



# Trade Adjustment Assistance (TAA) for Workers

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November 7, 2011

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

R42012

## Summary

Trade Adjustment Assistance for Workers (TAA) provides federal assistance to production and service workers who have been adversely affected by foreign trade. 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 or downstream producers to TAA-certified firms may also be eligible for TAA benefits.

After the Department of Labor verifies the role of foreign trade in the group's job losses, workers can apply for individual benefits. The two largest TAA benefits are (1) training assistance and (2) Trade Readjustment Allowance (TRA), an income support for certified workers who have exhausted their unemployment compensation. Workers may collect TRA benefits as long as they remain enrolled in eligible training, up to 130 weeks.

Certified workers may also be eligible for other benefits. Workers who cannot obtain employment in their local commuting areas may be eligible for job search and relocation allowances. Workers age 50 or older are eligible to participate in Reemployment Trade Adjustment Assistance (RTAA), a wage insurance program for older workers who are TAA-certified. Both TRA- and RTAA-eligible workers may be eligible for a Health Coverage Tax Credit (HCTC), which provides a refundable tax credit to offset 72.5% of qualified health insurance premiums.

This report provides background on the TAA and RTAA programs. After a brief legislative history, it discusses TAA eligibility and benefits as set by the Trade Adjustment Assistance Extension Act of 2011 (P.L. 112-40). It concludes by presenting data on past application activity and benefit usage.

## Contents

Introduction.....	1
Legislative History.....	1
2011 Reauthorization.....	1
Administration and Financing .....	2
Eligibility and Application Process.....	3
TAA Group Eligibility .....	3
TAA Group Petition and Certification Process.....	4
TAA Individual Eligibility and Certification .....	4
RTAA Eligibility.....	5
Benefits .....	6
Training Assistance.....	7
Trade Readjustment Allowance .....	8
Job Search and Relocation Allowances .....	9
Health Coverage Tax Credit .....	10
Reemployment Trade Adjustment Assistance .....	10
Participation and Program Performance .....	12
Applications and Certification Activity .....	12
Training Assistance.....	14
Trade Readjustment Allowances .....	15
Job Search and Relocation Allowances .....	15
Health Coverage Tax Credit .....	16
Reemployment Trade Adjustment Assistance .....	17
Post-TAA Performance Data for Program Exiters.....	17

## Tables

Table 1. TAA Group Certification Requirements Under the Trade Adjustment Assistance Extension Act of 2011.....	6
Table 2. TAA Benefits Under the Trade Adjustment Assistance Extension Act of 2011 .....	11
Table 3. Petitions and Certifications, FY2003-FY2010.....	13
Table 4. Training and Benefit Data for TAA-Certified Workers, FY2003-FY2010 .....	13
Table 5. Ten Largest Recipients of TAA Training Funds, FY2010.....	14
Table 6. Trade Readjustment Allowance Participation and Costs, FY2003-FY2010 .....	15
Table 7. Reemployment Trade Adjustment Assistance, FY2003-FY2010 .....	17
Table 8. Employment Outcomes for TAA Exiters .....	18

## Contacts

Author Contact Information.....	18
Acknowledgments .....	18

## Introduction

This report provides background information on Trade Adjustment Assistance for workers (TAA).<sup>1</sup> TAA provides federal assistance to qualified workers who have been adversely affected by foreign trade. The report begins with a legislative history, including a discussion of the program's reauthorization in October 2011. The next section describes how the TAA program is financed and administered. The report then explains how groups and individual workers establish eligibility for TAA, describes the types of benefits available, and presents program participation and performance data from recent years.

## Legislative History

TAA was formally established by the Trade Expansion Act of 1962 (P.L. 87-794) but was little used until the Trade Act of 1974 (P.L. 93-618) expanded benefits and eligibility. Except for a lapse between December 1985 and March 1986, a variety of legislative vehicles kept TAA authorized through the end of FY2001.<sup>2</sup> Authorization then lapsed for 11 months, but the program remained funded through appropriations.

