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# Trade Adjustment Assistance for Workers

Benjamin Collins  
*Congressional Research Service*

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# Trade Adjustment Assistance for Workers

## **Abstract**

[Excerpt] Trade Adjustment Assistance for Workers (TAA) provides federally funded benefits to dislocated workers who have lost their jobs due to foreign trade.<sup>1</sup> The largest TAA benefits in terms of both budget and participation are reemployment services and income support for workers who have exhausted their unemployment insurance (UI). Other TAA benefits include a health coverage tax credit (HCTC) and Reemployment Trade Adjustment Assistance (RTAA), a wage supplement for workers age 50 and over who obtain reemployment at a lower wage. To be eligible for TAA benefits, separated workers must petition the Department of Labor (DOL) to establish that foreign trade contributed importantly to their job loss.

This report provides background information on TAA. It begins with a discussion of eligibility requirements and the application process. Next, it describes the benefits that TAA-eligible workers may receive. The report then describes how the program is funded and administered, discussing the respective roles of the federal government and cooperating state agencies. The final section provides data on program usage and performance.

## **Keywords**

Trade Adjustment Assistance for Workers, TAA, job loss, income support, reemployment

## **Comments**

### **Suggested Citation**

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# Trade Adjustment Assistance for Workers

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## Summary

Trade Adjustment Assistance for Workers (TAA) provides federal assistance to workers who have been adversely affected by foreign trade. It was most recently authorized by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA; Title II of P.L. 112-40).

To be eligible for TAA, a group of workers must establish that they were separated from their employment either because their jobs moved outside the United States or because of an increase in directly competitive imports. Workers at firms that are suppliers to or downstream producers of TAA-certified firms may also be eligible for TAA benefits. Under current law, both production and service workers are eligible for TAA.

After the Department of Labor verifies the role of foreign trade in the group's job losses, workers may apply for individual benefits. These benefits are funded by the federal government and, with limited exception, administered by the states.

- *Reemployment services* are available to assist trade-affected workers in planning for and returning to employment. Training is the largest reemployment service expense. Eligible training programs include a variety of public and private options and may not exceed 104 weeks. In lieu of or in addition to training, workers may receive employment services such as case management, skills assessment, and job search assistance. Workers may also receive allowances for job searches outside their local commuting area and relocation expenses once a new job has been secured. Under current law, annual expenditures on reemployment services are capped at \$575 million.
- *Trade Readjustment Allowance (TRA)* is an income support for TAA-certified workers who have exhausted their unemployment insurance (UI) and are enrolled in an eligible training program. TRA payments are equal to the workers' final UI benefit. Workers may receive UI and TRA for a combined total of 117 weeks and 130 weeks under certain circumstances.
- *Reemployment Trade Adjustment Assistance (RTAA)* is available to TAA-certified workers age 50 and over. This program supplements the wages of eligible workers who secure new employment at a lower wage.
- A *Health Coverage Tax Credit (HCTC)* is also available to TAA-certified workers. This program offers a refundable tax credit equal to 72.5% of expenditures on a qualified health plan. Unlike other TAA benefits, the HCTC is administered through the federal tax code and not by state agencies.

Eligibility and benefits for TAA are scheduled to be reduced beginning on January 1, 2014. The program will operate under these reduced provisions for one year before authorization for appropriations expires on December 31, 2014.

This report provides background on the TAA program. After a brief introduction, it discusses TAA eligibility and benefits as set by TAAEA. It then describes how the program is funded and administered. The report concludes by presenting data on recent application activity and benefit usage.

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## Introduction

Trade Adjustment Assistance for Workers (TAA) provides federally funded benefits to dislocated workers who have lost their jobs due to foreign trade.<sup>1</sup> The largest TAA benefits in terms of both budget and participation are reemployment services and income support for workers who have exhausted their unemployment insurance (UI). Other TAA benefits include a health coverage tax credit (HCTC) and Reemployment Trade Adjustment Assistance (RTAA), a wage supplement for workers age 50 and over who obtain reemployment at a lower wage. To be eligible for TAA benefits, separated workers must petition the Department of Labor (DOL) to establish that foreign trade contributed importantly to their job loss.

TAA for Workers is part of the Trade Act of 1974, as amended. It was last reauthorized by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA; Title II of P.L. 112-40) and is authorized through December 31, 2014.<sup>2</sup> TAA operates under its current provisions through December 31, 2013, and then is set to operate under reduced eligibility and benefit levels for one year before the authorization for appropriations expires.<sup>3</sup>

This report provides background information on TAA. It begins with a discussion of eligibility requirements and the application process. Next, it describes the benefits that TAA-eligible workers may receive. The report then describes how the program is funded and administered, discussing the respective roles of the federal government and cooperating state agencies. The final section provides data on program usage and performance.

## Eligibility and Application Process

Obtaining TAA benefits is a two-stage process. First, a group of workers must petition DOL to establish that foreign trade contributed importantly to their job losses and become TAA certified. Once a group has been certified, individual workers covered by the group's petition apply for state-administered benefits at a local One-Stop Career Center. TAA is available to workers in the 50 states, the District of Columbia, and Puerto Rico.

### TAA Group Eligibility Criteria

To be eligible for TAA group certification, a group of workers from a firm (or a subdivision of a firm) must have become totally or partially separated from their employment.<sup>4</sup> Under current law, both production and service firms are eligible for TAA.

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<sup>1</sup> Other Trade Adjustment Assistance programs target different recipients: 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). TAA for Workers is the largest TAA program. In some cases where TAA for Workers is discussed alongside these other programs, it is referred to with the acronym TAAW.

<sup>2</sup> **Appendix A** offers a brief legislative history on TAA. For a detailed legislative history, see CRS Report R41922, *Trade Adjustment Assistance (TAA) and Its Role in U.S. Trade Policy*, by J. F. Hornbeck and Laine Elise Rover.

<sup>3</sup> The changes in eligibility and benefits beginning in 2014 are presented in **Table 1** and **Table 2** later in this report.

<sup>4</sup> Partial separation is defined as hours of work and wages being reduced to less than 80% of the worker's weekly average. See 20 C.F.R. 617.3(cc).

The petitioning workers must establish that foreign trade contributed importantly to their separation.<sup>5</sup> The role of foreign trade can be established in one of several ways:

- **An increase in competitive imports.** The sales or production of the petitioning firm has decreased and imports of articles or services like or directly competitive with those produced by the petitioning firm have increased.
- **A shift in production.** The workers' firm has moved production of the goods or services that the petitioning workers produced to a foreign country. Separated workers whose firms began acquiring goods or services from foreign countries that are directly competitive with those produced by the separated workers are also eligible under this criterion.
- **Adversely affected secondary workers.** The petitioning firm is a supplier or a downstream producer<sup>6</sup> to a TAA-certified firm and either (1) the sales or production for the TAA-certified firm accounted for at least 20% of the sales or production of the petitioning firm or (2) a loss of business with a TAA-certified firm contributed importantly to the workers' job losses.

