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*Trade Adjustment Assistance for Workers (TAA) and  
Alternative Trade Adjustment Assistance for Older Workers  
(ATAA)*

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**Abstract.** Trade Adjustment Assistance for Workers (TAA) provides assistance to qualifying workers who lose their jobs directly due to increased imports or shifts in production out of the United States. Certified workers whose unemployment compensation has ended and who are in approved training may receive Trade Readjustment Allowances (TRA) for a maximum of 130 weeks. Some workers age 50 or older are eligible to receive Alternative Trade Adjustment Assistance for Older Workers (ATAA), a wage supplement in lieu of training and TRA benefits. Both TAA- and ATAA-eligible workers can receive a Health Coverage Tax Credit (HCTC), which provides a refundable tax credit to offset 65% of the health insurance premiums of TAA- and ATAA-eligible workers. This report provides background on the programs, including a description of the eligibility for these programs and benefits available to participants. A separate report considers reauthorization issues and describes related legislation in the 110th Congress.

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# Trade Adjustment Assistance for Workers (TAA) and Alternative Trade Adjustment Assistance for Older Workers (ATAA)

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## Summary

Trade Adjustment Assistance for Workers (TAA) provides assistance to qualifying workers who lose their jobs directly due to increased imports or shifts in production out of the United States. Certified workers whose unemployment compensation has ended and who are in approved training may receive Trade Readjustment Allowances (TRA) for a maximum of 130 weeks. Some workers age 50 or older are eligible to receive Alternative Trade Adjustment Assistance for Older Workers (ATAA), a wage supplement in lieu of training and TRA benefits. Both TAA- and ATAA-eligible workers can receive a Health Coverage Tax Credit (HCTC), which provides a refundable tax credit to offset 65% of the health insurance premiums of TAA- and ATAA-eligible workers. This report provides background on the programs, including a description of the eligibility for these programs and benefits available to participants. A separate report considers reauthorization issues and describes related legislation in the 110<sup>th</sup> Congress. This report will be updated as legislative activity warrants.

## Contents

Background .....	1
Financing.....	1
Administration.....	2
Trade Adjustment Assistance Benefits .....	2
Income Support.....	2
Training Assistance .....	2
Job Search and Relocation Assistance .....	3
Alternative Trade Adjustment Assistance Benefits .....	3
Health Coverage Tax Credit (HCTC) Benefit.....	3
Eligibility .....	3
TAA Group Eligibility .....	3
TAA Individual Eligibility .....	4
ATAA Group Eligibility.....	4
ATAA Individual Eligibility.....	5
Participation .....	5

## Tables

Table 1. Petitions and Certifications, FY2001-FY2007 .....	5
Table 2. Selected Statistics on TAA Benefits, FY2001-FY2006.....	6

## Contacts

Author Contact Information .....	6
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## Background

Trade Adjustment Assistance for Workers (TAA) provides extended income support as well as training, job search, and relocation benefits.<sup>1</sup> To be eligible for TAA, workers must have become unemployed for one of three reasons: (1) their jobs moved to a country with which the U.S. has a free trade agreement or to certain other countries;<sup>2</sup> (2) their job losses can be attributed to increased imports (from any country) that contributed importantly to an actual decline in sales or production; or (3) their job losses resulted from the loss of business with a primary firm because of a trade-related reason. Older TAA-eligible workers may be able to opt for Alternative Trade Adjustment Assistance (ATAA), which provides a wage supplement in lieu of TAA benefits. In addition, workers can claim a refundable Health Coverage Tax Credit (HCTC). The HCTC was established to help both eligible TAA and ATAA workers pay for health insurance.<sup>3</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. Most recently, the Trade Act of 2002 (P.L. 107-210) established ATAA and reauthorized and expanded TAA. TAA and ATAA were set to expire December 31, 2007. The House passed a three-month extension (H.R. 4341) by a voice vote. However, as of February 25, 2008, the Senate has not acted on the measure. The Consolidated Appropriations Act, 2008 (P.L. 110-161, signed by President George W. Bush on December 26, 2007) contained an appropriation for the TAA for Workers and ATAA programs that fully funded the programs for FY2008.<sup>4</sup> The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (P.L. 110-329) fully funds the TAA and ATAA programs through March 6, 2009, and specifies that the programs will continue through this date.

## Financing

TAA financing has several components. TRA funds for extended unemployment benefits are appropriated as an entitlement out of the general fund (not out of the Unemployment Trust Fund). TRA benefits are provided to all workers who meet eligibility requirements. In FY2007, \$572 million was appropriated for TRA benefits. Funds for training, job search and relocation expenses, and administrative costs are a line item appropriation of which training is a capped entitlement (\$220 million in FY2007). In FY2007, \$6.6 million was appropriated for job search and relocation benefits. The ATAA is appropriated as an entitlement out of the general fund. In FY2007, \$23.5 million was appropriated for ATAA. The HCTC is funded out of general revenue.

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<sup>1</sup> Other Trade Adjustment Assistance available is TAA for Firms (see CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck), and TAA for Farmers.