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

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

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

## 2011 Reauthorization

TAA operated under the pre-expansion provisions from February 13, 2011, to October 21, 2011, when the Trade Adjustment Assistance Extension Act of 2011 (TAAEA; P.L. 112-40) was signed into law. TAAEA reauthorized TAA through 2014 and expanded many TAA benefits to near-TGAAA levels through 2013. The law was retroactive and groups who were denied certification

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<sup>1</sup> Other Trade Adjustment Assistance programs target different recipients: TAA for Firms (see CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck), TAA for Communities (see CRS Report R40863, *Trade Adjustment Assistance for Communities: The Law and Its Implementation*, by Eugene Boyd and Cassandra Dortch), and TAA for Farmers (see CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Remy Jurenas).

<sup>2</sup> For more background and a detailed discussion of the legislative history of TAA, see CRS Report R41922, *Trade Adjustment Assistance (TAA) and Its Role in U.S. Trade Policy*, by J. F. Hornbeck and Laine Elise Rover.

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 provisions.

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

## **Administration and Financing**

At the federal level, the TAA for workers programs are administered by the Office of Trade Adjustment Assistance within the Department of Labor (DOL). Except for the Health Coverage Tax Credit (HCTC), which is administered by the Internal Revenue Service (IRS), all individual benefits are administered by cooperating state agencies (CSAs). Typically, workers can apply for these state-administered benefits at their local One-Stop Career Centers.

The TAA for Workers program is a mandatory program that is fully funded by the federal government. DOL receives a single appropriation that it allocates to the program's components. Reemployment services (i.e., training and other noncash benefits) are a single capped entitlement with annual funding levels determined by statute. Under current law, the annual cap is \$575 million. The funding level for each state is determined by a formula that considers (1) the trend of certified workers in the state during the past four quarters, (2) the trend of workers participating in training during the previous four quarters, (3) the number of workers estimated to be participating in training during the fiscal year, and (4) the amount of funding estimated to be necessary to provide approved training.<sup>3</sup>

At the beginning of the fiscal year, 65% of the year's reemployment service funds is 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>4</sup>

CSAs must fund case management, administrative activities, and the job search and relocation allowance program out of their reemployment services allocations. States may spend no more than 10% of their allocation on administrative costs and must spend at least 5% on case management services.<sup>5</sup> Funds for reemployment services that CSAs have obligated to individuals can be expended in the current or either of the two succeeding fiscal years.<sup>6</sup>

The Trade Readjustment Allowance (TRA) income support and Reemployment Trade Adjustment Assistance (RTAA) wage insurance program are uncapped entitlements that are funded by the federal government and administered by state unemployment offices. Annual congressional

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<sup>3</sup> For full details on the formula, see 20 C.F.R. 618.900-940.

<sup>4</sup> See 20 C.F.R. 618.910-930. The regulations state that 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>5</sup> See 19 U.S.C. 2295a.

<sup>6</sup> See 19 U.S.C. 2317.

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.

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

## Eligibility and Application Process

Obtaining TAA or RTAA benefits is a two-stage process. First, a group of workers must petition DOL to establish that foreign trade contributed to their job losses and become TAA certified. Once a group has been certified, individual workers covered by the group's petition apply for TAA or RTAA benefits at a local One-Stop Career Center.

### TAA Group Eligibility

To be eligible for TAA group certification, a group of workers from a firm (or a subdivision of a firm) must have become or have been threatened with becoming totally or partially separated from their employment.<sup>7</sup> Both production and service firms are eligible for TAA.

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:

- **An increase in competitive imports.** The sales or production of the petitioning firm has decreased absolutely and imports of articles or services like or directly competitive with those produced by the petitioning firm have increased.
- **A shift in production.** The workers' firm has moved production of the goods or services that the petitioning workers produced to a foreign country. Separated workers whose firms now acquire goods or services from foreign countries that are directly competitive with those produced by the separated workers are also eligible under this criterion.
- **Adversely affected secondary workers.** The petitioning firm is a supplier or a downstream producer<sup>9</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.

Beginning in 2014, TAA group eligibility requirements will revert to the more restrictive criteria set by the Trade Act of 2002. These changes are outlined in **Table 1**. Under the provisions that will take effect in 2014, only workers from production firms (not workers from service firms) will be eligible for TAA certification. Eligibility under the shift in production criterion will also be

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<sup>7</sup> Partial separation is defined as hours of work being reduced to less than 80% of the worker's weekly average and wages being reduced to less than 80% of the worker's weekly average. See 20 CFR 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).

