

A globe of the Earth is shown, with a semi-transparent American flag overlaid on top. The stars and stripes of the flag are visible over the continents. The text is centered over the globe.

Overview of Trade Adjustment Assistance (TAA) Program

November 15, 2006

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What is TAA?

- Trade Adjustment Assistance helps individuals who have become unemployed as a result of competition from foreign trade
- Program Goals
 - Encourage the rapid reemployment of TAA-eligible individuals
 - Provide training and income support where necessary for a worker to achieve reemployment
 - Assist individuals to obtain reemployment in fields where they are likely to remain employed and earn wages comparable to their prior jobs

What is the History of TAA?

- Established by the Trade Act of 1974.
- The program was amended extensively in 1981, 1984, 1986, 1988, and 1993.
- The amendments placed increased emphasis on the need to retrain the trade-affected workers.
- The 1993 amendments established a separate NAFTA-TAA program for workers affected by trade with Mexico or Canada.
- On August 6, 2002, President George W. Bush signed into law the Trade Act of 2002.

What are the Key Features of the Trade Act of 2002?

- Repealed NAFTA-TAA
- Expanded individuals/organizations who could file a petition
- Required 40-day period for processing petitions
- Extended certification to secondary workers and workers affected by shifts in production to certain countries
- Lengthened timeframe for receiving trade readjustment allowances (TRA) and training
- Limited training waivers to 6 specific reasons
- Instituted a time requirement for workers to be enrolled in training to qualify for TRA
- Increased amount of job search and relocation allowances
- Added Alternative TAA Program
- Authorized Health Coverage Tax Credit
- Instituted TAA for Farmers program

When was the Trade Act of 2002 effective?

- Most changes were effective November 4, 2002
- ATAA was effective August 6, 2003
- December 2002 was the first month an HCTC tax credit could be claimed on an individual's end-of-the-year tax return
- HCTC advance payment to health care providers on behalf of individual workers was implemented August 1, 2003
- TAA for Farmers program was implemented by USDA in August 2003

How does the TAA process work?

- Layoff occurs
- Workers must file a petition within one year of their separation to be eligible for TAA
- Petition is filed with DOL and the Governor on behalf of the workers
- Rapid Response initiated by State (if it has not already occurred)
- DOL investigates and issues a certification or denial for the worker group
- A certification covers workers laid off up to one year before the petition is filed and up to two years after the certification is issued

How does the TAA process work?

- DOL notifies State, company, and petitioners of decision
- DOL publishes notification of the determination in the Federal Register
- State notifies individual workers of certification through local newspapers, radio, and direct mail and directs them to local One-Stop Career Centers for services and determination of individual eligibility
- Workers individually report to One-Stop Career Centers to apply for benefits and services

How does the TAA process work?