<sup>2</sup> These are countries in the Andean Trade Preference Act (P.L. 102-182), African Growth and Opportunity Act (P.L. 106-200), or the Caribbean Basin Economic Recovery Act (P.L. 98-67). For example, if a firm shifts production to Mexico, the workers in the U.S. plant would be eligible for TAA because Mexico is a party to the North American Free Trade Agreement (NAFTA, P.L. 103-182). However, if the firm shifts production to China, the workers would not be eligible for TAA because the United States does not have free-trade agreement with China.

<sup>3</sup> For more information, see CRS Report RL32620, *Health Coverage Tax Credit Authorized by the Trade Act of 2002*, by Bernadette Fernandez.

<sup>4</sup> For more information see CRS Report RL34383, *Trade Adjustment Assistance (TAA) for Workers: Current Issues and Legislation*, by John J. Topoleski.

## Administration

At the federal level, the TAA and ATAA programs are administered by the Employment and Training Administration (ETA) within the U.S. Department of Labor (DOL). Claims for benefits by individual workers are administered by the state Unemployment Compensation (UC) agencies under agreements and contracts with DOL. The use of funds varies greatly from year to year and from state to state.

## Trade Adjustment Assistance Benefits

TAA benefits, which are primarily focused on the re-employment of certified workers, have several components: up to 130 weeks of income support while in training, training assistance, and job search and relocation assistance.

### Income Support

Workers have both basic and additional TRA available to them.

- **Basic TRA.** Workers receive basic TRA after their UC benefits are exhausted. The weekly TRA payment is equal to the worker's most recent UC benefit. 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 UC benefits. For example, a worker who receives 39 weeks of UC would be eligible to receive an additional 13 weeks of basic TRA. To receive the basic TRA benefit, workers must be enrolled or participating in TAA training, have completed such training, or have obtained a waiver of the training requirement.<sup>5</sup>
- **Additional TRA.** An additional 52 weeks of income support is available for workers in approved training programs, plus another 26 weeks are available for workers in remedial training programs.

### Training Assistance

Workers' training assistance is for full-time participation in an approved training program. Approved training programs include, but are not limited to, employer-based training, including customized training and on-the-job training; any training program provided by a state pursuant to Title I of the Workforce Investment Act of 1998 (WIA, P.L. 105-220); any training program approved by a private industry council under Section 102 of WIA; or any training program for which all, or any portion, of the costs are paid (1) under a federal or state program or (2) from any other source. According to DOL, between July 2006 and June 2007 the average number of weeks of training per participant was 63, and 72% of participants completed training.

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<sup>5</sup> Reasons for a training waiver include the following: the worker will be recalled reasonably soon, the worker has marketable skills for suitable employment and a reasonable expectation of employment, the worker is within two years of eligibility for a pension or Social Security, the worker is unable to participate in or complete training for health reasons, the worker cannot enroll in training immediately, or the worker cannot find a suitable training program.

## Job Search and Relocation Assistance

Certified workers who cannot obtain suitable employment within their commuting areas can receive an allowance of 90% of their job search and relocation expenses, up to a maximum of \$1,250 for each benefit. Less than 1% of TAA-eligible workers receive these benefits.

- **Job Search Allowance.** Applications must be submitted before a job search begins and made by the 365<sup>th</sup> day after certification or final separation (whichever is later) or within 182 days of the end of training.
- **Relocation Expenses.** Applications must be submitted before the relocation occurs and made within 425 days of certification or layoff (whichever is later) or within 182 days of the end of training. The relocation must occur within 182 days of filing the application for relocation assistance or within 182 days after the conclusion of training.

## Alternative Trade Adjustment Assistance Benefits

Workers who qualify for the ATAA benefit can receive a wage supplement worth half the difference in salary between their old and new jobs for a maximum of \$10,000 over two years. Although workers are ineligible if their wages are more than \$50,000 a year, their combined wages and ATAA payments can exceed \$50,000 a year. For example, a worker who earned \$55,000 at a previous job and earns \$48,000 at a new job would be eligible for a benefit of \$7,000 over two years. In this case, the worker would receive a total of \$51,500 per year in wages and ATAA benefits.

## Health Coverage Tax Credit (HCTC) Benefit

The Health Coverage Tax Credit (HCTC) is available to TAA and ATAA workers. The HCTC covers 65% of the premium for qualified health insurance purchased by an eligible taxpayer (the taxpayer is responsible for the other 35%). 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 their TAA eligibility or exactly two years in the case of their ATAA eligibility.

## Eligibility

Obtaining TAA or ATAA benefits is a two-stage process: (1) a group of workers must petition DOL to become TAA certified, and they also may apply for ATAA certification; and (2) individual workers apply for TAA or ATAA benefits at a local One-Stop Career Center.

