

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**

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The Department of Labor, Employment & Training Administration (ETA), submits the following report on the Trade Adjustment Assistance (TAA) program to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives, in accordance with section 249B(d) of the Trade of 1974 as added by section 1854 of the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA). That provision requires the Department to provide a summary of specified data collected by ETA on the TAA program for the preceding Fiscal Year (FY). In order to better address the reporting requirements, and to improve the quality and usefulness of TAA program data, ETA has implemented a new reporting system to collect TAA program data in FY 2010. This report reflects data reported throughout FY 2009, using the reporting requirements in place for that data.

In FY 2009, ETA administered two separate TAA programs—the program implemented by the TGAAA that went into effect for petitions filed on or after May 18, 2009 (new program), and the TAA program that was administered under the Trade Act as amended by the TAA Reform Act of 2002, which existed before May 18, 2009 (old program). Where appropriate, the data contained in this report reflects both versions of the TAA program.

Program Overview

The Trade Adjustment Assistance for Workers, Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) programs are authorized under the Trade Act of 1974, as amended. These programs, collectively referred to as TAA, provide assistance to workers who have been adversely affected by foreign trade (adversely affected workers).

On February 17, 2009, President Obama signed into law the TGAAA, as part of the American Recovery and Reinvestment Act of 2009. The TGAAA reauthorized TAA, expanded TAA coverage to more workers and firms, including workers and firms in the service sector; made benefits available to workers whose jobs have been off-shored to any country (as opposed to covering a more limited set of shifts in production), improved workers' training options, and increased the affordability of health insurance coverage. The reauthorization also expanded the scope of the program to better assist adversely affected workers in finding new employment. It authorized funding for employment and case management services, and encouraged the type of long-term training necessary for jobs in the 21st century economy through an extension of income support, an increase in the cap for training funding, and access to training for adversely affected incumbent workers.

The TAA program currently offers the following services to eligible individuals: training, weekly income support, out-of-area job search and relocation allowances, case management and

employment services, assistance with payments for health insurance coverage through the utilization of the Health Coverage Tax Credit (HCTC), and wage insurance for some older workers through RTAA or ATAA. RTAA is the wage insurance option available to reemployed older workers authorized by the TGAAA. RTAA replaces ATAA, which provided wage insurance to reemployed older workers as a pilot project under the TAA Reform Act of 2002 for adversely affected workers covered by certifications of petitions filed before May 18, 2009.

For a worker to be eligible to apply for TAA, the worker must be part of a group of workers that are the subject of a petition filed with the Department. Three workers of a company, a company official, a union or other duly authorized representative, or a One-Stop Career Center operator or One-Stop partner may file that petition with the Department. In response to the filing, the Department institutes an investigation to determine whether foreign trade was an important cause of the workers' job loss or threat of job loss. If the Department determines that the workers meet the statutory criteria for group certification of eligibility for the workers in the group to apply for TAA, the Department grants the petition and issues a certification.

Once covered by a certification, individual workers apply for benefits and services through the One-Stop delivery system. Most benefits and services have specific individual eligibility criteria that must be met, such as previous work history, unemployment insurance eligibility, and individual skill levels.

ETA TGAAA Implementation Activity

With passage of the TGAAA, ETA has focused on implementation activities to put new provisions into effect within the ambitious timeframe established by those Amendments. The threshold action was execution of new Governor-Secretary agreements with all jurisdictions to incorporate new statutory requirements for, among other things, greater accountability and transparency. ETA also notified persons with pending petitions of the limited opportunity to withdraw and re-file their petitions on or after May 18, 2009, if they decided to seek TAA certification and individual eligibility for benefits and services under the new program. Activity has centered on the following areas:

Process new petitions under expanded eligibility criteria authorized by the TGAAA:

- New forms were designed and cleared through OMB for use in investigations of petitions filed on or after May 18, 2009, and were made available to the public on the ETA website; and the new petition form was made available to the state workforce agencies and One-stop delivery system and the public on the ETA website.
- New templates for investigative reports and determinations under the expanded eligibility criteria for the new program were developed.
- Training on the new program and investigative process were designed and conducted for new and experienced investigators.
- Because the TGAAA did not provide specific funding for DOL administration of the implementation of the new program, Departmental Management (DM) funds were requested and obtained to fund the staffing and other costs of DOL implementation of the new program.

- Vacancy announcements were posted, and candidates were interviewed and selected to add 14 permanent FTE and 19 DM-funded term positions to the DTAA staff.
- Two DOL employees were hired as additional Certifying Officers and a third DOL employee was hired as the newly created Public Liaison position designated by statute.