Notwithstanding the criteria above, workers may also be certified if they are separated from a firm that was publicly identified by the U.S. International Trade Commission (ITC) as a member of a domestic industry that was injured by a market disruption. In both FY2010 and FY2011, firms certified under this criterion accounted for less than 0.5% of total TAA certifications.

Beginning on January 1, 2014, TAA group eligibility requirements will revert to the more restrictive criteria set by the Trade Act of 2002. These changes are outlined in **Table 1**. Under the provisions that will take effect in 2014, workers from service firms will no longer be eligible for certification; only workers from production firms will be eligible. Eligibility under the shift in production criterion will also be limited to workers affected by shifts to countries with which the United States has a free trade agreement or countries that are beneficiaries under certain trade laws.<sup>7</sup>

## TAA Group Petition and Certification Process

To establish TAA eligibility, a group of workers (or its union, firm, or state) must complete a two-page petition and submit it, along with any supporting documentation, to DOL. An additional copy of the TAA petition must also be filed with the governor of the state in which the affected firm is located. After receiving the petition, DOL investigates to determine if the petition meets any of the criteria outlined in the previous subsection of this report. Determinations of TAA petitions are published in the *Federal Register* and on the DOL website.

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<sup>5</sup> The term "contributed importantly" means a cause that is important but not necessarily more important than any other cause. See 19 U.S.C. 2272(c)(1).

<sup>6</sup> 19 U.S.C. 2272(c)(3) defines a downstream producer as "a firm that performs additional, value-added production processes or services directly for another firm."

<sup>7</sup> The relevant laws are the Andean Trade Preference Act, P.L. 102-182, signed December 4, 1991; the African Growth and Opportunity Act, P.L. 106-200, signed May 18, 2000; and the Caribbean Basin Economic Recovery Act, P.L. 98-67, signed August 5, 1983.

If a petition is certified, DOL will also determine an *impact date* on which trade-related layoffs began or threatened to begin. This date can be as early as one year prior to the petition. A certified petition will cover all workers laid off between the impact date and two years after the certification of the petition. For example, if a petition was certified on June 1, 2010, and the impact date was found to be March 1, 2010, all members of the certified group laid off between March 1, 2010 and June 1, 2012 would be eligible for TAA benefits.

If a petition is denied, the group who was denied certification may request administrative reconsideration by DOL. Reconsideration requests must be mailed within 30 days of the publication of the initial denial in the *Federal Register*. 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 the U.S. Court of International Trade within 60 days of *Federal Register* publication of the initial denial or the administrative reconsideration denial.

## TAA Individual Eligibility

After DOL certifies a group of workers as eligible, the individual workers then apply to their local One-Stop Career Center for individual benefits. To be covered under a certified petition, a worker must meet all of the following conditions: (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 UI benefits, and (4) no disqualification for extended unemployment benefits. Additionally, to receive the Trade Readjustment Allowance (TRA) benefit, workers must also be enrolled in an approved training program or have received a waiver from training.<sup>8</sup>

Group-certified workers who are denied individual benefits can appeal the decision. The determination notice that individual workers receive after filing their applications for each benefit explains their appeal rights and time limits for filing appeals.

## RTAA Eligibility

RTAA is a wage supplement program for TAA-eligible workers age 50 and over who obtain new employment.<sup>9</sup> RTAA is designed as a program for older trade-affected workers who likely have limited time remaining in the labor force and for whom comprehensive retraining may not be a cost-effective option. To qualify for RTAA, a certified worker must either (1) secure full-time employment at a new firm and not be enrolled in a TAA-sponsored training program or (2) secure part-time employment at a new firm while concurrently being enrolled in an approved training program. To be eligible for RTAA wage supplements, the worker's new annual wage must be lower than his or her certified job and less than \$50,000.<sup>10</sup>

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<sup>8</sup> 19 U.S.C. 2291(c) defines three waiver requirements: (1) a worker is unable to participate in training due to health reasons, (2) suitable training is not available, or (3) enrollment in training is not available within 60 days.

<sup>9</sup> Wage supplement programs like RTAA are often referred to as wage insurance. The TAA-related wage insurance program for older workers was previously known as Alternative Trade Adjustment Assistance or ATAA. Past literature likely uses the prior program name and acronym.

<sup>10</sup> See 19 U.S.C. 2318.

A petition for TAA group eligibility also functions as a petition for RTAA eligibility. If certified for both programs, workers have the option of applying for TAA or RTAA benefits at their local One-Stop Career Center.

At the beginning of 2014, several changes to the RTAA program are set to take place. Participants would no longer be eligible to participate in TAA-sponsored training and only those reemployed on a full-time basis would be eligible for wage insurance. RTAA participants would also be required to begin reemployment within 26 weeks of separation; prior to 2014, there is no time limit in which workers must begin reemployment.

**Table I. TAA Group Certification Requirements Under the Trade Adjustment Assistance Extension Act of 2011**

Eligibility Requirements from October 21, 2011, to December 31, 2013	Changes to Eligibility Requirements Effective from January 1, 2014, to December 31, 2014
<b>In All Cases</b>	
A significant number of workers (three or more in a firm of fewer than 50 workers or 5% of the workforce in a firm of 50 or more workers) at a production or service firm have become totally or partially separated.	Only production workers are eligible; service workers are no longer eligible. The number of workers required to form a group does not change.
<b>Workers Who Become Unemployed Because of an Increase in Imports</b>	
The sales or production of the firm decreased; and  There has been an increase in imports of either (1) articles or services competitive with the firm's articles or services, or (2) articles that are competitive with articles in which the firm's products or services are component parts; and  The increased imports have contributed importantly to the decline in sales or production.	Only production workers are eligible; workers affected by increased imports of services are no longer eligible.
<b>Workers Who Become Unemployed Because of a Shift in Production</b>	
The petitioning workers' firm has either (1) shifted the production of articles or services directly competitive with those produced by the petitioning workers to a foreign country, or (2) has acquired the articles or services directly competitive with those produced by the petitioning workers from a foreign country; and  The shift in production or acquisition of foreign goods or services contributed importantly to the workers' separation.	Only production workers are eligible; and  Only workers affected by shifts in production to either (1) countries with which the United States has a free trade agreement, or (2) a country that is a beneficiary country under the Andean Trade Preference Act (P.L. 102-182), the African Growth and Opportunity Act (P.L. 106-200), or the Caribbean Basin Economic Recovery Act (P.L. 98-67) are eligible.
<b>Adversely Affected Secondary Workers</b>	
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.	Only production workers are eligible.

**Source:** CRS analysis of P.L. 112-40 and P.L. 107-210.

**Notes:** Groups denied certification under the provisions effective between February 15, 2011, and October 20, 2011, are automatically reconsidered under the new TAAEA provisions.

## Benefits

TAA benefits have several components: reemployment services such as case management and subsidized training, income support for workers who have exhausted their UI benefits, and a refundable tax credit for purchasing qualifying health insurance. Workers age 50 and over may participate in the RTAA wage insurance program.

