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Trade Adjustment Assistance for Farmers

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Abstract
[Excerpt] The Trade Adjustment Assistance for Farmers (TAAF) program provides technical assistance and cash benefits to producers of farm commodities and fishermen who experience adverse economic effects from increased imports. Congress first authorized this program in 2002, and made significant changes to it in the 2009 economic stimulus package (P.L. 111-5). The 2009 revisions were aimed at making it easier for farmers and fishermen to qualify for program benefits, and provided over $200 million in funding through December 2010. Subsequently, P.L. 112-40 (enacted in October 2011) authorized $202.5 million through December 2013, but no new program activity has occurred since December 2010 for lack of appropriated funds. In June 2015, Congress passed H.R. 1295, the Trade Preferences Extension Act of 2015, authorizing TAAF through FY2021, and the President signed the bill into law on June 29, 2015, as P.L. 114-27. Any program activity would still be contingent on the appropriation of funds.

Keywords
Trade Adjustment for Farmers, TAAF, farmers, fishermen

Comments

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Trade Adjustment Assistance for Farmers

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Summary

The Trade Adjustment Assistance for Farmers (TAAF) program provides technical assistance and cash benefits to producers of farm commodities and fishermen who experience adverse economic effects from increased imports. Congress first authorized this program in 2002, and made significant changes to it in the 2009 economic stimulus package (P.L. 111-5). The 2009 revisions were aimed at making it easier for farmers and fishermen to qualify for program benefits, and provided over $200 million in funding through December 2010. Subsequently, P.L. 112-40 (enacted in October 2011) authorized $202.5 million through December 2013, but no new program activity has occurred since December 2010 for lack of appropriated funds. In June 2015, Congress passed H.R. 1295, the Trade Preferences Extension Act of 2015, authorizing TAAF through FY2021, and the President signed the bill into law on June 29, 2015, as P.L. 114-27. Any program activity would still be contingent on the appropriation of funds.

The U.S. Department of Agriculture (USDA) is required to follow a two-step process in administering TAAF. First, a group of producers must be certified eligible to apply. Second, a producer in a certified group must meet specified requirements to be approved for benefits.

To be certified, a group must show that imports were a significant cause for at least a 15% decline in one of three factors: the price of the commodity, the quantity of the commodity produced, or the production value of the commodity. Once a producer group is certified, an individual producer within that group must meet three requirements to be approved for program benefits. These include technical assistance with a training component, and financial assistance. A producer must show that (1) the commodity was produced in the current year and also in one of the previous three years; (2) the quantity of the commodity produced decreased compared to that in a previous year, or the price received for the commodity decreased compared to a preceding three-year average price; and (3) no benefits were received under any other trade adjustment assistance program. The training component is intended to help the producer become more competitive in producing the same or another commodity. Financial assistance is to be used to develop and implement a business adjustment plan designed to address the impact of import competition.

From 2009 to 2011, USDA certified 10 of 30 petitions filed by producers of 5 commodity groups—shrimp, catfish, asparagus, lobster, and wild blueberries. USDA approved TAAF benefits for about 4,500 individual producers in FY2010, and for about 5,700 producers in FY2011.

In a 2012 audit of TAAF, the Government Accountability Office recommended that USDA require spouses who apply for assistance to submit documentation on how they contribute to producing a commodity, take steps to ensure that the program's financial assistance component is used for intended purposes, and adopt a longer-term approach to evaluate its effectiveness. A 2013 audit by USDA's Office of Inspector General (OIG) identified several shortcomings in administering the program, including determining eligibility and providing effective oversight.

The 2015 reauthorization of TAAF programs follows directly in the wake of the enactment of Trade Promotion Authority (TPA) legislation (P.L. 114-26) that President Obama had requested of Congress to facilitate the conclusion of regional free trade agreements, including the Trans-Pacific Partnership (TPP) with 11 other Pacific-facing nations. Under P.L. 114-27, TAAF is authorized to receive $90 million annually for FY2015 through FY2021, subject to annual appropriations. No new funding has been appropriated since the program's reauthorization.

