



The Honorable Charles B. Rangel, Chairman

“How To” Manual on Trade Adjustment Assistance in the American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) overhauls the Trade Adjustment Assistance (TAA) programs and expands TAA coverage to more workers and firms, including workers and firms in the service sector and improves workers’ training opportunities and opportunities for health insurance coverage. It also improves the TAA for Farmers program to better assist trade-impacted farmers and fisherman and creates a TAA for Communities grant program to assist communities impacted by trade. These reforms go into effect on May 18, 2009.

This document provides information on accessing these programs.

TRADE ADJUSTMENT ASSISTANCE FOR WORKERS

Process for Obtaining Benefits

- **Step One – Group Qualification by the U.S. Department of Labor.** A group of workers at a trade impacted company, the company, union or other representative of a workers’ group at the company or other entities (such as a State employment security agency or local One-Stop Career Centers) must file a petition with the U.S. Department of Labor (DOL). The ARRA did not change this process. Information on the contents of the petition and how to receive assistance in filing the petition can be found at DOL’s website, <http://www.doleta.gov/tradeact/petitions.cfm#1>, which will be updated shortly to address changes to the TAA for Workers program made by the ARRA.

DOL will then investigate the petition to determine: (1) whether a significant number or proportion of workers at the company have become or are threatened to become totally or partially laid off; and (2) whether trade (either through increased import competition, shifting of company activities overseas or the contracting by the company with overseas producers or service providers) was a factor in the layoffs or threatened layoffs.

Under the ARRA, service sector workers and an expanded pool of manufacturing workers are now eligible for DOL group certification to apply for TAA. In addition, certain workers at companies covered by an injury determination in a trade remedy case (*i.e.*, an anti-dumping, countervailing duty case, a global safeguard action or a China safeguard action) automatically qualify for TAA assistance for a specified period of time.

- **Step Two – Individual Worker Qualification by State Agencies.** Once DOL approves a petition for group eligibility for TAA, a worker covered by the petition must then apply individually through State

workforce agencies or through local One Stop Career Centers to obtain TAA benefits. A list of State TAA Administrators can be found at <http://www.doleta.gov/tradeact/contacts.cfm>.

Benefits Available to TAA Eligible Workers

- **TAA Funded Training.** To get retrained, TAA eligible workers may receive up to 156 weeks of TAA-funded training, including vocational training and assistance in obtaining a two-or four-year college degree.¹ Some workers may also be eligible to start TAA training programs prior to being laid off from trade-impacted employment.
- **Extended Income Support (Trade Readjustment Allowances).** To facilitate participation in training, TAA eligible workers may be eligible to receive up to 156 weeks of income support, including Trade Readjustment Allowances (TRA), which consists of TAA-funded weekly payments of unemployment compensation beyond regular unemployment compensation. Some TAA eligible workers may be eligible for TRA without enrolling in training.
- **Job Search, Training and Career Counseling Services.** TAA eligible workers are entitled to receive in-depth job search counseling, career counseling and training counseling, as well as other career services.
- **Job Search and Relocation Allowances.** TAA eligible workers may apply for allowances in an amount up to \$1,500 to reimburse 100 percent of the expenses they incur in searching for new jobs outside their commuting area, up to \$1,500. They may also apply for allowances in an amount equal to 100 percent of the expenses they incur relocating to new jobs outside their current commuting area and an additional lump sum payment for relocation of up to \$1,500.
- **Wage Insurance Benefit (Reemployment Trade Adjustment Assistance).** Eligible TAA workers older than 50 may apply for wage insurance payments in the form of Reemployment Trade Adjustment Assistance (RTAA), where the participant obtains a new job at a lower wage than the participant's previous job. RTAA provides a subsidy of up to \$12,000 per eligible worker for a period not to exceed two years. Workers who receive RTAA are also eligible to apply for TAA funded training, but are not eligible to receive TRA beyond the RTAA.
- **Assistance with Health Care Insurance Coverage.** TAA eligible workers may receive the health coverage tax credit (HCTC), which subsidizes payments of health care insurance premiums through a tax credit. Under the HCTC, participants are eligible for an 80 percent subsidy to assist with qualified insurance premiums. The HCTC is administered by the Internal Revenue Service (IRS). Useful information may be found on its website: <http://www.irs.gov/individuals/article/0,,id=187948,00.html>, which will be updated shortly to address changes to the HCTC made by the ARRA.

