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# Trade Adjustment Assistance for Workers

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## Summary

Trade Adjustment Assistance for Workers (TAA) provides federal assistance to workers who have been adversely affected by foreign trade. It was most recently authorized by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA; Title II of P.L. 112-40). Under TAAEA, the program operated under one set of eligibility and benefit provisions from enactment through December 31, 2013, and then reverted to a more restrictive set of provisions on January 1, 2014.

To be eligible for TAA, a group of workers must establish that they were separated from their employment either because their jobs moved outside the United States or because of an increase in directly competitive imports. Workers at firms that are suppliers to or downstream producers of TAA-certified firms may also be eligible for TAA benefits. Under current law, only production workers are eligible. Under the TAAEA provisions that were in place through December 31, 2013, both production and service workers were eligible.

To establish eligibility for TAA benefits, a group of affected workers must petition the Department of Labor (DOL) and a DOL investigation must verify the role of foreign trade in the workers' job loss. Once a petition is certified by DOL, covered workers may apply for individual benefits. These benefits are funded by the federal government and administered by the states through their workforce systems. The specific group of benefits and services to which a worker is entitled is determined by the date of the petition that covers the worker. Benefits include a group of benefits and services to assist workers in returning to work.

- *Training subsidies* are available if no suitable employment is available and a certified worker meets other criteria. Eligible training options include a variety of public and private programs.
- *Employment services* are provided to TAA-certified workers through state workforce agencies. These can include case management, career counseling, job search assistance, and other non-training services.
- *Job search and relocation allowances* are available to workers who seek employment outside of their commuting area.
- *Trade Readjustment Allowance (TRA)* is an income support for TAA-certified workers who have exhausted their unemployment insurance (UI) and are enrolled in an eligible training program. TRA payments are equal to the workers' final UI benefit. Workers may receive UI and TRA for a combined total of 117 weeks and 130 weeks under certain circumstances.
- *Wage insurance* is available to certified workers age 50 and over who obtain reemployment at a lower wage. The wage insurance program provides a cash payment equal to 50% of the difference between the worker's new wage and previous wage, up to a two-year maximum of \$10,000.

This report provides background on the TAA program. It begins with descriptions of eligibility and benefits under both the current and previous provisions. The report then presents information on application activity, benefit usage, and participants' outcomes.

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## Background and Current Status

Trade Adjustment Assistance for Workers (TAA) provides federally-funded benefits to dislocated workers who are adversely affected by foreign trade.<sup>1</sup> Benefits under TAA include training subsidies and income support for workers who have exhausted their unemployment insurance (UI). TAA-eligible workers who are age 50 and over and obtain reemployment at a lower wage may be eligible for a wage insurance program. To be eligible for TAA benefits, separated workers must petition the Department of Labor (DOL) to establish that foreign trade contributed importantly to their job loss.

TAA for Workers is authorized under Title II of the Trade Act of 1974, as amended. It was last reauthorized by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA; Title II of P.L. 112-40).<sup>2</sup> TAAEA specified that TAA would operate under one set of provisions through December 31, 2013, and then revert to more restrictive eligibility and benefit provisions beginning January 1, 2014.<sup>3</sup> This report will refer to the expired expanded provisions as “the 2011 provisions” and the current reduced provisions as “the 2014 provisions.”<sup>4</sup> Workers currently receiving TAA benefits had their eligibility and benefits determined by whichever set of provisions were in effect when the petition covering them was filed.

The first section of this report describes eligibility criteria for TAA under current law as well as criteria that were recently in effect. This section also describes the process through which a group of workers petitions DOL and becomes TAA-certified. **Table 1** at the end of the section compares eligibility criteria under the current 2014 provisions to the broader eligibility criteria that were in place under the 2011 provisions that expired after December 31, 2013.

The second section describes benefits available to workers who are covered by a certified group petition. This report discusses benefits for workers who are covered by petitions that were certified under both the 2011 and 2014 provisions. A comparison of the two sets of benefits is in **Table 2**.

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<sup>1</sup> Other Trade Adjustment Assistance programs target different recipients: TAA for Firms (see archived CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*) and TAA for Farmers (see CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Remy Jurenas). TAA for Workers is the largest TAA program. In some cases where the Workers program is discussed alongside these other TAA programs, it is referred to with the acronym TAAW. This report will refer to the Workers program as TAA.

<sup>2</sup> A brief legislative history of TAA is in the **Appendix**. A more detailed legislative history is in archived CRS Report R41922, *Trade Adjustment Assistance (TAA) and Its Role in U.S. Trade Policy*.

<sup>3</sup> Specifically, Section 233 of P.L. 112-40 specifies that on January 1, 2014, the TAA provisions of the Trade Act of 1974, as amended, revert to the provisions that were in place February 13, 2011. February 13, 2011, was the date that the expanded eligibility and benefits for TAA under the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) expired and the program reverted to the more restrictive eligibility and benefit criteria that were in place prior to ARRA. Section 233 of P.L. 112-40 then makes several amendments to the reverted, pre-ARRA law, resulting in the 2014 provisions that are described in this report.

<sup>4</sup> Identifying each group of provisions by its year of enactment follows the protocol used by DOL in many of its TAA documents. The 2011 provisions of TAA are similar, but not identical to, “the 2009 provisions” that were enacted as part of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). The 2014 provisions of TAA are similar, but not identical to, “the 2002 provisions” of TAA that were enacted as part of the Trade Act of 2002 (P.L. 107-210).

The third section of the report presents program data on participation and benefit usage. The data in this section include workers certified under the 2011 provisions as well as prior TAA provisions that were enacted in 2002 and 2009.

