



Testimony to the House Ways and Means Committee, Trade Subcommittee, March 4, 2021

Improving Trade Adjustment Assistance to Respond to the Pandemic Economy and Beyond

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Subcommittee chair Rep. Blumenauer, Ranking member Rep. Buchanan, and members of the subcommittee, I appreciate this opportunity to testify before you about the vital importance of the Trade Adjustment Assistance (TAA) program, and opportunities to improve it before it needs to be reauthorized later this year.

I serve as a senior fellow at The Century Foundation, one of the nation's oldest policy think tanks, where I specialize on policies related to unemployment, economic dislocation, and the future of work. I've studied and advocated on behalf of unemployed workers for the past twenty years, having had the chance to learn about the impacts of permanent trade-related job losses directly from dislocated workers and from legal advocates, labor leaders, and the state officials that serve them. While TAA serves a diverse population, it is particularly vital to experienced, older workers that face the devastating loss of a family-sustaining career that they have spent years, even decades building.

TAA Overview

TAA should represent a promise to workers and the communities they live in. A promise that they won't be left behind when they have lost their livelihood due to the vicissitudes of global trade and trade policy. TAA is not a replacement for well-paying manufacturing (and service) jobs, and the aid provided can feel like a bittersweet salve. In other words, TAA does not make up for ill-conceived trade policies that have led to millions of job losses. But no matter how much our trade policies improve, the wage differentials between the United States and other countries will continue to lead to negative employment consequences of trade. Indeed, the majority of TAA petitions certified in 2019 were from companies that moved production of

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goods and services overseas, in search of cheaper labor and other advantages.¹ Since 1962, TAA has been a necessary and important part of our nation's trade policy and provides a package of assistance that is much more complete than other programs for dislocated workers in the United States. These benefits of TAA include:

- **Trade Readjustment Assistance (TRA) benefits.** Workers who qualify for TAA can receive readjustment assistance in the form of 104 additional weeks of income support beyond what standard state unemployment insurance (UI) provides, at the same weekly level of regular UI (and currently including \$300 per week extra from Federal Pandemic Unemployment Compensation, or FPUC); individuals can receive this extended income support to provide for their family while they complete training.
- **Retraining.** TAA pays for a wide variety of training programs, including post-secondary education, vocational training, as well as remedial education. The average per-participant spending on training in TAA is \$13,623,² far more generous than Workforce Innovation and Opportunity Act (WIOA) dislocated worker services, which is just \$2,861 per participant on average.³
- **Continued health care benefits.** TAA recipients can maintain their employer-based health insurance through the health care tax credit (HCTC), which covers 72.5 percent of a family's premiums and is paid directly to insurance companies.⁴
- **Wage insurance.** Reemployment Trade Adjustment Assistance (RTAA) provides TAA recipients up to \$10,000 in wage insurance benefits over a two-year period, equal to half of the difference between a TAA recipient's pre-layoff salary and their new job (for those workers who earn \$50,000 or less in their new jobs).⁵
- **Relocation and job search allowances.** TAA recipients can receive up to \$1,250 of the expenses of relocating outside of their community in order to secure a well-paying job.
- **Case management and reemployment services.** All TAA recipients are eligible for job counseling and case management, including assessments and career counseling.

TAA Results

¹ "Trade Adjustment Assistance for Workers Program: FY 2019 Annual Report," U.S. Department of Labor, 15, <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport19.pdf>.

² Ibid.

³ Sheena McConnell, "Individual Training Accounts: Testing Models of Paying Training 1999–2011," report prepared for the U.S. Department of Labor, Employment, and Training Administration, Mathematica Policy Research, <https://www.mathematica-mpr.com/our-publications-and-findings/projects/individual-training-accounts>.

⁴ "Health Coverage Tax Credit," Internal Revenue Service, 2021, <https://www.irs.gov/credits-deductions/individuals/hctc>.

⁵ "TAA Program Benefits and Services Under the 2015 Amendments," Employment and Training Administration, United States Department of Labor, 2015, https://www.doleta.gov/tradeact/2015_amend_benefits.cfm.

