



# Trade Adjustment Assistance for Communities: The Law and Its Implementation

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May 2, 2011

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Congressional Research Service

R40863

## Summary

The Trade Adjustment Assistance for Communities (CTAA) grant program was created with the passage of the American Recovery and Reinvestment Act (ARRA) of 2009, P.L. 111-5. Included among the subtitles of Division B of ARRA, was the Trade and Globalization Adjustment Assistance Act (TGAAA) of 2009. The CTAA program, as authorized by ARRA, comprises four subchapters:

- Subchapter A—Trade Adjustment Assistance to Communities (CTAA) directs the EDA to provide technical assistance and to award strategic planning and implementation grants to eligible trade-impacted communities.
- Subchapter B—Community Colleges and Career Training (CCCT) creates a competitive grant program administered by the Department of Labor which is intended to strengthen the role of community colleges in filling the education and skills gap of workers in trade impacted communities.
- Subchapter C—Industry or Sector Partnership Grants Program for Communities Impacted by Trade (ISG) creates a grant program intended to encourage the creation of public private partnerships that develop a skilled workforce.
- Subchapter D—General Provisions includes language prohibiting workers receiving trade adjustment assistance from being disqualified from receiving assistance under activities funded by the CTAA program.

The Supplemental Appropriations Act of 2009, P.L. 111-32, included a \$40 million appropriation that funded both Community Trade Adjustment Assistance and Trade Adjustment Assistance for Firms. For FY2010, the Consolidated Appropriations Act for FY2010, P.L. 111-117, included an appropriation of \$15.8 million to be shared between the trade adjustment assistance programs for communities and firms. In addition, on March 30, 2010, the President signed the Health Care and Education Reconciliation Act of 2010, P.L. 111-152, which included \$500 million in funding for each of the fiscal years FY2011 through FY2014 for Subchapter B, Community Colleges and Career Training Grants.

On January 21, 2011, the Department of Labor's (DOL's) Employment and Training Administration (ETA) published in the *Federal Register* a notice of solicitation for grant applications (SGA) for the TAA Community College and Career Training Grant (CCCT) Program. The notice of availability of funds and solicitation for grant applications set April 21, 2011, as the closing date for the receipt of applications.

On August 18, 2009, the Department of Commerce's (DOC) Economic Development Administration (EDA) published in the *Federal Register* final rules and regulations governing the CTAA program. The regulations outlined the responsibilities of EDA in administering the program, including determining a community's eligibility for CTAA grants, providing technical assistance to impacted communities, and evaluating grant applications. On January 11, 2010, EDA published in the *Federal Register* a notice soliciting applications for CTAA grants. Concurrently, it published the full announcement and application for assistance at <http://www.grants.gov> and established April 20, 2010, as the deadline for applications. Between August 3, 2010, and September 20, 2010, DOC announced the awarding of \$36.768 million in CTAA grant funds to 36 grant recipients. This report will be updated as events warrant.



## Contents

Recent Developments .....	1
Overview of the Trade Adjustment Assistance for Communities (CTAA) Program .....	1
Subchapter A—Trade Adjustment Assistance for Communities (CTAA).....	2
Notifying Communities of Eligibility for Assistance.....	3
Provision of Technical Assistance.....	4
Contents of the Strategic Plan .....	4
Implementation Grants.....	5
Content of Implementation Grant Application.....	6
Funding Authorizations and Appropriation Levels .....	6
CTAA Notice of Federal Funding Opportunity.....	7
Allocation and Distribution of Funds.....	8
Subchapter B—Community College and Career Training Grant (CCCT) .....	9
Grant Requirements and Award Criteria .....	9
Funding Authorization and Appropriation .....	10
Reporting.....	11
Solicitation for Grant Applications .....	11
Subchapter C—Industry or Sector Partnership Grants.....	13
Grant Requirements and Award Criteria .....	13
Funding Authorization and Appropriations.....	14
Subchapter D—General Provisions.....	14
Issue Discussion.....	14
Appropriations.....	14
Implementation Issues.....	15
Timeliness .....	15
Interagency Coordination.....	15
Targeting of Assistance .....	16
Duplication of Effort .....	16
Program Integration.....	16

## Tables

Table 1. Elements EDA will Consider When Evaluating Strategic Plans.....	5
Table 2. Authorization and Appropriation Levels for CTAA.....	7
Table 3. Authorization Levels and Appropriations for the Community College and Career Training Grant Program: FY2009-FY2012 .....	11
Table 4. Authorization Levels for ISPG.....	14

## Contacts

## Recent Developments

On January 21, 2011, the Department of Labor's (DOL's) Employment and Training Administration (ETA) published in the *Federal Register* a notice of solicitation for grant applications (SGA) for the TAA Community College and Career Training Grant (CCCT) Program. The notice of availability of funds and solicitation for grant applications set April 21, 2011, as the closing date for the receipt of applications.<sup>1</sup> H.R. 1, the Full-Year Continuing Appropriations Act, 2011 (sections 4106-4018), as passed by the House on February 19, 2011, would prohibit the DOL from using the annual appropriation to implement the mandatory FY2011 program funding appropriated in the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) in FY2011. None of the funds that would be made available by H.R. 1 could be used to carry out the provisions of P.L. 111-152 or to pay an employee at the DOL to implement the relevant provisions of P.L. 111-152.