<sup>9</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."

limited to workers affected by shifts to countries with which the United States has a free trade agreement or countries that are beneficiaries under certain trade laws.<sup>10</sup>

## **TAA Group Petition and Certification Process**

To gain TAA eligibility, a group of three or more workers (or their 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 three criteria outlined above.

DOL is statutorily required to make a determination on a TAA petition within 40 days of filing.<sup>11</sup> Determinations on 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.

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 *Federal Register* publication. Workers who are denied certification may seek judicial review of DOL's initial petition denial or denial following administrative reconsideration. Appeals for judicial review must be filed with the U.S. Court of International Trade within 60 days of *Federal Register* publication of the initial denial or the administrative reconsideration denial.

## **TAA Individual Eligibility and Certification**

If DOL certifies a petitioning group of workers as eligible, the individual workers then apply to their One-Stop Career Center for individual benefits. In addition to being 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>12</sup>

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<sup>10</sup> The relevant laws are the Andean Trade Preference Act, P.L. 102-182, signed December 4, 1991; the African Growth and Opportunity Act, P.L. 106-200, signed May 18, 2000; or the Caribbean Basin Economic Recovery Act, P.L. 98-67, signed August 5, 1983.

<sup>11</sup> See 19 U.S.C. 2273(a). The high number of applications in FY2009 and FY2010 resulted in processing times of greater than 40 days. In FY2008, the last full year before the TGAAA expansions, the average processing time was 35 days.

<sup>12</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) enrollment in training is not available, or (3) training is not available.

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

## **RTAA Eligibility**

RTAA is a wage insurance program for TAA-eligible workers age 50 and over.<sup>13</sup> RTAA is designed as an alternative support program for older trade-affected workers who likely have limited time remaining in the labor force and for whom comprehensive retraining may not be a cost-effective option. To qualify for RTAA, a certified worker must either (1) secure full-time employment at a new firm and not be enrolled in a TAA-sponsored training program or (2) secure part-time employment at a new firm while concurrently being enrolled in an approved training program. To be eligible for RTAA wage supplements, the worker's new annual wage must be lower than his or her certified job and less than \$50,000.

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

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

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<sup>13</sup> Prior to a temporary change in TGAAA and a permanent change in the 2011 reauthorization, the TAA-related wage insurance program for older workers was known as Alternative Trade Adjustment Assistance or ATAA. Past literature likely uses the prior program name and acronym.



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

Eligibility Requirements from October 21, 2011, to December 31, 2013	Changes to Eligibility Requirements Effective from January 1, 2014, to December 31, 2014
<b>In All Cases</b>	
A significant number of workers (three or more in a firm of fewer than 50 workers or 5% of the workforce in a firm of 50 or more workers) at a production or service firm have become totally or partially separated or are threatened with total or partial separation.	The number of workers required to form a group does not change though service workers are no longer eligible. Only production workers are eligible.
<b>Workers Who Become Unemployed Because of an Increase in Imports</b>	
The sales or production of the firm decreased; and there has been an increase in imports of either (1) articles or services competitive with the firm's articles or services, or (2) articles that are competitive with articles in which the firm's products or services are component parts; and the increased imports have contributed importantly to the decline in sales or production.	Provisions are changed so that only production workers are eligible; workers affected by increased imports of services are no longer eligible.
<b>Workers Who Become Unemployed Because of a Shift in Production</b>	
The petitioning workers' firm has either (1) shifted the production of articles or services directly competitive with those produced by the petitioning workers to a foreign country, or (2) has acquired the articles or services directly competitive with those produced by the petitioning workers from a foreign country; and the shift in production or acquisition of foreign goods or services contributed importantly to the workers' separation.	Provisions are changed so that only production workers are eligible; and only workers affected by shifts in production to either (1) countries with which the United States has a free trade agreement, or (2) a country that is a beneficiary country under the Andean Trade Preference Act (P.L. 102-182), the African Growth and Opportunity Act (P.L. 106-200), or the Caribbean Basin Economic Recovery Act (P.L. 98-67) are eligible.
<b>Adversely Affected Secondary Workers</b>	
The workers' firm is a supplier or downstream producer to a TAA-certified firm; and either (1) the sales or production to the TAA-certified firm accounted for at least 20% of the sales or production of the supplier firm, or (2) the loss of sales to the TAA-certified firm contributed importantly to the workers' job losses.	Provisions are changed so that only production workers are eligible.