## TAA Group Eligibility

To gain TAA eligibility, a group of three or more workers (or their union, firm, or state) petitions DOL. Then, DOL investigates whether import competition “contributed importantly” to the group’s job loss or whether their firm has shifted production of like articles to certain countries. TAA also extends eligibility to groups of secondary workers whose job losses result from the loss of business with a primary firm (i.e., the firm that directly lost business or outsourced as a result

of trade). The Trade Act requires that the workers' firm produce an "article." In determining whether a firm produces an article, DOL relies, in part, on the Harmonized Tariff Schedule of the United States, published by the United States International Trade Commission, which describes all articles imported to or exported from the United States.<sup>6</sup>

Certification of the petition requires that:

- a significant number of workers<sup>7</sup> are laid off or threatened with layoffs,
- the sales or production of the firm decreased, and
- increased imports have "contributed importantly" to these declines.

The determination on a TAA petition must be made by DOL within 40 days of filing. Generally, the certification covers all members of the worker group who are laid off during the three-year period beginning one year before the petition was filed (the *impact date*) and ending two years after the date of the certification. Determinations on TAA and ATAA petitions are published in the Federal Register. Workers who are 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 U.S. Court of International Trade within 60 days of Federal Register publication of the initial denial or administrative reconsideration denial.

### TAA Individual Eligibility

If DOL certifies a petitioner's group of workers as eligible, the individual workers then apply to their state agency to establish a TAA benefit claim. For an individual worker, eligibility is based on (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 UC benefits; (4) no disqualification for extended unemployment benefits; and (5) enrollment or a waiver for participation in an approved training program. 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 will explain their appeal rights and time limits for filing appeals.

### ATAA Group Eligibility

If a group of workers also wants ATAA eligibility, they must apply concurrently with TAA certification and meet the following criteria:

- a significant number of the affected workers are 50 years or older,
- the petitioning workers' skills are not easily transferable, and
- the workers' industry experienced adverse competitive conditions.

<sup>6</sup> For more information see CRS Report RS22761, *Extending Trade Adjustment Assistance (TAA) to Service Workers: How Many Workers Could Potentially Be Covered?*, by John J. Topoleski.

<sup>7</sup> *Significant* means the group of workers must contain at least 3 workers if the firm had less than 50 workers, or 5% of total workers if the firm had 50 or more workers.

## ATAA Individual Eligibility

If DOL certifies a group as ATAA eligible, then an individual worker must meet the following requirements:

- be at least 50 years old at the time of reemployment and
- obtain full-time employment earning less than \$50,000 per year within 26 weeks of separation.

## Participation

**Table 1** includes data on TAA petitions and certifications for FY2001 to FY2007. Following the reauthorization in 2002, there is an increase in petitions and certifications. The numbers do not exhibit a particular trend over time because the number of petitions depends on the episodic nature of layoffs, especially within a particular state.<sup>8</sup>

**Table 1. Petitions and Certifications, FY2001-FY2007**

Fiscal Year	Petitions Filed		Petitions Certified		
	Petitions	Estimated Workers	Number	Percent	Estimated Workers
2001	2,353	308,253	1,029	43%	139,587
2002	2,405	265,757	1,594	66%	235,072
2003	3,567	292,827	1,880	53%	197,359
2004	2,992	171,281	1,802	60%	149,705
2005	2,638	164,371	1,534	58%	118,022
2006	2,478	172,651	1,426	57%	119,602
2007	2,228	— <sup>a</sup>	1,427	64%	146,606

**Source:** CRS Table from Education and Training Administration (ETA) data.

a. The number of estimated workers covered by petitions filed in FY2007 is not available.

**Table 2** includes data on TAA benefits for FY2001 to FY2006. The increases from FY2002 to FY2003 are due to reauthorization.

<sup>8</sup> For example, the Government Accountability Office notes that Kansas had 4,117 trade-affected workers laid off in 2004, 75 in 2006, and 721 in 2007. See GAO-07-994T, *Trade Adjustment Assistance: Program Provides an Array of Benefits and Services to Trade-Affected Workers*, June 14, 2007, available at <http://www.gao.gov/new.items/d07995t.pdf>.

**Table 2. Selected Statistics on TAA Benefits, FY2001-FY2006**

Fiscal Year	Trade Readjustment Allowance			Training, Job Search, Relocation Allowances			Total Outlays (\$ millions)
	New Recipients	Average Weekly Payment (\$)	Total Outlays (\$millions)	Entered Training	Job Search	Re-location	
2001	33,000	222	226	24,000	242	369	94
2002	37,000	234	199	37,000	279	393	95
2003	44,000	245	398	44,000	430	736	259
2004	81,000	264	562	51,000	467	817	259
2005	55,000	277	646	38,000	288	446	259
2006	60,000	293	549	37,000	454	531	259

**Source:** Table provided to CRS by U.S. Department of Labor, Employment and Training Administration, on August 10, 2007. Reauthorization and expansion of TAA eligibility occurred in FY2003.

ATAA data are difficult to find in part because demographic data are collected only after a participant has completed the program. Since the first participants were eligible to receive up to six months of unemployment compensation and then up to two years of ATAA benefits, data on the first participants were first reported by states in 2006. According to DOL data received by CRS on March 2, 2007, in calendar year 2003, there were 1,403 new recipients. This increased to 2,349 and 3,028 in 2004 and 2005, respectively.

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