## FY2014 Appropriations

Division H of the Consolidated Appropriations Act of 2014 (P.L. 113-76) appropriated \$656,000,000 for TAA in FY2014.<sup>5</sup> Due to the timing of the change from the 2011 provisions to the 2014 provisions, this appropriation covered three months of TAA under the 2011 provisions and nine months under the 2014 provisions.

TAA is a direct spending (also referred to as “mandatory”) program and subject to sequestration under the Budget Control Act of 2011 (P.L. 112-25). The initial appropriation was reduced by 7.2%, leaving a final appropriation of \$608.8 million. DOL allotted \$306.3 million of the final appropriation to TAA reemployment activities and allotted the remainder to TAA income support and wage insurance programs.<sup>6</sup>

## Eligibility and Application Process

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

This section describes TAA eligibility criteria under the current law 2014 provisions. **Table 1** compares the current 2014 provisions to the now-expired 2011 provisions.

## TAA Group Eligibility Criteria

To be eligible for TAA group certification, a group of workers from a firm (or a subdivision of a firm) must have become totally or partially separated from their employment or have been threatened with becoming totally or partially separated.<sup>7</sup> Under current law, only production workers (i.e., workers that produce an “article”) are eligible to be certified. Workers who produce a service are not eligible to be certified under the current provisions.

The petitioning workers must establish that foreign trade contributed importantly to their separation.<sup>8</sup> The role of foreign trade can be established in one of several ways:

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<sup>5</sup> TAA is appropriated under the “Federal Unemployment Benefits and Allowances” heading of the DOL appropriations bill.

<sup>6</sup> A detailed description of DOL’s treatment of the FY2014 appropriation is in DOL Training and Employment Guidance Letter (TEGL) No. 12-13, available at [http://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_12\\_13.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL_12_13.pdf).

<sup>7</sup> Partial separation is defined as hours of work and wages being reduced to less than 80% of the worker’s weekly average. See 20 C.F.R. 617.3(cc).

<sup>8</sup> The term “contributed importantly” means a cause that is important but not necessarily more important than any other cause. See 19 U.S.C. 2272(c)(1).

- **An increase in competitive imports.** The sales or production of the petitioning firm have decreased and imports of articles like or directly competitive with those produced by the petitioning firm have increased.
- **A shift in production to an eligible country.** The workers' firm has moved production of the goods that the petitioning workers produced to a foreign country with which the United States has a free trade agreement (FTA).<sup>9</sup>
- **Adversely affected secondary workers.** The petitioning firm is a supplier or a downstream producer<sup>10</sup> to a TAA-certified firm and either (1) the sales or production for the TAA-certified firm accounted for at least 20% of the sales or production of the petitioning firm or (2) a loss of business with a TAA-certified firm contributed importantly to the workers' job losses.

As noted previously, the certification criteria under the current 2014 provisions are narrower than the criteria under the 2011 provisions. A comparison of these two sets of provisions is in **Table 1**. The change in eligibility criteria is not retroactive. As such, workers certified under the expanded 2011 provisions may continue to receive benefits after the enactment of the 2014 provisions.

## TAA Group Petition and Certification Process

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

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

If a petition is denied, the group who was denied certification may request administrative reconsideration by DOL. Reconsideration requests must be mailed within 30 days of the publication of the initial denial in the *Federal Register*. Workers who are denied certification may seek judicial review of DOL's initial petition denial or denial following administrative reconsideration. Appeals for judicial review must be filed with the U.S. Court of International Trade within 60 days of *Federal Register* publication of the initial denial or the administrative reconsideration denial.

<sup>9</sup> Shifts in production to countries that are beneficiaries under certain non-FTA trade agreements may also be covered. See 19 U.S.C. 2272(a)(2)(B)(ii)(II) for details.

<sup>10</sup> 19 U.S.C. 2272(c)(3) defines a downstream producer as "a firm that performs additional, value-added production processes or services directly for another firm."

## TAA Individual Eligibility

After DOL certifies a group of workers as eligible, the individual workers then apply to their local One-Stop Career Center for individual benefits. To be covered under a certified petition, a worker must meet all of the following conditions: (1) separation from the firm on or after the impact date specified in the certification but within two years of DOL certification, (2) employment with the affected firm in at least 26 of the 52 weeks preceding layoff, (3) entitlement to state UI benefits, and (4) no disqualification for extended unemployment benefits. Additionally, to receive the Trade Readjustment Allowance (TRA) benefit, workers must also be enrolled in an approved training program or have received a waiver from training.<sup>11</sup>

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

## Alternative Trade Adjustment Assistance Eligibility

Alternative Trade Adjustment Assistance (ATAA) is a wage insurance program that provides a cash payment to qualified TAA-certified workers age 50 and over who obtain new employment at a lower wage. ATAA is authorized by the 2014 provisions. A similar program called Reemployment Trade Adjustment Assistance (RTAA) was authorized by the 2011 provisions.

ATAA is designed as a program for older trade-affected workers who likely have limited time remaining in the labor force and for whom comprehensive retraining may not be a cost-effective option. To be eligible for ATAA wage supplements, the worker's new annual wage must be lower than his or her certified job and less than \$50,000.<sup>12</sup> Under the 2014 provisions, a group of workers must request consideration for ATAA in addition to eligibility for regular TAA benefits.<sup>13</sup>

The age requirements are the same under the 2011 RTAA and 2014 ATAA provisions. Several other eligibility criteria are different. Under ATAA, a worker must secure reemployment within 26 weeks of separation from the worker's TAA-certified job. Under RTAA, there was no time limit for securing reemployment. To be eligible for ATAA benefits, a worker must be reemployed on a full-time basis and may not receive TAA-funded training. Under RTAA, an eligible worker had the additional option of receiving wage insurance benefits while being reemployed on a part-time basis and being enrolled in a TAA-approved training program.