¹ This includes up to 26 weeks of remedial or prerequisite training, but not both.

TRADE ADJUSTMENT ASSISTANCE FOR FIRMS

Process for Obtaining Benefits

➤ Step One – Firm Certification.

Trade Adjustment Assistance (TAA) for Firms provides management and technical assistance to companies that have been negatively impacted by foreign competition. It is administered by the Department of Commerce. Services are provided by a network of 11 TAA Centers located across the country (<http://www.taacenters.org/locations.html>).

A firm must file a petition with the Economic Development Administration (EDA) at the Department of Commerce. Assistance in compiling and submitting the petition is available from the TAA Centers (TAACs). For further information, see <http://www.taacenters.org/index.html>.²

EDA will then investigate the petition to confirm that (1) a significant number or proportion of workers have become or are threatened to become totally or partially separated; (2) sales or production of an article or service, or both, have decreased; or sales or production, or both, of an article or service that accounted for not less than 25 percent of the total production or sales of the firm have decreased; and (3) increased imports of competing articles or services “contributed importantly” to such worker separation, or threat thereof and to such decline in sales or production.

➤ Step Two – Development of an Adjustment Assistance Application

Once EDA certifies a firm, that firm has two years in which to file an adjustment assistance application, which must include an economic adjustment proposal. This proposal identifies and describes the technical assistance (business improvement projects) needed by the firm to adjust successfully to the increased foreign competition it faces. The proposal must be approved by EDA. Approval is contingent on EDA's finding that it (1) is reasonably calculated "to materially contribute" to the economic adjustment of the firm; (2) gives adequate consideration to the interests of the firm's workers; and (3) demonstrates that the firm will use its own resources for economic development.

EDA will provide cost-shared technical assistance to a firm to develop and implement its economic adjustment proposal. This assistance is normally provided by the TAAC in the region where the firm is located. The firm must pay 25 percent of the total cost of developing the adjustment proposal and at least 25 percent of the implementation cost.

² EDA has not updated its website to include reforms to the TAA for Firms program included in the American Recovery and Reinvestment Act. That update should happen within 90 days. Useful information can still be obtained at the website, but that information should be supplemented by a call to the TAAC in your region.

Benefits Provided

- A firm is eligible for up to \$75,000 in assistance to implement the projects in its economic adjustment proposal.³ Technical assistance is typically provided by private-sector consultants selected through a competitive bidding process.

TRADE ADJUSTMENT ASSISTANCE FOR FARMERS

➤ Step One – Group Certification.

To qualify for benefits under the TAA for Farmers program, a group of agricultural producers (including fisherman) may file a petition for certification with the Secretary of Agriculture.⁴

The group of producers must show (1) a 15 percent decline in price, value of production, quantity of production or cash receipts for the national average price for the commodity for the 3 previous years, and (2) that imports contributed importantly to the decline in price, production, value of production or cash receipts.

➤ Step Two – Individual Certification.

Once the Department of Agriculture (USDA) certifies a group of commodity producers for TAA, an individual producer can qualify for benefits if the producer shows (1) that they produce the commodity; and (2) that the price received, quantity of production or value of production for the commodity has decreased.

Benefits Provided

- **Technical Assistance.** Once certified, producers are eligible for technical assistance, including guidance on how to adjust to import competition, how to become more competitive in producing and marketing the trade-impacted commodity and/or whether to consider producing a different commodity. Producers may opt to receive additional intensive technical assistance, which consists of a series of courses designed for producers of the certified commodity.
- **Implementation of an Initial Business Plan – up to \$4,000.** Upon completion of the series of intensive technical assistance courses, a producer develops an initial business plan which (1) reflects the skills gained by the producer during the courses; and (2) demonstrates how the producer intends to apply these skills to the producer's farming or fishing operation. Upon approval by USDA of the business plan, the producer is entitled to receive up to \$4,000 to implement the business plan.
- **Development and Implementation of a Long-Term Business Adjustment Plan – up to \$12,000.** Producers may receive up to \$4,000 to develop a long-term business adjustment plan (if they did not receive any funding to implement their initial business plan). USDA must review the long-term plan to ensure that it (1) will contribute to the economic adjustment of the producer; (2) considers the interests of the producer's employees, if any; and (3) demonstrates that the producer has sufficient resources to implement

³ By law, EDA cannot cover more than 75 percent of eligible implementation costs. Additionally, EDA requires a 50 percent match for costs in excess of \$30,000.