TAA benefits are funded by the federal government and, with the exception of the HCTC, administered by cooperating state agencies.

## Reemployment Services

TAA funds a number of services aimed at helping trade-affected workers transition to new employment. Available services range from short-term advising to training programs that may last up to two years. Workers typically obtain reemployment services at local One-Stops Career Centers.<sup>11</sup>

In 2014, funding levels for reemployment services will be reduced and there will be several administrative changes to how services are implemented. These changes are presented in **Table 2** at the end of this section and discussed in the “Financing and Administration” section later in this report.

## Case Management and Employment Services

Current law defines a series of case management and employment services to which all TAA-certified workers are entitled. These services include a comprehensive assessment of the worker’s skills and needs, assistance in developing an individual employment objective and identifying the training and services necessary to achieve that goal, and guidance on training and other services that the worker may be eligible for.<sup>12</sup> TAA case management and employment services are usually provided to workers at One-Stop Centers.

## Training Assistance

Training is the primary expenditure out of each state’s reemployment services allocation. Eligible workers request training assistance through their local One-Stop Career Centers. Once approved, training can be paid on the worker’s behalf directly to the service provider or through a voucher system. To receive funding, the worker must be qualified to undertake the requested training, the training must be available at a reasonable cost, and there must be a reasonable expectation of employment following the completion of training.<sup>13</sup>

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<sup>11</sup> In addition to TAA, One-Stop Career Centers administer other employment-related programs. There are approximately 3,000 One-Stop Centers nationwide. For more information on One-Stop Centers, see CRS Report R41135, *The Workforce Investment Act and the One-Stop Delivery System*, by David H. Bradley.

<sup>12</sup> Full requirements are outlined in 19 U.S.C. 2295.

<sup>13</sup> “Reasonable cost” considers the cost of similar training from a different provider and the cost of training relative to the expected employment outcome. See 19 U.S.C. 2296(a)(1) for legislative language and 20 CFR 617.22 for expanded (continued...)

The range of approved training includes a variety of governmental and private programs.<sup>14</sup> The maximum duration of training is 104 weeks.<sup>15</sup> There is no federal limit on the amount of training funding an individual can receive, though some states have a cap.

Due to the range of acceptable activities and the decentralized nature of job training, a concise summation of TAA training programs is difficult. Data from DOL, however, offer some insight into the nature and duration of programs. In FY2011, approximately 90% of TAA training participants received what DOL defined as Occupational Skills Training. The remainder of training was classified as remedial, prerequisite, on-the-job, or other customized training. Among the 70% of training participants who completed a program, the average duration of training was 427 days.<sup>16</sup>

DOL does not require the states to track the type of institutions that provide training to TAA participants.<sup>17</sup> Some data on this topic, however, are available from a 2006 report from the Government Accountability Office (GAO). In this report, GAO closely examined five cases of plant closures where a number of separated workers were TAA-eligible. The study found that in three of the five cases, a majority or plurality of the TAA training participants enrolled in programs at public institutions such as community colleges or public vocational schools. The other two cases reported a majority of training participants enrolling in proprietary (i.e., for profit) institutions. No case reported more than 8% of its participants enrolling in on-the-job training and two cases reported no participants partaking in such programs. In all five cases, a substantial majority (between 64% and 100%) of training participants enrolled in a program with an anticipated cost of less than \$10,000. GAO noted that while the five cases were geographically diverse and included urban and rural firms, their data were not necessarily representative of national trends.<sup>18</sup>

TAA does not require training programs to lead to a degree or other credential. In its FY2011 annual report, DOL reported that 45% of workers who completed training earned a credential, though it suggested that credential receipt may be underreported.<sup>19</sup>

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(...continued)

definitions of terms.

<sup>14</sup> Eligible programs include (but are not limited to) employer-based training, any training program provided by a state under Title I of the Workforce Investment Act of 1998, any program of remedial education, any program of prerequisite education or coursework required to enroll in an approved training program, any training program or coursework at an accredited institution of higher education, or any other training program approved by the Secretary of Labor. See 19 U.S.C. 2296(a)(5) for legislative language.

<sup>15</sup> See 20 C.F.R. 617.22(f)(2)

<sup>16</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Fiscal Year 2011 Report to the Committee on Finance the of Senate and Committee on Ways and Means of the House of Representatives," p. 22, <http://www.doleta.gov/tradeact/docs/AnnualReport11.pdf>.

<sup>17</sup> The 2009 Trade Activity Participant Report Handbook from DOL outlined reporting requirements for state agencies. It requires data collection on the type, duration, and cost of training, as well as if participants earned a credential.

<sup>18</sup> Government Accountability Office (GAO), "Trade Adjustment Assistance: Most Workers in Five Layoffs Received Services, but Better Outreach Needed on New Benefits," GAO-06-43, January 2006, Appendix II.

<sup>19</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Fiscal Year 2011 Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives," p. 24, <http://www.doleta.gov/tradeact/docs/AnnualReport11.pdf>.

## Job Search and Relocation Allowances

States may use their reemployment services funds for job search and relocation allowances. This program targets workers who are unable to obtain suitable employment within their commuting area. Certified workers can receive an allowance equal to 90% of each of their job search and relocation expenses, up to a maximum of \$1,250 for each benefit.<sup>20</sup>

- A **Job Search Allowance** may be available to subsidize transportation and subsistence costs related to job search activities outside an eligible worker's local commuting area. Subsistence payments may not exceed 50% of the federal per diem rate and travel payments may not exceed the prevailing mileage rate authorized under federal travel regulations.
- A **Relocation Allowance** may be available to workers who have secured permanent employment outside their local commuting area. The benefit covers 90% of the reasonable and necessary expenses of moving the workers, their families, and their household items. Relocating workers may also be eligible for a lump sum payment of up to three times their weekly wage, though the total relocation benefit may not exceed \$1,250.

## Trade Readjustment Allowance

Trade Readjustment Allowance (TRA) is an entitlement that provides income support to certified workers who are in approved training and whose UI benefits have been exhausted. It is funded by the federal government and administered by the states through their unemployment insurance systems. To qualify for TRA, a worker must be enrolled in a qualified training program within 26 weeks of separation or TAA certification, whichever is later.

TRA benefit levels are equal to the worker's final UI benefit. In FY2010, the average weekly TRA payment was \$320. UI benefit levels are based on earnings during a base period of employment (typically, the first four of the last five completed calendar quarters). UI benefits typically replace 50% of a worker's wages up to a statewide maximum. Since states each administer their own UI programs, there may be some variation in these calculations. In January 2011, the highest maximum weekly UI benefit for a worker with no dependents was \$625 in Massachusetts and the lowest was \$235 in Louisiana.<sup>21</sup>

There are two stages of TRA:

- **Basic TRA.** The weekly basic TRA payment begins the week after a worker's UI eligibility expires. 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 from the training requirement.<sup>22</sup> The total amount of basic

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<sup>20</sup> Job search and relocation allowance benefits are subject to certain time restrictions relative to workers' certification and separation. See 20 C.F.R. 617.31(c) and 20 C.F.R. 617.41(c) for details.