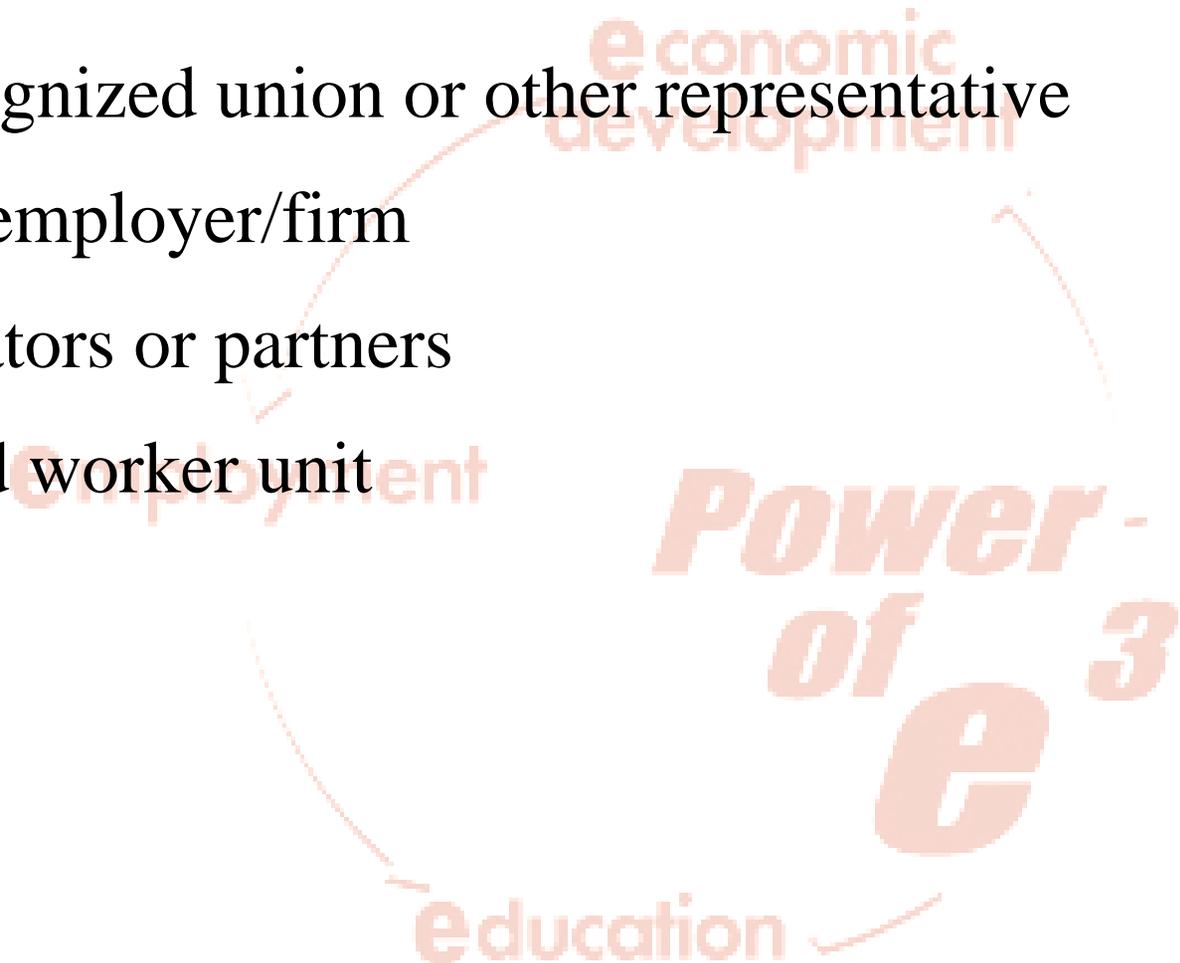
- Each worker's individual eligibility for TAA benefits and services is determined
- Those eligible may receive reemployment services, training, and TRA, if appropriate
- Governor is required to make WIA core and intensive services, including reemployment services, available to workers
- Workers denied eligibility are offered basic WIA services through the One-Stop center

How long will this process take?

- The statute prevents TRA from being paid for 60 days from the date the petition is filed; HCTC eligibility cannot begin until after the 60 days have passed
- Eligible workers laid off before the petition is filed have 8 weeks from the date of the certification is issued to enroll in training
- Eligible workers laid off after the certification have 16 weeks from their date of separation to enroll in training
- Job search and relocation allowances are provided, when approved, anytime after the date of the certification

Who may file?

- Group of 3 or more workers
- Official of recognized union or other representative
- Official of the employer/firm
- One Stop operators or partners
- State dislocated worker unit