TAA benefits are not as generous as they once were, nor are they as generous as other transition policies, such as the Redwoods Employment Protection Program or other “just transition” programs, especially when it comes to wage replacement.⁶ Even before the pandemic plunged the nation into recession, data confirmed that permanent layoffs can lead to lasting damage for displaced workers and their families. Of the three million Americans displaced from 2015 to 2017, one out of three (33.7 percent) still had not found a job by January 2018, and among those who did find a job, half obtained only part-time employment or took a pay cut of 20 percent or more.⁷ Nevertheless, TAA has proven over and over again its ability to do the tremendously difficult job of helping individuals transition mid-career into new occupations. The TAA annual report includes stories such as that of Mark, who transitioned from working in an automotive factory to becoming a Licensed Practical Nurse; or Kendra, who finally had a chance to get a bachelor’s degree and a steady job as a grant writer; or Brian, who used his time on TAA to drive 120 miles round trip to the closest community college to transition from manufacturing employment to a job as an electronics repair technician.⁸ Moreover, TAA helps these older workers maintain quality health coverage, supplements the income of those who take a pay cut, and provides a unique opportunity to build basic and occupational skills. Studies on the impact of TAA have found:

- On the basis of performance data, TAA does better than comparable programs. In 2018, more than 76 percent of TAA participants were employed within two quarters of exiting TAA.⁹ That rate is higher than for the WIOA dislocated worker program, which had a two-quarter re-employment rate of 70.9 percent.¹⁰
- The TAA program has been criticized on the basis of a flawed evaluation that found that four years later, those who had participated in TAA were earning \$3,000 less per year than those who did not. The authors of that report acknowledged that TAA recipients

⁶ Leslie Marshall, et al. “Marshall Plan For Middle America: Roadmap,” Center for Sustainable Business, University of Pittsburgh, December 2020,

https://www.sustainablebusiness.pitt.edu/sites/default/files/marshall_plan_for_middle_america_roadmap_0.pdf.

⁷ “Displaced Workers Summary,” Bureau of Labor Statistics, August 28, 2018,

<https://www.bls.gov/news.release/disp.nr0.htm>.

⁸ “Trade Adjustment Assistance for Workers Program: FY 2019 Annual Report,” U.S. Department of Labor,

<https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport19.pdf>.

⁹ “Trade Adjustment Assistance for Workers Program: FY 2018 Annual Report,” U.S. Department of Labor,

<https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport18.pdf>.

¹⁰ “WIOA Adult Performance Report: PY2019,” U.S. Department of Labor,

<https://www.doleta.gov/Performance/Results/AnnualReports/PY2018/PY-2018-WIOA-National-Performance-Summary-3.27.2020.pdf>.

can be out of work for up to two years in order to attend full-time retraining programs while receiving benefits, making a four-year assessment a problematic framework.¹¹

- A more recent study with a better comparison group (comparing differences among workers approved or denied TAA) found that workers who received TAA training earned \$50,000 more over a ten-year period, a benefit that far exceeds the cost of TAA services.¹²

Recent Legislative History Has Put TAA Program at Risk

The Trade Adjustment Assistance program recently has had an up-and-down legislative history. Significant expansions and improvements were included in the 2009 Recovery Act, including increased funding for training, increased number of weeks of training, allowing waivers of training for a variety of reasons, and added eligibility for service workers and public sector workers. This has helped expand access to a more diverse group of workers, for example just 28 percent of employees in manufacturing are women, as compared to 46 percent of employees in the professional and business services (now the second largest recipient of TAA). After a brief extension in 2011, these expansions were significantly rolled back in 2014, which among other reductions ended eligibility for service workers and lowered training funding to 2002 levels.¹³ TAA activity significantly declined under the 2014 revision provisions, but picked up again after the program was improved in 2015, with funding between the 2002 and 2009 levels, and restoration of key eligibility provisions to 2011 levels, including broader eligibility for wage insurance, more weeks of benefits to complete training, and restoration of eligibility for service workers,¹⁴ who now make up more than a third of all TAA certifications.¹⁵ These expansions will expire on June 30, 2021 unless Congress acts before that time, and the law would largely revert to its 2014 state, without the various expansions of the program's benefits.¹⁶