On August 18, 2009, the Department of Commerce's Economic Development Administration (EDA) published in the *Federal Register* final rules and regulations governing the implementation of the Trade Adjustment Assistance for Communities (CTAA) grant program. The regulations outline the responsibilities of EDA in administering the program including determining a community's eligibility for CTAA planning and implementation grants, providing technical assistance to impacted communities, and evaluating grant applications. On January 11, 2010, EDA published in the *Federal Register* a notice soliciting applications for CTAA grant assistance. The notice set April 20, 2010, as the deadline for the submission of applications for CTAA grants, established the criteria for awarding funds and directed potential applicants to the grants.gov website for the complete application.<sup>2</sup> On September 20, 2010, DOC announced the awarding of \$36.768 million in CTAA grant funds to 36 grant recipients.<sup>3</sup>

## Overview of the Trade Adjustment Assistance for Communities (CTAA) Program

The CTAA grant program was created with the passage of the American Recovery and Reinvestment Act (ARRA) of 2009, P.L. 111-5, as part of a larger effort by the Obama Administration and the 111<sup>th</sup> Congress to address an economic recession that began in December 2007.<sup>4</sup> Included among the subtitles of Division B of ARRA was the Trade and Globalization

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<sup>1</sup> U.S. Department of Labor, Employment and Training Administration, Notice of Availability of Funds and Solicitation for Grant Applications for Trade Adjustment Assistance Community College and Career Training Grants Program, SGA/DFA PY 10-03, January 20, 2011, <http://www.doleta.gov/grants/pdf/SGA-DFA-PY-10-03.pdf>.

<sup>2</sup> U.S. Department of Commerce, Economic Development Administration, "Solicitation of Applications for the Community Trade Adjustment Assistance Program," 75 *Federal Register* 1345, January 11, 2011. Concurrently, EDA published the application at the following Grants.gov website: <http://www.grants.gov/search/announce.do;jsessionid=XvrGL12QpLbpQBvvh7yMT8w11G1XMc2LW9LFkNXhbVKz4GhY9jvD!-28231359>.

<sup>3</sup> For a listing of grant recipients see U.S. Department of Commerce, Economic Development Administration, *Annual Report to Congress on the Community Trade Adjustment Assistance Program Fiscal Year 2010 Annual Report*, Washington, DC, December 15, 2010, pp. 2-6, <http://www.eda.gov/PDF/FY%202010%20CTAA%20Annual%20Report.pdf>.

<sup>4</sup> Business Cycle Dating Committee, *Determination of the December 2007 Peak in Economic Activity*, National Bureau of Economic Research, Cambridge, MA, December 2008, <http://www.dev.nber.org/cycles/dec2008.html>.

Adjustment Assistance Act (TGAAA) of 2009.<sup>5</sup> TGAAA amends the Trade Act of 1974,<sup>6</sup> extending and revising trade adjustment assistance provisions affecting various constituencies including trade-impacted workers, farmers, firms, and communities.<sup>7</sup> Included among the amendments to the Trade Act were provisions reestablishing a Trade Adjustment Assistance for Communities (CTAA) grant program.<sup>8</sup>

The CTAA program, as authorized by ARRA, comprises four subchapters:

- Subchapter A establishes the CTAA programs within the Department of Commerce;
- Subchapter B creates the Community College and Career Training Grant program (CCCT);
- Subchapter C establishes Industry or Sector Partnership Grants program for Communities Impacted by Trade (ISP); and
- Subchapter D includes general provisions related to program implementation.

## **Subchapter A—Trade Adjustment Assistance for Communities (CTAA)**

The 2009 amendments to Chapter 4 of Title II of the Trade Act of 1974 directed the Department of Commerce (DOC) to establish a trade adjustment assistance program for communities by August 1, 2009. The act identified key components and processes of the CTAA program, including provisions governing the responsibilities of the DOC, eligible program activities, and cost sharing and reporting requirements.

Within the DOC, the Economic Development Administration (EDA) was designated as the agency responsible for administering the new CTAA grant program. EDA was charged with:

- making *affirmative determination* of a community's eligibility for assistance;
- providing technical assistance to eligible communities;
- awarding strategic planning and project implementation grants to eligible communities; and
- establishing an Interagency Community Assistance Working Group responsible for coordinating federal assistance to trade-impacted communities.

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<sup>5</sup> P.L. 111-5, Division B, Title I, Subtitle I; 123 Stat. 367.

<sup>6</sup> P.L. 93-618; 19 U.S.C. 1978.

<sup>7</sup> For a discussion of trade adjustment assistance programs to firms, farmers, and workers see the following CRS reports: CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck; CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Remy Jurenas; CRS Report RL34383, *Trade Adjustment Assistance (TAA) for Workers: Current Issues and Legislation*, by John J. Topoleski, and Trade Adjustment Assistance (TAA) for Workers: Current Issues and Legislation, by John J. Topoleski.

<sup>8</sup> P.L. 111-5, Division B, Title I, Subtitle I, Part III; 123 U.S.C. 401. The Trade Act of 1974, P.L. 93-618 (19 U.S.C. 2371, 88 Stat. 2035) as originally enacted included provisions authorizing trade adjustment assistance for communities. The original act also included a provision (Sec. 284 of P.L. 93-618), 88 Stat. 2041) terminating the program on September 30, 1982.