<sup>21</sup> For a more detailed discussion of UI calculations and programs, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

<sup>22</sup> Under TAAEA, a worker may obtain a training waiver if (1) a worker is unable to participate in training due to a health condition, (2) enrollment in a training program is not available within 60 days, or (3) no suitable training is available.

TRA benefits available to a worker is equal to 52 times the weekly TRA benefit minus the total amount of UI benefits. For example, assuming a constant benefit level, a worker who received 39 weeks of UI benefits would be eligible for 13 weeks of basic TRA. In cases where a worker is entitled to UI for 52 or more weeks, UI benefits may offset the entirety of basic TRA.

- **Additional TRA.** After basic TRA has been exhausted, workers who are enrolled in a TAA-approved training program are eligible for an additional 65 weeks of income support for a total of 117 weeks of benefits. As is the case with basic TRA, UI benefits also offset additional TRA. As such, a worker who is eligible for 78 weeks of UI would be eligible for a maximum of 39 weeks of additional TRA. Additional TRA is limited to workers who are enrolled in a training program; workers who have received a training waiver are not eligible for additional TRA.

In cases where a worker has collected 117 weeks of combined TRA and UI and is still enrolled in a training program that leads to a degree or industry-recognized credential, the worker may collect TRA for up to 13 additional weeks (130 weeks total), if the worker will complete the training program during that time.

TAA participants may only collect additional TRA as long as they remain enrolled in a qualified training program. In cases where a worker's training program is shorter than the maximum TRA duration, the worker is not entitled to the maximum number of TRA weeks.

The maximum duration of TRA benefits will not change in 2014. The time period in which a certified worker must enroll in training, however, is reduced. In order to be eligible for TRA in 2014, a worker must be enrolled in training within 16 weeks of separation or 8 weeks of certification, whichever is later. Through 2013, a worker needs to be enrolled in training within 26 weeks of separation or certification, whichever is later.

## Health Coverage Tax Credit<sup>23</sup>

The HCTC is available to workers who are collecting TRA, UI in lieu of TRA, or RTAA. The HCTC covers 72.5% of the premium for qualified health insurance purchased by an eligible taxpayer (the individual taxpayer is responsible for the other 27.5%). It can be applied towards a plan that covers only the TAA-eligible worker or a plan that also covers an eligible spouse and dependents. The HCTC 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 they are eligible for TRA. RTAA recipients that receive the HCTC are eligible for two years' worth of credits.

Unlike some other provisions of TAA, which are set to revert to pre-expansion levels in 2014, the HCTC is set to expire completely on January 1, 2014. This expiration would coincide with the availability of new federal tax credits for health coverage under the Patient Protection and Affordable Care Act (P.L. 111-148).

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<sup>23</sup> For more details on the HCTC, including a discussion of eligible plans, see CRS Report RL32620, *Health Coverage Tax Credit*, by Bernadette Fernandez.

## **Reemployment Trade Adjustment Assistance**

RTAA is an entitlement that provides a wage supplement for workers age 50 and over who are adversely affected by foreign trade and pursue reemployment at a lower wage. The program pays workers who secure new employment half the difference between the old and new wage. The maximum benefit is \$10,000 over a two-year period. Although workers are ineligible if their new annual wage is more than \$50,000, their combined wages and RTAA payments can exceed \$50,000 a year. For example, a worker who earned \$58,000 at a previous job and earns \$48,000 at a new job would be eligible for a benefit of \$5,000 per year for two years.

RTAA participants are not eligible for TRA or job search and relocation allowances. Through 2013, certified workers may collect RTAA if they are reemployed part-time and enrolled in a TAA-sponsored training program. This option is set to expire at the end of 2013.

**Table 2. TAA Benefits Under the Trade Adjustment Assistance Extension Act of 2011**

<b>Benefits for Workers Certified between October 21, 2011, and December 31, 2013</b>	<b>Changes to Benefits for Workers Certified between January 1, 2014, and December 31, 2014</b>
<b>Training Assistance, Case Management, and Employment Services</b>	
Funding for all reemployment services, including administration, is capped at \$575 million per year. States must allot at least 5% of their reemployment services funding to case management and no more than 10% to administration.	Training is funded discretely from other reemployment services and capped at \$220 million. States receive additional funds for administration and other reemployment services equal to 15% of their training allocations.
Training may be approved on a full-time or part-time basis, although full-time training is required for TRA eligibility.	Training may only be approved on a full-time basis.
<b>Job Search and Relocation Allowances</b>	
For each benefit, states may provide a cash payment equal to 90% of allowable costs, up to a maximum benefit of \$1,250.	Benefit provisions do not change.
<b>Trade Readjustment Allowance</b>	
Up to 117 weeks of cash payments for all workers concurrently enrolled in full-time training; it can be extended to a total of 130 weeks under certain circumstances.	No change in duration provisions.
Worker must be enrolled in training 26 weeks after certification or layoff, whichever is later, to receive TRA.	Worker must be enrolled in training 8 weeks after certification or 16 weeks after layoff, whichever is later, to receive TRA.
<b>Health Coverage Tax Credit (HCTC)</b>	
Refundable tax credit equal to 72.5% of allowable health insurance premiums.	Program expires and other tax credits related to health coverage become available.
<b>Reemployment Trade Adjustment Assistance</b>	
Available to workers age 50 or older and earning less than \$50,000 per year in reemployment.	No change in income ceiling, benefit formula, or maximum benefit level.
Provides a wage supplement equal to 50% of the difference between a worker's reemployment wage and wage at the worker's certified job with a maximum benefit of \$10,000 over a period of up to two years.	Workers must be reemployed within 26 weeks.
No time limit on reemployment.	RTAA participants are no longer eligible for TAA-sponsored training. The option of combining part-time, RTAA-supplemented reemployment and TAA-sponsored training is no longer available.
Eligible workers who are reemployed on a part-time basis may collect RTAA if they are concurrently enrolled in a TAA-sponsored training program.	

**Source:** CRS analysis of P.L. 112-40 and P.L. 107-210.

**Notes:** Workers from groups certified between February 15, 2011, and October 20, 2011, have the option of receiving benefits established under TAAEA.

## Financing and Administration

TAA for Workers is funded by the federal government and administered jointly by the federal government and the states. Eligibility is determined by DOL. Except for the HCTC, which is administered by the Internal Revenue Service (IRS), all individual benefits are administered by cooperating state agencies (CSAs).