¹¹ Ron D'Amico and Peter Schochet, "The Evaluation of the Trade Adjustment Assistance Program: A Synthesis of Major Findings," Mathematica Policy Research and Solicy Policy Research Associates, December, 2012, <https://www.mathematica-mpr.com/our-publications-and-findings/publications/the-evaluation-of-the-trade-adjustment-assistance-program-a-synthesis-of-major-findings>.

¹² Hyman, Benjamin, "Can Displaced Labor Be Retrained? Evidence from Quasi-Random Assignment to Trade Adjustment Assistance," January 10, 2018, available at SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3155386.

¹³ Benjamin Collins, "Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015," Congressional Research Service <https://fas.org/sgp/crs/misc/R44153.pdf>.

¹⁴ "Trade Preferences Extension Act of 2015," Public Law 114-27, June 29, 2015, <https://www.congress.gov/bill/114th-congress/house-bill/1295>.

¹⁵ "Trade Adjustment Assistance for Workers Program: FY 2019 Annual Report," U.S. Department of Labor, 17, <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport19.pdf>.

¹⁶ "Trade Preferences Extension Act of 2015," Public Law 114-27, Section 406, June 29, 2015, <https://www.congress.gov/bill/114th-congress/house-bill/1295/text>.

TAA Needs Improvement in Response to the Pandemic Economy

The TAA program has undergone numerous changes over the decades, but is still in need of significant improvements, mostly related to streamlining eligibility, improving training outcomes, and ensuring that benefits and services fit the diverse needs of trade-impacted workers. Areas needing improvement include:

- **Eligibility.** Workers can only qualify for TAA if a union, local government agency, or a group of three or more workers files a petition that proves that job losses at a specific facility/unit are directly tied to trade. This is a laborious process that takes an average of sixty-one days from the time a petition is filed (which itself may come after a plant is closed), and as a result many potentially qualified workers do not receive coverage.¹⁷ In 2020, manufacturing jobs in the United States declined by 582,000,¹⁸ but the number of workers successfully petitioning for TAA that year only increased by 22,000 from 2019.¹⁹
- **Training effectiveness.** The evaluation of TAA that found a negative earnings impact for the program after four years still concluded that TAA recipients who completed their training and found a job in their fields received a \$5,000-to-\$6,000-per-year earnings boost.²⁰ The problem identified in the evaluation was that only 37 percent of participants who completed training were able to do so. So while workers in the TAA program can reap benefits from the education and credits they obtained regardless of what occupation they go to,²¹ TAA training should be more effectively linked to jobs.
- **Serving all workers.** TAA must do a better job of reaching all of those who are eligible for benefits and delivering services that match their needs, including better outreach to those who are eligible for service. For example, while the TAA program served a larger share of African-American workers (17.6 percent) in 2019 than in previous years, both Hispanics and African-Americans are under-represented in the TAA population. TAA can

¹⁷ “Trade Adjustment Assistance for Workers Program: FY 2019 Annual Report,” U.S. Department of Labor, 14, <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport19.pdf>. A Demos analysis found that 1.5 million jobs were lost to trade from 2002 to 2007, but only 1 million of those jobs were certified for TAA. See Ramya M. Vijaya, “Broken Buffer: How Trade Adjustment Assistance Fails American Workers,” Demos, 2010, 87, http://www.demos.org/sites/default/files/publications/Broken_Buffer_FINAL.pdf.

¹⁸ “Employment, Hours, and Earnings from the Current Employment Statistics survey,” Bureau of Labor Statistics, accessed February 27, 2021, <https://data.bls.gov/cgi-bin/surveymost?ce>.

¹⁹ “Petitions and Determinations Data,” U.S. Department of Labor, accessed February 27, 2021, <https://www.dol.gov/agencies/eta/tradeact/data/petitions-determinations>.