## Notifying Communities of Eligibility for Assistance

Regulations published in the *Federal Register* in August 2009 outlined the rules governing the definition of an *affirmative determination* of a community's eligibility for assistance.<sup>9</sup> Specifically, a community could apply for CTAA if on or after August 1, 2009, it met one or more of the following certifications:

1. a Department of Labor certification that a group of workers in the community are eligible to apply for Trade Adjustment Assistance for Workers (TAAW);<sup>10</sup>
2. a Department of Commerce certification that a firm or firms located within the community are eligible for Trade Adjustment Assistance for Firms (TAAF);<sup>11</sup> or
3. a Department of Agriculture certification that a group of agricultural producers in the community are eligible for Trade Adjustment Assistance to Farmers (TAA-Fm.).<sup>12</sup>

In addition, EDA was required to determine if a community was or would be significantly affected by a threatened or expected or actual loss of jobs related to one of the certifications identified above. A community was allowed to submit an affirmative determination petition for designation as a community impacted by trade at least 180 days after the date of the most recent certification. The regulations also included a grandfather provision allowing communities that met one of the three affirmative certifications related to workers, firms, or farmers issued between January 1, 2007, and August 1, 2009, to submit a petition for CTAA designation. The deadline submission of the petition was February 1, 2010.

Regulations governing the program required that the petition for an *affirmative determination* be submitted to the appropriate EDA regional office and include the following elements:

- sufficient information that would allow EDA to make a determination that the petitioning community was significantly affected by the threat or actual loss of jobs associated with certification as a trade-impacted community; and
- information about the adverse impacts on the community from the actual or threatened loss of jobs.

The regulations directed EDA to use the petitioning community's most recent civilian labor force statistics when measuring such impacts. These data are available from the Department of Labor's Bureau of Labor Statistics.

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<sup>9</sup> Department of Commerce, Economic Development Administration, "Revisions to the Trade Adjustment Assistance for Firms Program Regulations and Implementation Regulations for the Community Trade Adjustment Assistance Program," 74 *Federal Register* 41592 - 41603, August 18, 2009.

<sup>10</sup> EDA has posted list of eligible counties titled "TAA for Workers Significantly Impacted County List" at [http://www.eda.gov/PDF/Workers%20List\\_030110.pdf](http://www.eda.gov/PDF/Workers%20List_030110.pdf). A sub-county community that is located in a county on the list can search the Department of Labor's "TAA Petition Determination" website at [http://www.doleta.gov/tradeact/taa/taa\\_search\\_form.cfm](http://www.doleta.gov/tradeact/taa/taa_search_form.cfm) by city and state to determine whether a certification has been made with respect to it.

<sup>11</sup> EDA also has posted a TAA for Firms Certifications List at [http://www.eda.gov/PDF/TAAFCerts\\_Jan202007.pdf](http://www.eda.gov/PDF/TAAFCerts_Jan202007.pdf), which provides all TAA for Firms Cognizable Certifications from January 1, 2007, until the date noted on the list.

<sup>12</sup> As of the date of publication of this announcement, there had been no certifications under the TAA for Farmers Program for the relevant time period. As certifications are made under the program, the Department of Agriculture will publish notice of them in the *Federal Register*. Updates are available on the program website at <http://www.fas.usda.gov/ITP/TAA/taa.asp>.

Upon making an *affirmative determination* that a community qualifies for CTAA assistance, program regulations require EDA to promptly notify the state's governor and officials of the trade-impacted community of the availability of CTAA funds and other appropriated economic development assistance. The notification also identified the appropriate EDA regional office responsible for providing CTAA technical assistance to the community.

### **Provision of Technical Assistance**

Upon EDA's determination that a community had been impacted by trade, program regulations directed EDA to provide comprehensive technical assistance to aid the community in developing or updating a strategic plan aimed at diversifying and strengthening the community's economy. In doing so, the community's strategic plan was required to identify trade-related impediments to economic developments and address economic adjustment and worker dislocation.

EDA is responsible for the coordination of federal assistance to trade impacted communities, including identifying all federal, state, and local resources available to address economic distress and assisting a trade-impacted community gain access to other federal programs. To facilitate this assistance EDA was charged with establishing the Interagency Community Assistance Working Group (ICAWG) comprised of representatives from at least eight other federal agencies.<sup>13</sup> One of the principle roles of the ICAWG is to provide access to other federal programs when the trade-impacted community undertakes implementation grant activities.

### **Contents of the Strategic Plan**

Program regulations require that a community must have an EDA-approved strategic plan before it can receive CTAA implementation grant funds. In developing its strategic plan each community was directed to seek the involvement of both public and private sector entities, including local educational institutions; federal, state, and local government entities serving the community; labor organizations representing workers in the impacted community; businesses; and local workforce investment boards.<sup>14</sup>

Program regulations outline elements that EDA must consider when evaluating a community's strategic plan. These elements can be grouped into three broad categories that are intended to assess a community's needs and assets, long-term economic adjustment prospects and commitments, and cost of implementation. Elements EDA will evaluate when reviewing a community's strategic plan are outlined in **Table 1**.

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<sup>13</sup> ICAWG includes representatives from the Department of Agriculture, Department of Defense, Department of Education, Department of Labor, Department of Housing and Urban Development, Department of Health and Human Services, Department of Transportation, and Small Business Administration.

<sup>14</sup> Created by the Workforce Investment Act of 1998, workforce investment boards are substate regional entities charged with directing federal, state, and local workforce development resources. See 112 Stat. 954.