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<sup>11</sup> 19 U.S.C. 2291(c) defines three waiver requirements: (1) a worker is unable to participate in training due to health reasons, (2) suitable training is not available, or (3) enrollment in training is not available within 60 days.

<sup>12</sup> See 19 U.S.C. 2318.

<sup>13</sup> See 19 U.S.C. 2318(a)(3) for more information on group eligibility.

**Table I. TAA Group Certification Requirements in Effect During Different Time Periods Under the Provisions Adopted in the Trade Adjustment Assistance Extension Act of 2011**

Eligibility Requirements from October 21, 2011, to December 31, 2013 (“2011 Provisions”)	Eligibility Requirements Effective from January 1, 2014, to December 31, 2014 (“2014 Provisions”)
<b>In All Cases</b>	
A significant number or proportion of workers <i>at a production or service firm</i> have become totally or partially separated.	A significant number or proportion of workers <i>at a production firm</i> have become totally or partially separated.
<b>Workers Adversely Affected by an Increase in Imports</b>	
The sales or production of the firm decreased; and	The sales or production of the firm decreased; and
There has been an increase in imports of either (1) articles or services directly competitive with the firm’s articles or services, or (2) articles that are competitive with articles in which the firm’s products or services are component parts; and	There has been an increase of imports of <i>articles</i> directly competitive with <i>articles</i> the petitioning firm produces, and
The increased imports have contributed importantly to the decline in sales or production and the workers’ separation.	The increased imports have contributed importantly to the decline in sales or production and the workers’ separation.
<b>Workers Adversely Affected by a Shift in Production</b>	
The petitioning workers’ firm has shifted the <i>production of articles or services</i> directly competitive with those produced by the petitioning workers to <i>any foreign country</i> .	The petitioning workers’ firm has shifted <i>production of articles</i> directly competitive with those produced by the petitioning workers to <i>a foreign country with which the United States has a free trade agreement</i> . <sup>a</sup>
<b>Adversely Affected Secondary Workers</b>	
The workers’ firm is a supplier or downstream producer to a TAA-certified firm; and	The workers’ firm is a supplier or downstream producer to a TAA-certified firm; and
Either (1) the TAA-certified firm accounted for at least 20% of the sales or production of the petitioning firm, or (2) the loss of sales to the TAA-certified firm contributed importantly to the petitioning workers’ job losses.	Either (1) the TAA-certified firm accounted for at least 20% of the sales or production of the petitioning firm or (2) the loss of business with the TAA-certified firm contributed importantly to the petitioning workers’ job losses.
<b>Wage Insurance Program for Workers Age 50 and over</b>	
Group application for TAA also functions as an application for Reemployment Trade Adjustment Assistance.	TAA applicants must request consideration for Alternative Trade Adjustment Assistance.

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

- a. Workers who are separated as a result of shifts in production to countries that are beneficiaries under certain other trade agreements may also be eligible for TAA benefits. See 19 U.S.C. 2272(a)(2)(B)(ii)(II).

## Benefits

TAA benefits include training subsidies and income support for workers who have exhausted their UI benefits and are enrolled in training. Workers age 50 and over may participate in a wage insurance program.

Workers are entitled to a set of benefits and services based on the effective provisions under which the petition that covers them was certified. For example, a worker who is covered by a petition that was certified under the 2011 provisions would still be able to receive the benefits specified in the 2011 provisions even if the worker did not receive benefits until after the 2014 provisions had taken effect. **Table 2** at the end of this section compares benefits and services available to workers who are covered by petitions certified under the 2011 and 2014 provisions.

Due to the two-year period that a certification remains active and the length of the time that a worker may receive TAA benefits and services, workers certified under pre-2011 provisions may also currently be eligible for other sets of benefits authorized by previous TAA provisions.<sup>14</sup>

## Reemployment Services

TAA-certified workers are eligible for training assistance as well as other employment services. Total appropriations for TAA reemployment services and related administration in FY2014 were \$306.3 million. Due to the timing of transition from the 2011 provisions to the 2014 provisions, FY2014 appropriations contained partial-year funding for both sets of provisions.<sup>15</sup>

## Training Assistance

Eligible workers request training assistance through their local One-Stop Career Centers (also known as American Job Centers).<sup>16</sup> Once approved, training can be paid on the worker's behalf directly to the service provider or through a voucher system. To receive funding, the worker must be qualified to undertake the requested training, the training must be available at a reasonable cost, and there must be a reasonable expectation of employment following the completion of training.<sup>17</sup>

<sup>14</sup> In December 2013, DOL issued Training and Employment Guidance Letters (TEGL) No. 7-13, which provided guidance to state agencies on providing services to workers who were covered by petitions certified under the 2011 and 2014 provisions as well as workers who were covered by petitions that were certified under prior iterations of TAA that had been enacted in 2002 and 2009. A summary of the 2002, 2009, 2011, and 2014 provisions is available from DOL at <http://www.doleta.gov/tradeact/pdf/side-by-side.pdf>.

<sup>15</sup> A detailed description of the allotment of funds under each set of provisions is in Training and Employment Guidance Letter (TEGL) No. 12-13, available at [http://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_12\\_13.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL_12_13.pdf).

<sup>16</sup> In addition to TAA, One-Stop Career Centers administer other employment-related programs. There are approximately 3,000 One-Stop Centers nationwide. For more information on One-Stop Centers, see CRS Report R41135, *The Workforce Investment Act and the One-Stop Delivery System*, by David H. Bradley.