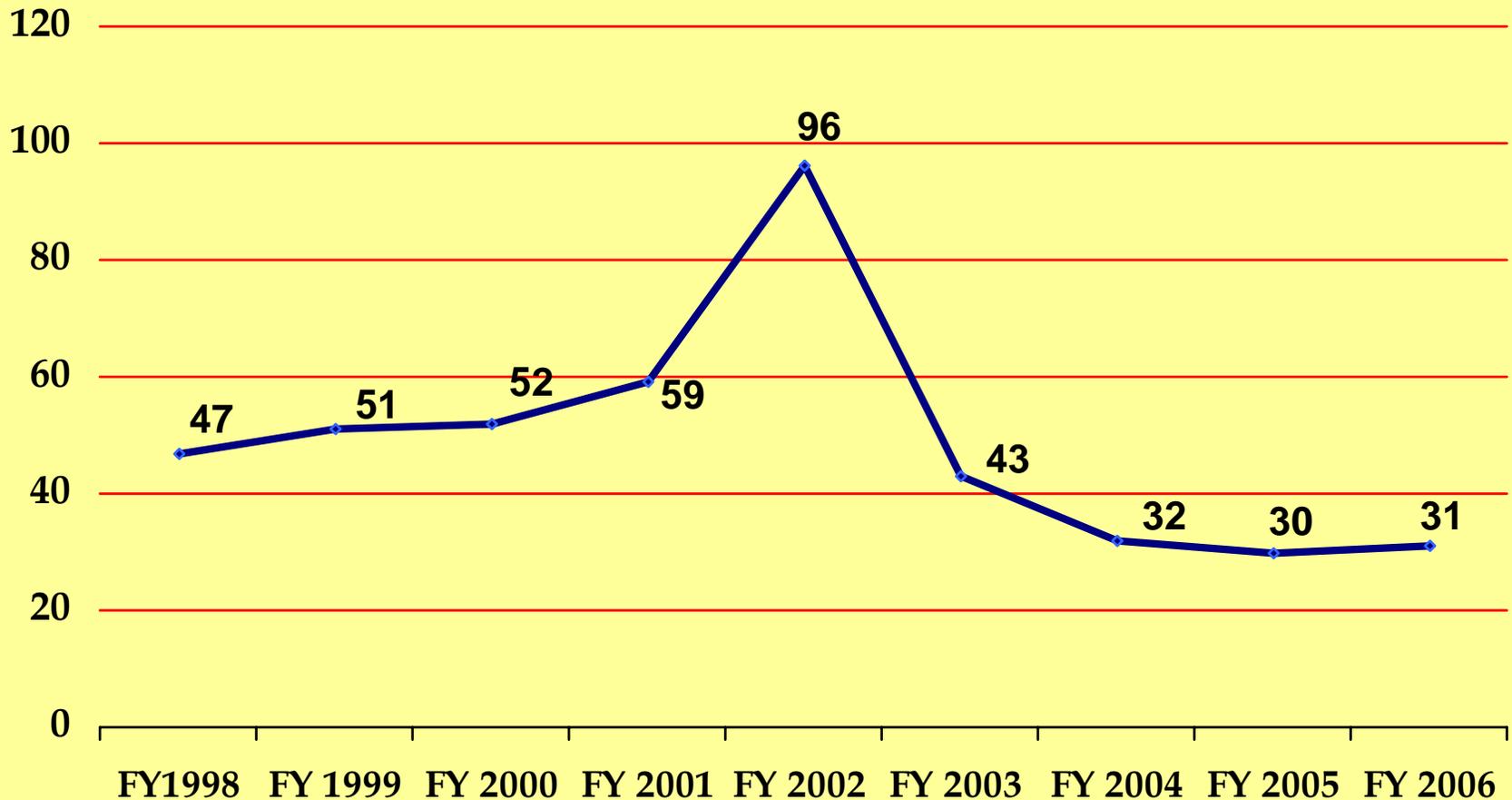


How do investigations work?

- DOL initiates investigation immediately upon receiving petition
- DTAA collects data from the company laying off the workers on
 - Employment levels
 - Company sales and production
 - Company imports
 - Major customers that may be buying imports
- 40-day statutory time limit for investigations
- Average processing time reduced from 96 days in FY 2002 to 31 days in FY 2006

What is the average processing time?