**Table 1. Elements EDA will Consider When Evaluating Strategic Plans**

Category	Elements
Community's Economic Adjustment Needs and Assets	<ul style="list-style-type: none"> <li>• the economic development challenges and opportunities facing the community;</li> <li>• the community's capacity to achieve economic adjustment;</li> <li>• the strength and weakness of the community's economy; and</li> <li>• whether the education and training programs available to impacted area workers are consistent with the community's future employment needs.</li> </ul>
Long-term Economic Adjustment Prospects and Commitments	<ul style="list-style-type: none"> <li>• the role of community partners, including firms, education institutions, workforce investment boards, and labor organizations in developing and carrying out elements of the strategic plan;</li> <li>• description of projects to be undertaken; how well the strategic plan will integrate with EDA's Comprehensive Economic Development Strategies (CEDS);<sup>a</sup></li> <li>• description of the education and training programs available to workers in the impacted community and the future employment needs of the community;</li> <li>• how projects included in the strategic plan will facilitate economic adjustment;</li> <li>• articulation of the strategy for continuing economic adjustment after completion of projects funded by the strategic plan;</li> </ul>
Cost elements	<ul style="list-style-type: none"> <li>• projections of the cost of implementing the strategic plan</li> <li>• federal share of the cost of developing strategic plans may not exceed 75% .</li> </ul>

**Source:** CRS, based on program regulations published in the Federal Register on 8/18/2009.

- a. EDA also administers an economic adjustment assistance program targeted to distressed communities. Eligible communities must develop a CEDS as a requirement for assistance

## Implementation Grants

Implementation grants are awarded by EDA to fund projects and programs included in a community's approved strategic plan. An implementation grant may not exceed \$5 million and may not cover more than 95% of the cost of a project or program. EDA must give priority in awarding grants to small and medium size communities. Program regulations also require EDA to submit an annual report to Congress identifying grants awarded during the fiscal year and assessing the impact of the grant activity on the affected community.

Program regulations identified six specific categories of eligible activities including

- infrastructure improvements, including site acquisition and preparation, construction, rehabilitation and equipping of a facility;
- market and industry research and analysis;
- technical assistance including feasibility studies, business networking and restructuring;
- public services;
- training; and
- other activities included in the strategic plan that satisfy statutory and regulatory requirements.<sup>15</sup>

### **Content of Implementation Grant Application**

Implementation grant applications must include a copy of the EDA-approved strategic plan and a description of the proposed project or program to be funded. In addition, EDA will consider additional evaluation criteria identified in the applicable Federal Funding Opportunity announcement (FFO) when selecting recipients of implementation grants. Applicants seeking assistance under Subchapter B (community college and career training grants) or Subchapter C (sector partnership grants) must include in its implementation grant application a discussion of how projects or programs funded with implementation grants will use these two programs and other federal grant assistance.

### **Funding Authorizations and Appropriation Levels**

The act authorized funding totaling \$337.5 million for implementation and strategic planning grants for the period that includes FY2009, FY2010, and a 90 day period from October 1, 2010, to December 31, 2010 (see **Table 2** of this report). For FY2009, Congress appropriated \$40 million and directed that it be split between CTAA activities and Trade Adjustment Assistance for Firms (TAAF), which is also administered by the EDA. This was far less than the amount authorized. In addition, Congress did not provide instructions covering the distribution of funds between the two programs.

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<sup>15</sup> Department of Commerce, Economic Development Administration, "Implementation Grants for Impacted Communities," 74 *Federal Register* 41597, August 18, 2009.

**Table 2. Authorization and Appropriation Levels for CTAA**

(in millions of dollars)

Fiscal Year	Authorization			Appropriation
	Strategic Planning	Implementation Grants	Total	
2009	25.000	125.000	150.000	40.0
2010	25.000	125.000	150.000	15.8 <sup>a</sup>
2011 1 <sup>st</sup> Quarter	6.250	31.250	37.500	

**Source:** P.L. 111-5.

**Note:** The Administration's FY2012 budget request a rescission of \$15.8 million in previously appropriated funds.

When it approved the Consolidated Appropriations Act of 2010, P.L. 111-117, Congress appropriated \$15.8 million to be allocated between Trade Adjustment Assistance for Firms and Subchapter A (CTAA) activities.

### *Rescission of Funds*

The Obama Administration's FY2012 budget requests a decrease of \$15.8 million in previously appropriated (FY2010) CTAA funds. The Administration cites high administrative costs and notes that program results are less effective or impressive than those of other EDA programs. Further, the Administration states that:

EDA plans to utilize its other programs—particularly its Economic Adjustment Assistance and 21<sup>st</sup> Century Innovation Infrastructure Program to fund investments that maximize opportunities for regions to engage in global markets, increase export potential of regional firms, mitigate threats posed by TAA, and foster greater regional competitiveness.<sup>16</sup>

### **CTAA Notice of Federal Funding Opportunity**

On January 11, 2010, EDA published in the *Federal Register* a notice announcing the solicitation of applications for \$36.768 million in CTAA planning and implementation grants and directed potential applicants to the grants.gov website. The notice of Federal Funding Opportunity (FFO) established the criteria EDA will use in ranking and awarding grants grant applications. EDA will use six weighted criteria in evaluating grant applications. They are:

- The extent to which the proposed activities support small and medium sized communities which are defined as communities with populations less than 100,000 persons (20%).

<sup>16</sup> Department of Commerce, Economic Development Administration, *United States Department of Commerce, Economic Development Administration, Fiscal Year 2012 Congressional Budget Request*, Washington, DC, February 2012, p. 62, [http://www.osec.doc.gov/bmi/budget/12CJ/EDA\\_FY\\_2012\\_Congressional\\_Submission.pdf](http://www.osec.doc.gov/bmi/budget/12CJ/EDA_FY_2012_Congressional_Submission.pdf).

