



Statement before the House Committee on Ways and Means
Subcommittee on Trade
On Reauthorizing Trade Adjustment Assistance: Opportunities
for Equitable Access and Modernization

Trade Adjustment Assistance: Improving the Program by Putting Workers First

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Mr. Chairman and Members of the Committee, I am pleased with the opportunity to discuss reauthorization of the Trade Adjustment Assistance (TAA) program. I last testified about TAA to the full House Committee on Ways and Means in June 2007 in my capacity as Principal Deputy Assistant Secretary for Employment and Training. Since that time, I have been able to view and understand the operations of programs like TAA from a different perspective—as a partner with community colleges, local workforce boards, and state workforce agencies. Since the summer of 2012, I have engaged in full time consulting as a solo business owner and have provided technical assistance, program management, policy development, and rigorous evaluation services for numerous clients and programs. I have gotten to see, up close and personal, the challenges faced by communities and families in economic distress, the bureaucratic hurdles often faced by community college and workforce development staff trying to address economic recovery and the reskilling or upskilling of workers, and the unnecessary complexities of the myriad of federal workforce and education programs.

My testimony today comes from the perspective of a community partner who has seen the TAA program in action, most notably during the past year with COVID impacting training timelines and in-person training methods. I am offering key programmatic principles that will help more workers access training and reemployment services. I do not get into every program nuance or program element as part of my testimony. Interestingly, many of the principles I am espousing are similar to reforms called for when I testified in 2007. While Congress has reauthorized the program three times since then and implemented improvements, there are some very important foundational changes you can consider this round that will make a meaningful difference to workers and communities.

What We Know about the TAA Program in 2021

A just-released February 2021 report by the American Enterprise Institute authored by

Rachel Lipson, et.al.¹ provides us with a strong foundational understanding of what we know about TAA outcomes and impacts. In the AEI report, a review of the literature and program outcomes demonstrate mixed results for a worker population that tends to be older and less educated. Key points² that inform the recent round of TAA reauthorization include:

- **Little evidence exists that the TAA program provides a long-term benefit to participants.** Three different studies of TAA administrative data over recent years show little net positive effect of TAA training. While data often demonstrate that TAA participants who utilize training services have wage gains over those who do not participate in training, overall long-term wage impacts from training dissipate over a ten-year period.
- **An increasing number of TAA participants have a bachelor's degree.** While the majority of TAA participants hold a high school diploma or less, the percentage of TAA participants who hold a bachelor's degree has risen from 2.5 percent in 2013 to nearly 19% in 2018.
- **Before COVID-19, training participation rates declined.** With a low unemployment economy prior to COVID, the rate of TAA participants utilizing training was 47.9% in FY2019. While different training modalities are, in theory, available to TAA participants, most enroll in occupational or associate degree level training. Other approaches, such as apprenticeship, on-the-job training (OJT), and customized training are rarely used.
- **Employment and earnings outcomes are a mixed picture.** While employment and earnings outcomes have improved during the past few years of the program, Lipson concludes that most of the increases occurred early in the past decade, likely reflecting an improved labor market after the Great Recession.

¹ Lipson, Rachel, et.al. (2021) "The Search for Stability: A Review of Worker Transitions." American Enterprise Institute, Washington, DC. Found at: <https://www.aei.org/research-products/report/the-search-for-stability-a-review-of-worker-transitions/>

² Information gleaned from the Lipson report and from the U.S. Department of Labor, Employment and Training Administration's FY 2019 Annual Report for the Trade Adjustment Assistance for Workers program.

Program Improvements and Solutions

I often characterize our federal portfolio of employment and job training programs as “New Deal programs operating in an iPhone economy.” While only some of our federal programs, such as Wagner Peyser and Unemployment Insurance, actually have New Deal origins, almost all of our programs operate in either a New Deal or Great Society framework and are ill-equipped to react quickly to market changes or technological advancements. COVID-19 has exacerbated the need for Congress to consider different approaches and bold changes to programs like TAA, particularly in light of questionable results absent a COVID-19 environment.

I propose changes to the TAA program that would have profound positive effects for the workers accessing services and the employers looking for skilled workers. These are changes that seek to get resources to customers and put customers first—not the systems that serve these customers or the bureaucracies that oversee these programs. These changes are in four areas: (1) federal flexibility in the delivery of TAA; (2) elimination of program silos; (3) increased access to training and transitional services; and (4) support for small and mid-size community colleges to provide training alternatives aligned to sector strategies.

*1. **Federal Flexibility in Delivery of TAA.*** Too many of our federal employment and training laws contain broad mandates in both federal statute and regulations. This includes Trade Adjustment Assistance and its requirements around various time deadlines and mandates as to who provides certain types of services. Rather than try to direct outcomes through structured federal laws, Congress should take the opportunity of TAA reauthorization to set broad parameters and desired outcomes for federal appropriations and allow the U.S. Department of Labor and the states to tailor approaches to different labor markets, public health conditions due to COVID-19, and socio-economic conditions and population demographics. The United States is a diverse country with many different economic conditions and worker characteristics. It is not

feasible for a “top-down” program design to meet the expectations or outcomes desired or help workers on the scale needed to address modern dislocations. I encourage this Subcommittee to work on a bipartisan basis to review the current law, set a vision and desired performance levels, and provide flexibilities in service delivery in exchange for improved outcomes.