Reemployment services (e.g., training and case management) are a capped entitlement with annual funding levels determined by statute. Under current law, the annual cap is \$575 million, including administrative costs. Statute specifies that states must allot at least 5% of their reemployment services grant to case management services and may spend no more than 10% of their grant on administrative costs.<sup>24</sup> Funds for reemployment services that CSAs have obligated to individuals can be expended in the current or either of the two succeeding fiscal years.<sup>25</sup>

The current funding levels will continue through the end of calendar year 2013. For the first quarter of FY2014 (i.e., the last quarter of calendar year 2013), funding will be prorated. From January 1, 2014, to December 31, 2014, annual funding levels will revert to those set by the Trade Act of 2002: \$220 million for state grants plus administrative allotments equal to 15% of each state's grant.

Reemployment services funds are distributed to the states by formula. The formula considers<sup>26</sup>

- the weighted average of certified workers in the state during the past four quarters, with the greatest weight on the most recent quarter;
- the weighted average of workers participating in training during the previous four quarters, with the greatest weight on the most recent quarter;
- the number of workers estimated to be participating in training during the forthcoming fiscal year as determined by the previous factor and DOL estimates; and
- the amount of funding estimated to be necessary to provide approved training as determined by per-trainee expenditures in the past four quarters.

At the beginning of the fiscal year, 65% of the year's reemployment service funds are distributed to the states using the formula. The remaining 35% is held in a reserve fund. States with emergencies or unforeseen training burdens may apply for these reserve funds. Any reserve funds that are not allocated through the emergency funding process are allocated to the states using the original formula throughout the fiscal year.<sup>27</sup> Regulations specify that no state's initial allocation may be less than 25% of its allocation in the preceding fiscal year.<sup>28</sup>

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<sup>24</sup> See 19 U.S.C. 2295a.

<sup>25</sup> See 19 U.S.C. 2317. TAAEA created a new provision in which states' allotments that remain unobligated after two years may be reallocated to other states.

<sup>26</sup> This is the formula process as specified in 19 U.S.C. 2296(a)(C)(ii) and subsequently clarified in Training and Employment Guidance Letter (TEGL) 13-11, available online at <http://wdr.doleta.gov/directives/>.

<sup>27</sup> See 20 C.F.R. 618.910-930. At least 90% of the funds must be distributed by July 15. The remaining 10% can be distributed at any point during the remainder of the fiscal year.

<sup>28</sup> See 20 C.F.R. 618.910(c).

The TRA income support and Reemployment Trade Adjustment Assistance (RTAA) wage insurance program are uncapped entitlements that are funded by the federal government and administered by state unemployment offices. Annual congressional appropriations for these programs typically reflect the request in the President's budget. Any funds from these allocations that are unobligated at the end of the fiscal year expire and are returned to the Treasury.

The HCTC is administered through the tax system and funded out of general revenue. It is not part of the appropriations process.

## Participation and Program Data

Program data are provided by CSAs to DOL. This section presents program data beginning in FY2003 to correspond with the changes made to TAA by the Trade Act of 2002.<sup>29</sup> Data are presented by program component. A summary table with data from each program component is presented in **Appendix B**.

When considering the annual program data presented in this section, it is important to recognize the fluctuations in TAA provisions that correspond with each fiscal year. Between FY2003 and FY2008, TAA operated under the provisions in Trade Act of 2002 (P.L. 107-210). In FY2009, TAA continued to operate under these provisions until the Trade Globalization Adjustment Assistance Act of 2009 (TGAAA; part of the American Recovery and Reinvestment Act, P.L. 111-5) expanded eligibility and benefits beginning in May 2009. The TGAAA provisions remained in effect for the remainder of FY2009 and entirety of FY2010. In FY2011, the program continued to operate under the expanded TGAAA provisions until February 15, 2011, when the program reverted back to the Trade Act of 2002 provisions for the remainder of the fiscal year.

Since TAAEA was signed after the start of FY2012, the FY2011 data discussed in this report do not include any activity under the current TAAEA provisions unless specified otherwise.

## Applications and Certification Activity

**Table 3** presents data on TAA petitions and certifications from FY2003 to FY2011. The sharp increase of petitions filed in FY2009 coincided with the expanded eligibility and benefits under TGAAA that began on May 19 of that year. This surge of applications created a backlog at the investigation and certification level. In April 2009, the last full month before the TGAAA expansion, there were fewer than 200 pending TAA petitions. By May, the number of pending applications had increased to more than 800, and by the end of FY2009 almost 1,600 petitions were awaiting a decision. Due to this backlog, many petitions filed in FY2009 were not determined until FY2010. A combination of backlog reduction initiatives from DOL and a decline in applications reduced the number of pending applications to less than 300 by September 2010.<sup>30</sup>

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<sup>29</sup> The provisions of the Trade Act of 2002 first applied to TAA petitions filed on or after November 2, 2002.

<sup>30</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Report to the Committee on Finance the Senate and Committee on Ways and Means of the House of Representatives," December 2010, p. 8, <http://www.doleta.gov/tradeact/docs/AnnualReport10.pdf>.

During FY2011, DOL continued to reduce the backlog, and at the conclusion of the fiscal year less than 150 petitions were awaiting decisions. DOL also reduced the average petition processing time during FY2011 from 91 days during the first quarter of the fiscal year to 61 days during the fourth quarter.

TAAEA required that all petitions denied under the Trade Act of 2002 provisions between February 2011 and October 2011 be reconsidered under the TAAEA criteria. While reconsiderations took place in FY2012, any changes were recorded in the FY2011 data. The number of certified petitions for FY2011 in **Table 3** contains 80 petitions that were certified on reconsideration.

**Table 3. Petitions and Certifications, FY2003-FY2011**

Fiscal Year	Petitions Filed	Petitions Certified	Estimated Certified Workers
2003	3,567	1,894	197,748
2004	2,992	1,812	149,705
2005	2,644	1,561	118,022
2006	2,465	1,444	119,602
2007	2,272	1,444	146,838
2008	2,224	1,471	126,633
2009	4,889	1,888	201,774
2010	2,542	2,810	287,061
2011 <sup>a</sup>	1,347	1,195	103,283

**Source:** Data from 2008 to 2011 are from the 2011 TAA Annual report, available at <http://www.doleta.gov/tradeact/docs/AnnualReport11.pdf>.

Data from 2003 to 2007 are from the U.S. Department of Labor and were published in table 6-1 of the 2011 Ways and Means Committee Green Book at <http://greenbook.waysandmeans.house.gov/2011-41>.

**Note:** Petitions filed during one fiscal year may not be determined until the subsequent fiscal year. As such, it is not possible to determine the portion of petitions that were certified in a given year by dividing the number of certified petitions by the number of filed petitions.

- a. Data from 2011 include petitions that were initially denied but then reconsidered under the expanded provisions of TAAEA.

## Reemployment Services

### Training Assistance

Training assistance is the primary expenditure of the TAA reemployment services fund. **Table 4** presents recent data for training enrollment and program costs. The almost 24,000 new training participants in FY2011 were the lowest number of new enrollees since at least 2003. More than 60,000 other trainees who had begun training in prior years remained in the program in FY2011.