Provide guidance to the Workforce System for implementation of the expanded benefit provisions under the TGAAA:

- Operating Instructions were developed, issued to the state workforce agencies in TEGL 22-08 on May 15, 2009, and posted on the ETA website.
- Technical assistance calls were held with the states in each of the six ETA Regions soon after the Operating Instructions were issued to provide prompt responses to state questions and determine where further guidance and training was needed.
- Nationwide training was delivered to all six ETA regions. Over 300 state workforce agency practitioners participated in these three-day sessions and participants carried the training back to their front-line staff in each state.
- Representatives from the IRS were participants in all six of the state training sessions delivered nationwide, and were able to provide presentations on the HCTC program and the changes under the new law. In addition, state workforce agency staff were able to interact with IRS representatives and obtain material developed for outreach under the new HCTC provisions.
- A Notice of Proposed Rulemaking (NPRM) was developed, cleared, and published in the Federal Register for comment on proposed regulations for the distribution of training funds to states and the required use of state merit staff for positions funded with TAA funds.
- Further guidance, TEGL 22-08, Change 1 to the Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the TGAAA of 2009, was signed on November 20, 2009, and posted on the ETA website.

Provide training funds to states up to the amount authorized in the TGAAA:

- Since the TGAAA authorized but did not fund the changes to the Trade Act, including the increase in the maximum amount that may be spent on training, the apportionment of the FY 2009 Federal Unemployment Benefits and Allowances (FUBA) appropriation was adjusted to permit the distribution of additional TAA funds to the states for training, administration, and employment and case management services. The adjustment to the apportionment allowed ETA to distribute the full \$575 million allowed under the training cap in FY 2009.
- To distribute these funds, a new formula methodology was developed using the four statutory factors to distribute the \$355 million in supplemental TAA Training funds for FY 2009. States were advised of the new formula in TEGL 4-08, Change 1, signed on June 9, 2009. An additional \$350,000 in employment and case management services funds was made available to any state that already received a training fund allocation in FY 2009, and states that did not receive a training fund allocation could apply for funds.
- In September, FY 2009 unexpended year-end reserve funds were distributed to states using the same formula developed for the supplemental distribution of FY 2009 funds.

- A TEGL was written to advise states of their forthcoming FY 2010 funding allocation using the revised formula proposed in the NPRM.

Develop Web sites and publications to make available changes under the 2009 Amendments to both internal and external stakeholders in the workforce system:

- A Question and Answer (Q and A document) regarding changes to the TAA program was made available to the public on the ETA website on May 18, 2009.
- TAA brochures were revised to explain the changes to the Trade Act and an initial supply of brochures has been distributed to all states for use in outreach. In addition, a PDF sample of the brochure in both English and Spanish was made available on the ETA website for downloading and reproduction by the states. (http://www.doleta.gov/tradeact/pdf/TAA_brochure_eng.pdf)
- Issued TEGL 06-09 “Instructions for Implementing the Revised 2010 Trade Adjustment Assistance Trade Activity Participant Report” to instruct states on data collection and reporting changes required by the TGAAA. Changes are effective for first quarter FY 2010 data reports. Changes include:
 - A revised TAA participant report layout was developed in consultation with ETA performance staff. This will ensure compatibility with reports used to manage other ETA programs.
 - The revised report provides for the collection of individual records on both TAA participants and program exiters.
 - An interactive display of TAA data was developed for the website to allow users to search data elements by category of information.

Data on Petitions Filed, Certified and Denied

The TGAAA had a major impact on the administration of the TAA program. In FY 2009, TAA petition filings increased by 104% over FY 2008 petition filing. More specifically, from May 2009 thru July 2009, TAA petition filing increased by 288% as compared with the same period of the previous year.

In March 2009, TAA petitioners were given the option of withdrawing previously filed TAA petitions and re-filing on or after May 18, 2009, in order to take advantage of the expanded TAA program. This resulted in a large number of TAA petitions being withdrawn and classified as terminated prior to May 18, 2009, and a corresponding large number of re-filed TAA petitions on or shortly after May 18, 2009.