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Rationale for Program

The origin of the Trade Adjustment Assistance for Farmers (TAAF) program can be traced back to a 2000 Department of Labor report recommending that a separate program be enacted "to assist agricultural producers and workers affected adversely by imports" if the objective is to assist them to remain in their current occupations. The report described the existing trade adjustment assistance (TAA) programs that provided (1) limited technical assistance to help business firms (including some that produced agricultural and food products) regain economic competitiveness or to shift into producing other goods, and (2) training assistance to workers (including those employed by some agricultural firms) to facilitate their transition into other occupations. It noted that the provision of direct financial assistance (such as income supplements) to farmers, or efforts to financially enable them to continue producing the commodity adversely affected by imports rather than help them adjust to employment in other sectors, would be inconsistent with the objectives of the then-existing TAA programs.[1]

Observers stated that farmers and ranchers typically did not qualify for the TAA workers program because they were self-employed (and thus rarely were eligible for unemployment benefits) and were less likely to want to be retrained for a new occupation (particularly if earning income from producing other crops or from non-farm sources).[2] Others pointed out that agricultural producers who are most likely to be affected by import surges are those producing a commodity that receives little or no price protection and does not receive direct payments under traditional farm subsidy programs. Frequently cited at the time was the impact of increased competition that U.S. fruit and vegetable growers, as well as livestock producers, have encountered due to imports from Mexico and Canada under the North American Free Trade Agreement.

Overview of TAAF Program

The Trade Act of 2002 established a new Trade Adjustment Assistance for Farmers program[3] by amending the Trade Act of 1974 (P.L. 93-618). The U.S. Department of Agriculture's (USDA's) Foreign Agricultural Service (FAS) is the lead administrative agency for the TAAF program, with responsibility for certifying eligible commodities and producer groups. USDA's Farm Service Agency (FSA) has responsibility for processing and approving individual applications for assistance under TAAF, and for disbursing cash payments to eligible producers. A third USDA agency, the National Institute for Food and Agriculture (NIFA), provides training and technical assistance to producers who are approved for TAAF benefits. As amended by the enacted 2009 economic stimulus package (P.L. 111-5, Division B, Subtitle I),[4] the program assists agricultural producers who have been adversely affected by competition from imports of a commodity that they produce. An "agricultural commodity producer" is defined as a "person that shares in the risk of producing an agricultural commodity and that is entitled to a share of the commodity for

[1] Department of Labor, "Report on Trade Adjustment Assistance for Agricultural Commodity Producers," transmitted by the Secretary of Labor to the House Ways and Means and Senate Finance Committees on October 26, 2000. This report was required by §408 of the Trade and Development Act of 2000 (P.L. 106-200).

[2] For information on the other TAA programs and current issues, see CRS Report R42012, *Trade Adjustment Assistance for Workers*, by Benjamin Collins, and CRS Report RS20210, *Trade Adjustment Assistance for Firms*, by Rachel F. Fefer.

[3] P.L. 107-210, §§141-142, approved August 6, 2002, 116 Stat. 946 (19 U.S.C. 2401 et seq.).

[4] American Recovery and Reinvestment Act of 2009, P.L. 111-5, §§1856, 1881-1887, and 1891-1894, approved February 17, 2009, 123 Stat. 115.

marketing, including an operator, a sharecropper, or a person that owns or rents the land on which the commodity is produced," or a person who reports a gain or loss on a federal income tax return from "the trade or business of fishing." Support is available in the form of enhanced technical assistance and seed money to enable a producer to formulate and implement a business adjustment plan. Producers of raw and natural agricultural commodities (crops, livestock, farm-raised aquatic products, and wild-caught seafood that competes with aquaculture products) and of "any class of goods within an agricultural commodity" must follow a two-part process to receive benefits.

First, a producer group must be certified by USDA as eligible to apply for program benefits (see "Requirements for a Commodity Group to Be Certified"). Second, if the group is certified, individual producers in that group must meet certain requirements to be approved to receive technical assistance and cash payments (see "Individual Producer Eligibility Requirements" and "TAAF Program Benefits").

Requirements for a Commodity Group to Be Certified

A group of agricultural producers can petition the Secretary of Agriculture to be certified as eligible to participate in the TAAF program (i.e., to qualify for benefits). To certify a commodity group, the Secretary must determine that the increase in imports of the agricultural commodity produced by members of the group "contributed importantly"[5] to at least a 15% decline in the national average price, quantity of production, or value of production or cash receipts of the commodity. In making a determination, the Secretary must compare the volume of imports of "articles like or directly competitive with the agricultural commodity" produced by the group in the marketing year in which the petition is filed, to the average volume of imports in the three preceding marketing years. The addition of two other qualifying factors—"quantity of production" and "value of production/cash receipts"—besides price gives the Secretary greater flexibility in determining if a commodity group is eligible to access program benefits.[6] The Secretary then has 40 days to make a determination on a group's petition.