**Table 5** shows the 10 states with the largest reemployment services allocations in FY2011. Collectively, these states accounted for 65% of TAA's reemployment service funding and 53% of its total training participants.

**Table 4. Training and Benefit Data for TAA-Certified Workers, FY2003-FY2011**

Year	New Training Participants	Total Training Participants	Training Completion Rate <sup>a</sup>	Reemployment Service Obligations (millions) <sup>b</sup>	Reemployment Service Outlays (millions) <sup>b</sup>
2003	43,672	n/a	n/a	\$222	\$206
2004	50,929	n/a	n/a	\$258	\$225
2005	38,207	n/a	n/a	\$259	\$224
2006	37,426	n/a	n/a	\$259	\$206
2007	49,339	n/a	n/a	\$260	\$217
2008	38,189	n/a	n/a	\$260	\$241
2009	58,190	n/a	68%	\$685	\$289
2010	46,552	101,053	70%	\$685	\$495
2011	23,493	86,523	70%	\$425 <sup>c</sup>	\$445

**Sources and notes:** FY2011 data on new and total training participants are from Trade Activity Participant Report, posted on the ETA website at [http://www.doleta.gov/tradeact/TAPR\\_2011.cfm?state=US](http://www.doleta.gov/tradeact/TAPR_2011.cfm?state=US). Data are current as of January 2012.

FY2010 data on new and total training participants are from Trade Activity Participant Report, posted on the ETA website at [http://www.doleta.gov/tradeact/TAPR\\_2010.cfm?state=US](http://www.doleta.gov/tradeact/TAPR_2010.cfm?state=US). Data are current as of January 2012.

New training participant data from FY2009 are from the FY2009 TAA Annual Report, available at <http://www.doleta.gov/tradeact/docs/AnnualReport09.pdf>.

New training participant data from FY2008 and prior are from the U.S. Department of Labor and were published in table 6-3 of the 2011 Ways and Means Committee Green Book at <http://greenbook.waysandmeans.house.gov/2011-41>. The Green Book does not publish total training participants or training completion rates.

Training completion rates are from each fiscal year's annual report, available at <http://www.doleta.gov/tradeact/> and reflect data available at the time of each report's publication.

Obligation data are from 2005-2013 federal budget appendices as issued by the Office of Management and Budget and are available online at <http://www.gpo.gov/fdsys/browse/collectionGPO.action?collectionCode=BUDGET>. Obligations include funding for case management and administrative activities and may include financial commitments for future years.

Outlay data were obtained directly from the U.S. Department of Labor, Employment Training Administration. These data reflect state expenditures of federal allotments for training and other reemployment services. Outlays may include funds that were obligated in prior years.

- Data refer to the share of program exiters who began a training program and subsequently completed that program.
- Includes costs of all reemployment services, not just training.
- FY2011 obligation data includes three disbursements to the states under three separate authorizations: \$143.8 million for the final three months of the TGAAA authorization; \$66.5 million for the extension of TGAAA-level funding through February 12; and \$138.6 million for the remainder of the year (prorated amount of the \$220 million statutory limit when the program reverted back to the levels set by the Trade Act of 2002.) Supplementary funds for administration, case management, and job search and relocation allowances increased obligations to \$425 million.

**Table 5. Ten Largest Recipients of TAA Reemployment Services Funding, FY2011**

State	Reemployment Services Funding	Total Training Participants
Michigan	\$55,774,244	9,969
Ohio	49,963,965	5,423
Wisconsin	29,385,418	4,538
North Carolina	21,217,109	7,443
Iowa	13,993,897	1,547
Pennsylvania	13,811,768	5,018
Oregon	13,340,979	3,031
Indiana	12,297,212	3,376
Minnesota	11,951,771	1,838
Texas	9,907,381	4,015
<b>10-state total</b>	<b>\$231,643,744</b>	<b>46,198</b>
<b>National total</b>	<b>\$354,879,970</b>	<b>86,523</b>

**Source:** Calculations by CRS based on data from the U.S. Department of Labor, Employment Training Administration, published at [http://www.doleta.gov/tradeact/TAPR\\_2011.cfm](http://www.doleta.gov/tradeact/TAPR_2011.cfm).

**Note:** Training totals do not include administrative allotments equal to 15% of training allotments.

TAAEA made several changes to training-related provisions. Annual funding for reemployment services was increased to \$575 million through 2013. This cap includes training as well as related administrative and case management costs.

In calendar year 2014, the reemployment services cap is set to be reduced to the lower funding level authorized by the Trade Act of 2002.

### *Training Waivers*

In addition to workers who took part in training, approximately 52,000 TAA-certified workers were granted training waivers during FY2011. These waivers allowed the workers to be eligible for basic TRA without fulfilling the training requirement. About 90% of the waivers were due to a worker already having marketable skills or enrollment in training being unavailable.

TAAEA reduced the number of eligible waiver reasons from six to three.<sup>31</sup> Approximately 80% of the workers who obtained training waivers in FY2011 did so for reasons that will no longer be valid under TAAEA. Unlike many other provisions of TAAEA, the reduction of waiver reasons will not change in 2014.

<sup>31</sup> Under TAAEA, acceptable waiver reasons are (1) the worker is unable to participate in training for health reasons, (2) no suitable training is available, or (3) enrollment is not available in the next 60 days (See 19 U.S.C. 2291(c)). Under prior law, waivers could also be issued if the worker expected to be recalled to work, the worker already has marketable skills, or the worker is within two years of becoming eligible for Social Security or another pension.

## Case Management

While training assistance receives the largest portion of reemployment services funding, case management was the most-utilized TAA service in FY2010 and FY2011.<sup>32</sup> In FY2010, over 136,000 TAA participants utilized case management compared to about 101,000 who participated in training. In FY2011, the difference increased when approximately 161,000 workers received case management but only about 86,500 participated in training.

Typically, workers are required to engage in some level of case management prior to participating in training activities or obtaining a training waiver. The implication of the number of workers who participated in case management but did not subsequently enroll in training is not clear. These workers may have required less-intensive services to become reemployed or they may have declined training benefits for another reason.

While TAAEA did not increase overall reemployment service funding above TGAAA levels, it did increase funding set aside for case management. Under TGAAA, each state received \$350,000 for case management (a potential maximum of \$18.2 million for the 50 states, the District of Columbia, and Puerto Rico). Under TAAEA, 5% of the \$575 million in reemployment service funds (\$28.8 million) is set aside for case management services.

## Job Search and Relocation Allowances

With 746 combined participants in FY2011, job search and relocation allowances were the least-used TAA reemployment benefit. Beneficiaries of these programs accounted for less than 1% of all TAA participants. According to the FY2011 TAA annual report, \$6 million was allocated to job search and relocation benefits and, at the end of the year, \$5,567,000 remained. These remaining funds were then distributed to the states using the original formula for allocating training funds. **Table 6** shows that usage of these programs has been consistently low in recent years.

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<sup>32</sup> FY2010 and FY2011 data are from each year's annual report, available at <http://www.doleta.gov/tradeact/>. Data on case management utilization are not available prior to FY2010.