2. **Elimination of program silos.** The Government Accountability Office (GAO) and others have consistently documented the problem of redundant and overlapping employment and training programs throughout various federal and state agencies. Even with the goal of “one-stop service delivery” through the Workforce Innovation and Opportunity Act (WIOA), I have witnessed and documented through recent AEI reports that most workers have to access services through multiple stops, sometimes having to engage with three or more agencies or offices within the same community. In 2018, roughly half of TAA participants were also enrolled in the WIOA Dislocated Worker program, meaning that different program staff are serving the same participants under different program rules, administrative structures, and even administering agencies. When also adding to the service mix different community college personnel, a TAA participant likely interacts with three or more case managers, advisors, and/or employment counselors. This is untenable, unreasonable, and confusing for customers.

A reauthorized TAA should contain new demonstration authority to allow states to propose cost neutral alternatives to providing TAA services. This demonstration authority could allow the braiding of funds at the state or local level to provide enhanced services to TAA participants, allow administrative reforms to develop efficiencies that target more dollars to participant services, or waive provisions of law or regulation that hamper service delivery and improved outcomes. The COVID-19 pandemic has made it clear it is impossible to anticipate changes to local industries, working conditions, and skill shortages. A new demonstration authority allows the U.S. Department of Labor to work with the states to innovate and try new approaches to

worker training and support while also addressing the inherent program structural problems that hamper effective service delivery and outcomes.

3. *Increased Access to Training and Transitional Services*. The TAA program needs to be fundamentally restructured to provide workers with “Training and Transitional Services” accounts, which are flexible resources to be used by workers to access the training, case management, and services that promote increased skills and immediate returns to work. TAA participants are not accessing proven training alternatives, such as OJT and apprenticeships, and the current structure of the TAA program incentivizes longer spells of unemployment in order to access all of the training available to workers. Rather than the current structured approach to TAA training, a reformed program would provide the new TTS accounts upon eligibility determination. Participants could then “shop” for the case management services and training that provides them with the most cost effective and best approach to reemployment. This might include “purchasing” OJT through an arrangement with an employer.

Instead of having a mandated TAA caseworker, perhaps a TAA participant would rather develop an Individual Employment Plan with a community college advisor who would interact more closely with college faculty to effectuate training completion and credential attainment. If a TAA participant was reemployed prior to exhaustion of the training benefit, a transitional reemployment “bonus” or wage supplement would be provided to help ease the person back to work. This benefit would be available for workers who transitioned off TAA faster and would be a sliding scale bonus or wage based upon the amount of reemployment wages received and early return to work. It could be modeled off the Unemployment Insurance Work Share program where it is less costly to the government and more effective for workers to remain on the job while having some level of wages supported by government funds for a short period of time. We have seen with other entitlement program reforms, that offering transitional benefits eliminates

“cliff effects” of going back to work and losing all benefits, and helps participants reenter the labor market, even at lower initial wages, because some of that wage loss is offset by transitional benefits. Especially with COVID uncertainty, providing flexible TTS accounts helps workers access services, find service providers, and partake of the training needed to gain skills for employment.

4. *Support for Small and Mid-size Community Colleges*. In my 2007 testimony on the TAA program, I was a leading proponent for funding to support community colleges in responding to large scale layoffs. This was due to situations I saw in the field where we were directing large numbers of workers to get retrained, but did not provide community colleges with the ability to ramp up capacity quickly with more instructors, equipment, or supplies.

Since that time, I have been thoroughly engaged with multiple large and small community colleges throughout the entire history of the Trade Adjustment Assistance Community College and Career Training (TAACCT) grant program. What I witnessed was a tale of the “haves” and the “have nots.” While there are some well-resourced and large community colleges and community college districts, the vast majority of community colleges are 1-3 building outfits, situated in rural and less populated communities. These are many of the same communities decimated by the impacts of foreign trade or industry loss.

I support continued federal efforts to provide dollars that allow small and mid-size community colleges to innovate and expand their capacity. However, if that is done again through the TAA program, I do advocate for a more flexible approach that incorporates both TAA and other dislocated workers. Regardless of the cause of dislocation, these vital training institutions must be able to serve all workers, whether through a pandemic-type dislocation response, cyclical downturn, or trade-related event. The important aspect to understand is the vast majority of community colleges are not well-resourced, large institutions, yet they are

working hard to innovate and implement all the types of accelerated, credentialed training approaches aligned to sector strategies and partnerships.

Conclusion

Congress has the opportunity to innovate and provide bold solutions to help workers impacted by trade in a COVID-recovery economy. I look forward to seeing your progress, and I am pleased to respond to any questions that members of the Committee may have.