<sup>17</sup> "Reasonable cost" considers the cost of similar training from a different provider and the cost of training relative to the expected employment outcome. See 19 U.S.C. 2296(a)(1) for legislative language and 20 CFR 617.22 for expanded definitions of terms.

The range of approved training includes a variety of governmental and private programs.<sup>18</sup> There is no federal limit on the amount of training funding an individual can receive, though some states have a cap.

Due to the range of acceptable activities and the decentralized nature of job training, a concise summation of TAA training programs is difficult. Data from DOL and partner researchers, however, offer some insight into the nature and duration of TAA-sponsored training programs. In FY2012, approximately 92% of TAA training participants received what DOL describes as occupational skills training: training in a specific occupation, typically provided in a classroom setting. The remainder of training was classified as remedial, prerequisite, on-the-job, or other customized training. Among the 73% of training participants who completed a program, the average duration of training was 509 days.<sup>19</sup>

DOL does not require the states to track the type of institutions that provide training to TAA participants.<sup>20</sup> Some data exist on this topic, however, from a 2012 report by Mathematica Policy Research that was commissioned by DOL.<sup>21</sup> The study found that, among participants who enrolled in occupational skills programs, training was provided by a community or two-year college in 55% of cases and a vocational training center in 23% of cases. Other providers included private companies and four-year colleges or universities. The same study found that the average cost of TAA-sponsored occupational training was approximately \$8,500, though programs varied considerably, with 41% of programs costing less than \$5,000 and 31% costing more than \$10,000.<sup>22</sup>

TAA does not require training programs to lead to a degree or other credential. In its FY2012 annual report, DOL reported that 67% of workers who completed training earned a credential.<sup>23</sup>

The 2011 and 2014 provisions are similar in the types of training they approve. The funding of training under each set of provisions is somewhat different. Under the 2014 provisions, training subsidies receive a dedicated appropriation that only supports training activities. Under the 2011 provisions, training was funded out of a reemployment services fund that also funded employment services and job search and relocation assistance (discussed below).

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<sup>18</sup> Eligible programs include (but are not limited to) employer-based training, any training program provided by a state under Title I of the Workforce Investment Act of 1998, any program of remedial education, any program of prerequisite education or coursework required to enroll in an approved training program, any training program or coursework at an accredited institution of higher education, or any other training program approved by the Secretary of Labor. See 19 U.S.C. 2296(a)(5) for legislative language.

<sup>19</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Fiscal Year 2012 Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives," p. 29, <http://www.doleta.gov/tradeact/docs/AnnualReport12.pdf>.

<sup>20</sup> The 2009 Trade Activity Participant Report Handbook from DOL outlined reporting requirements for state agencies. It requires data collection on the type, duration, and cost of training, as well as if participants earned a credential.

<sup>21</sup> The data for this study were collected in 2008 and 2009. Respondents were covered by the Trade Act of 2002 provisions of TAA. As such, the findings may not be comparable to the data in recent DOL reports or generalizable to the current provisions of TAA.

<sup>22</sup> *Characteristics of Trainees and Training Programs in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments*. Mathematica Policy Research, August 2012, Table 13 and Table 14, [http://wdr.doleta.gov/research/FullText\\_Documents/ETAOP\\_2013\\_15.pdf](http://wdr.doleta.gov/research/FullText_Documents/ETAOP_2013_15.pdf).

<sup>23</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Fiscal Year 2012 Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives," p. 29, <http://www.doleta.gov/tradeact/docs/AnnualReport12.pdf>.

## Employment Services

The 2014 provisions specify DOL should “make every reasonable effort” to provide counseling, placement, and other services to TAA-certified workers. The 2014 provisions do not, however, provide funding for these services, noting that states may use other federal workforce funding, such as funding under the Workforce Investment Act.

The 2011 provisions specify a series of case management and employment services to which all TAA-certified workers are entitled. These services include a comprehensive assessment of the worker’s skills and needs, assistance in developing an individual employment objective and identifying the training and services necessary to achieve that goal, and guidance on training and other services for which the worker may be eligible.<sup>24</sup> Under the 2011 provisions, states were required to use at least 5% of their reemployment services allotments for case management and employment services.

## Job Search and Relocation Allowances

Both the 2011 and 2014 provisions authorize funding for job search and relocation allowances.<sup>25</sup> This program targets workers who are unable to obtain suitable employment within their commuting areas. Certified workers can receive an allowance equal to 90% of each of their job search and relocation expenses, up to a maximum of \$1,250 for each benefit.<sup>26</sup>

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

## Trade Readjustment Allowance

Trade Readjustment Allowance (TRA) is an entitlement that provides income support to certified workers who are in approved training and whose UI benefits have been exhausted. It is funded by the federal government and administered by the states through their unemployment insurance systems.

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<sup>24</sup> Full requirements are outlined in Section 1826 of P.L. 111-5.

<sup>25</sup> Under the 2011 provisions, funding for these benefits is part of the broader reemployment services fund. Under the 2014 provisions, these benefits received a final appropriation of \$3.9 million in dedicated funding in FY2014.

<sup>26</sup> Job search and relocation allowance benefits are subject to certain time restrictions relative to workers’ certification and separation. See 20 C.F.R. 617.31(c) and 20 C.F.R. 617.41(c) for details.