Individual Producer Eligibility Requirements

If the Secretary certifies that a group qualifies for assistance, each producer in the group has 90 days to apply for TAAF benefits. To be eligible, an individual producer must show in the application submitted to USDA that (1) the agricultural commodity was produced in the year covered by the group's petition, and in at least one of the three preceding marketing years; (2) the quantity of the commodity produced in that year has decreased compared to the amount produced in a previous year, or the price received for the commodity in that year has decreased compared to

[5] Defined as "a cause which is important but not necessarily more important than any other cause."

[6] The 2009 amendments in P.L. 111-5 lowered the degree of impact on specified factors due to increased imports that a producer group had to show from 20% to 15%, and expanded the scope of factors that USDA must look at to determine if a producer group can qualify to participate in the program (i.e., from just one specified in the original 2002 law, to the three now). These appear to address two issues that the General Accountability Office (GAO) had identified as limiting producer participation in the initially authorized TAAF program administered through year-end 2007 (see pp. 2-3 of GAO report cited in footnote 12). One was the difficulty that groups of agricultural producers faced in meeting eligibility criteria (i.e., demonstrating that the price of the commodity produced had declined by at least 20% and that imports contributed importantly to the price decline). Also, many producer groups seeking to be recertified for benefits in a subsequent year saw USDA deny their petitions because of their difficulty in showing that imports of a commodity had further increased and that the increase noticeably contributed to the fall in price.

the average price received in the preceding three marketing years;[7] and (3) no cash benefits were received under the TAA for Workers and TAA for Firms programs, nor were benefits received based on producing another commodity eligible for TAAF assistance.[8]

The reauthorization of TAAF through FY2021 under P.L. 114-27 does not alter the eligibility requirements for commodity groups or individual producers that existed heretofore.

TAAF Program Benefits

The changes enacted in 2009 refocus the TAAF program by (1) making technical assistance available to an eligible producer, and (2) providing financial resources so that a producer can put into effect a business plan to make adjustments in the operation.

A producer approved for the TAAF program is entitled to receive initial technical assistance (TA) to improve competitiveness in the production and marketing of the commodity certified to receive benefits. Such assistance is to include information on what steps could be taken to improve the yield and marketing of that commodity, and on exploring the feasibility and desirability of substituting one or more alternative commodities for the one being produced. USDA can provide supplemental assistance to cover reasonable transportation and subsistence expenses that a producer incurs in accessing initial technical assistance if provided in a location outside a normal commuting distance.

A producer who completes this initial phase is eligible to participate in intensive technical assistance. This includes training courses to assist the producer in improving the competitiveness of the same commodity or an alternative commodity, and financial assistance to develop an initial business plan based on the courses completed. USDA is required to approve a producer's initial business plan if it reflects the skills gained by the producer through the courses taken. Further, this plan must demonstrate how the producer will apply these skills to his circumstances. If the plan is approved, the producer is entitled to not more than $4,000 to implement this plan, or to develop a long-term business adjustment plan.

A producer who completes the intensive phase and whose initial business plan has been approved is then eligible for assistance to develop a long-term business adjustment plan. USDA is required to approve this adjustment plan if it includes steps calculated to materially contribute to the producer's economic adjustment to changing market conditions, takes into account the interests of the workers employed by the producer, and demonstrates that the producer will have sufficient resources to implement the business plan. If approved, the producer is entitled to $8,000 to implement this long-term plan.[9]

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[7] A producer has the option of instead showing that the county-level price for the commodity on the date a group files a petition has decreased compared to the average county-level price in the preceding three marketing years.

[8] Prior to 2009, a producer had to show (1) the quantity of the commodity that he produced in the most recent year, and that (2) his most recent year's net farm income was less than such income in a previous year, (3) he had met with the Extension Service to obtain information and technical assistance to help him adjust to import competition, and (4) he did not receive cash benefits under any other TAA program.