²⁰ Peter Schochet and Ronald D’amico, “The Evaluation of the Trade Adjustment Assistance Program: A Synthesis of Major Findings,” Mathematica Policy Research, December 30, 2012, <https://www.mathematica-mpr.com/our-publications-and-findings/publications/the-evaluation-of-the-trade-adjustment-assistance-program-a-synthesis-of-major-findings>.

²¹ Lou Jacobsen and Robert Lalonde, “The Returns to Community College Schooling for Displaced Workers,” Working Paper 105, Harris School of Public Policy, 2001–02, <https://econpapers.repec.org/paper/harwpaper/0105.htm>.

more effectively serve diverse populations by ensuring that program offerings needed by diverse communities—such as those for whom English is a second language—are widely available, and by improving outreach to secondary suppliers and service firms that have a more diverse workforce but are less likely to gain access to TAA. Moreover, TAA consistently serves an older population (median age 52), and should not take a one-size fits all approach to these workers. Some of these workers desire TAA training, others may prefer wage insurance, and even others would benefit if they would be able to more effectively use TAA benefits as income and health care bridge to retirement.

- **TAA does not deal with community-wide decline in jobs.** While TAA focused on services for individual workers, reemployment strategies cannot work if there are not job opportunities. Additional economic development assistance—starting with regional planning, and including aid for remediation and infrastructure development—should be targeted at communities with major trade certified job losses. In particular, federal policy should support the recovery of manufacturing—, which remains the most common sector of reemployment for TAA recipients—, in traditional industrial communities that continue to bear the burden of trade job losses.

Action Congress Should Take during TAA Reauthorization

As was done in 2009 in response to the Great Recession, the TAA program should be made more robust to facilitate the economy's transition from pandemic crisis to recovery. At a time when nearly one out of every three jobless workers has been without a job for six months or more, a timely reauthorization of TAA will give workers and communities additional tools to help those dislocated by the combination of the pandemic and continued vicissitudes of international trade laws get back to work. Moreover, a sound adjustment program creates a necessary shock absorber as Congress and the administration continue discussions about how to improve the international trade system, and implement effective job creating industrial and in infrastructure jobs.

Streamlining TAA Eligibility

TAA could be improved if there were a set of targeted categorical eligibility improvements that could eliminate the need for lengthy investigation and petition when other evidence could demonstrate that workers were indeed trade impacted.

- ***Waive investigations when employers document that they have moved jobs overseas.*** Employers are already required to file a notice to the Department of Labor/the State Rapid Response Unit when they are undertaking a mass layoff of 50 or more workers.

The WARN Act could be helpfully reformed to require companies to notify the Department of Labor when the mass layoff is due to a shift in production of goods of service overseas. This notice could be used to trigger an automatic petition filing by the state local workforce area and waive the need for a time consuming Department of Labor investigation.

- **Industry-wide certifications.** TAA rules could better respond to surges in trade-impacted layoffs through a provision for industry-wide certification, first proposed by Senator Max Baucus in 2007. This would allow the Department of Labor to temporarily certify an entire detailed industry sector as TAA-eligible if there were three TAA certifications in the past 180 days. Once a follow up Department of Labor investigation determines that this is part of a pattern of global trade impacts, they could speed aid to other groups of workers impacted by layoffs without requiring each to file a separate petition.²²
- **Establish a pilot TAA for technology program.** TAA provides a ready-made model to make available a comprehensive suite of services to workers who lose their jobs because of automation, as was proposed by the TAA for Automation Act of 2018 (S. 2892). This proposal would allow group TAA certifications when a firm has shifted production to use technology for what was previously “human work” and that has contributed meaningfully to the termination of workers’ employment; a final pilot would also allow for certification if the growth in competing automated technologies is cause of specific group job loss. The pilot could allow for up to \$75 million in benefits and training funds over a three-year period.