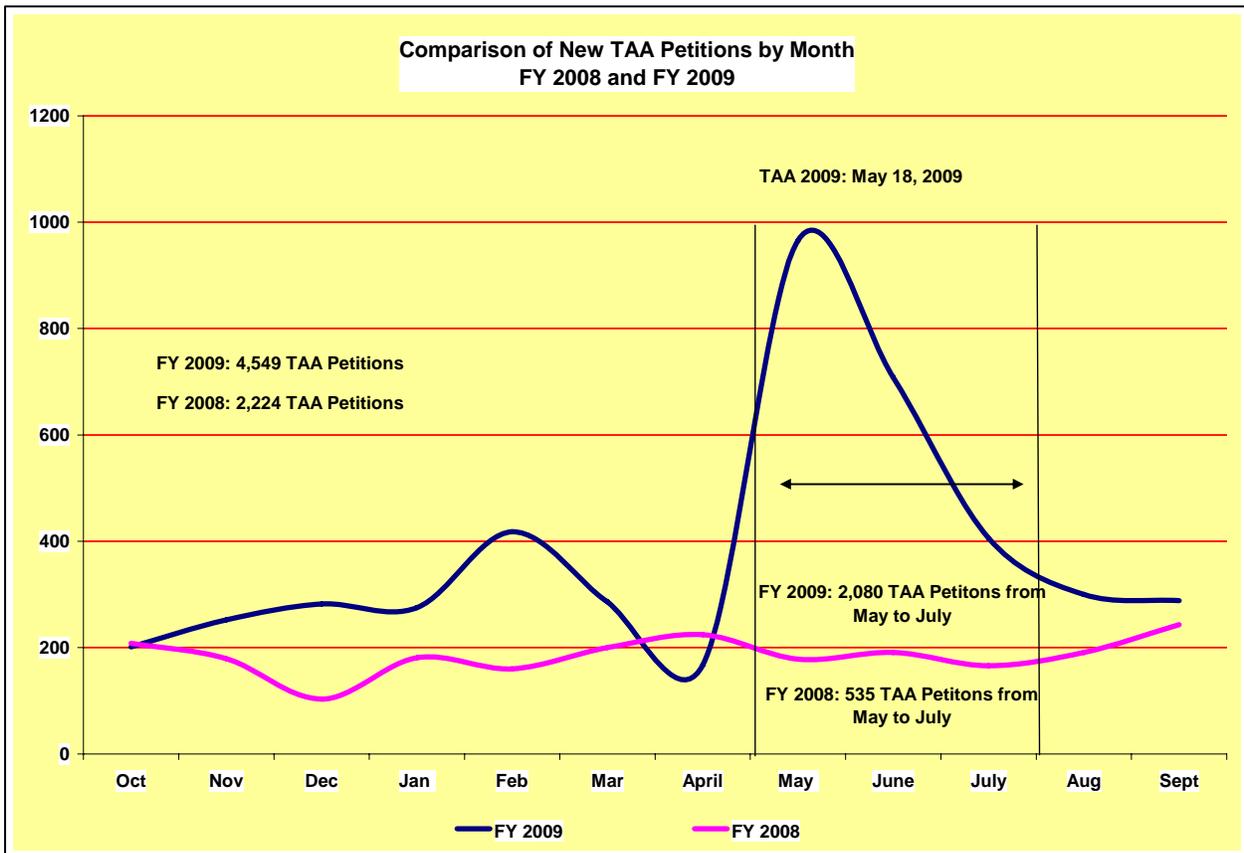
The estimated number of workers covered by TAA certifications in FY 2009 was 201,053. This represents a 58.7% increase over FY 2008, when 126,633 estimated workers were covered. In FY 2009, 80% of the determinations issued were certifications (excluding terminations).

FY	Petitions Filed	Petitions Certified	Petitions Denied	Petitions Terminated
FY 2008	2,224	1,437	601	167
FY 2009	4,549	1,845	452	834

Since FY 2006, TAA petition activity has decreased each year, until 2009. Petition activity has increased by 84.5% when comparing FY 2006 to FY 2009.

TAA Petitions Received	FY 2006	FY 2007	FY 2008	FY 2009
	2,465	2,272	2,224	4,549

When comparing FY 2008 to FY 2009, FY 2009 saw an initial increase in petition activity over FY 2008 from October – February. With reauthorization of the TAA Program in February 2009, petitions started to decrease in anticipation of the implementation of the new TAA program. From May 18 to May 29, 2009, ETA received 916 TAA petitions. 58 petitions were received during the same period in 2008.



The average case processing time for FY 2009 was 46.95 days. Before May 18, 2009, the average case processing time was 36 days, and after May 18, 2009, the average case processing time increased to 67 days. The increase in case processing time is attributed to increased volume in TAA petition activity as well as adapting to the new program’s more complicated requirements for investigations and the time required to train additional staff.

From October 1, 2008 to May 17, 2009, under the old law, the most frequent reason for a certification was a shift in production either to a country with a free trade agreement, or to any country if the shift was accompanied by an increase in imports. The reasons for certification are not mutually exclusive; and while multiple factors may lead to a certification, each case is

attributed to only the main reason for the determination. For example, a company that shifted production to a country with a free trade agreement could also be increasing imports; however, it is likely that certification would be attributed to the shift in production as the main reason for the determination.