**Table 6. Job Search and Relocation Allowance Participation, FY2003-2011**

Fiscal Year	Job Search Allowance Participants	Relocation Allowance Participants
2003	430	736
2004	467	817
2005	288	446
2006	454	531
2007	405	757
2008	526	461
2009	617	683
2010	319	404
2011	343	403

**Source:** FY2008-FY2011 are from FY2009, FY2010, and FY2011 TAA Annual reports available at <http://www.doleta.gov/tradeact/>. Data from FY2008 and prior are from the U.S. Department of Labor and were published in table 6-3 of the 2011 Ways and Means Committee Green Book at <http://greenbook.waysandmeans.house.gov/2011-41>.

Research has shown that the low usage of these programs was only partially due to limited TAA participant awareness of them. A 2010 study conducted for DOL by Mathematica Policy Research (MPR) surveyed TAA-eligible workers in 2007 and 2008. The study found that 53% of TAA participants were aware of the relocation allowances and 54% were aware of job search allowances.<sup>33</sup>

TAAEA consolidated funding for job search and relocation allowances into states' reemployment allotments. The language in the section could also be interpreted as making the administration of this benefit optional.<sup>34</sup> TAAEA did not change the eligibility criteria and benefit levels from those that were in place after the expiration of TGAAA. The provisions related to these allowances will not change in 2014.

## Trade Readjustment Allowances

In FY2011, there were more than 18,000 new TRA recipients and almost 27,000 total TRA recipients. This marked an increase from the prior two years, but as **Table 7** shows, it was still below historical usage prior to FY2009. As noted in the previous section, TRA benefits are offset by UI benefits and DOL has indicated that the extensions to unemployment insurance programs have reduced the number of otherwise eligible workers who would have collected TRA. The UI extensions also led some workers who did receive TRA to collect it for a shorter period than they would have in the absence of the UI extensions.

<sup>33</sup> Mathematica Policy Research, "National Evaluation of the Trade Adjustment Assistance Program," ETA Occasional Paper 2010-06, April 2010, Table 9 on p. 30. This study defined TAA participants as those that received one of the program's four core services (TRA, training, ATAA, or the HCTC). This definition is more restrictive than DOL's definition of a TAA participant.

<sup>34</sup> See 19 U.S.C. 237(a)(1) and 19 U.S.C. 238(a)(1).

The maximum TRA duration established under the TAAEA provisions (117 weeks for all workers, 130 in certain circumstances) is shorter than the TGAAA provisions (130 weeks for all workers, 156 in certain circumstances) but longer than the limit under the Trade Act of 2002 (104 weeks for all workers; 130 in certain circumstances). The provisions of TRA will not change in 2014.

**Table 7. Trade Readjustment Allowance Participation and Costs, FY2003-FY2011**

Fiscal Year	New TRA Recipients	Total TRA Recipients	Total TRA Outlays (millions)
2003	44,000	n/a	\$ 352
2004	81,000	n/a	\$ 528
2005	55,000	n/a	\$ 589
2006	53,000	n/a	\$ 514
2007	47,000	n/a	\$ 540
2008	42,000	n/a	\$ 523
2009	11,111	n/a	\$ 122
2010	14,711	20,764	\$ 93
2011	18,524	25,689	\$208

**Sources:** FY2011 recipient data are from Trade Activity Participant Report output posted on the ETA website at [http://www.doleta.gov/tradeact/TAPR\\_2011.cfm](http://www.doleta.gov/tradeact/TAPR_2011.cfm). FY2010 recipient data from Trade Activity Participant Report output posted on the ETA website at [http://www.doleta.gov/tradeact/TAPR\\_2010.cfm](http://www.doleta.gov/tradeact/TAPR_2010.cfm). For both years, data are current as of January 2012.

Recipient data from FY2009 are from the FY2009 TAA Annual Report, available at <http://www.doleta.gov/tradeact/docs/AnnualReport09.pdf>.

Data from FY2008 and prior are from the U.S. Department of Labor and rounded data were published in table 6-2 of the 2011 Ways and Means Committee Green Book at <http://greenbook.waysandmeans.house.gov/2011-41>. The Green Book does not publish total TRA recipients.

Outlay data were obtained directly from the U.S. Department of Labor, Employment Training Administration.

## Health Coverage Tax Credit

Precise estimates on the participation rates in the HCTC program are difficult to develop. TAA-certified and RTAA-certified workers are only a subset of the HCTC-eligible population and some TAA participants may not qualify for the HCTC. (For example, a TAA-eligible individual who is eligible for Medicare or Medicaid cannot claim the HCTC.) Furthermore, since the program is implemented through the tax code, DOL cannot track usage directly.

A 2010 report from GAO analyzed a combination of DOL and IRS data to develop estimates of HCTC program data. While the report did not provide single-year costs, it estimated that the total governmental cost of the HCTC between 2003 and 2010 was approximately \$676 million (an average of \$84.5 million per year). GAO estimated that about \$161 million (24%) of the HCTC's governmental costs during the 2003-2010 period went to administration. These data considered all recipients of the HCTC, not just those covered under TAA.

The GAO report also estimated participation rates among potentially eligible populations before and after the TGAAA expansions. It found that in the six months before the expansions, about 6,000 out of approximately 100,000 potentially eligible TAA participants used the HCTC. In the six months after the expansion, an estimated 10,000 out of approximately 150,000 potentially eligible participants claimed the credit.<sup>35</sup>

The aforementioned MPR study also collected data on knowledge of and participation in the HCTC program. Knowledge of the program was moderate, with about 58% of TAA participants aware of the program. Among participants with knowledge of the program, about 28% applied for the HCTC. The most common reasons for not applying for the HCTC were the worker's share of the premium being too expensive (36% of nonapplicants) and the worker already having coverage through a spouse's employer (21% of nonapplicants).<sup>36</sup>

The TAAEA provisions authorized the HCTC benefit level of 72.5%. This is between the benefit level under the TGAAA provisions (80%) and prior to the expansions (65%). The HCTC is set to terminate on December 31, 2013.

## Reemployment Trade Adjustment Assistance

In FY2011, \$40 million was paid to more than 6,100 participants in the RTAA wage insurance program. The data in **Table 8** include both RTAA participants as well as participants in the very similar ATAA program that existed prior to 2009.

Under the TAAEA provisions, the RTAA program initially has aspects of both the TGAAA expansions as well as the prior Trade Act of 2002 provisions. The benefit level and wage ceiling are both at the levels authorized by the Trade Act of 2002. However, there is no reemployment deadline and workers who are employed part-time and enrolled in a TAA-approved training program can also qualify for RTAA, as was the case under the TGAAA provisions.

In 2014, all RTAA provisions are set to revert to those in the Trade Act of 2002.

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<sup>35</sup> Government Accountability Office (GAO), "Health Coverage Tax Credit: Participation and Administrative Costs," GAO 10-521R, April 2010.