Improving TAA Outreach

As recently pointed out by GAO,²³ unemployed workers are often unaware of economic adjustment assistance—especially when TAA petitions are certified after workers have been laid off and cannot learn of their group eligibility at work. TAA could be improved by:

- ***Partnering with unions and other worker groups (through grants) to conduct***

²² “From Sec. 203 of S. 122 of the 110th Congress, amending section 223 and adding section (e) Investigation Regarding Industry-Wide Certification.—If the Secretary receives a request or a resolution under section 221(c) on behalf of workers in a domestic industry or occupation (described in section 221(c)(2)) or receives 3 or more petitions under section 221(a) within a 180-day period on behalf of groups of workers in a domestic industry or occupation, the Secretary shall make an industry-wide determination under subsection (a) of this section with respect to the domestic industry or occupation in which the workers are or were employed. If the Secretary does not make a determination and issue a certification under the preceding sentence, the Secretary shall make a determination of eligibility under subsection (a) with respect to each group of workers in that domestic industry or occupation from which a petition was received.” See “Trade Adjustment Assistance: Industry Certification Would Likely Make More Workers Eligible, but Design and Implementation Challenges Exist,” General Accountability Office, June 2007, <https://www.gao.gov/assets/270/263136.pdf>.

²³ “Economic Adjustment Assistance: Actions Needed to Better Address Workers’ Needs and Assess Program Effectiveness,” General Accountability Office, July 2020, <https://www.gao.gov/assets/710/708441.pdf>.

outreach to impacted workers. This is a tried-and-true method to improve outreach, similar to when \$1.4 million in grants were made available in the 2009 TAA reauthorization. Peer-to-peer outreach can help convince many dislocated workers who have had little experience with government programs or educational institutions to enter into TAA programs.²⁴

- **Facilitating more effective contact by states with TAA eligible workers.** The law could require employers to give state rapid response units the list of phone numbers and email addresses of workers for the sole purpose of outreach. Currently, employers are encouraged but not required to give lists.

Improving TAA Training

The goal of reforming TAA training services should be to help more workers enter and complete training programs where there is strong demand for the skills they have learned, including but not limited to programs that more effectively combine work-based and classroom learning, such as apprenticeships.

- **Restore TAA for community college training.** TAA currently operates in a similar manner to Pell grants—an individual voucher that students can use to select available training. This gives states little in the way of resources to develop the capacity of its education and training system to meet the challenges of dislocated workers. TAA can assist states in these efforts by restoring the The TAA Community College Training Grant program, which had been funded at \$2 billion over four years in the 2009 Recovery Act, helping community colleges to stand up 1,992 new training programs.²⁵ This program should be reauthorized, but with a greater level of coordination between community colleges and the public workforce system (WIOA and TAA) that is responsible for funneling workers from TAA into community colleges, and developing strong sectoral partnerships in high-demand sectors. Funds should be made available for use in training and as a way to produce more equitable outcomes. Grant funds should be earmarked for supportive partnerships with community-based organizations, as well as diversity, equity and inclusion (DEI) initiatives to help employers more successfully integrate women and members of communities of colors into career paths where they have been under-represented.
- **Allow those in apprenticeships and on-the-job training programs to receive financial**

²⁴ Maria Heidkamp and Ronnie Kauder, “Coping with Layoffs: Current State Strategies for Better Rapid Response,” Heldrich Center for Workforce Development, November 2008, <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.639.4654&rep=rep1&type=pdf>.

²⁵ “Trade Adjustment Assistance Community College and Career Training Grants,” U.S. Department of Labor Office of the Inspector General, July 2018, <https://www.oig.dol.gov/public/reports/oa/2018/02-18-201-03-330.pdf>.

support from TAA, in terms of TRA benefits if they are earning less than \$1,000 per week in on the job training/apprenticeships. There is strong bipartisan interest²⁶ in expanding participation in apprenticeships (0.1 percent of TAA recipients) and on-the-job-training (1.0 percent of TAA recipients).²⁷ Under current rules, those on TAA lose access to weekly TRA payments because they are no longer unemployed. Workers could be incentivized to choose these pathways if TRA could be used as a real-time income supplement to the low wages of many starting apprentices. Moreover, Congress should add in pre-apprenticeship training to the list of the types of approvable training under TAA.