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

**Notes:** Groups denied certification under the provisions effective between February 13, 2011, and October 20, 2011, are automatically reconsidered under the new TAAEA provisions.

## Benefits

TAA benefits have several components: training assistance, income support while in training, job search and relocation allowances, and a refundable tax credit for purchasing qualifying health insurance. Workers age 50 and over may participate in the RTAA wage insurance program.

## Training Assistance

Training is a capped entitlement and the primary expenditure out of each state's reemployment services allocation. TAAEA set the annual reemployment services cap at \$575 million through the end of 2013. In 2014, the annual cap will be \$253 million.<sup>14</sup>

Eligible workers request training assistance through their local One-Stop Career Centers. Once approved, training can be paid on the worker's behalf directly to the service provider or through a voucher system. In order 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>15</sup> The range of approved training includes a variety of governmental and private programs.<sup>16</sup> The maximum duration of training is determined by DOL.<sup>17</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 decentralized nature of job training, a concise summation of TAA training programs is difficult. Data from DOL, however, offer some insight into the nature and duration of programs. In FY2010, approximately 90% of TAA training participants received what DOL defined as Occupational Skills Training. The remainder of training was classified as remedial, prerequisite, on-the-job, or other customized training. Among the 70% of training participants that completed a program, the average duration of training was 428 days. Among the 30% of training participants that did not complete a program, training averaged 335 days.<sup>18</sup>

DOL does not require the states to track the type of institutions that provide training to TAA participants.<sup>19</sup> Some data on this topic, however, are available from a 2006 report from the Government Accountability Office (GAO). In this report, GAO closely examined five cases of plant closures where a number of workers were TAA-eligible. The study found that in three of the five cases, a majority or plurality of the TAA training participants enrolled in programs at public

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<sup>14</sup> In FY2012 and FY2013, \$575 million is allocated for all reemployment services, including training, related administrative costs, case management, and job search and relocation allowances. This provision continues through the end of 2013 with funding prorated at the FY2013-FY2014 levels from October 1, 2013, to December 31, 2013. Beginning January 1, 2014, the training cap is set at \$220 million, though states are entitled to additional funding equal to 15% of their training allocation to cover administrative expenses and case management.

<sup>15</sup> "Reasonable cost" considers the cost of similar training at 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.

<sup>16</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>17</sup> As of this writing, the Code of Federal Regulations has not been updated to reflect TAAEA. Historically, the maximum duration of training has coincided with the maximum duration for TRA benefits. If this trend continues, the maximum will be 130 weeks.

<sup>18</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Report to the Committee on Finance the Senate and Committee on Ways and Means of the House of Representatives," December 2010, p. 24, <http://www.doleta.gov/tradeact/docs/AnnualReport10.pdf>.

<sup>19</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.

institutions such as community colleges or public vocational schools. The other two cases reported a majority of training participants enrolling in proprietary (i.e., for profit) institutions. No case reported more than 8% of its participants enrolling in on-the-job training and two cases reported no participants partaking in such programs. In all five cases, a substantial majority (between 64% and 100%) of training participants enrolled in a program with an anticipated cost of less than \$10,000. GAO noted that while the five cases were geographically diverse and included urban and rural firms, their data were not necessarily representative of national trends.<sup>20</sup>

TAA does not require training programs to lead to a credential. Preliminary analysis of FY2009 participant-level data of TAA exiters obtained from DOL suggests that the majority of TAA participants that completed a training program did not earn a credential. Among the minority that did receive a credential, an occupational skills certificate was the most common.