[9] The 2009 amendments in P.L. 111-5 redirected the type of benefits an individual producer can receive. While a cash payment previously was based on the automatic application of a formula, the more comprehensive approach in place now requires a producer to tap available technical assistance before he receives payments intended to assist him to implement a business plan to adjust to import competition.

Limitations on Producer Financial Assistance

The amount of assistance that a producer can receive to implement both the initial business plan and the long-term business adjustment plan is limited to $12,000 in the 36-month period after USDA has certified producers of the commodity as eligible for TAAF benefits.[10] Further, TAAF-eligible producers cannot receive cash benefits under any other TAA program.

An applicant is ineligible for TAAF assistance in any year in which his average adjusted gross income exceeds the level specified in Section 1001D of the Food Security Act of 1985 as amended (i.e., $500,000 of non-farm income, or $750,000 of farm income, depending on the details of the applicant's involvement in a farm operation, beginning with the 2009 crop year).

Written Notices to Producers

The Secretary of Agriculture is required to provide written notice to each agricultural commodity producer in a group certified as eligible to receive benefits. A notice stating the benefits available to certified producers must also be published in newspapers of general circulation in the areas in which such producers reside.

Program Coordination

When notified by the International Trade Commission (ITC) that it has begun a safeguard investigation of a particular agricultural commodity, the Secretary of Agriculture is required to conduct a study of (1) the number of agricultural commodity producers who are producing a competitive commodity who have been or are likely to be certified eligible for TAAF, and (2) the extent to which existing programs could facilitate producers' adjustment to import competition.[11] A safeguard (e.g., in the form of additional tariffs, expanded quota, or another restriction on imports) is intended to provide relief from the adverse impact of imports when temporary protection will enable the domestic sector (i.e., producers) to make adjustments to meet import competition.

Within 15 days after the ITC has determined whether or not injury has occurred and reported its recommendations to the President, the Secretary must submit a report to the President on the USDA study's findings.

History of TAAF Funding

The Trade Act of 2002 (P.L. 107-210) that established the TAAF program authorized and appropriated $90 million annually for FY2003 through FY2007 to operate the program. Under Section 1(c) of P.L. 110-89, Congress provided an appropriation of $9 million for TAAF for the first quarter of FY2008 (October 1 to December 31). Funding then lapsed until October 1, 2008, when Section 1887 of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) authorized and appropriated $90 million in each of FY2009 and FY2010, and $22.5 million for the first quarter of FY2011 (October to December 2010). This provision also specified that funding shall cover the costs of administering the TAAF program.

[10] Prior to 2009, an approved producer could receive up to $10,000 in cash benefits in any 12-month period.

[11] An ITC safeguard investigation would be triggered, under §202 of the Trade Act of 1974, by a petition filed by an affected party (e.g., trade association or industry group) seeking relief from competition caused by imports that are traded fairly but which cause or threaten to cause injury to a domestic industry.

Congress temporarily extended funding for TAAF by providing an appropriation of $10.4 million for the period January 1, 2011, through February 12, 2011, in Section 101 of the Omnibus Trade Act of 2010 (P.L. 111-344), but USDA viewed this six-week period as too short to implement another FY2011 program, so no activity occurred. Under Section 223 of the Trade Adjustment Assistance Extension Act of 2011 (P.L. 112-40), Congress authorized $90 million in each of FY2012 and FY2013, and $22.5 million for the first quarter of FY2014 (i.e., October through December 2013). This provision, unlike those in the 2002 and 2009 authorizations, did not appropriate any funds. Because Congress did not subsequently appropriate funds, USDA did not announce TAAF programs for FY2012, FY2013, and the first quarter of FY2014. Authority to operate TAAF expired on December 31, 2013.

Most recently, Section 403 of Title IV of the Trade Preferences Extension Act of 2015 (P.L. 114-27) authorized TAAF to be appropriated $90 million each year for FY2015 through FY2021. As such, any program activity under TAAF will depend on the level of funding that Congress may appropriate. To date, no new funds have been appropriated.

TAAF Program Implementation

Because Congress in 2009 significantly revised TAAF's statutory provisions from those initially enacted, the text that follows describes how this program operated in the period before, and then in the period after, these changes. The break between periods reflects the lack of program authority in the January to September 2008 period.