<sup>36</sup> Mathematica Policy Research, "National Evaluation of the Trade Adjustment Assistance Program," ETA Occasional Paper 2010-06, April 2010, Table 15 on p. 47.

**Table 8. Reemployment Trade Adjustment Assistance, FY2003-FY2011**

Year	Participants	Outlays (millions)
2003	n/a	n/a
2004	n/a	\$2
2005	n/a	\$9
2006	6,354	\$15
2007	7,477	\$22
2008	8,718	\$27
2009	6,827	\$23
2010	6,363	\$27
2011	6,155	\$40

**Source:** Data were obtained directly from the U.S. Department of Labor, Employment Training Administration.

**Notes:** During the temporary TGAAA expansion, the eligible annual wage ceiling was increased from \$50,000 to \$55,000 and the two-year benefit cap was raised from \$10,000 to \$12,000.

## Post-TAA Performance Data for Program Exiters

**Table 9** presents data on post-TAA outcomes for program exiters using DOL's Common Measures, a metric that DOL uses across its workforce programs. In the table, entered employment rate (EER) refers to the percentage of workers who were employed in the quarter after program exit. The employment retention rate (ERR) is the share of these employed workers who were also employed in the second and third quarters after exit. Average earnings (AE) are recorded in the second and third quarters after exit among workers who were employed in the first quarter after exit.

**Table 9. Employment Outcomes for TAA Exiters**

Year	Entered Employment Rate (EER)	Employment Retention Rate (ERR)	Average Earnings (AE)
2009	69%	88%	\$15,117
2010	58%	87%	\$14,906
2011	66%	90%	\$18,184

**Source:** U.S. Department of Labor, FY2009, FY2010, and 2011 TAA annual reports, available at <http://www.doleta.gov/tradeact/>.

**Notes:** DOL implemented changes to reference periods in FY2010 and data from prior years may not be strictly comparable. See annual reports for specific details.

Employment data are for all exiting workers. TAA classifies a program participant as an exiter once 90 days have passed since the worker received services or case management. DOL does not disaggregate its outcome data by which provisions of TAA (e.g., TGAAA or prior provisions) an exiter received benefits under.

In FY2011, DOL also reported EER, ERR, and AE data for TAA exiters who completed training and earned a degree or other credential. Among this subset, the ER was 77%, the ERR was 93%,

and the AE was \$15,596.<sup>37</sup> DOL suggested that the lower earnings for workers who obtained a TAA-sponsored credential may have been attributable to workers with higher earning potential foregoing training.

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<sup>37</sup> See 2011 Annual report, p. 22-24, available at <http://www.doleta.gov/tradeact/docs/AnnualReport11.pdf>. DOL reported that 45% of workers who completed training in FY2011 received a credential though the agency also believed that credential attainment was underreported.

## Appendix A. Legislative History

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. Except for a lapse between December 1985 and March 1986, a variety of legislative vehicles kept TAA authorized through the end of FY2001. Authorization then lapsed for 11 months, but the program remained funded through appropriations.

The Trade Act of 2002 (P.L. 107-210) reauthorized TAA, expanded benefits, and established Reemployment Trade Adjustment Assistance (RTAA; then called Alternative Trade Adjustment Assistance). Authorization expired on December 31, 2007, but the Consolidated Appropriations Act of 2008 (P.L. 110-161) funded TAA for FY2008. The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (P.L. 110-329), funded TAA through March 6, 2009, and specified that the programs would continue through that date.

The Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), part of the American Recovery and Reinvestment Act (ARRA, P.L. 111-5), was signed on February 17, 2009. TGAAA reauthorized TAA and temporarily expanded both eligibility and benefit levels.

Authorization for the TGAAA changes was set to expire on December 31, 2010, but the Omnibus Trade Act of 2010 (P.L. 111-344) extended them through February 12, 2011.<sup>38</sup> After that date, TAA reverted back to the pre-expansion provisions that were in place prior to TGAAA.

### *2011 Reauthorization*

TAA operated under the pre-expansion provisions from February 15, 2011, to October 21, 2011, when the Trade Adjustment Assistance Extension Act of 2011 (TAAEA; Title II of P.L. 112-40) was signed into law. TAAEA reauthorized TAA through December 31, 2014, and expanded eligibility and benefits to near-TGAAA levels through December 31, 2013. The law was retroactive and groups who were denied certification under the prior provisions were automatically reconsidered under the provisions enacted by TAAEA. Groups who were certified under the prior provisions were eligible to reapply under the new expanded benefit provisions.

The expanded provisions of the TAAEA are set to expire on December 31, 2013. Eligibility criteria and benefit levels are then set to largely revert to the levels authorized by the Trade Act of 2002. These provisions remain in place for one year before authorization for the TAA for workers program expires on December 31, 2014.

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<sup>38</sup> Because February 12, 2011, was a Saturday, DOL considered applications filed through February 14, 2011, under the TGAAA provisions.

## **Appendix B. Petition Activity and Benefit Usage, FY2003-FY2011**

**Table B-1** provides a summary of TAA petition activity and benefit usage since the enactment of the Trade Act of 2002. More detailed data on each program component may be available in the corresponding subsections of the “Participation and Program Data” section of this report.

**Table B-I. Trade Adjustment Assistance, Petition Activity and Benefit Usage, FY2003-FY2011**

Fiscal Year	Petition Activity		Reemployment Services				Trade Readjustment Allowance		Reemployment Trade Adjustment Assistance	
	Petitions Certified	Estimated Certified Workers	New Training Participants	Job Search Allowances	Relocation Allowances	Outlays (millions)	New Participants	Outlays (millions)	Participants	Outlays (millions)
2003	1,894	197,748	43,672	430	736	\$206	44,000	\$352	n/a	n/a
2004	1,812	149,705	50,929	467	817	\$225	81,000	528	n/a	\$2
2005	1,561	118,022	38,207	288	446	\$224	55,000	589	n/a	9
2006	1,444	119,602	37,426	454	531	\$206	53,000	514	6,354	15
2007	1,444	146,838	49,339	405	757	\$217	47,000	540	7,477	22
2008	1,471	126,633	38,189	526	461	\$241	42,000	523	8,718	27
2009	1,888	201,774	58,190	617	683	\$289	11,111	122	6,827	23
2010	2,810	287,061	46,552	319	404	\$495	14,711	93	6,363	27
2011	1,195	103,283	23,493	343	403	\$445	18,524	208	6,155	40

**Source:** Data are from the U.S. Department of Labor. Detailed source notes are available in **Table 3, Table 4, Table 6, Table 7, and Table 8** in the body of the report.

**Notes:** Reemployment services outlays only include actual expenditures and exclude obligations for subsequent years. Trade Readjustment Allowance (TRA) is only available to workers who have exhausted their unemployment insurance (UI) benefits. Extended UI benefits during certain periods may influence TRA participation and outlays. The source on new TRA participants from FY2003 to FY2008 presented rounded data.

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