

Expanding and Overhauling Trade Adjustment Assistance

I. Expanding Assistance to Service Workers

When TAA was created in 1962, service workers were excluded from the program because trade in services was not a significant issue. Today, 80% of all workers in the United States are employed in the service sector and trade in services has increased dramatically. This bill expands TAA coverage to three categories of service sector workers who lose their jobs because of trade:

- Workers who lose their jobs because of increased imports of like or directly competitive services (“increased imports coverage”).
- Workers who lose their jobs because of production relocation (“offshoring coverage”).
- Workers who lose their jobs because of contract production relocation (“offshore outsourcing coverage”).

By broadening coverage, service sector workers, including local, state, and federal employees, will be eligible for all TAA benefits proposed in the bill, including:

- Up to 104 weeks of income support for workers engaged in job training in addition to the traditional 26 weeks of unemployment insurance;
- Up to 130 weeks of government-funded training (not including additional time for remedial or prerequisite classes, where appropriate);
- Enhanced and meaningful health care coverage;
- Up to \$1500 in job search allowances for workers who must search for work outside their commuting area and up to \$1500 in relocation allowances; and
- Limited wage insurance for older workers.

The bill also includes provisions to facilitate enrollment of service sector workers and address data limitations on trade in services. Specifically, on enrollment, the bill allows the Secretary of Labor to determine that increased imports of services is occurring or that offshoring or offshore outsourcing has occurred based on certifications by the affected employers or their customers. To address data limitations, the bill requires the Secretary of Labor to collect data on impacted service workers (by state, industry, and cause). It also requires the Secretary of Commerce, in consultation with the Secretary of Labor, to report to Congress on ways to improve the timeliness and coverage of data regarding trade in services.

II. Expanding Assistance to More Manufacturing Workers

The bill eliminates unnecessary and arbitrary eligibility requirements, and extends TAA eligibility in all instances of offshoring, without the need to prove increased imports. It also eliminates the requirement that downstream secondary worker dislocation be related to trade with Canada or Mexico.

III. Expanding Assistance to Entire Industries

The current certification process is on a firm-by-firm basis, which can lead to delayed and inconsistent results. To address this, the bill requires the Secretary of Labor to conduct industry-wide certification investigations when either: (1) three or more petitions from firms in

the same industry are certified within a 6-month period; or (2) if the President, or the U.S. Trade Representative, or the House Ways and Means Committee, or the Senate Finance Committee requests the Secretary to conduct such an investigation.

The bill also requires the Secretary of Labor to notify employers, workers, and unions of any firm in a domestic industry covered by an injury determination under U.S. anti-dumping, countervailing duty, or safeguard law about the TAA program. Workers at those firms are automatically certified for TAA.

IV. Expanding Assistance to Entire Communities

The bill includes a package of tax incentives designed to encourage the redevelopment of areas that have suffered substantial reductions in manufacturing employment. The proposal authorizes the Secretary of Treasury to designate a group of manufacturing redevelopment zones. Under the bill, the areas designated as manufacturing redevelopment zones would be eligible for the special Work Opportunity Tax Credit classification that now applies to empowerment zones. The areas would also be eligible for tax exempt bond financing for new business; tax credit bond financing for the cost of redevelopment, including infrastructure improvements; and additional low income housing credits.

V. Enhancing Training

The bill encourages longer-term training geared towards job growth sectors (e.g., healthcare) by providing up to 130 weeks of training to TAA certified workers (not including additional time for remedial or prerequisite classes, where appropriate). The bill also ensures adequate funding for training, broadens the types of training that TAA eligible participants can pursue, and addresses key problems with the existing operation of the training program.

VI. Extending and Making the Wage Insurance Demonstration More Accessible

The bill extends the wage insurance demonstration program, and includes a number of other important changes to make the program more accessible. The bill eliminates the wage insurance group certification rule. The bill also strikes the requirement that a worker find employment within 26 weeks of being laid-off to participate in the program. Factoring in the inflation rate, the bill increases the limit on wages in eligible reemployment to \$60,000 a year and the wage insurance benefit to up to \$12,000 over a two-year period. The bill also allows wage insurance participants to receive TAA-funded training. And the bill increases flexibility for workers by permitting them to choose the training, work and wage insurance combinations that work best for them.