FY2003-December 2007

Activity under the TAAF in the FY2003-December 2007 period was much lower than authorized funding levels because of low producer participation and low payments, according to the Government Accountability Office (GAO).[12] Of the $459 million authorized for the 5¼-year period through December 31, 2007, budget outlays totaled almost $49 million, according to USDA's Office of Inspector General (OIG) and USDA's Foreign Agricultural Service.[13] This included $27.7 million in cash benefits paid to producers, $9.5 million for technical assistance, and $10.5 million for administrative costs (**Table 1**).

Table 1. TAAF Funding, and Spending by Type of Activity, FY2003-FY2014

($ in millions)

		Outlays / Obligations			
Fiscal Year	**Funding Authority**	**Cash Payments to Producers**	**Technical Assistance Training**	**Administrative Costs**	**Total**
FY2003	90	0.0	3.6	2.6	6.2
FY2004	90	12.6	0.8	2.9	16.3
FY2005	90	14.4	4.1	2.4	20.9

[12] GAO, *Trade Adjustment Assistance: New Program for Farmers Provides Some Assistance, but Has Had Limited Participation and Low Program Expenditures*, at http://gao.gov/products/GAO-07-201, GAO-07-201, December 2006.

[13] OIG, Northeast Region, "Audit Report—Trade Adjustment Assistance for Farmers Program," at http://www.usda.gov/oig/webdocs/50601-03-HY.pdf, Report No. 506-1-3-Hy, June 2007, p. 2; and USDA, *FY2009 Budget Summary and Annual Performance Plan*, p. 27.

Fiscal Year	Funding Authority	Outlays / Obligations: Cash Payments to Producers	Technical Assistance Training	Administrative Costs	Total
FY2006	90	0.7	1.0	1.6	3.3
FY2007	90	0.0	0.0	1.0	1.0
FY2008	9[a]	—	—	—	0.0
Subtotal, FY2003- FY2008	**459**	**27.7**	**9.5**	**10.5**	**47.7**
FY2009	90	0.0	17.6	7.5	25.1
FY2010	90	61.5	16.4	1.7	79.6
FY2011	22.5[b]	19.6	0.0	2.9	22.5
Subtotal, FY2009-FY2011	**202.5**	**81.1**	**34.0**[c]	**12.0**	**127.2**
TOTAL, FY2003-FY2011	**661.5**	**108.8**	**43.5**	**22.5**[d]	**174.9**
FY2012, FY2013, and Quarter #1 of FY2014[e]	**202.5**	No outlays occurred in these years because Congress did not appropriate any funds.			

Source: P.L. 107-210; P.L. 110-89; P.L. 111-5; P.L. 111-344, Section 101(c)(12); and P.L. 112-40, Section 223(b) for funding authority; USDA, OIG (for FY2003-FY2006 outlays); USDA, Foreign Agricultural Service (FAS) for FY2007 outlays, FY2009-FY2011 obligations.

a. Funding was authorized only through December 31, 2007; however, USDA did not implement the TAAF program during this three-month period of FY2008.

b. P.L. 111-344 added an additional $10.4 million for the January 1 to February 12, 2011, period, to the $22.5 million earlier authorized by P.L. 111-5 for October-December 2010. USDA decided not to use this spending authority, because the six-week extension was viewed as not long enough to administer a program. Section 729 of Division A (Agriculture Appropriations Act, 2012) in P.L. 112-55 (Consolidated and Further Continuing Appropriations Act, 2012) formalized this decision by rescinding this budget authority. The $22.5 million in authorized funding reflects this rescission.

c. Under contract with the University of Minnesota's Center for Farm Financial Management.

d. Reflecting implementation by four USDA agencies: Foreign Agricultural Service, Economic Research Service, Farm Service Agency, and National Institute of Food and Agriculture (formerly named Cooperative, State Research, Education, and Extension Service).

e. Notwithstanding the funding authority provided from October 1, 2011, through December 31, 2013, no funds were appropriated for program activity during this period.

Of the 72 petitions filed by producer groups for assistance during the 5-year period that USDA received petitions, USDA certified or approved 30 groups (**Table 2**). Shrimp and salmon producers accounted for most of the cash benefits paid out. Producers of Concord grapes, lychees, olives, wild blueberries, fresh potatoes, Florida avocadoes, snapdragons, and catfish were among other producer groups that USDA certified to be eligible for assistance (**Table 3**). About 8,400 producers qualified for cash payments (**Table 2**).