TRA benefit levels are equal to the worker's final UI benefit. UI benefit levels are based on earnings during a base period of employment (typically, the first four of the last five completed calendar quarters). UI benefits typically replace 50% of a worker's wages up to a statewide maximum. Since states each administer their own UI programs, there is some variation in calculations in benefit levels. In July 2013, the highest maximum weekly UI benefit for a worker with no dependents was \$674 in Massachusetts and the lowest was \$240 in Arizona.<sup>27</sup>

There are three stages of TRA:

- **Basic TRA.** The weekly basic TRA payment begins the week after a worker's UI eligibility expires. To receive the basic TRA benefit, workers must be enrolled or participating in TAA-approved training, have completed such training, or have obtained a waiver from the training requirement.<sup>28</sup> The total amount of basic TRA benefits available to a worker is equal to 52 times the weekly TRA benefit minus the total amount of UI benefits. For example, assuming a constant benefit level, a worker who received 39 weeks of UI benefits would be eligible for 13 weeks of basic TRA. In cases where a worker is entitled to UI for 52 or more weeks, UI benefits may offset the entirety of basic TRA.
- **Additional TRA.** After basic TRA has been exhausted, workers who are enrolled in a TAA-approved training program are eligible for an additional 65 weeks of income support for a total of 117 weeks of benefits. As is the case with basic TRA, UI benefits (including any benefit extensions) also offset additional TRA. Additional TRA is limited to workers who are enrolled in a training program; workers who have received a training waiver are not eligible for additional TRA.
- **Completion TRA.** In cases where a worker has collected 117 weeks of combined TRA and UI and is still enrolled in a training program that leads to a degree or industry-recognized credential, the worker may collect TRA for up to 13 additional weeks (130 weeks total), if the worker will complete the training program during that time.

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

The 2011 and 2014 provisions of TAA provide the same level and duration of TRA benefits. The timeline for enrolling in training, however, is narrower under the 2014 provisions. To be eligible for TRA under the 2014 provisions, a worker must enroll in training within 8 weeks of certification or within 16 weeks of layoff, whichever is later. Under the 2011 provisions, a worker must have enrolled in training within 26 weeks of either certification or layoff, whichever is later.

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<sup>27</sup> For a more detailed discussion of UI calculations and programs, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

<sup>28</sup> A worker may obtain a training waiver if (1) a worker is unable to participate in training due to a health condition, (2) enrollment in a training program is not available within 60 days, or (3) no suitable training is available. Workers who receive a training waiver may only collect Basic TRA.

## **Alternative Trade Adjustment Assistance**

Alternative Trade Adjustment Assistance (ATAA) is an entitlement that provides a wage supplement for workers age 50 and over who are certified for TAA benefits and pursue reemployment at a lower wage. The program provides a cash payment to an eligible worker equal to 50% of the difference between the worker's old wage and new wage. The maximum benefit is \$10,000 over a two-year period.

The age requirement, benefit calculation, and maximum benefit are the same under the 2011 and 2014 provisions. Under the 2011 provisions, the wage insurance program is known as Reemployment Trade Adjustment Assistance (RTAA) and there are several differences between the ATAA and RTAA programs. Under ATAA, workers must secure full-time reemployment within 26 weeks of separation from their TAA-certified job. Under RTAA, workers who are reemployed at least 20 hours per week are eligible for the program and there is no time limit on securing reemployment. Under ATAA, workers who receive ATAA payments may not participate in TAA-funded training. Under RTAA, workers who are reemployed on a part-time basis may participate in TAA-funded training while receiving RTAA payments.

**Table 2. TAA Benefits in Effect During Different Time Periods Under the Provisions Adopted in the Trade Adjustment Assistance Extension Act of 2011**

Funding Under 2011 Provisions	Funding under 2014 Provisions
<p>Funding for all reemployment services, including administration, is capped by statute at \$575 million per year.</p> <p>Funding for Trade Readjustment Allowance is uncapped for qualified individuals.</p>	<p>Each reemployment service is funded discretely. Funding for training is capped by statute at \$220 million. Congress may appropriate additional funds for case management, administration, and job search and relocation allowances.</p> <p>Funding for Trade Readjustment Allowance is uncapped for qualified individuals.</p>
Benefits for Workers Certified Under 2011 Provisions	Benefits for Workers Certified under 2014 Provisions
<b>Reemployment Services</b>	
<p>Training may be approved on a full-time or part-time basis, although full-time training is required for TRA eligibility.</p> <p>Case management is funded out of TAA reemployment services funding.</p>	<p>Training may only be approved on a full-time basis.</p> <p>States must make every reasonable effort to provide TAA-certified workers with case management and employment services, though TAA legislation does not provide funds for this purpose.</p>
<b>Job Search and Relocation Allowances</b>	
<p>For each benefit, states may provide a cash payment equal to 90% of allowable costs, up to a maximum benefit of \$1,250.</p> <p>Benefits are funded out of each state's reemployment services allotment.</p>	<p>For each benefit, states may provide a cash payment equal to 90% of allowable costs, up to a maximum benefit of \$1,250.</p> <p>States may receive dedicated funding for these benefits.</p>
<b>Trade Readjustment Allowance (TRA)<sup>a</sup></b>	
<p>Up to 117 weeks of cash payments for all workers concurrently enrolled in full-time training; it can be extended to a total of 130 weeks under certain circumstances.</p> <p>Worker must be enrolled in training 26 weeks after certification or layoff, whichever is later, to receive TRA.</p>	<p>Up to 117 weeks of cash payments for all workers concurrently enrolled in full-time training; it can be extended to a total of 130 weeks under certain circumstances.</p> <p>Worker must be enrolled in training 8 weeks after certification or 16 weeks after layoff, whichever is later, to receive TRA.</p>
<b>Alternative Trade Adjustment Assistance Wage Insurance</b>	
<p>Available to workers age 50 or older and earning less than \$50,000 per year in reemployment.</p> <p>Provides a wage supplement equal to 50% of the difference between a worker's reemployment wage and wage at the worker's certified job with a maximum benefit of \$10,000 over a period of up to two years.</p>	<p>Available to workers age 50 or older and earning less than \$50,000 per year in reemployment.</p> <p>Provides a wage supplement equal to 50% of the difference between a worker's reemployment wage and wage at the worker's certified job with a maximum benefit of \$10,000 over a period of up to two years.</p>

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

**Notes:** The group of benefits for which a worker is eligible is determined by the provisions in effect when the petition that covers the worker was filed, not the provisions that are in effect when the worker receives benefits. In FY2014 training funding was prorated under the 2011 and 2014 provisions.