VII. An Improved Health Care Benefit

The Health Coverage Tax Credit (HCTC), first established in 2002, assists TAA eligible workers or retirees who have lost their employer-sponsored health coverage. While many trade-displaced workers are eligible for the HCTC, few have been able to take advantage of this program because 1) coverage is unaffordable; 2) insurance rules limit access to coverage; and 3) the program is overly complex. In order to address these problems, the bill increases the premium subsidy to 85 percent and imposes rating requirements on health plans; allows eligible individuals to access their benefits sooner and links HCTC eligibility to eligibility for TAA

services and benefits to minimize coverage disruptions; and removes barriers to obtaining insurance coverage. The bill provides for a limited two year authorization of the health care benefit to give Congress adequate time to substantially reform the existing program. Individuals enrolled prior to the sunset date will be able to continue to use the benefit while they remain TAA eligible.

VIII. Improving Outreach to Impacted Workers

Many TAA eligible workers are not aware of the program and the assistance and training that it can offer. The bill remedies this problem in a number of ways. First, the bill establishes an Office of Trade Adjustment Assistance, headed by a Senate-confirmed Deputy Assistant Secretary of Labor. Second, as discussed in section III above, the bill requires the Secretary of Labor to notify employers, workers and unions of any firm in a domestic industry covered by a trade remedy under U.S. anti-dumping, countervailing duty, or safeguard laws about the TAA program. Third, the bill also directs the GAO to report to Congress on the extent to which States and the federal government are complying with the obligations regarding outreach under current law.

IX. Simplifying TAA's Rules

Confusing dates and deadlines that can unfairly exclude otherwise eligible workers from TAA can be found throughout the program. For instance, under current law, a worker must be enrolled in training no later than 8 weeks from TAA certification or 16 weeks from job separation (the "8/16 rule") – whichever is later – to qualify for Trade Readjustment Assistance income support payments. This deadline has caused significant confusion among TAA participants. Additionally, GAO has reported that nearly 75% of States indicated that efforts to enroll workers in appropriate training are sometimes hampered by the tight deadline the 8/16 rule imposes, particularly during large layoffs. The bill fixes this problem by extending the deadline for trade-impacted workers to enroll in training to 26 weeks from the later of job loss or TAA certification. By simplifying the "8/16 rule" and other unnecessarily confusing rules and requirements, the bill makes TAA operate more effectively and helps ensure that otherwise eligible workers are not unfairly excluded from the program.

X. Greater Funding, Greater Expectations and Greater Accountability

To ensure that existing and new training funding has its intended effect – retraining workers so they can obtain good paying jobs – the bill sets forth detailed requirements concerning the type of employment services and case management that the Department of Labor and the States must provide to TAA enrollees to ensure that they are getting the assistance they need and deserve. It also requires the Department of Labor to address the GAO-documented information deficit so that Congress can perform its oversight responsibilities and, if necessary, to refine and improve the program further.

XI. Strengthening the Adjustment Assistance for Firms Program

The most significant problem facing the TAA for Firms program is inadequate funding. Authorized at \$16 million a year, the program has never received this much funding. The bill increases annual funding to \$50 million, which will help eliminate the \$18 million backlog in

projects already certified to participate in the program. It will also help cover the cost of providing benefits to service firms, which the bill now makes eligible for the program. The bill also improves the program eligibility rules to ensure they reflect the reality of doing business. For instance, in evaluating whether a firm's financial difficulties are attributable to increased imports, firms can now use data looking back three years to make its case. Similarly, a firm may rely on certifications from its customers to show that imports have adversely affected its business. To ensure that firms are aware of the program, new notice provisions in the bill requires the Secretary of Commerce to notify a firm when its workers were TAA certified. Similarly, it mandates that the Secretary notify the firms comprising the domestic industry after the International Trade Commission makes an injury determination in a dumping, countervailing duty, or safeguard case. Early notice of program eligibility will help ensure that these firms get access to the assistance that they need, so that they can better compete in the global marketplace.

XII. Modernizing the Federal-State Unemployment Insurance System

The bill includes significant reforms to the Federal-State Unemployment Insurance (UI) system to address unfair and inequitable aspects of the program. More specifically, the bill provides up to \$7 billion from the Federal Unemployment Account for UI Modernization Incentives to encourage, assist, and reward States for modernizing and improving their UI programs. The bill encourages States to institute an alternative base period that includes more recent wages when calculating UI eligibility (18 States and DC already do so), stop discriminating against otherwise eligible part-time workers who seek part-time employment, enact reforms to make the UI system more family friendly, and provide extended benefits for those in approved training. Finally, the bill automatically provides a total of an additional \$100 million per year for the next five years to the States to improve the administration of their UI and employment services systems.

XIII. Re-Authorizing the TAA Programs – Workers, Firms, and Farmers

The bill extends the authorization for these programs through September 30, 2012.