- The extent the proposed investment is targeted to the most severely trade impacted communities as measured by the number of persons receiving Trade Adjustment Assistance for workers (20%).
- The extent that the proposed activities will result in a high return on investment as measured by jobs created or retained, private and public sector funds leveraged and the use of best practices in the management of the project (20%).
- The extent the proposed activities will support regionalism, innovation, and entrepreneurship through the implementation of regional cluster strategies and the adaptation of technology for commercial usage (20%).
- The extent that the project supports global trade and competitiveness by supporting companies that have significant export potential (15%).
- The extent that the funded activity will promote the green economy through the use of renewable energy, energy efficiency and green building technology(5%).

The notice identified April 20, 2010, as the deadline for the submission of applications.<sup>17</sup>

### **Allocation and Distribution of Funds**

EDA allocated the \$36.768 million among its six regional offices based on each region's share of total workers receiving assistance under the TAA for Workers program and workers who were employed by firms served by the TAA Firms program. The distribution among the six regions was as follows: Atlanta Regional Office – \$8,861,419; Austin Regional Office—\$3,263,046; Chicago Regional Office—\$11,315,607; Denver Regional Office—\$2,683,432; Philadelphia Regional Office—\$6,588,807; Seattle Regional Office—\$4,055,689. The FFO limited funds for strategic planning activities to no more than \$25 million and limited grant awards to a single community to no more than \$5 million.

Based on historical experience in administering its Economic Adjustment Assistance Program, EDA estimated that grants for strategic planning activities would be between \$75,000 and \$200,000 while implementation awards would range between \$700,000 and \$3.5 million. Between August 3, 2010, and September 20, 2010, DOC announced the awarding of \$36.768 million in CTAA grant funds to 36 entities. Of the total amount awarded, approximately \$23 million was awarded for infrastructure improvements in support of industrial and business parks activities. Funding to construct incubators and innovation centers was the second most funded activities. Grants supporting the development or enhancement of strategic plans accounted for \$2.388 million of the amount allocated. Funded projects are expected to create 6,500 jobs and retain approximately 1,500 existing private sector jobs. grant recipients.<sup>18</sup>

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<sup>17</sup> A synopsis of grant requirements and links to the grant announcement and grant applications for the TAAC Federal Funding Opportunity can be accessed at <http://www07.grants.gov/search/search.do;jsessionid=qqR3LDvPlb64ztX2WGWnxsdf25DLLnnv2v2Df4Jn1XfshNwkMpw!36428898?oppId=51071&mode=VIEW>.

<sup>18</sup> For a listing of grant recipients see U.S. Department of Commerce, Economic Development Administration, *Annual Report to Congress on the Community Trade Adjustment Assistance Program Fiscal Year 2010 Annual Report*, Washington, DC, December 15, 2010, pp. 2-6, <http://www.eda.gov/PDF/FY%202010%20CTAA%20Annual%20Report.pdf>.

## **Subchapter B—Community College and Career Training Grant<sup>19</sup> (CCCT)**

Subchapter B<sup>20</sup> directs the Department of Labor (DOL) to award competitive grants to institutions of higher education (IHEs) for use in developing, offering, or improving educational or career training programs for persons eligible for Trade Adjustment Assistance for Workers (TAAW). The act limits the number and amount of grant funds an eligible institution may receive to not more than one grant of no more than \$1 million.

### **Grant Requirements and Award Criteria**

Accredited public and private IHEs,<sup>21</sup> including private for-profit (proprietary) IHEs, that are located in the 50 states, the District of Columbia, and Puerto Rico and that offer two-year or less-than-two-year programs of education are eligible to apply for funds individually or in consortia. Potential applicants may seek technical assistance from DOL in preparing their application. The act requires that each CCCT grant application include:

- a description of the proposed project, including the manner in which the grant will be used to develop, offer, or improve an educational or career training program that is suited to persons eligible for TAAW;
- the extent to which the proposed project will meet the educational or career training needs of persons eligible for TAAW in the community served by the IHE;
- the extent to which the proposed project fits within the community's EDA-approved strategic plan;
- the extent to which the project for which the grant proposal is submitted relates to any project funded by a Sector Partnership Grant;<sup>22</sup>
- a description of the IHE's previous experience in providing educational or career training programs to persons eligible for TAAW, although a lack of experience does not disqualify an IHE;
- a description of the extent and outcome of the applicant's compliance with the program's required outreach activities to local educational and training providers, government agencies, local workforce investment boards,<sup>23</sup> labor organizations,

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<sup>19</sup> This section was written by Cassandra Dortch.

<sup>20</sup> 19 U.S.C. § 2372 et seq.

<sup>21</sup> Subchapter B defines IHEs as the term is used in section 102 of the Higher Education Act (HEA). This definition includes public, private not-for-profit, and private for-profit institutions, as well as postsecondary vocational institutions.

<sup>22</sup> Industry or Sector Partnership Grants were also authorized with the passage of TGAAA of 2009. Funds are to be awarded competitively by the Department of Labor and are intended to encourage the development of public private partnerships focusing on the development of a skilled workforce.

<sup>23</sup> Workforce investment boards are established under section 117 of the Workforce Investment Act of 1998 (WIA; 29 U.S.C. 2832). For more information on workforce investment boards and the WIA, see CRS Report RL33687, *The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs*, by David H. Bradley.