- a. TRA benefits are offset by unemployment insurance (UI) benefits and a worker may not begin to collect TRA until the worker has exhausted UI. Maximum durations refer to combined weeks of UI and TRA.

## Financing and Administration

TAA for Workers is funded by the federal government and administered jointly by the federal government and the states. Group eligibility is determined by DOL and individual benefits are administered by cooperating state agencies.

In FY2014, funding for training and other reemployment services was \$306.3 million. This funding included prorated funds under both the 2011 and 2014 provisions.<sup>29</sup> Funds for training and other reemployment services are allotted to the states by formula. The allotment formula considers<sup>30</sup>

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

At the beginning of the fiscal year, 65% of the year's reemployment service funds are distributed to the states using the formula. The remaining 35% is held in a reserve fund. States with emergencies or unforeseen training burdens may apply for these reserve funds. Any reserve funds that are not allocated through the emergency funding process are allocated to the states using the original formula throughout the fiscal year.<sup>31</sup> Regulations specify that no state's initial allocation may be less than 25% of its allocation in the preceding fiscal year.<sup>32</sup>

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

<sup>29</sup> A detailed description DOL's treatment of the FY2014 appropriation is DOL Training and Employment Guidance Letter (TEGL) No. 12-13, available at [http://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_12\\_13.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL_12_13.pdf).

<sup>30</sup> This is the formula process as specified in 19 U.S.C. 2296 and subsequently clarified in several Training and Employment Guidance Letters, including TEGL No. 12-13 referenced in the prior footnote.

<sup>31</sup> See 20 C.F.R. 618.900-930. At least 90% of the funds must be distributed by July 15. The remaining 10% can be distributed at any point during the remainder of the fiscal year.

<sup>32</sup> See 20 C.F.R. 618.910(c).

## Certification and Participation Data

This section presents certification and participation data for TAA through FY2012. The data begin in FY2003 to correspond with the changes made to TAA by the Trade Act of 2002.<sup>33</sup>

Eligibility requirements and benefit levels are determined by the TAA provisions in effect on the date on which the petition that covers the individual was filed. A summary of dates and corresponding provisions that determine benefits is in **Table 3**.

Since a worker's benefits are determined by the provisions that were in place when the petition covering the worker was filed and not when the worker actually receives the benefits, workers participating in TAA at the same time may be covered by different provisions. For example, in its FY2012 annual report, DOL noted that program participants in that year included individuals covered under the TAAEA, TGAAA, and Trade Act of 2002 provisions. As such, while variations in policy should be considered when interpreting the data, it is not possible to easily identify which program provisions align with program data from recent years.

**Table 3. Applicable Periods of Trade Adjustment Assistance Legislation**

Law	Applies to Petitions Filed
Trade Act of 2002 (P.L. 107-210, "2002 provisions")	November 4, 2002, through May 18, 2009, or February 15, 2011, through October 20, 2011 <sup>a</sup>
Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA; part of the American Recovery and Reinvestment Act; P.L. 111-5, "2009 provisions")	May 18, 2009, through February 14, 2011
Trade Adjustment Assistance Extension Act of 2011 (TAAEA; Title II of P.L. 112-40)	October 21, 2011, through December 31, 2013 ("2011 provisions"), or January 1, 2014, through December 31, 2014 ("2014 provisions")

**Source:** CRS analysis of relevant statutes and DOL summary at <http://www.doleta.gov/tradeact/statutesregs.cfm>.

- a. Petitions that were filed during this period and denied were automatically reconsidered under the 2014 provisions of TAAEA.

## Applications and Certification Activity

**Table 4** presents data on TAA petitions and certifications from FY2003 to FY2012. In some cases, a petition may be filed in one year and be determined in the subsequent year. For example, the large increase in petitions filed in FY2009 created a backlog and many of the petitions were not determined until FY2010. The reduction of the backlog in FY2010 explains why the number of petitions certified in FY2010 exceeds the number of petitions filed. The filing and determination of petitions in different years also means that it is not possible to calculate the

<sup>33</sup> The provisions of the Trade Act of 2002 first applied to TAA petitions filed on or after November 2, 2002.

certification rate in a fiscal year by dividing the number of certified petitions by the number of filed petitions.

In FY2012, DOL certified 1,134 petitions. Among these petitions certified in FY2012, 619 (or 55%) were from production firms. These firms accounted for 71% of the workers certified for TAA during the fiscal year. The remaining 45% of certified petitions and 29% of certified workers were from service firms.<sup>34</sup>

Petitions certified in FY2012 covered approximately 81,500 workers. This was the lowest number of newly certified workers in a fiscal year since at least FY2003 and was less than a third of the 287,000 workers who were certified in FY2010.