Trade Adjustment Assistance Group Eligibility Determination by Average Processing Time

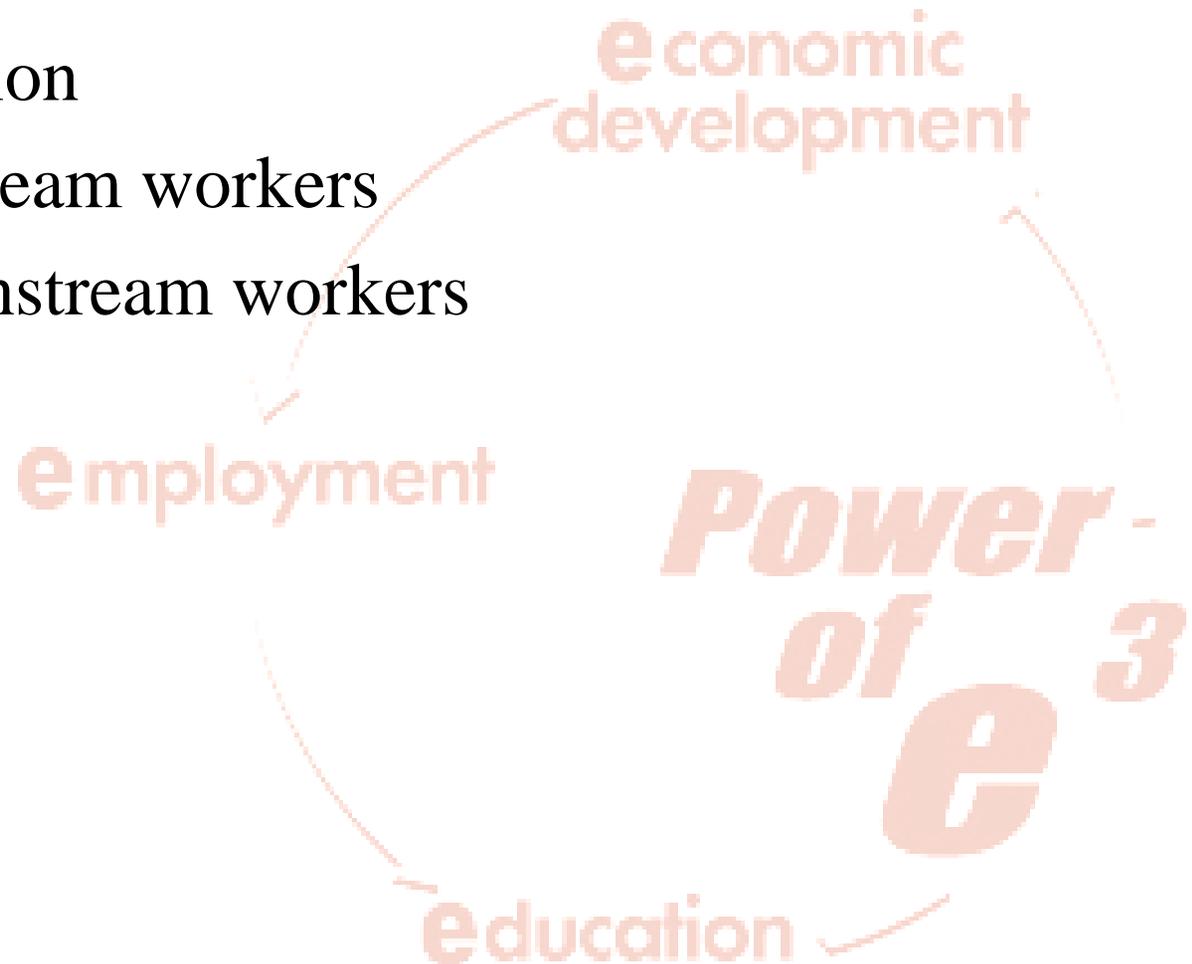


Who may be certified?

- Workers who have lost their jobs or suffered a reduction of hours and wages as a result of increased imports or shifts in production outside the United States
- Workers whose firm is a supplier or downstream producer to a firm whose workers are TAA-certified

What are the criteria for certification?

- Increased imports
- Shift in production
- Secondary upstream workers
- Secondary downstream workers



What are the criteria for increased imports?