- **Improve data and accountability for training.** Too little is known about what types and courses of training produce the best outcomes. The TAA law should direct the secretary of labor to break out the core program outcomes (completion and employment) by the major different training modalities (occupational, classroom, customized, post-secondary, on-the-job) and occupations targeted. In addition, the secretary should be required to dedicate a portion of the existing TAA annual report to address diversity, equity and inclusion.
- **Increase TAA training fund to \$850 million.** The current statutory cap for TAA training and employment services is \$450 million. This should be increased to \$850 million to account for the additional cost of expanded services to those eligible under existing laws, and the additional expense of serving those who would be newly eligible under the petitioning provisions suggested.

Reinvent the economic development assistance aspects of TAA

TAA should have an economic development assistance title that addresses the impact of multiple trade impacts on regional economies. This assistance is critical to enabling communities to recover jobs, and economic growth, lost when major facilities close due to trade. Rather than being a stand-alone program, like the 2009 TAA communities, TAA petitions and aid should be used as a trigger for additional levels of assistance from the Economic Development Administration and additional financial tools available for reinvestment. These tools are critical for all forms of economic development. However, they have special relevance for hard to finance manufacturing ventures, and also the remediation needed in many traditional manufacturing communities.

²⁶ “FY2021 Budget of the United States: Appendix,” Office of Management and Budget, February 2020, 772, <https://www.govinfo.gov/content/pkg/BUDGET-2021-APP/pdf/BUDGET-2021-APP.pdf>.

²⁷ “Trade Adjustment Assistance for Workers Program: FY 2019 Annual Report,” U.S. Department of Labor, 24, <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport19.pdf>.

Reforming TRA to Better Meet the Needs of All Workers

TAA can be better restructured to meet the diverse needs of transitioning trade-impacted workers, including those ready to tackle the arduous path of obtaining college degree, those who need up their basic skills to compete in the twenty-first century workforce, as well as those seeking to maintain their health and income until they reach retirement age. Smart reforms of TRA benefits can help the program to accomplish these goals.

- ***TAA should return to its 2009 status, offering jobless workers time to complete a full two-year program after their regular unemployment benefits***, giving workers time to identify and sign up for a program. Current law offers 117 weeks of benefits (52 basic and 65 additional), but 26 weeks of basic UI is netted out, leading to a net of 91 weeks. The new law should expand additional benefits to 78 weeks, while maintaining an additional 13 weeks of completion TRA for those workers who have breaks in training.
- ***TAA recipients should be allowed to receive an additional twenty-six weeks of TRA if they need remedial or English as a second language (ESL) education before entering occupational or classroom training***. As it was in the 2009 version of TAA, those in remedial education or ESL classes should be allowed an additional twenty-six-week period to complete that coursework, without sacrificing their normal two-year eligibility for TRA and TAA training. This is an especially important provision for immigrant workers and other workers, such as workers of color, who have been deprived of prior educational opportunities.
- ***Restore the waiver for individuals within two years of retirement***. Individuals are not allowed to receive TRA benefits unless they are in a training program or they have a waiver from training because it is not available or they are unhealthy. As in the 2009 law, older workers within two years of retirement should be allowed to waive the normal training requirement, allowing them to receive TRA, which they can use along with the health care tax credit as a bridge to reach the point where they can access pension benefits, retiree health care, and Medicare. This alternate pathway is a feature of many “just transition” proposals and should be incorporated into TRA.

Looking Ahead

Despite improvements to trade policy, displacement due to trade laws continues to be a reality of the American economy. Without assistance, trade-impacted workers face long odds of finding work at a similar wage level. Trade Adjustment Assistance represents a promise that these workers won't be left behind as collateral damage. While the program has delivered positive results for tens of thousands of workers over the years, much can be done to improve it. I commend the committee for turning its attention to the program, and encourage it to act to extend and improve TAA before it reverts back to a weaker version on July 1.