- and at least one employer to identify the required job skills of future employment opportunities within the community and the gaps in existing educational and training programs;
- the extent to which the proposed project will provide the required job skills or fill the identified gaps in existing educational and training programs;
  - a description of the extent and the outcome of the applicant's compliance with the program's required outreach activities to similar IHEs to learn best practices for providing educational or training programs to persons eligible for TAAW;
  - a description of the extent and outcome of the applicant's compliance with the program's required outreach activities to community partnerships that have sought or received a Sector Partnership Grant in an effort to enhance the project effectiveness and avoid duplication of efforts; and
  - the extent to which employers have demonstrated a commitment to employing workers who have participated in the proposed project.

Funds are awarded based on three factors. The first factor is the merits of the proposal to develop, offer, or improve educational or career training programs to persons eligible for TAAW. The second factor is an evaluation of the likely employment opportunities made available by the proposal. The final factor is an evaluation of prior demand for training programs by persons eligible for TAAW in the community and the availability and capacity of existing training programs to meet future demand. Priority is given to applicants that serve communities, which have been eligible for CTAA within the preceding five years.

The act limits the number and amount of grant funds that an eligible institution may receive to not more than one grant of no more than \$1 million; however, these limitations are not applicable for the mandatory appropriations for FY2011 through FY2014. In each state, the aggregate amount awarded to IHEs and consortia must equal or exceed 0.5% of the total mandatory appropriations each year from FY2011 through FY2014.

### **Funding Authorization and Appropriation**

The TGAAA authorizes funding totaling \$90 million in grant assistance for the period covering FY2009, FY2010, and October 1, 2010, to December 31, 2010 (see **Table 1**). Appropriated funds remain available until expended. The TGAAA prohibits grants from being used to meet the matching fund requirement of other federal grant programs.

On March 30, 2010, the President signed the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152). P.L. 111-152 provides \$500 million in mandatory funding for each of FY2011 through FY2014 (see **Table 1**). It appears that sections 4016-4018 of H.R. 1, the Full-Year Continuing Appropriations Act, as passed by the House on February 19, 2011, would not allow the DOL to administer any appropriated grant funds in FY2011. However, DOL may be able to postpone awarding the FY2011 funds until FY2012, should funding for program administration be available for FY2012.

**Table 3. Authorization Levels and Appropriations for the Community College and Career Training Grant Program: FY2009-FY2012**

(in millions of dollars)

Fiscal Year	Authorization	Appropriation	
		Discretionary	Mandatory
2009	40.00	—	—
2010	40.00	—	—
2011	10.00 <sup>a</sup>	—	500.00
2012	—	—	500.00
2013	—	—	500.00
2014	—	—	500.00

**Source:** Table prepared by CRS based on program statute (19 U.S.C. § 2372 et seq.)

a. The \$10 million authorization is for the first quarter of FY2011.

## Reporting

DOL must report annually to the Senate Committee on Finance and the House Committee on Ways and Means about each grant awarded and the impact of each award on persons eligible for TAAW.

## Solicitation for Grant Applications

The solicitation for grant applications (SGA) was issued January 20, 2011, with a closing date of April 21, 2011. DOL plans to provide 36-month awards. Applicants may apply under one of four priorities:

- Addressing workers with basic skills deficiencies;
- Improving retention and achievement rates to reduce time to education program completion;
- Building programs that meet industry needs, including developing career pathways;<sup>24</sup> or
- Strengthening online and technology-enabled learning.

Grant funds may be used for expenses such as salaries, training of instructors, classroom supplies and equipment, facility leases, data analysis, and information technology infrastructure. Facilities' alterations may be conducted with the DOL's approval. Grant funds may not be used for tuition, participant wages or stipends, certain participant support services,<sup>25</sup> construction, the purchase of real property, or to supplant existing funds. Applicants must provide evidence that the project will be sustainable once grant funding ends.

<sup>24</sup> Career pathways are clear sequences of coursework and credentials that help individuals of varying skill levels earn credentials valued by employers, enter rewarding careers in in-demand and emerging industries and occupations, and advance to increasingly higher levels of education and employment.

<sup>25</sup> Participant support services include transportation, dependent care, housing, and other payments to help participants engage in the education or training programs supported by the grant.

Two types of applicants are eligible to receive awards that exceed the DOL-expected amounts of \$2.5 million-\$5.0 million for individual applicants and \$2.5 million-\$20.0 million for a consortium. The first type includes applicants that propose to replicate strategies with strong or moderate evidence<sup>26</sup> of effectiveness at multiple locations and/or for persons eligible for TAAW and other individuals. The second type includes applicants that propose to develop and implement online and technology-enabled courses that will be used within the local community and among diverse students over a large geographic area.

In addition to the legislative requirements, the DOL uses the SGA in an effort to increase the rigor of the program's implementation and resulting evidence. For instance, all applicants must describe the proven research evidence on which their program strategies are based or the research basis for their proposed innovative strategies. Applicants must also describe how they will use process and outcome data to improve project implementation.

The SGA emphasizes project and program evaluation. In addition to project-specific progress measures, each grantee must annually report on the following outcome measures:

- attainment of credits toward degree(s);
- attainment of less-than-one-year industry-recognized certificates in less than one year;
- attainment of industry-recognized certificates (more than one year);
- graduation number and rate within 150% of the program's normal completion time for degree programs;
- employment rate of prior participants in the first quarter after they exit from the project;
- employment retention rate of prior participants from the 1<sup>st</sup> to 2<sup>nd</sup> and 3<sup>rd</sup> quarters after they exit from the project;
- average earnings of prior participants from the 2<sup>nd</sup> and 3<sup>rd</sup> quarters after they exit from the project if employed in the 1<sup>st</sup> three quarters; and
- basic skills attainment of program participants, for those grantees addressing the application priority for workers with basic skills deficiencies.