Table 2. Activity Under Trade Adjustment Assistance for Farmers Program, FY2003-FY2014

Fiscal Year	Certification Process		Producer Applicants Approved to Receive Benefits
	Petitions Filed	Petitions Certified	
FY2003	0	—	—
FY2004	25	12	4,512
FY2005	20	14	3,686
FY2006	19	4	208
FY2007	8	0	—
FY2008[a]	—	—	—
Subtotal, FY2003-FY2008	**72**	**30**	**8,406**
FY2009	0	—	—
FY2010	11	3	4,529
FY2011	19	7	5,714
Subtotal, FY2009-FY2011	**30**	**10**	**10,243**
TOTAL, FY2003-FY2011	**102**	**40**	**18,649**
FY2012, FY2013, and Quarter #1 of FY2014	No program activity occurred because funds were not appropriated.		

Source: U.S. International Trade Commission, 2004 to 2008 issues of *The Year in Trade*; USDA, FAS, press releases and data shown for FY2010-2011 activity.

a. Program not active because authority expired on December 31, 2007.

FY2009 to Present

Administrative Actions

On August 25, 2009, USDA's Foreign Agricultural Service published a proposed rule to establish procedures for a group to request certification of eligibility, and for individual producers to apply for technical assistance and cash benefits, under the amended TAAF program.[14]

On March 1, 2010, USDA issued the TAAF interim rule and announced that it would immediately begin to implement the FY2010 program. This allowed producer groups to submit petitions to be certified for eligibility, which, if approved, permit individual members of a group to apply for program benefits.[15] For FY2010, USDA accepted petitions through April 14, 2010. It certified 3 of the 11 petitions submitted by producer groups (**Table 2**). If a petition was approved, eligible producers had to file applications for assistance within 90 days of the certification.

[14] *Federal Register*, Department of Agriculture, Foreign Agricultural Service, "Trade Adjustment Assistance for Farmers," August 25, 2009, pp. 42799-42804, available at http://edocket.access.gpo.gov/2009/pdf/E9-20345.pdf.

[15] *Federal Register*, Department of Agriculture, Foreign Agricultural Service, "Trade Adjustment Assistance for Farmers," March 1, 2010, pp. 9087-9093, available at http://edocket.access.gpo.gov/2010/pdf/2010-3984.pdf, and March 11, 2010, p. 11513, available at http://edocket.access.gpo.gov/2010/pdf/2010-5238.pdf.

Table 3. Certified TAAF Petitions, FY2004-FY2011

Under 2002 Act Criteria		
FY2004 Catfish (multistate) Lychees (Florida) Salmon (Alaska) Salmon (Washington) Shrimp (Alabama) Shrimp (Arizona) Shrimp (Florida) Shrimp (Georgia) Shrimp (North Carolina) Shrimp (South Carolina) Shrimp (Texas) Wild Blueberries (Maine)	**FY2005** Concord Grapes (Pennsylvania, New York, Ohio) Fresh Potatoes (Idaho) Lychees (Florida) Olives (California) Salmon (Alaska) Salmon (Washington) Shrimp (Alabama) Shrimp (Arizona) Shrimp (Georgia) Shrimp (Louisiana) Shrimp (Mississippi) Shrimp (North Carolina) Shrimp (South Carolina) Shrimp (Texas)	**FY2006** Avocados (Florida) Concord Grapes (Michigan) Concord Grapes (Washington) Snapdragons (Indiana) **FY2007** None **FY2008** No program
Under 2009 Act Criteria		
FY2009 None **FY2010** Asparagus (California, Michigan, Washington) Catfish (National) Shrimp (Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas)	**FY2011** American Lobster (Connecticut) American Lobster (Maine) American Lobster (Massachusetts) American Lobster (New Hampshire) American Lobster (Rhode Island) Wild Blueberries (Maine) Shrimp (Alabama, Alaska, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas)	

Source: General Accountability Office; U.S. Department of Agriculture's Foreign Agricultural Service.

On May 21, 2010, USDA announced that it would accept petitions for the FY2011 TAAF program through July 16, 2010. USDA in late September 2010 certified 7 of the 19 producer groups that submitted petitions (**Table 2**). Eligible producers had until late December 2010 to file applications for assistance.