## Trade Readjustment Allowance

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

In FY2010, the average weekly TRA payment was \$320. 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 income up to a statewide maximum. Since states each administer their own UI programs, there may be some variation in these calculations. In January 2011, the highest maximum weekly UI benefit for a worker with no dependents was \$625 in Massachusetts and the lowest was \$235 in Louisiana.<sup>21</sup>

There are two stages of TRA:

- **Basic TRA.** The weekly basic TRA payment begins the week after a worker's UI eligibility expires. To receive the basic TRA benefit, workers must be enrolled or participating in TAA-approved training, have completed such training, or have obtained a waiver from the training requirement. 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. Presently, Emergency Unemployment Compensation (EUC) and Extended Benefit (EB) programs 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

<sup>20</sup> Government Accountability Office (GAO), "Trade Adjustment Assistance: Most Workers in Five Layoffs Received Services, but Better Outreach Needed on New Benefits," GAO-06-43, January 2006, Appendix II.

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

TRA, UI benefits also offset additional TRA. As such, a worker who is eligible for 99 weeks of UI would be eligible for a maximum of 18 weeks of additional TRA.

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

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

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

## **Job Search and Relocation Allowances**

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

- 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. Applications must be submitted before a job search begins and job search activities must be completed within 365 days of certification or final separation or within 182 days of the end of training, whichever is latest.
- 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.

Certified workers submit their applications and receive their relocation allowance prior to moving. Applications must be submitted before the relocation occurs and be made within 425 days of certification or layoff or within 182 days of the end of training, whichever is later. The relocation must occur within 182 days of filing the application for relocation assistance or within 182 days after the conclusion of training.

Neither eligibility nor benefits related to the job search and relocation allowance program are set to change in 2014.

## **Health Coverage Tax Credit**

The HCTC is available to workers who are collecting TRA or UI in lieu of TRA, or RTAA. The HCTC covers 72.5% of the premium for qualified health insurance purchased by an eligible taxpayer (the individual taxpayer is responsible for the other 27.5%).<sup>22</sup> It is refundable, so workers may claim the full credit even if they have little or no federal income tax liability. The credit may also be advanced, so taxpayers have the option of using the credit on a monthly basis when premiums are due rather than waiting until the end of the year. Individuals may receive the HCTC for one month longer than they are eligible for TRA. RTAA recipients that receive the HCTC are eligible for two years of credits.

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

## **Reemployment Trade Adjustment Assistance**

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

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

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<sup>22</sup> For a discussion of eligible plans, see CRS Report RL32620, *Health Coverage Tax Credit*, by Bernadette Fernandez.

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

<b>Benefits for Workers Certified between October 21, 2011, and December 31, 2013</b>	<b>Changes to Benefits for Workers Certified between January 1, 2014, and December 31, 2014</b>
<b>Training Assistance</b>	
Primary expenditure of the reemployment services fund, which is capped at \$575 million per year.	Reemployment services funding is capped at \$253 million per year.
Training may be approved on a full-time or part-time basis, although full-time training is required for TRA eligibility.	Training may only be approved on a full-time basis.
<b>Trade Readjustment Allowance</b>	
Up to 117 weeks of cash payments for all workers concurrently enrolled in full-time training; it can be extended to a total of 130 weeks under certain circumstances.	No change in duration provisions.
Worker must be enrolled in training 26 weeks after certification or layoff, whichever is later, to receive TRA.	Worker must be enrolled in training 8 weeks after certification or 16 weeks after layoff, whichever is later, to receive TRA
<b>Reemployment Trade Adjustment Assistance</b>	
Available to workers 50 years of age or older and earning less than \$50,000 per year in reemployment.	No change in income ceiling, benefit formula, or maximum benefit level.
Provides a wage supplement equal to 50% of the difference between a worker's reemployment wage and wage at the worker's certified job with a maximum benefit of \$10,000 over a period of up to two years.	Workers must be reemployed within 26 weeks.
No time limit on reemployment.	RTAA participants are no longer eligible for TAA-sponsored training and the option of combining part-time, RTAA-supplemented reemployment and TAA-sponsored training is no longer available.
Eligible workers who are reemployed on a part-time basis may collect RTAA if they are concurrently enrolled in a TAA-sponsored training program.	
<b>Job Search Allowances</b>	
States may provide a cash payment equal to 90% of allowable costs, up to a maximum benefit of \$1,250.	No change from previous provisions.
<b>Relocation Allowances</b>	
States may provide a cash payment equal to 90% of allowable costs, plus an additional lump sum payment of up to a maximum total benefit of \$1,250.	No change from previous provisions.
<b>Health Coverage Tax Credit (HCTC)</b>	
Refundable tax credit equal to 72.5% of allowable health insurance premiums.	Program expires and other tax credits related to health coverage become available.