The measures must be reported for CCCT program participants and an appropriately comparable non-CCCT-funded cohort. The DOL will choose some grantees to participate in a rigorous program evaluation. The grantees so chosen "may be required to use a random-assignment lottery in enrolling project participants."

In an effort to build on the research base and evidence related to educational and career training programs, grantees will be required to make all materials developed under the project available

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<sup>26</sup> The standards of evidence are described as follows: (1) strong—the evidence includes a study or multiple studies whose designs can support strong causal conclusions and studies which demonstrate the strategy to be effective with multiple populations and/ or in multiple sites; (2) moderate—evidence from a study or studies that include multiple sites and/ or populations that support weaker causal conclusions or that support strong causal conclusions that are not yet generalizable; and (3) preliminary—conclusions are based on research findings or reasonable hypotheses, including related research or theories of change in education, training, and other sectors.

for public use under a Creative Commons Attribution 3.0 License.<sup>27</sup> Materials to be made public include curricula, course materials, teacher guides, and other products developed with grant funds. The materials must be reviewed by third-party subject matter experts.

## **Subchapter C—Industry or Sector Partnership Grants**

Subchapter C directs the Department of Labor to award Industry or Sector Partnership Grants (ISPG) to eligible public/private partnerships. Industry and sector partnerships are voluntary organizations located in communities eligible for trade adjustment assistance for workers, firms, or farmers. Such organizations must be comprised of representatives from industry associations; local, county, or state governments; businesses in the designated industry or sector, workforce investment boards; labor unions; and education institutions.

The act limits the number of grants an eligible industry partnership may be awarded by the Department of Labor to no more than one grant, or not more than \$2.5 million, except in the case where the partnership is located in a community that does not receive Community College and Career Training grants. In such cases the amount may not exceed \$3 million.

### **Grant Requirements and Award Criteria**

Approved Industry and Sector Partnership Grant activities must be completed within three years. In general, grant proposals must:

- identify the industry or sector that will be the focus of the partnership;
- identify member organizations or entities involved in the partnership, including the lead agency;
- describe the goals and specific projects to be undertaken with grant funds;
- demonstrate that the partnership has the organizational capacity to carry out proposed projects; and
- explain whether the community has or will seek funding under the CTAA or community college and career training grant programs, or other federal programs, and how such assistance will be coordinated with industry and sector partnership grants.

Partnership Grants may be used to fund skill assessments and identify training and employment gaps. This includes using funds to:

- develop systems to better link skill workers with firms in the targeted industry;
- assist firms in obtaining access to qualified job applicants; and
- train new workers and retrain existing workers (including remedial skills training).

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Funds may also be used to improve productivity, information and outreach activities, including the dissemination of information on best practices, the development of learning consortia comprised of small and medium size firms in an effort to lower the cost of training, and the identification of other resources including community college and career training grants.

DOL is directed to provide technical assistance to sector partnership entities to assist them in developing and administering sector partnership grants. In order to carry out this responsibility DOL may award technical assistance grants or contracts to one or more national or state organizations. It is also responsible for developing performance measures to be used by sector partnerships to measure progress in meeting goals outlined in their grant application. DOL is required to submit annual reports to Congress that include a listing of awards and an assessment of the program's impact.

### **Funding Authorization and Appropriations**

The TGAAA authorizes funding totaling \$90 million in grant assistance for the period covering FY2009, FY2010, and October 1, 2009 through December 31, 2010. Grantees are prohibited from using grants to meet the matching fund requirement of other federal grant programs. The TGAAA expressly states that grant funds may supplement but not supplant other federal, state, and local funds.

**Table 4. Authorization Levels for ISPG**  
(in millions of dollars)

<b>Fiscal Year</b>	<b>Authorization</b>
2009	40.000
2010	40.000
2011 1 <sup>st</sup> Quarter	10.000

**Source:** P.L. 111-5.

Congress did not include an appropriation for the program for FY2009 or FY2010. In addition, the Obama Administration did not request funding for the program for FY2011.

### **Subchapter D—General Provisions**

Subchapter D includes a provision stating that a worker receiving trade adjustment assistance for workers (TAAW) will not be disqualified from or ineligible for assistance under any of the provisions of trade adjustment assistance to communities.

## **Issue Discussion**

### **Appropriations**

Congress appropriated significantly less funding than the \$150 million it authorized for the CTAA program for FY2009. The Supplemental Appropriations Act of 2009, P.L. 111-32, included a \$40 million appropriation to be used to fund both CTAA and the Trade Adjustment Assistance for

Firms programs for FY2009.<sup>28</sup> In addition, the Consolidated appropriations Act for FY2010 included \$15.8 million for CTAA and the Trade Adjustment Assistance for Firms programs. In appropriating funds for communities and firms Congress did not include language in the supplemental act or the accompanying conference reports outlining how it intended the funds to be split between the two programs. Given the \$5 million maximum amount that can be awarded for a single CTAA implementation grant, the combined \$55.8 million appropriation will only fund a modest number of CTAA grant awards. In addition, grant funds must be used to fund strategic planning grant activities and trade adjustment assistance for firms.