⁴ The Department of Agriculture (USDA) has not updated its website to include reforms to the TAA for Farmers program included in the American Recovery and Reinvestment Act. That update should happen within 90 days. At that time, please check the USDA website for information on the program: <http://www.fas.usda.gov/itp/taa/taa.asp>.

the plan. If USDA approves the plan, the producer is eligible to receive up to \$8,000 to implement the long-term business plan.⁵

TRADE ADJUSTMENT ASSISTANCE FOR COMMUNITIES

Process for Obtaining Benefits

A community can apply to the Secretary of Commerce for designation as a community affected by trade.⁶

To obtain such a designation, a group of workers, a firm or a group of agricultural producers in the community must be certified for TAA benefits and the Secretary must also determine that the community is “significantly affected” by the threat to, or the loss of, jobs associated with the TAA certification(s).

Benefits Provided

- **Technical Assistance.** The Secretary of Commerce must assist a community affected by trade to (1) diversify and strengthen its economy; (2) identify impediments to economic development that result from the impact of trade; and (3) develop a community strategic plan to address economic adjustment and workforce dislocation in the community.
- **Assistance Identifying Federal Resources.** The Secretary of Commerce must identify Federal, State and local resources available to assist the community and ensure that Federal assistance is delivered in a targeted, integrated manner. The Secretary must also establish an Interagency Community Assistance Working Group to assist in coordinating the Federal response.
- **75 percent of the Cost of Developing a Community Strategic Plan.** Communities affected by trade are eligible for reimbursement of up to 75 percent of the cost of developing a strategic plan for the community’s economic adjustment.
- **\$5 Million to Implement a Community Strategic Plan.** Communities affected by trade are eligible for up to \$5 million to implement a project included in the community’s strategic plan. Priority shall be given to grant applications submitted by small and medium-sized communities.⁷

COMMUNITY COLLEGE AND CAREER TRAINING GRANTS

Process for Obtaining Benefits

Educational institutions may apply for Community College and Career Training grants from the Secretary of Labor.⁸

⁵ A producer may not receive more than \$12,000 in any 36-month period to develop and implement business plans under the program.

⁶ EDA has not updated its website to include the TAA for Communities Grants for Communities “Significantly Affected” by Trade Program, which were included in the American Recovery and Reinvestment Act. That update should happen within 90 days. Please check the EDA website periodically for information. See <http://www.eda.gov/>.

⁷ The Federal share of the grant may not exceed 95 percent of the cost of the project and the community’s share must equal not less than 5 percent of the cost of the project.

Grant proposals must include information regarding (1) the manner in which the grant will be used to develop or improve an education or training program suited to workers eligible for the TAA for Workers program; (2) the extent to which the program will meet the needs of the workers in the community; (3) the extent to which the proposal fits into a community's strategic plan or relates to a Sector Partnership Grant received by the community; and (4) any previous experience of the institution in providing programs to workers eligible for TAA.

Benefits Provided

- **Grants of up to \$1 million.** Educational institutions are eligible for grants of up to \$1 million to implement their grant proposals.

SECTOR PARTNERSHIP GRANTS

Process for Obtaining Benefits

Industry or sector partnerships may apply for grants from the Secretary of Labor to facilitate efforts of the partnership to strengthen and revitalize industries.⁹

The Sector Partnership Grants may be used to (1) help the partnerships identify the skill needs of the targeted industry or sector and any gaps in the available supply of skilled workers in the community impacted by trade; (2) develop strategies for filling the gaps; (3) assist firms, especially small- and medium-sized firms, in the targeted industry or sector increase their productivity and the productivity of their workers; and (4) assist such firms to retain incumbent workers.

Benefits Provided

- **Grants of up to \$2.5 million.** Industry or sector partnerships are eligible for grants of up to \$2.5 million to implement their grant proposals.

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*Prepared by the staff of the Committee on Ways and Means
Charles B. Rangel, Chairman
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⁸ DOL has not updated its website to include the TAA for Communities Community College and Career Training Grants Program, which was created by the American Recovery and Reinvestment Act. That update should happen within 90 days. Please check the DOL website periodically for information. See <http://www.dol.gov/>.

⁹ DOL has not updated its website to include the TAA for Communities Sector Partnership Program, which was created by the American Recovery and Reinvestment Act. That update should happen within 90 days. Please check the DOL website periodically for information. See <http://www.dol.gov/>.