



Highlights of [GAO-07-995T](#), a testimony before the Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The Trade Adjustment Assistance (TAA) program, administered by the Department of Labor (Labor), is the nation's primary program providing income support, job training, and other benefits to manufacturing workers who lose their jobs as a result of international trade. In fiscal year 2006, Congress appropriated about \$900 million for TAA, including about \$220 million for training. GAO has conducted a number of studies on the TAA program since the program was last reauthorized in 2002. This testimony draws upon the results of two of those reports, issued in 2006 and 2007, as well as ongoing work, and addresses issues raised and recommendations made regarding (1) Labor's administration of the TAA program, (2) the challenges states face in providing services to trade affected workers, (3) the factors that affect workers' use of the wage insurance and health coverage benefits, and (4) the impact of using industrywide certification approaches on the number of workers potentially eligible for TAA.

www.gao.gov/cgi-bin/getrpt?GAO-07-995T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.

TRADE ADJUSTMENT ASSISTANCE

Changes Needed to Improve States' Ability to Provide Benefits and Services to Trade-Affected Workers

What GAO Found

Labor could improve the way it administers the program in two key areas—the process it uses to allocate training funds and its tracking of program outcomes. Labor's process for allocating training funds presents two significant challenges to states. First, the amount states receive at the beginning of the fiscal year does not adequately reflect the current demand for training services in the state. Second, Labor distributes a significant amount of funds to most states on the last day of the fiscal year, even to states that have spent less than 1 percent of the current fiscal year training allocation. Regarding program outcomes, TAA nationwide performance data are incomplete and may be inaccurate. We recommended that Labor develop procedures to better allocate the training funds and improve data. Labor recently noted that it would examine its processes.

States face challenges in providing services to workers, including the lack of flexibility to use training funds to provide trade-affected workers with case management services, such as counseling to help them decide whether they need training and which training would be most appropriate. States receive no TAA program funds for case management and must either use their limited administrative funds or seek resources from other programs, such as those funded by the Workforce Investment Act. States also reported that their efforts to enroll workers in training are sometimes hampered by the training enrollment deadline and that workers find the deadline confusing. We have suggested that Congress consider providing states the flexibility to use training funds for case management and simplifying the training enrollment deadline.

Few TAA participants take advantage of the wage insurance and health coverage benefits, and several factors limit participation. For example, several states reported that the requirement that workers must find a job within 26 weeks to receive the wage insurance benefit was the major factor preventing more workers from taking advantage of the benefit. Regarding the health coverage benefit, several states told us that high out-of-pocket costs may discourage workers from using the benefit. Furthermore, states also reported that the health coverage benefit can be complicated and difficult to understand. We have suggested that the Congress may wish to consider increasing the length of time workers have to become eligible for wage insurance. In addition, we also recommended that a centralized resource be developed to assist workers with their questions about health coverage. In response, the agency has developed new simplified materials.

Finally, an industry certification approach based on three petitions certified within any 180-day period would likely increase the number of workers eligible for TAA, potentially doubling those eligible. The approach also presents some design and implementation challenges.