Certifications and Producer Approvals

With the 2009 changes to the TAAF program that eased the criteria for a producer group to be certified and for individual producers to be approved for program assistance, more of the provided funding has been used than in the FY2003-December 2007 period. USDA committed \$127 million of the almost \$203 million authorized for the 2¼-year period ending December 2010. This included \$81.1 million in cash benefits and training costs for producers, \$34.0 million for developing the technical assistance resources to be used to provide training, and \$12.0 million for administrative costs (**Table 1**). Funds obligated under the 2009 amendments represented 63% of authorized funding. (For comparison, outlays in the earlier period of FY2003 through December 2007 accounted for 10% of funding authority.)

Of the 30 petitions filed since FY2009 by producer groups seeking certification (i.e., eligibility to qualify for assistance), USDA certified 10 groups. These included producers of shrimp, catfish, lobsters, asparagus, and wild blueberries (**Table 3**). USDA subsequently approved about 4,500 producers for training assistance and cash benefits in FY2010. Another 5,700 applications were approved under the FY2011 program (**Table 2**). USDA data show that most of the benefits under both years' programs flowed to shrimp producers in Alaska and along the Gulf and southern Atlantic states.

As of late FY2012, of the 10,242 producers approved in FY2010 and FY2011 to receive program benefits, 80% had completed the intensive 12-hour training phase, 79% had completed their initial business plan, and 61% had completed their long-term business plan.[16]

Benefits to individual producers are based on the amount of funds authorized each year and are available only to those approved to receive technical and financial assistance.[17] For the FY2010 program, approved producers were eligible for $12,000 in cash payments (see "TAAF Program Benefits," above, for details). But because only $22.5 million were available in the shortened FY2011 period for a larger number of approved applicants than in the previous year, each producer received pro-rated cash payments.[18] During FY2012, FY2013, and FY2014, USDA continued to disburse financial assistance to producers approved to receive benefits under the FY2010 and FY2011 programs as they subsequently met certain benchmarks.

GAO Report

As required by Section 1894 of P.L. 111-5, the Government Accountability Office (GAO) in mid-July 2012 reported on the operation and effectiveness of the 2009 amendments made to the TAAF statute.[19] It found that USDA certified relatively few commodities (five) under the changes made to the program, but that TAAF benefited most of the farmers and fishermen (over 10,200) who produced these certified commodities and had been approved to receive assistance. GAO discovered that the 2009 changes in the criteria used to determine whether a commodity can be certified were a factor leading to four of the five commodity certifications. For example, FAS under the pre-2009 criteria would not likely have been able to certify asparagus or shrimp solely on the basis of a decline in price. But in applying one new criterion—a decrease in the quantity produced of a commodity—as producers adjusted to increased imports, these two commodities were qualified to be certified.

In reviewing how USDA implemented the program, GAO offered three recommendations:

- Require spouses of producers (i.e., those who share in the risk of producing an agricultural commodity) who may be eligible to apply for assistance to provide documentation on how they contribute to producing a certified commodity. This would address instances where USDA may have approved the applications of spouses who did not engage in producing a certified commodity, and thus had no assurance that TAAF assistance was appropriately targeted to intended recipients.
- Take steps to help ensure that any financial assistance payments made to producers are used for intended purposes (e.g., by requiring them to detail in their

[16] FAS, "TAAF Status Report, as of September 4, 2012."

[17] §§1892 and 1893 of P.L. 111-5.

[18] §298(b) of the Trade Act of 1974 states that if appropriated funds are not sufficient to meet commitments for trade adjustment assistance to approved agricultural producers in any year, the amounts paid out are required to be reduced proportionately (19 U.S.C. 2401g(a)).

[19] GAO, *USDA Has Enhanced Technical Assistance for Farmers and Fishermen, But Steps Are Needed to Better Evaluate Program Effectiveness*, GAO-12-731, July 12, 2012, http://www.gao.gov/assets/600/592320.pdf.

business plans how they plan to use these funds). This would address the acknowledgement made by USDA officials that some producers likely use the payments for unrelated expenses.