TAA Petition Activity (Old Law)

Type of Certification (Primary)	Statutory Provision Section 222	% of Certification
Increased Company Imports	(a)(2)(A)(ii)	14%
Increased Customer Imports	(a)(2)(A)(ii)	19%
Increased Aggregate Imports	(a)(2)(A)(ii)	6%
Shift in Production/Country with a Free Trade Agreement	(a)(2)(B)(i)&(B)(ii)(I) or (B)(ii)(II)	29%
Actual/Likely Increase in Imports Following a Shift Abroad	(a)(2)(B)(i)&(B)(ii)(III)	14%

Type of Certification (Secondary)	Statutory Provision Section 222	% of Certification
Upstream Supplier of TAA Certified Primary Firm	(c)(2) & (c)(3)(A) or (c)(3)(B)	18%
Downstream Producer for TAA Certified Primary Firm	(c)(2) & (c)(3)(B)	<1%

For the period of May 18, 2009, to September 30, 2009, under the new law, there was an expanded set of eligibility criteria. The most frequent reason for a certification was a shift in production. A frequent reason for denial under the old law (workers do not produce an article) was eliminated, since service sector workers became eligible for TAA. Under the new law provisions, service sector certifications accounted for approximately 19% of total certifications.

TAA Petition Activity May 18, 2009 – September 30, 2009 (Trade Act of 2009)

Type of Certification (Primary)	Statutory Provision Section 222	% of Certification
Company Imports of Articles	(a)(2)(A)(ii)(I)	8%
Company Imports of Services	(a)(2)(A)(ii)(I)	2%
Customer Imports of Articles	(a)(2)(A)(ii)(I)	11%
Customer Imports of Services	(a)(2)(A)(ii)(I)	<1%
Imports of Finished Articles Containing Like or Directly Competitive Components	(a)(2)(A)(II)(aa)	0%
Imports of Finished Articles Containing Foreign Components	(a)(2)(A)(III)	<1%
Imports of Articles Produced Using Worker Services	(a)(2)(A)(II)(bb)	0%
Increased aggregate imports	(a)(2)(A)(ii)(I)	2%
Shift in Production	(a)(2)(B)(i)(I)	42%
Acquisition of Articles From a Foreign Country	(a)(2)(B)(i)(II)	5%
Shift in Services	(a)(2)(B)(i)(I)	8%
Acquisition of Services From a Foreign Country	(a)(2)(B)(i)(II)	4%
Public Agency	(b)	0%
International Trade Commission Determination	(f)	1%

Type of Certification (Secondary)	Statutory Provision Section 222	% of Certification
Secondary Component Supplier	(c)(2) & (c)(3)(A) or (c)(3)(B)	13%
Secondary Service Supplier	(c)(2) & (c)(3)(B)	3%
Downstream Producer	(c)(2) & (c)(3)(B)	1%

Report on Industries

ETA uses the North American Industry Classification System (NAICS) code to track industry impact. The data below is based on the first two digits of the NAICS code, which designate the economic sector. In FY 2009, the manufacturing economic sector had the greatest number of certifications with 1,600.

2 Digit NAICS (Economic sector)	# of TAA Certs	2 Digit NAICS (Economic sector)	# of TAA Certs
Agriculture, Forestry, Fishing and Hunting	8	Real Estate and Rental and Leasing	0
Mining, Quarrying, and Oil and Gas Extraction	2	Professional, Scientific, and Technical Services	72
Utilities	4	Management of Companies and Enterprises	1
Construction	6	Administrative and Support and Waste Management and Remediation Services	51
Manufacturing	1,620	Educational Services	0
Wholesale Trade	12	Health Care and Social Assistance	1
Retail Trade	0	Arts, Entertainment, and Recreation	1
Transportation and Warehousing	21	Accommodation and Food Services	0
Information	36	Other Services (except Public Administration)	4
Finance and Insurance	6	Public Administration	0
Total TAA Certifications:			1,845

In FY 2009, the manufacturing economic sector had the greatest estimated number of TAA certified workers with 183,227 workers estimated to be covered by certifications. The state with the highest estimated number of certified workers in the manufacturing sector was Michigan, with an estimated 24,641 covered workers, followed by North Carolina, with an estimated 12,330 covered workers.