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

**Notes:** Workers from groups certified between February 13, 2011, and October 20, 2011, have the option of receiving benefits established under TAAEA.

## Participation and Program Performance

Data on TAA participation and benefit usage is tracked by CSAs that implement the program. Prior to FY2010, CSAs produced three separate reports with TAA data. In the first quarter of FY2010, CSAs transitioned to producing a single Trade Adjustment Assistance Trade Activity Participant Report (TAPR) with data from TAA for workers programs. This streamlined approach was intended to improve data quality while minimizing reporting burden.

### Applications and Certification Activity

**Table 3** includes data on TAA petitions and certifications from FY2003 to FY2010. The sharp increase of petitions filed in 2009 coincided with the expanded eligibility and benefits under the TGAAA program that began on May 19. Between May and July of 2009, more than 2,000 TAA petitions were filed. This represented a nearly fourfold increase from the 535 applications that were filed during the same three-month period in 2008.<sup>23</sup>

This surge of applications created a backlog at the investigation and certification level. In April 2009, the last full month before the TGAAA expansion, there were fewer than 200 pending TAA petitions. By May, the number of pending applications had increased to more than 800 and by August, more than 1,600 petitions were awaiting a decision. Due to this backlog, many petitions filed in FY2009 were not determined until FY2010. A combination of backlog reduction initiatives from DOL and a decline in applications reduced the number of pending applications to less than 300 by September 2010.<sup>24</sup>

DOL did not explicitly report the proportion of certifications during the TGAAA expansion that were due to expanded eligibility. Its 2010 annual report, however, noted that about 950 certifications in FY2010 were related to a shift in service production or other service-related criteria. Such certifications would not have been possible under the pre-expansion criteria. DOL also noted that while the TGAAA expansion made public sector groups eligible for TAA under certain circumstances, no public agency had been certified.

Except for the exclusion of public sector workers, the eligibility criteria under TAAEA are the same as during the TGAAA expansions.

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<sup>23</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives," December 2009, p. 6, <http://www.doleta.gov/tradeact/docs/AnnualReport09.pdf>.

<sup>24</sup> U.S. Department of Labor, "Trade Adjustment Assistance for Workers: Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives," December 2010, p. 8, <http://www.doleta.gov/tradeact/docs/AnnualReport10.pdf>.

**Table 3. Petitions and Certifications, FY2003-FY2010**

Fiscal Year	Petitions Filed		Petitions Certified	
	Petitions	Estimated Workers	Petitions	Estimated Workers
2003	3,567	304,367	1,894	197,748
2004	2,992	210,567	1,812	149,705
2005	2,644	156,022	1,561	118,022
2006	2,465	169,017	1,444	119,602
2007	2,272	190,494	1,444	146,838
2008	2,224	171,326	1,437	125,845
2009	4,549	422,248	1,845	201,312
2010	2,222	156,785	2,718	280,873

**Source:** Office of Trade Adjustment Assistance Management Information System. Data are current as of December 2010.

**Note:** The large number of petitions filed in FY2009 was a result of several factors including the economic downturn and expansions in eligibility. This increase in petitions created a backlog and the investigations for approximately 1,200 petitions that were filed in FY2009 were not completed until FY2010.

**Table 4. Training and Benefit Data for TAA-Certified Workers, FY2003-FY2010**

Year	Training			Other Benefits		Total Obligations, Including Administration (millions)	Total Outlays (millions)
	New Training Participants	Exiting Training Participants	Share of Exiting that Completed Training	Job Search Allowance Participants	Relocation Allowance Participants		
2003	43,672	n/a	n/a	430	736	\$222	\$206
2004	50,929	n/a	n/a	467	817	\$258	\$225
2005	38,207	n/a	n/a	288	446	\$259	\$224
2006	37,426	n/a	n/a	454	531	\$259	\$206
2007	49,339	52,071	72%	405	757	\$260	\$217
2008	38,189	24,120	72%	526	461	\$260	\$241
2009	58,190	24,380	69%	617	682	\$685	\$289
2010	44,255	27,995	70%	319	404	\$685	\$495

**Source:** Program data from FY2007-FY2010 are current as of August 2011 and are from FY2007-FY2009 ETA 563 and FY2007-FY2010 Trade Activity Participation Report. FY2003-FY2006 data are from the 2008 Ways and Means Committee Green Book. Obligation data are from 2005-2012 federal budget appendices. Outlay data were obtained directly from the Employment Training Administration of the U.S. Department of Labor.