- Broaden the program's evaluation approach to help ensure that USDA can comprehensively evaluate the impact of the TAAF program on producers' competitiveness. GAO noted that the performance measures and surveys used by USDA do not measure quantifiable outcomes or cover all key areas of the program. To illustrate, conducting a final survey 6-12 months after producers complete the program does not allow for gathering insights into their perceptions of TAAF's long-term effectiveness. Also, USDA has not corroborated the results of surveys to help isolate the program's impact from other influences.

USDA commented that it generally agrees with these recommendations, and that if a future TAAF program retains the same statutory requirements, it will consider specific ways to address them.

USDA OIG Audit Called for Improved Oversight

In an audit report of TAAF dated October 2013, the USDA's Office of Inspector General (OIG) identified a number of shortcomings in the administration of the TAAF program.[20] The objective of the audit was to evaluate the internal controls established by FAS, FSA, and NIFA for administering the TAAF program, and to assess the program's policies and procedures. More specifically, the audit sought to determine whether (1) TAAF program recipients were eligible for program participation; (2) funds were properly obligated, distributed in a timely fashion, and accurately calculated; (3) program reporting requirements were met; and (4) oversight was sufficient to ensure that TAAF was administered in an accountable and equitable manner. A sampling methodology was developed to carry out this task. In brief, the OIG found the agencies did not have the appropriate controls in place to ensure that TAAF program participants were eligible, that payments were accurate, or that oversight was sufficient. The audit made a number of recommendations that follow from four key findings below. Agency responses to the findings and recommendations advanced by OIG are included in the audit report.

1. At the end of FY2009, FAS did not return unobligated TAAF program funds to the Department of the Treasury, nor did it provide evidence to show that all remaining funds were needed to meet future financial obligations.
2. FAS did not sufficiently analyze the documentation submitted by producer groups in support of their request for price pre-certification approvals for their commodities under a streamlining procedure. As a consequence, FAS applied the pre-price certification approvals in an overly broad manner, with the result that two of five such approvals that OIG examined did not meet the criteria established for approval.
3. Although FAS was the lead agency with oversight responsibility for the TAAF program, the agency failed to effectively monitor, or conduct reviews of, the two other agencies' day-to-day administration of the program, with the result that OIG identified 85 ineligible producers who participated in the TAAF program and who received approximately $284,000 in program benefits to which they were not entitled.

[20] USDA, Office of Inspector General, *American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers,* Audit Report 50703-001-23, https://www.usda.gov/oig/webdocs/50703-0001-23.pdf.

4. NIFA did not ensure that the TAAF program database was in compliance with federal information system security requirements for certification and accreditation.

Major Trade Agreements Could Bring Adjustments

Following the enactment of P.L. 114-26—the law that provides the President with Trade Promotion Authority (TPA)—the Obama Administration concluded negotiations on the Trans-Pacific Partnership (TPP) regional free-trade agreement, which includes the United States and 11 other Pacific-facing nations, but to date the agreement has not been ratified by Congress or by other TPP countries.[21] Meanwhile, negotiations between the United States and the European Union to conclude a Transatlantic Trade and Investment Partnership (T-TIP) agreement are ongoing.[22] Considering the breadth of these two potential regional trade agreements, the economic diversity of the nations involved, and the broad range of U.S. agricultural and fishery products that might potentially be affected if TPP were to be implemented or if T-TIP were to be successfully concluded and implemented—or both—it is conceivable that some U.S. agricultural producers and fishermen might qualify for trade adjustment assistance under TAAF in the years ahead.

Whether TAAF will be provided with funding to allow it to resume operations, and at what level, is for Congress to determine. In the event that Congress decides to appropriate funds to reactivate TAAF, Congress could provide oversight of the program in light of recommendations advanced by GAO and the USDA's Office of Inspector General.

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[21] For background see CRS Report R42694, *The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress*, coordinated by Ian F. Fergusson, and CRS Report R42344, *Trans-Pacific Partnership (TPP) Countries: Comparative Trade and Economic Analysis*, by Brock R. Williams.

[22] For background, see CRS Report IF10038, *Trade Promotion Authority (TPA)*, by Ian F. Fergusson; CRS Report RL33743, *Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy*, by Ian F. Fergusson; or CRS Report R43491, *Trade Promotion Authority (TPA): Frequently Asked Questions*, by Ian F. Fergusson and Richard S. Beth.