2 Digit NAICS (Economic sector)	Est. # of Workers	2 Digit NAICS (Economic sector)	Est. # of Workers
Agriculture, Forestry, Fishing and Hunting	172	Real Estate and Rental and Leasing	0
Mining, Quarrying, and Oil and Gas Extraction	1,275	Professional, Scientific, and Technical Services	6,764
Utilities	299	Management of Companies and Enterprises	22
Construction	331	Administrative and Support and Waste Management and Remediation Services	3,001
Manufacturing	184,813	Educational Services	0
Wholesale Trade	609	Health Care and Social Assistance	103
Retail Trade	0	Arts, Entertainment, and Recreation	18
Transportation and Warehousing	2,061	Accommodation and Food Services	0
Information	1,042	Other Services (except Public Administration)	382
Finance and Insurance	161	Public Administration	0
Total Estimated Number of TAA Certified Workers:			201,053

Data on Benefits Received

States were required to submit ETA - 563 Reports (Trade Adjustment Assistance Quarterly Activities Report) and Alternative Trade Adjustment Assistance Activities Reports (ATAAR) for each quarter of FY 2009. These reports track current participation in the TAA program on a state aggregate level. In FY 2010, a new reporting system will go into effect and data on benefits received will be generated from quarterly reports of individual participant records, rather than state-level aggregate data.

Entered Training Reported on the ETA - 563

Type of Training	Number of Participants Entering Training	
	FY 2008	FY 2009
Occupational	28,493	45,616
Remedial	9,008	11,602
OJT	240	194
Customized	448	778
Total	38,189	58,190

Trade Readjustment Allowance (TRA) Reported on the ETA - 563

Type of TRA	Number of 1 st Payments	
	FY 2008	FY 2009
Basic	42,089	11,111
Additional	13,345	8,006
Remedial	2,333	1,904

Increased amounts of unemployment compensation (UC) available to dislocated workers through the Emergency Unemployment Compensation (EUC) and Extended Benefit programs affected the number of TAA participants receiving TRA benefits, as TAA participants are prohibited from collecting TRA until they exhaust all available UC benefits. TRA benefit payments were significantly lower than in past years when there were far fewer TAA participants eligible for UC under the EUC and Extended Benefit programs.

Other Benefits As Reported on the ETA - 563

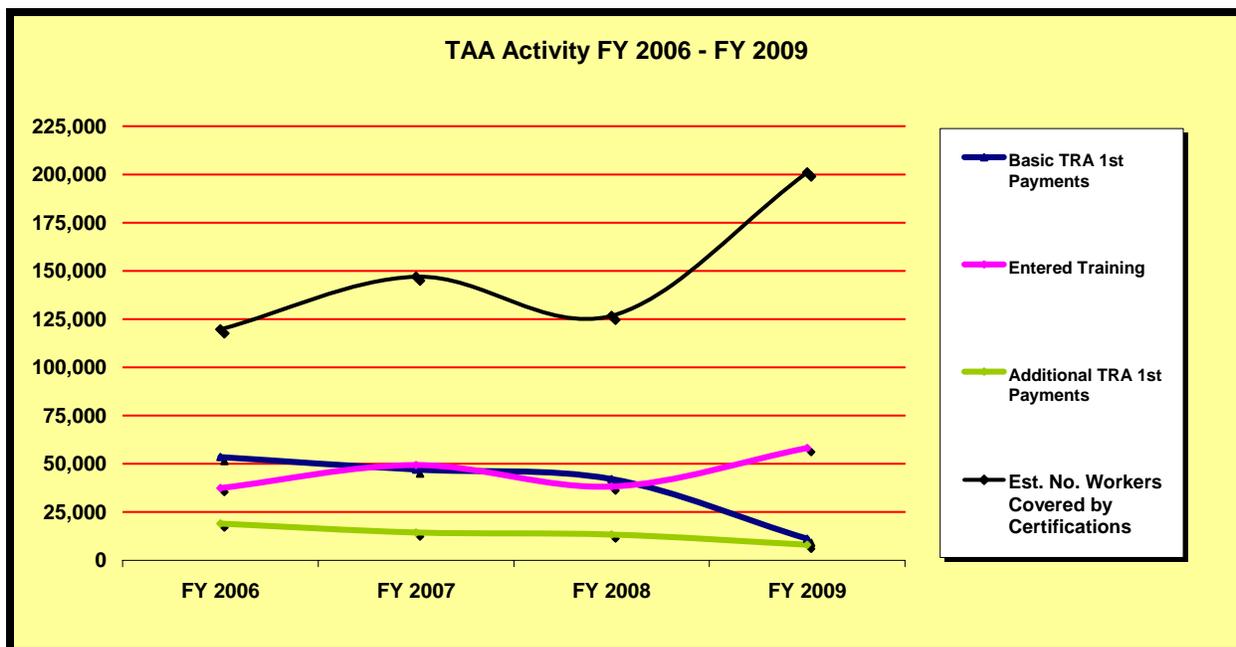
Type of Benefit	Number of Recipients	
	FY 2008	FY 2009
Job Search Allowance	526	617
Relocation Allowance	461	683

For FY 2009, states provided participants over the age of 50 an option of receiving a wage subsidy instead of TAA training as reported on the ATAAAR. The RTAA program will be reported in FY 2010.

