

Important Reforms in TAA Reauthorization

Trade Adjustment Assistance (TAA) has routinely been reauthorized alongside trade legislation and was last reauthorized in 2011. The TAA policy reflected in this agreement is a significant improvement over policy in recent years, the TAA proposed in the President's budget, and Democrats' 2009 stimulus TAA policy.

The TAA reauthorization is part of a package that ensures taxpayers are paying no more than they do today, and it includes many important reforms to make the program more targeted, accountable, and efficient.

Streamlining

- Several underperforming programs from the Democrats' 2009 stimulus policy are not authorized or have been cut from 2009 levels or converted from entitlement to discretionary spending.
- The TAA for Community Colleges program (created in Democrats' 2009 stimulus and funded through Obamacare at \$500M per year) is not authorized.
- The TAA for Firms program remains at \$16M per year, less than a third of the \$50M per year under Democrats' 2009 stimulus policy.
- Job search, relocation allowances, and the TAA for Farmers program will be discretionary spending, not the mandatory spending from the stimulus policy.
- Maximum weeks of benefits remain at 130 weeks (the same as what was available in 2014, but down significantly from a maximum of 156 weeks under Democrats' 2009 stimulus policy). A majority of recipients don't collect the maximum weeks of benefits anyway.

Accountability

- For the first time, the program's priority for job placements is on unsubsidized employment.
- For the first time, the performance goals for TAA are aligned with other job-training programs such as WIOA, Job Corps and Vocational Rehabilitation, improving the program's accountability.
- States are given latitude to determine the most appropriate training and work supports for TAA recipients, given local employment needs – an improvement from Democrats' 2009 stimulus.

Consolidation of Training and Other Expenses, with Reductions

- Process improvements will promote more direct services for participants over administrative spending.
- Funding for administration and services other than benefit checks is consolidated and reduced by 22 percent (from \$575M per year under 2009 and 2011 legislation, to \$450M per year under this agreement). And in contrast with 2009 policy, administrative funding is capped at no more than 10 percent (down from 15 percent), resulting in program savings.
- Public-sector workers are not covered under the agreement, as they were under Democrats' 2009 stimulus policy.

Extension of Health Coverage Tax Credit (HCTC) with Reforms

- The legislation retroactively extends the Health Coverage Tax Credit (HCTC) for six years, from 2014 through 2019, at 72.5 percent, down from the 2009 stimulus policy 80 percent.
- The HCTC is modified to prohibit individuals from claiming the HCTC and certain other premium subsidies for the same coverage period, and to prevent use of the HCTC to purchase insurance through an Affordable Care Act Exchange.

Fully Offset without Raising Taxes

- To insure no increase of the U.S. deficit or national debt, the legislation includes a temporary extension of the 2011 increase in the Merchandise Processing Fee (from 0.21% to 0.34% of import value) paid on products from countries with which the United States does not have a free trade agreement. The purpose of this fee is to offset the costs incurred by U.S. Customs and Border Protection (CBP) for the inspection and processing of merchandise that is formally entered or released.
- The package includes a temporary extension of the COBRA (Consolidated Omnibus Budget Reconciliation Act) fee, which is used to ensure all carriers and passengers entering the United States are compliant with U.S. Customs laws.
- The legislation conforms the rules for the additional child tax credit (ACTC) -- *i.e.*, the refundable portion of the child credit -- with the rules for the earned income tax credit (EITC) by denying the ACTC to taxpayers who elect the foreign earned income exclusion (FEIE). This provision prevents taxpayers earning six-figure incomes and who have no tax liability from receiving a check from the government for the ACTC because they appear to have low earned income.
- The legislation allows Medicare beneficiaries with acute kidney infection to receive short-term scheduled dialysis at a Medicare-certified End Stage Renal Disease facility, and mirrors a proposal that was contained in the President's FY2016 Budget. It provides savings without disrupting the level of care provided to patients.
- The provision that modifies the sequester on Medicare mandatory spending has been eliminated in the House amendment to the Trade Preferences Extension Act of 2015. Other provisions of the House amendment offset the cost of eliminating the Medicare sequester to ensure the bill does not increase the deficit or violate the House's cut-as-you-go rule.