

Overview of 2011 Trade Adjustment Assistance Reauthorization

After months of negotiations, Congress passed legislation to reauthorize Trade Adjustment Assistance (TAA) through December 31, 2013. The Senate had approved TAA reauthorization back in September, after Senators Max Baucus (D-MT), Bob Casey (D-PA), and Sherrod Brown (D-OH) introduced a TAA amendment to a bill ([H.R. 2832](#)) renewing international trade rules for lower tariffs. On October 12th, the House adopted the legislation while also approving free trade agreements with South Korea, Colombia, and Panama.

Approval of the TAA Extension Act of 2011 along with the three trade agreements resolved a nearly year-long impasse over TAA's reauthorization. Supporters of continuing TAA included House Ways and Means Committee Chairman Dave Camp (R-MI), Senate Finance Committee Chairman Max Baucus (D-MT), and President Obama. Opponents of TAA concentrated on approving the trade agreements while arguing both against TAA and against directly linking the trade deals to renewing TAA. Because the entire TAA program was slated to expire in February 2012, securing TAA reauthorization as part of Congressional action on the trade agreements proved critical.

Summary of Program Improvements Retained

The Trade Adjustment Assistance Extension Act protects most key features of the 2009 amendments and extends the life of the TAA program through December 31, 2013. Specifically, the act retains key 2009 improvements in TAA:

- Continuation of eligibility for **service workers** (in addition to traditionally protected manufacturing workers) whose jobs are lost due to offshoring.
- Maintenance of higher levels of overall yearly **TAA spending** at \$575 million (while including some limits on administrative costs and case management services).
- Retaining **expanded eligibility** for workers whose jobs were moved overseas to *any* country (prior to 2009, eligibility was limited to jobs moved to Canada, Mexico, and a few minor trading partners, and notably did not include China and India).

Summary of Program Concessions

The 2011 TAA amendments preserve all 2009 changes except those specifically rejected in 2011. Those rejections were demanded by opponents of TAA reauthorization as conditions for TAA renewal and will reduce the magnitude of TAA somewhat. Some of the 2011 concessions may create barriers

to TAA participation for certified workers depending on how they are implemented by the U.S. Department of Labor (USDOL) and state and local workforce agencies. In this overview, we note the more significant 2011 TAA restrictions while awaiting interpretative guidance from USDOL on more technical changes and transition rules.

- First, the **Health Coverage Tax Credit (HCTC)** coverage under TAA has been modestly reduced. HCTC assists certified workers in maintaining health insurance coverage. For its initial implementation from 2002 until 2009, HCTC paid 65 percent of premium costs while TAA-certified workers paid 35 percent. Under the 2009 TAA amendments, HCTC paid 80 percent of coverage costs while workers paid 20 percent. Under the 2011 amendments, HCTC will be reduced to 72.5 percent.
- Second, since its start in 1974, TAA included **work search and relocation allowances** to compensate some expenses for certified workers who move to new jobs outside their prior residences or need to search for work outside their current location. Congress has reduced the amounts available for these allowances from \$1,500 to \$1,250, returning to pre-2009 levels.
- Third, TAA-certified workers are generally required to participate in training as a condition of getting income support (known as Trade Readjustment Allowances, or TRA). In its 2011 reauthorization, Congress eliminated three reasons for **waivers of training** that permitted certified workers to receive TRA benefits even when not engaged in training. Those waiver rules had permitted training waivers when (a) certified workers had a recall date to return to work, (b) had marketable skills that made training unnecessary, or (c) were nearing retirement. (The three remaining waiver rules cover situations where certified workers are unable to participate in training for health reasons, approved training is not available, or immediate enrollment is not possible.)
- Fourth, the 2011 amendments reduced the overall 130-week **limit of Trade Readjustment Allowance (TRA)** payments by 13 weeks, and eliminated a 26-week period of TRA for workers who require remedial or prerequisite training prior to entering regular TAA-approved training. (Generally, very few workers are enrolled promptly enough or approved for training long enough to qualify for 130 weeks of income support anyway.)

Conclusion

Only recently have [economists](#) begun to acknowledge what many Americans have long understood: trade with China and other nations is taking a substantial toll on American communities, and job losses associated with trade have more pernicious impacts than normal labor market turnover. TAA provides a modest measure of assistance for trade-affected workers and their families and communities. For this reason, passage of the 2011 reauthorization of TAA offers continued assistance to those who will lose their jobs in 2012 and 2013 as a result of increased imports or offshoring of their jobs that will certainly arise as a result of U.S. trade policies.