Alternative Trade Adjustment Assistance Activities Report (ATAAAR)

ATAA Benefit	Number of Recipients	
	FY 2008	FY 2009
Number of ATAA Applicants	3,858	2,825
Number of First Payments	3,794	2,564
Total ATAA Participants	8,717	6,827

FY 2009 saw an increase in TAA program activity, with an increase in the number of participants entering training and the estimated number of covered workers. Since ETA did not begin to issue certifications under the new law until late in the fiscal year, the actual impact of the expansion of the program under the TGAAA will not be apparent until FY 2010. The number of TRA payments has decreased due to the extensions of the number of weeks of UC benefits available to unemployed workers, since TAA participants must exhaust their UC benefits before they become eligible to receive TRA.



Data on Reemployment and Exiting Participants

The Trade Act Participant Report (TAPR) collects data on participant characteristics, services, benefits received, and outcomes achieved. For data reported in FY 2009, the reported participants exited the TAA program between July 1, 2007, and June 30, 2008. The lag time between exit and reporting is due to the calculation of performance based on the collection of several quarters of data following the participant’s exit from the program. In FY 2010, the new reporting system will reduce the lag time between program exit and reporting by collecting individual records on participants as well as those who have exited the program. Information for each participant will be reported in the quarter it becomes available, rather than the old format where one report was submitted after data collection was complete. For example, data on whether a participant entered employment in the second quarter after exit will be available earlier than information on whether the individual remained employed in the fourth quarter.

Measure	Goal	Outcome	Goal Achieved Y/N
Average Earnings	\$13,386	\$15,117	Yes
Reemployment Rate	65.2%	69%	Yes
Retention Rate	87.5%	88%	Yes

FY 2009 Trade Act Participant Report Summary Information

The summary information below reflects information collected on participants who exited the program between July 1, 2007, and June 30, 2008.

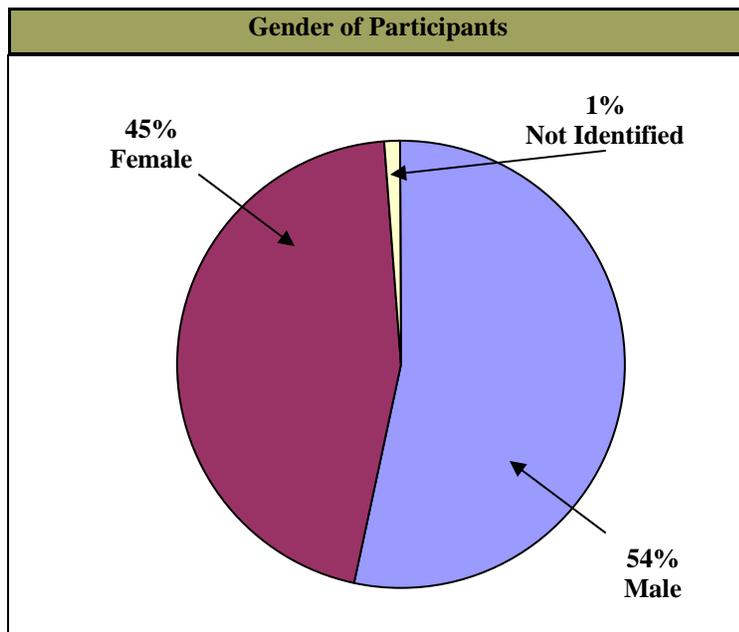
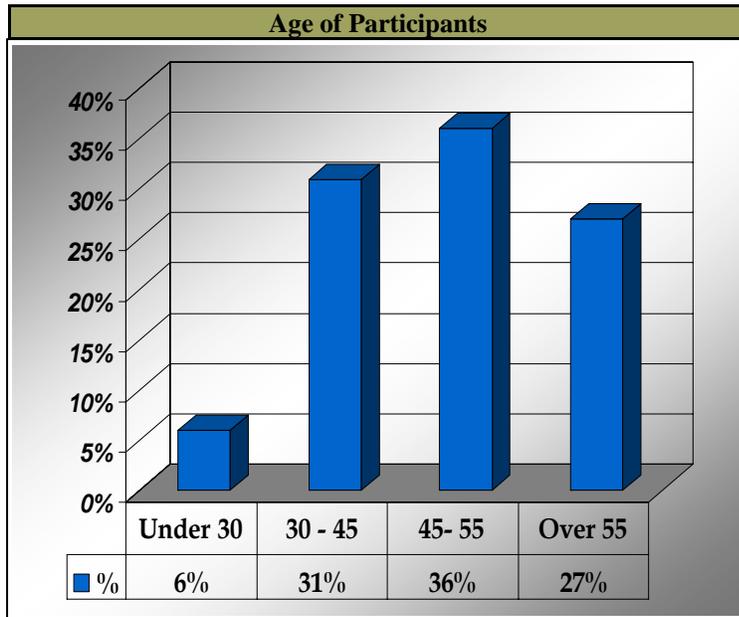
The average TAA participant who exited between July 1, 2007, and June 30, 2008 was a white male, over 45 years old, with a High School diploma, or equivalent, who held his previous employment for an average of 126 months (10.5 years) prior to separation.