**Note:** Obligations may include financial commitments for future years.



## Training Assistance

**Table 4** offers recent data for training enrollment as well as program costs. DOL requires states to track the number of new and exiting training participants, but data on the total number of training participants in a given year are not available.

As noted above, training funds are distributed to the states using a formula that considers past program usage and anticipated training costs. **Table 5** shows the 10 states with the largest training allocations in FY2010. Collectively, these states accounted for 54% of TAA's training funding and 58% of its new training participants.

In addition to those that took part in training, 89,964 TAA-certified workers were granted training waivers during FY2010. These waivers allowed the workers to be eligible for basic TRA without fulfilling the training requirement. About 88% of the waivers were due to a worker already having marketable skills or enrollment in training being unavailable.

TAAEA eliminated three of the six waiver reasons and established an annual reemployment services cap of \$575 million. This cap includes training as well as related administrative and case management costs. In calendar year 2014, the reemployment services cap will be \$253 million.

**Table 5. Ten Largest Recipients of TAA Training Funds, FY2010**

State	Training Funds (millions)	New Training Participants
Michigan	\$83.1	5,398
Pennsylvania	\$31.1	2,707
Ohio	\$30.7	3,800
Oregon	\$28.7	1,510
Indiana	\$28.5	1,793
North Carolina	\$28.3	3,215
Wisconsin	\$23.0	1,673
Illinois	\$20.9	1,949
Texas	\$18.8	2,468
Kentucky	\$17.8	1,043
<b>Ten-state total</b>	<b>\$310.8</b>	<b>25,556</b>
<b>National total</b>	<b>\$575.0</b>	<b>44,255</b>

**Source:** U.S. Department of Labor, Employment Training Administration, from a table published at [http://www.doleta.gov/tradeact/TAPR\\_2010.cfm](http://www.doleta.gov/tradeact/TAPR_2010.cfm).

## Trade Readjustment Allowances

As **Table 6** shows, TRA participation in FY2009 and FY2010 was lower than in previous years. As noted in the previous section, TRA benefits are offset by UI benefits and DOL has indicated that the EB and EUC programs greatly reduced the number of otherwise eligible workers who would have collected TRA. The EB and EUC programs also led some workers who did receive TRA to collect it for a shorter period than they would have in the absence of the extension programs.

Collectively, these factors led to relatively small financial outlays on TRA in FY2009 and FY2010. Of the \$1.1 billion that was allocated for TRA in FY2010, only \$93 million was spent on the program. By contrast, in FY2007 and FY2008 when EB and EUC were not widely available, TRA outlays were more than \$500 million.

The maximum TRA duration established under TAAEA (117 weeks for all workers, 130 in certain circumstances) is shorter than the TGAAA expansions (130 weeks for all workers, 156 in certain circumstances) but longer than the prior limit (104 weeks for all workers; 130 in certain circumstances).

**Table 6. Trade Readjustment Allowance Participation and Costs, FY2003-FY2010**

Fiscal Year	New Basic TRA Recipients	New Additional TRA Recipients	Total TRA Outlays (millions)
2003	43,857	17,090	\$ 352
2004	81,248	24,366	\$ 528
2005	55,206	29,466	\$ 589
2006	53,491	19,054	\$ 514
2007	47,048	14,371	\$ 540
2008	42,089	13,345	\$ 523
2009	11,111	8,006	\$ 122
2010	20,334	10,130	\$ 93

**Source:** Program data for FY2007-FY2010 are current as of August 2011 and are from FY2007-FY2009 ETA-563 and FY2010 Trade Activity Participant Report. FY2003-FY2006 program data are from the 2008 Ways and Means Committee Green Book. Outlay data were obtained directly from the Employment Training Administration of the Department of Labor.