## **Implementation Issues**

### **Timeliness**

EDA's implementation of the CTAA program may have been slowed by the process of filling vacant politically appointed positions. As a result, important agency decisions were delayed due to the absence of leadership. The agency's new Assistant Secretary for Economic Development, John R. Fernandez, was confirmed by the Senate on September 11, 2009. In addition, the appointment of a Director of Adjustment Assistance within EDA was also delayed. This absence of leadership may have also contributed to delay in the creation of the Interagency Community Assistance Working Group (ICAWG), charged with facilitating access to other federal programs in coordination with implementation grant activities under the CTAA program. EDA is the lead agency of the ICAWG.

Although EDA has published regulations governing Subchapter A, trade adjustment assistance to communities, the Department of Labor has not yet published regulations governing assistance to community colleges and sector partnership grants. The absence of such guidance may delay timely implementation of program activities and undermine the program's effectiveness. In addition, Congress did not immediately provide an initial appropriation for the Subchapter B (CCCT) and Subchapter C (ISPG ) grants for FY2009 or FY2010. Congress did appropriate \$500 million for CCCT grants for each of the fiscal years FY2011 through FY2014 when it passed the Health Care and Education Reconciliation Act of 2010, P.L. 111-152, which was signed by the President on March 30, 2010. This was well over a year after passing initial appropriations for Subchapter A activities. In addition, Congress has not yet appropriated funding for ISPG activities.

### **Interagency Coordination**

The principal role of the ICAWG is to provide access to other federal programs when a CTAA designated community undertakes grant activities. The CTAA program's legislation and its rules encourage coordination with other economic development programs, directing EDA to identify possible grant assistance that might be available from other federal agencies, but does not guarantee trade adjustment assistance communities preference or priority in the awarding of such assistance.

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<sup>28</sup> 123 Stat. 1860.

In addition, in an effort to enhance effectiveness and avoid duplication, the law anticipates a high degree of coordination between EDA and the Department of Labor's Employment and Training Administration (ETA), which is responsible for the administration of the community college-based training program grants and sector partnership grants authorized under subchapters B and C of the act. For instance, the statute requires an educational institution submitting a grant proposal to ETA for CCCT grant assistance to include a detailed description of the extent to which the proposed grant activity would fit within the strategic plan developed by a community eligible for CTAA assistance, and to explain how the CCCT grant proposal relates to any project funded by a sector partnership grant.<sup>29</sup> In addition, the statute requires an entity seeking a sector or industry partnership grant to include in its grant application a discussion of whether the community impacted by trade has sought or received CTAA implementation grant funds, whether an eligible education institution had sought or received CCCT grant funds, and how the eligible sector partnership entity will use grant assistance in coordination with CTAA, CCCT, and funds from other grant sources.<sup>30</sup>

### **Targeting of Assistance**

Congress may elect to amend the statute to more precisely define terms. For example, the legislation directs EDA to give priority to small and medium size communities when awarding implementation grants, but fails to establish or define what constitutes a small or medium size community. The definition of what constitutes a small or medium size community was not established in program regulations published in the *Federal Register*. This omission could lead to controversy if EDA does not target funds to appropriate sized communities consistent with congressional intent. EDA has since addressed this issue with the January 11, 2010, *Federal Register* publication of a notice soliciting applications for CTAA grants. The notice defined small and medium size communities as those whose population do not exceed 100,000 persons.

### **Duplication of Effort**

Critics of the legislation may argue that the CTAA program duplicates the activities of other federal programs. This includes EDA's Economic Adjustment Assistance (EAA) program, which awards federal grant assistance to economically distressed communities regardless of the cause. EAA program assistance may be used to fund both the development of strategic plans (Comprehensive Economic Development Strategies—CEDS) and implementation grants intended to fund one or more the activities identified in the CEDS. Proponents may argue that trade adjustment assistance to communities is warranted because it is targeted to communities whose economic dislocation and distress can be traced to unfair trade competition.

### **Program Integration**

The statute attempts to address an issue raised in previous reports and studies concerning the need to promote an integrated approach to addressing the impact of economic dislocation. A 2001 report by the General Accounting Office (GAO) found that

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<sup>29</sup> 19 U.S.C. 278(c)(4)(A)(iii) and (iv) at 123 Stat. 407.

<sup>30</sup> 19 U.S. C. 279A(e)(F) at 123 Stat. 411.

Local officials believe that dislocated worker training programs are more effective and job placement much higher when strong links exist between training and local business needs.<sup>31</sup>

The CTAA grant program requires trade-impacted communities to seek the advice and involvement of a wide range of community partners when developing their strategic plans, including education institutions, labor organizations, firms, and workforce investment boards. These partners are not only essential in developing the strategic plan, but may also participate in its execution. For instance, the act also supports activities intended to identify and address deficiencies in existing education and career training opportunities available to eligible TAA workers through the use of community colleges. It also encourages the creation of public-private partnerships focusing on skills and employment assessments, and training activities by funding sector partnership grants. Both grant programs (CCCT and Sector Partnerships) require that the recipient of funds identify the link between the proposed grant and the community's strategic plan developed with CTAA funding.

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<sup>31</sup> U.S. General Accounting Office (now known as the Government Accountability Office), *Trade Adjustment Assistance Experiences of Six Trade-Impacted Communities*, GAO-01-838, August 2001, p. 4, <http://www.gao.gov/new.items/d01838.pdf>.