**Table 4. Petitions and Certifications, FY2003-FY2012**

Fiscal Year	Petitions Filed	Petitions Certified	Estimated Certified Workers
2003	3,567	1,894	197,748
2004	2,992	1,812	149,705
2005	2,644	1,561	118,022
2006	2,465	1,444	119,602
2007	2,272	1,444	146,838
2008	2,224	1,471	126,633
2009	4,889	1,888	201,774
2010	2,543	2,809	287,026
2011 <sup>a</sup>	1,358	1,205	104,743
2012	1,439	1,134	81,510

**Source:** Data from 2010 to 2012 are from the 2012 TAA Annual report, available at <http://www.doleta.gov/tradeact/docs/AnnualReport12.pdf>. Data from 2003 to 2009 are from the U.S. Department of Labor and were published in table 6-1 of the 2011 Ways and Means Committee Green Book at <http://greenbook.waysandmeans.house.gov/2011-41>.

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

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

## Participation Data

Not all workers who are covered by a certified TAA petition choose to pursue benefits under the program. Certified workers may pursue reemployment without assistance from the program, retire, or simply not pursue benefits.

<sup>34</sup> Full data are available in Tables 2-5 of the FY2012 TAA Annual Report at <http://www.doleta.gov/tradeact/docs/AnnualReport12.pdf>.

**Table 5** presents data on the number of workers who enrolled in training or received an initial TRA payment by fiscal year. Since workers can be enrolled in training and receive TRA for more than one year, the number of workers receiving benefits in a year may be greater than the number of new participants listed in the table.

Benefit usage in a particular fiscal year can be influenced by a number of factors.

- TAA policy varied throughout the period covered in **Table 5**. Varied eligibility and benefit provisions likely impacted certifications and subsequent benefit usage. For example, the year with the highest number of new training participants is FY2009, which coincides with the expanded eligibility and benefits under the 2009 provisions of TAA.
- Non-TAA policy provisions may influence the use of TAA benefits. For example, during the FY2009-FY2012 period, Congress had enacted unemployment insurance extensions. Since TRA benefits are offset by UI, demand for TRA was reduced during this period.
- Economic conditions may affect certified workers' decisions to pursue training and other benefits. For example, during a period of low unemployment, a worker covered by a certified TAA petition may forego training benefits and pursue immediate reemployment.

**Table 5** does not provide data on the number of TAA-certified workers who received non-training employment services such as case management and career counseling. Under the 2009 and 2011 provisions, these services were an entitlement for certified workers and funding for these services was included in states' allotments for reemployment services. Under the 2002 and 2014 provisions, states must make every reasonable effort to provide these services, but did not receive dedicated funding to provide them.

**Table 5. Trade Adjustment Assistance Participation, FY2003-FY2014**

Fiscal Year	Training		Trade Readjustment Allowance	
	New Participants	Funding (in millions) <sup>a</sup>	New Participants	Outlays (in millions) <sup>b</sup>
2003	43,672	\$259	44,000	\$352
2004	50,929	\$259	81,000	\$528
2005	38,207	\$259	55,000	\$589
2006	37,426	\$259	53,000	\$514
2007	49,339	\$260	47,000	\$540
2008	38,189	\$260	42,000	\$523
2009	58,190	\$685	11,111	\$128
2010	46,552	\$685	14,711	\$94
2011	23,493	\$425 <sup>c</sup>	18,524	\$207
2012	13,041	\$575	13,343	\$213
2013	n/a	\$534 <sup>d</sup>	n/a	n/a
2014	n/a	\$306 <sup>e</sup>	n/a	n/a

**Sources:** FY2003-FY2013 training funding data are from DOL budget justifications. FY2014 training funding data are from TEGL 12-13. FY2010-FY2012 data on new training participants and new TRA participants were obtained on the DOL website in February 2014 at <http://www.doleta.gov/tradeact>. Participation data prior to FY2010 are from the Ways and Means Committee Green Book at <http://greenbook.waysandmeans.house.gov/2012-green-book/chapter-6-trade-adjustment-assistance/additional-tables-and-figures>. TRA outlay data were obtained directly from DOL.

**Note:** FY2013 participation data and TRA outlays were not available at the time of publication.

- a. Training funds reflect annual appropriations and include any additional funds that were appropriated for administration, case management, or job search and relocation allowances.
- b. Outlays include TRA benefits actually paid and may be lower than the estimated TRA funds appropriated.
- c. FY2011 funding data include three disbursements to the states under three separate authorizations: \$143.8 million for the final three months of the TGAAA authorization; \$66.5 million for the extension of TGAAA-level funding through February 12; and \$138.6 million for the remainder of the year (prorated amount of the \$220 million statutory limit when the program reverted back to the levels set by the Trade Act of 2002.) Supplementary funds for administration, case management, and job search and relocation allowances increased funding to \$425 million.
- d. FY2013 funding is final appropriation after sequestration.
- e. FY2014 funding includes prorated funding under both the 2011 and 2014 provisions of TAA. Funding level in table is final appropriation after sequestration. For more information, see the "FY2014 Appropriations" section earlier in this report.

## Post-TAA Outcome Data for Program Exiters

**Table 6** presents data on post-TAA outcomes for program exiters using DOL’s Common Measures, a metric that DOL uses across its workforce programs.<sup>35</sup> In the table, entered employment rate (EER) refers to the percentage of workers who were employed in the quarter after program exit. The employment retention rate (ERR) is the share of these employed workers who were also employed in the second and third quarters after exit. Average earnings (AE) are recorded in the second and third quarters after exit among workers who were employed in the first quarter after exit.

**Table 6. Employment Outcomes for TAA Exiters, FY2009-FY2012**

Year	Entered Employment Rate (EER)	Employment Retention Rate (ERR)	Average Six-Month Earnings (AE)
2009	69%	88%	\$15,117
2010	58%	87%	\$14,906
2011	66%	90%	\$18,184
2012	69%	91%	\$18,966

**Source:** U.S. Department of Labor, FY2009, FY2010, FY2011, and FY2012 TAA annual reports, available at <http://www.doleta.gov/tradeact/>.