Benefits / Services Summary	
Total Exitters:	51,295
Trade Readjustment Allowance:	
Basic:	57%
Additional:	23%
Remedial:	5%
Training:	45%
Job Search Allowance:	4%
Relocation Allowance:	2%
Transportation Allowance:	10%
Subsistence Allowance:	1%
Co-Enrolled with WIA:	35%

Training Summary 2009	
Total Exitters:	51,295
Total Training Participants:	23,384
*Type of Training	
Occupational	20,788
OJT	210
Remedial	7,318
Customized	120
Completed Training	68%
Avg. Weeks of Training:	61.92
Avg. Months of Tenure:	126.79
*Participants may receive more than one type of training in a TAA training program.	

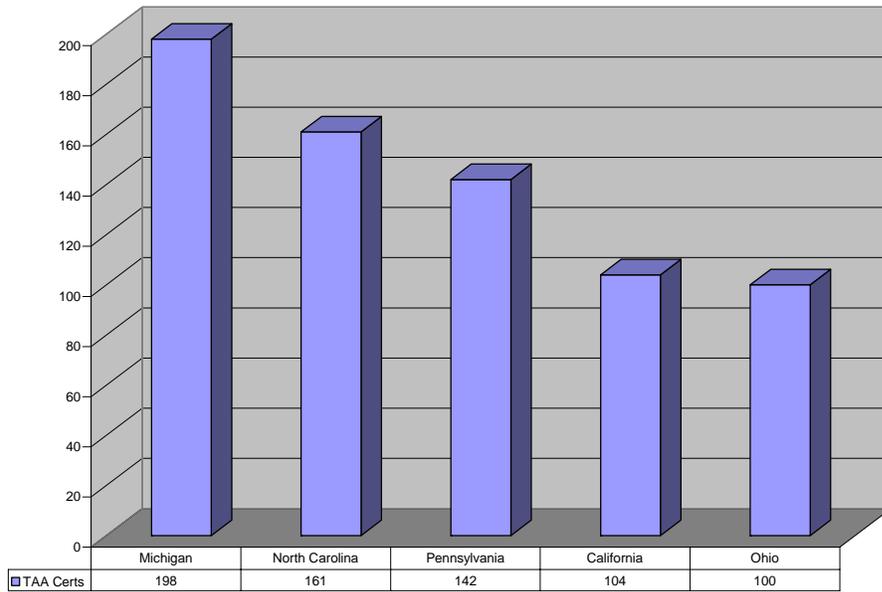
Education at Participation	
Total Reported:	51,295
Less than HS Graduate:	22%
HS Graduate or Equivalent:	55%
Some Post HS	15%
College Graduate	7%

FY 2009 Trade Act Participant Report Summary Information (Con't)

