after the impact 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. Certified workers who are denied individual benefits can appeal the decision. The determination notice that certified workers receive after filing their applications for each benefit will explain their appeal rights and time limits for filing appeals.

RTAA Group Eligibility

A group of workers certified for TAA eligibility are eligible for RTAA as well. Neither separate petitions nor separate certifications are required for RTAA.

RTAA Individual Eligibility

If DOL certifies a group as TAA and RTAA 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 $55,000 per year by sooner of the exhaustion of unemployment compensation or during any point in which the worker is receiving TRA. This allows a worker to shift from receiving TRA to receiving RTAA.

Participation

Table 1 includes data on TAA petitions and certifications for FY2003 to FY2008. The numbers do not exhibit a particular trend over time because the number of petitions depends on the episodic nature of layoffs, especially within a particular state.[7]

Table 1. Petitions and Certifications, FY2003-FY2008

	Petitions Filed		Petitions Certified		
Fiscal Year	Petitions	Estimated Workers	Number	Percent	Estimated Workers
2003	3,567	292,827	1,880	53%	197,359
2004	2,992	171,281	1,802	60%	149,705
2005	2,638	164,371	1,534	58%	118,022
2006	2,478	172,651	1,426	57%	119,602
2007	2,228	190,430	1,427	64%	146,606
2008	2,146	162,629	1,368	64%	125,529

Source: CRS table from data provided by the U.S. Department of Labor, Employment and Training Administration.

Table 2 includes data on TAA benefits for FY2003 to FY2008. The number of new recipients of basic TRA has declined each year since 2004. The reporting requirements were changed beginning with FY2007, so FY2007 and FY2008 for the data for number of workers who entered training may not be comparable to previous years.

RTAA data are difficult to find in part because demographic data are collected only after a participant has completed the program. Since the first participants were eligible to receive up to six months of unemployment compensation and then up to two years of RTAA benefits, data on the first participants were first reported by states in 2006. According to DOL data received by CRS, from August 6, 2003, to December 31, 2004, there were 1,403 new recipients. This increased to 2,349 and 3,028 in calendar years 2005 and 2006, respectively.

[7] For example, the Government Accountability Office notes that Kansas had 4,117 trade-affected workers laid off in 2004, 75 in 2006, and 721 in 2007. See GAO-07-994T, *Trade Adjustment Assistance: Program Provides an Array of Benefits and Services to Trade-Affected Workers*, June 14, 2007, available at http://www.gao.gov/new.items/d07995t.pdf.

Table 2. Selected Statistics on TAA Benefits, FY2003-FY2008

	Trade Readjustment Allowance			Training, Job Search, Relocation Allowances			
Fiscal Year	New Recipients of Basic TRA	Average Weekly Basic TRA Payment ($)	Total TRA Outlays ($millions)	Entered Training	Job Search	Re-location	Total Outlays ($ millions)
2003	44,000	238	352	44,000	430	736	259
2004	81,000	262	530	51,000	467	817	259
2005	55,000	267	598	38,000	288	446	259
2006	53,000	289	529	37,000	454	531	259
2007	47,000	329	572	44,000	399	750	259
2008	42,000	310	509	38,000	405	757	259

Source: Table provided to CRS by U.S. Department of Labor, Employment and Training Administration.

Changes to TAA Due to Reauthorization

The American Recovery and Reinvestment Act of 2009 reauthorized and expanded TAA and was signed into law by President Barack Obama on February 17, 2009. The act goes into effect May 18, 2009, which is 90 days after enactment. The new law:

- Extends TAA eligibility to service and public sector workers. Prior law required that workers produce an article to be eligible for TAA.
- Extends TAA eligibility to suppliers of component parts if the supplier experiences job losses for a trade-related reason regardless of whether the downstream producer is a TAA-certified firm. Prior law allowed suppliers of component parts to be certified for TAA only if the downstream producer was certified for TAA.
- Allows TAA eligibility due to shifts in production to any country. Prior law required that firms shift production to countries with which the United States has a free-trade or beneficial trading agreement.
- Allows workers to receive Additional Trade Readjustment Allowances (income support payments) for an additional 26 weeks (for a total of 78 weeks), provided the workers are in training. Prior law allowed workers to receive Additional Trade Readjustment Allowances for up to 52 weeks, provided the workers are in training.
- Extends the deadline for enrolling in training to the later of 26 weeks from the date of TAA certification or the date of separation from employment. Prior law required workers to enroll in training the later of 8 weeks after TAA certification or 16 weeks after separation from employment.
- Increases training funding to $575 million per fiscal year. Prior law authorized $220 million per fiscal year for workers' training.
- Requires DOL to disburse training funds to states based on at least five factors; distribute at least 65% of the training funds in the initial distribution; and to

disburse to a state no less than 25% of the prior year's initial distribution. Prior law did not specify any method for training funds to be allocated to states. In practice, DOL initially disbursed 75% of training funds based on a state's accrued training expenditures and the number of training participants over the previous two and one-half years, and disbursed to a state no less than 85% of the prior year's initial distribution.

- Increases the amount reimbursed for job search and relocation expenses to 100% of a worker's expenses up to $1,500 for each type of expense. Prior law limited reimbursement for job search and relocation expenses to 90% of a worker's expenses up to $1,250 for each type of expense.
- Continues the wage insurance program for older workers as Reemployment Trade Adjustment Assistance (RTAA). Prior law established Alternative Trade Adjustment Assistance (ATAA) for older workers as a five-year demonstration project.
- Eliminates the separate petition process for eligibility for the wage insurance program. Prior law required a separate ATAA petition to be filed concurrently with the TAA petition.
- Allows older workers to be eligible for RTAA for up to two years after the exhaustion of regular unemployment benefits or reemployment. The new law allows workers participating in TAA-approved training to receive wage insurance if they switch from receiving TRA while in training to receiving RTAA. Prior law required workers to find reemployment within 26 weeks of separation and also prohibited workers who receive TRA from receiving wage insurance.
- Increases the limit on wages to be eligible for reemployment assistance to $55,000 per year and increases the maximum wage insurance benefit to $12,000 over two years. Prior law limited eligibility to workers with reemployment wages less than $50,000 and limited the maximum benefit to $10,000 over two years.
- Establishes an Office of Trade Adjustment Assistance in DOL to be headed by an administrator who will report directly to the Deputy Assistant Director for Employment and Training. Under prior law, TAA was administered as part of the Office of National Response.
- Increases the HCTC to 80% of a worker's qualified health insurance premiums beginning April 18, 2009. Prior law covered 65% of a worker's qualified health insurance premiums. And
- Authorizes TAA and RTAA through December 31, 2010.

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