## Job Search and Relocation Allowances

With 723 combined participants in FY2010, job search and relocation allowances were the least-used TAA benefit. Beneficiaries of these programs accounted for less than 1% of all TAA participants. According to the FY2010 TAA annual report, \$6 million was allocated to job search and relocation benefits and, at the end of the year, \$5,854,426 remained. These remaining funds were then distributed to the states using the original formula for allocating training funds. **Table 4** shows that usage of these programs has been consistently low in recent years.

Research has shown that the low usage of these programs was only partially due to limited awareness of them on the part of TAA participants. A 2010 study conducted for DOL by

Mathematica Policy Research (MPR) surveyed TAA-eligible workers in 2007 and 2008. The study found that 53% of TAA participants were aware of the relocation allowances and 54% were aware of job search allowances.<sup>25</sup>

The eligibility criteria and benefit levels for the job search and relocation allowance program established by TAAEA are not set to change in 2014 and are the same as those that existed before the TGAAA expansions.

## **Health Coverage Tax Credit**

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

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

The GAO report also estimated participation rates among potentially eligible populations before and after the TGAAA expansions. It found that in the six months before TGAAA, about 6,000 out of approximately 100,000 potentially eligible TAA participants used the HCTC. In the six months after the expansion, an estimated 10,000 out of approximately 150,000 potentially eligible participants claimed the credit.<sup>26</sup>

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

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

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<sup>25</sup> Mathematica Policy Research, "National Evaluation of the Trade Adjustment Assistance Program," ETA Occasional Paper 2010-06, April 2010. This study defined TAA participants as those that received one of the program's four core services (TRA, training, ATAA, or the HCTC). This definition is more restrictive than DOL's definition of a TAA participant.

<sup>26</sup> Government Accountability Office (GAO), "Health Coverage Tax Credit: Participation and Administrative Costs," GAO 10-521R, April 2010.

## Reemployment Trade Adjustment Assistance

In FY2010, \$27 million was paid to more than 6,300 participants in the RTAA wage insurance program. The data in **Table 7** include both RTAA participants as well as participants in the very similar ATAA program that existed prior to 2009. Participation in RTAA fell during the initial TGAAA expansion and it is unclear what effect, if any, other changes in TAA policies had on this trend.

Under TAAEA, the RTAA program initially has aspects of both the TGAAA expansions as well as the pre-expansion provisions. The benefit level and wage ceiling are both at their pre-TGAAA levels. However, there is no reemployment deadline and workers who are employed part-time and enrolled in an TAA-approved training program can also qualify for RTAA, as was the case under the TGAAA provisions. In 2014, all RTAA provisions are set to revert their pre-TGAAA levels.

**Table 7. Reemployment Trade Adjustment Assistance, FY2003-FY2010**

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

**Source:** Participant data are from FY2006-FY2009 ATAA Activity Reports and FY2010 Trade Activity Participant Report. Outlay data were obtained directly from the Employment Training Administration of the U.S. Department of Labor.

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

## Post-TAA Performance Data for Program Exiters

**Table 8** offers data on post-TAA outcomes for program exiters using DOL's Common Measures, a metric that exists across its workforce programs. In the table, entered employment rate (EER) refers to the percentage of workers who were employed in the quarter after program exit. The employment retention rate (ERR) is the share of these employed workers who were also employed in the second and third quarter after exit. Average earnings (AE) were recorded in the second and third quarters after exit among workers who were employed in the first quarter after exit.

Neither of the groups in **Table 8** include any recipients of the expanded TGAAA benefits because there was not enough time in the reference period for beneficiaries to enroll in TAA, receive services, exit the program, and then report employment outcomes.

**Table 8. Employment Outcomes for TAA Exiters**

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

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**Source:** U.S. Department of Labor, FY2009 and FY2010 TAA annual reports.

**Notes:** For 2010 data, EER considers exiters between January 1, 2009, and December 31, 2009, while ERR and AE consider exiters between July 1, 2008, and June 30, 2009. For 2009, all data are from exiters between July 1, 2007, and June 30, 2008.

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## Acknowledgments

This report expands on and replaces RS22718, *Trade Adjustment Assistance for Workers (TAA) and Alternative Trade Adjustment Assistance (ATAA)* by John J. Topoleski. Dr. Topoleski assisted in developing this expanded report.