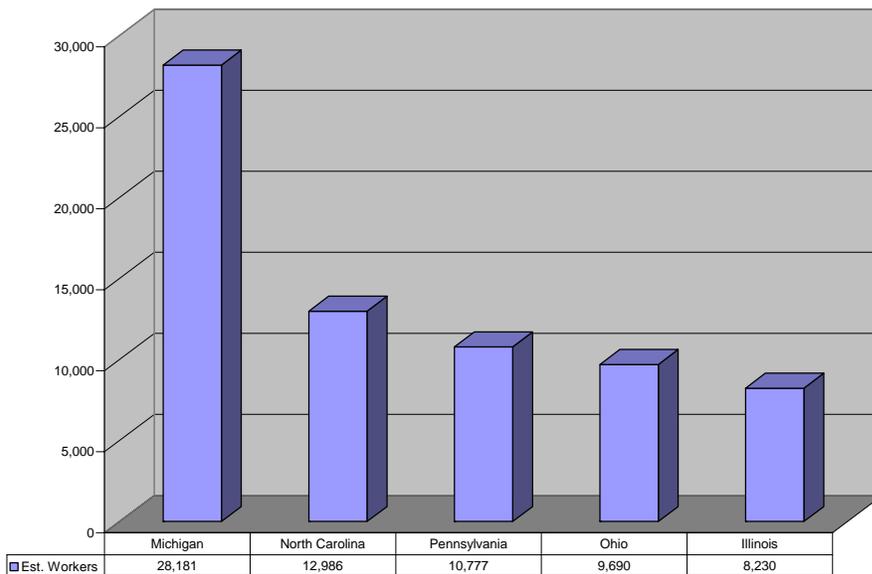


In FY 2009, TAA certifications occurred in 49 states. Overall, 1,845 TAA certifications were issued covering an estimated 201,053 workers.

Top 5 TAA Certifications by State



Top 5 States by Estimated Number of Workers



In FY 2009, Michigan had the most TAA certifications and highest estimated number of workers certified

State Funding Levels for FY 2009

The FY 2009 Final Funding chart includes the initial base allocation, supplemental allocation and end of year funding.

FY 2009 Final Funding					
State	*FY 2009 Training Allocation	FY 2009 Administrative Allocation	State	*FY 2009 Training Allocation	FY 2009 Administrative Allocation
Alabama	\$11,057,729	\$1,606,159	Montana	\$3,147,405	\$419,611
Alaska	\$881,072	\$79,661	Nebraska	\$1,420,917	\$160,638
Arizona	\$4,097,414	\$562,113	Nevada	\$732,583	\$57,387
Arkansas	\$20,458,583	\$3,016,285	New Hampshire	\$2,210,051	\$279,008
California	\$29,149,155	\$4,319,873	New Jersey	\$7,332,226	\$1,047,334
Colorado	\$4,408,022	\$608,703	New Mexico	\$3,297,619	\$442,142
Connecticut	\$7,874,131	\$1,128,619	New York	\$12,521,835	\$1,825,775
Delaware	\$0	\$0	North Carolina	\$58,199,987	\$8,677,498
DC	\$0	\$0	North Dakota	\$722,177	\$55,827
Florida	\$3,974,236	\$543,635	Ohio	\$23,742,822	\$3,508,924
Georgia	\$18,592,632	\$2,736,395	Oklahoma	\$5,890,639	\$831,097
Hawaii	\$465,447	\$17,317	Oregon	\$14,294,376	\$2,091,657
Idaho	\$4,229,928	\$581,989	Pennsylvania	\$31,762,854	\$4,711,928
Illinois	\$22,260,179	\$3,286,527	Puerto Rico	\$850,934	\$75,139
Indiana	\$26,014,364	\$3,849,654	Rhode Island	\$4,477,145	\$619,072
Iowa	\$11,784,901	\$1,715,235	South Carolina	\$24,184,159	\$3,575,124
Kansas	\$2,951,445	\$390,216	South Dakota	\$1,517,234	\$175,085
Kentucky	\$15,908,719	\$2,333,808	Tennessee	\$14,409,894	\$2,108,984
Louisiana	\$2,769,101	\$362,865	Texas	\$24,841,852	\$3,673,778
Maine	\$5,945,139	\$839,271	Utah	\$5,222,047	\$730,807
Maryland	\$2,454,015	\$315,603	Vermont	\$816,876	\$70,031
Massachusetts	\$17,006,838	\$2,498,526	Virginia	\$16,301,162	\$2,392,674
Michigan	\$55,570,709	\$8,283,107	Washington	\$14,945,560	\$2,189,334
Minnesota	\$8,566,539	\$1,232,481	West Virginia	\$7,237,945	\$1,033,192
Mississippi	\$6,447,326	\$914,599	Wisconsin	\$21,160,654	\$3,121,598
Missouri	\$13,941,423	\$2,038,714	Wyoming	\$0	\$0

* Includes 350K for Case Management

Recommendations

The reauthorized program has not been in operation long enough for ETA to fully judge the impact of the expanded eligibility and increased benefits on workers or to gauge the ability of the states to administer the new program requirements. However, ETA believes the changes provided in the TGAAA have, in general, taken the program in a positive direction and encourage Congress to act quickly to reauthorize TAA for Workers.