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

EER data are for all exiting workers. TAA classifies a program participant as an exiter once 90 days have passed since the worker received services or case management. DOL does not disaggregate its outcome data by which provisions of TAA an exiter received benefits under. As such, it is not possible to compare the employment outcomes of beneficiaries under different provisions (e.g., 2002 provisions vs. 2011 provisions)

In FY2012, DOL reported that the EERs for TAA exiters who participated in training or received a credential were higher than the overall average rate for the TAA program listed in **Table 6**. Among workers who participated in training, the EER was 74% and among workers who earned an industry-recognized credential from training, the EER was 79%. The EER for TAA participants who did not participate in training was 61%.

### Impact Analysis

While outcome data can offer some insights on participants’ post-participation activities, such data offer a limited perspective on the impact of TAA benefits and services. For example, while the data in the previous section shows that 69% of program exiters in FY2012 met the “entered employment” criteria, we do not know how many of the same workers would have entered employment if TAA were not available and the workers either (1) simply sought reemployment

<sup>35</sup> In addition to these common measures, DOL also reports TAA participants’ outcomes using “Trade Act Measures,” a series of metrics that are similar to common measures but use somewhat different reference periods. All data discussed in this report are common measures.

with no government intervention or (2) utilized other employment and training programs that are available to all unemployed workers. As such, it is not possible to use outcome data to easily estimate the impact of or value added by TAA participation.

To estimate the impact of TAA, DOL commissioned a series of studies to estimate the short and medium-term impact of the TAA for Workers program. These studies were released throughout 2012 and considered a cohort of TAA-eligible workers who were laid off between November 1, 2005, and October 31, 2006. Since TAA is an entitlement program for certified workers, the studies were not able to use a random assignment methodology in which some TAA-eligible workers receive services while others do not. Instead, the studies compared TAA participants to a comparison group of UI claimants with similar observable characteristics such as age, race, education, employment history, and prior earnings.<sup>36</sup>

The study compared the employment status and earnings of TAA participants and the comparison group for 16 quarters (48 months) after initial job loss. It found that early in the reference period, TAA participants were more likely to participate in training, less likely to be employed, and had lower earnings than the comparison group. This is an expected finding since TAA generally emphasizes training over immediate reemployment. In the 16<sup>th</sup> quarter, the study found that TAA participants' employment rate and earnings were both statistically significantly lower than the constructed comparison group.<sup>37</sup>

The study offered a number of caveats with regard to these findings and their generalizability. Among these were that a four-year follow up period may be insufficient to fully evaluate the returns to TAA-funded training and that, while the study compared TAA participants to UI claimants with similar observable characteristics, it is possible that there were unobservable differences between the groups that influenced employment and earnings outcomes. The analysis also noted that, due to the timing of the study, many TAA participants who participated in training returned to the labor market during an economic recession, whereas many members of the comparison group (which spent less time in training) returned to the labor market before the recession.

When considering the generalizability of the study, it is also worthwhile to note that the populations considered in the studies were eligible under and received benefits according to the 2002 provisions of TAA. These provisions, while similar to current law, were decidedly different from the eligibility and benefit provisions that were in place under 2009 and 2011 versions of the program.

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<sup>36</sup> Mathematica Policy Research and Social Policy Research Associates, *Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments*, available at [http://wdr.doleta.gov/research/FullText\\_Documents/ETAOP\\_2013\\_10\\_Participant\\_Impact\\_Report.pdf](http://wdr.doleta.gov/research/FullText_Documents/ETAOP_2013_10_Participant_Impact_Report.pdf). Full details on the selection of the comparison group are available in section II.2. A comparison of characteristics is available in table II-5.

<sup>37</sup> Difference in employment rate was statistically significant at the 90% level of confidence. Difference in earnings was statistically significant at the 99% level of confidence. See tables VII-2 and VII-3 in the report referenced in the prior footnote.

## Appendix. Legislative History<sup>38</sup>

TAA was formally established by the Trade Expansion Act of 1962 (P.L. 87-794) but was little used until the Trade Act of 1974 (P.L. 93-618) expanded benefits and eligibility. Except for a lapse between December 1985 and March 1986, a variety of legislative vehicles kept TAA authorized through the end of FY2001. Authorization then lapsed for 11 months, but the program remained funded through appropriations.

The Trade Act of 2002 (P.L. 107-210) reauthorized TAA, expanded benefits, and established a wage insurance program for older workers. Authorization expired on December 31, 2007, but the Consolidated Appropriations Act of 2008 (P.L. 110-161) funded TAA for FY2008. The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (P.L. 110-329) funded TAA through March 6, 2009, and specified that the programs would continue through that date.

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

Authorization for the TGAAA changes was set to expire on December 31, 2010, but the Omnibus Trade Act of 2010 (P.L. 111-344) extended them through February 12, 2011.<sup>39</sup> After that date, TAA reverted back to the pre-expansion provisions that were in place prior to TGAAA and defined by the Trade Act of 2002.

### ***2011 Reauthorization***

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

The expanded provisions of the TAAEA expired after December 31, 2013, and eligibility criteria and benefit levels largely reverted to the levels set by the Trade Act of 2002. These provisions will remain in place for one year before authorization of appropriations for the TAA for workers program expires after December 31, 2014.

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<sup>38</sup> A more detailed legislative history is available in archived CRS Report R41922, *Trade Adjustment Assistance (TAA) and Its Role in U.S. Trade Policy*.

<sup>39</sup> Because February 12, 2011, was a Saturday, DOL considered applications filed through February 14, 2011, under the TGAAA provisions.