- Significant number/proportion of workers are totally or partially separated or threatened with separation;
- Sales and/or production have decreased absolutely;
- Imports like or directly competitive with goods produced by workers' firm have increased; and
- Increased imports contributed importantly to actual/threatened separation, and to the decline in sales or production

What are the criteria for shift in production?

- Significant number/proportion of workers are totally or partially separated or threatened with separation; and
- There has been a shift of production by the workers' firm or like or directly competitive articles

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What does shift in production mean?

One of the following meets the definition of shift in production

1. Country is party to free trade agreement with U.S.
2. Country to which production has shifted is beneficiary country under:
 - Andean Trade Preference Act
 - African Growth and Opportunity Act
 - Caribbean Basin Economic Recovery Act
 - Others could be added in the future
3. There has been or is likely to be an increase in like or directly competitive imports
 - Does not require that actual/prospective increase in imports come from country to which production has shifted

What are secondary upstream workers?

- Works for firm that produces and supplies component parts directly to a firm with TAA-certified workers
- Component parts must be directly incorporated into articles that were the basis for the TAA certification

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What are the certification criteria for secondary upstream workers?

- Workers at primary firm must be certified
- Separations (or threat) at supplier firm must exist
- In addition, one of the following must be true:
 1. Component parts accounted for at least 20% of upstream firm's production or sales
 2. Loss of business contributed importantly to workers' actual or threatened separation

What are secondary downstream workers?

- Workers at a firm that performs additional, value-added production processes directly for a firm producing articles that were basis of TAA certification
- Downstream production can include final assembly or finishing

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What are the certification criteria for secondary downstream workers?

- Separations (or threat) at secondary firm
- Loss of business with primary firm must have contributed importantly to separations of secondary workers
- Applies only to primary certifications based on increased imports from or shift in production to Canada or Mexico

Service worker TAA eligibility?

- TAA is available to workers who lost their jobs because of increased imports or a shift in production of articles like or directly competitive with the articles produced by the workers' firm.
- To determine whether workers are eligible for TAA, the Department must identify the article produced by the company, measure the company's domestic production of that article, and determine whether production has been shifted abroad, and/or imported.

Service worker TAA eligibility?

- In the past, DTAA relied on tangibility to determine whether an article was produced, and thus only considered *tangible* goods to be articles for the purposes of the Trade Act.
- As the economy has evolved in recent years, particularly the practice of outsourcing work and using the internet to transmit digital software, the Department has questioned the validity of requiring tangibility as an element of an “article.”
- Current policy expands the definition of article to include certain *intangible* products.

Service worker TAA eligibility?

- Examples of articles *that may be intangible*, are books, musical compositions, films, chemical or genetic formulas, building or engineering plans, blueprints, including blueprints for a new method of production, designs, and computer software.
- Statutory change is necessary to make the program relevant in addressing the needs of true “service workers” who do not produce an article.
- Examples of such service workers are lawyers, auto repair mechanics, physicians, and certain persons in the information sector, such as call center workers, whose jobs cannot be related to the production of an article. These workers remain ineligible.

How is a petition denial appealed?

- Administrative Reconsideration
 - Filed with DOL within 30 days of Federal Register notice
- Judicial Review
 - Filed with U.S. Court of International Trade (USCIT) within 60 days of last Federal Register notice (original or reconsideration denial)

How does Rapid Response relate to TAA?

- Trade Act of 2002 requires that Rapid Response services be initiated in response to every TAA petition received
- Rapid Response provides overview of TAA and other services available through One-Stops (e.g., counseling, resume writing, assessment, job development, etc.)
- Early intervention promotes rapid reemployment, allowing workers with marketable skills to immediately move to reemployment

What are the benefits/services available to certified workers?

- Benefits Provided Under Trade Act
 - Training
 - Trade Readjustment Allowances
 - Relocation Allowances
 - Job Search Allowances
 - Health Coverage Tax Credit
 - ATAA Wage Subsidies
- Services Governor is Required to Make Available Under WIA (non-certified workers may also receive these services)
 - Rapid Response
 - Core and Intensive Services

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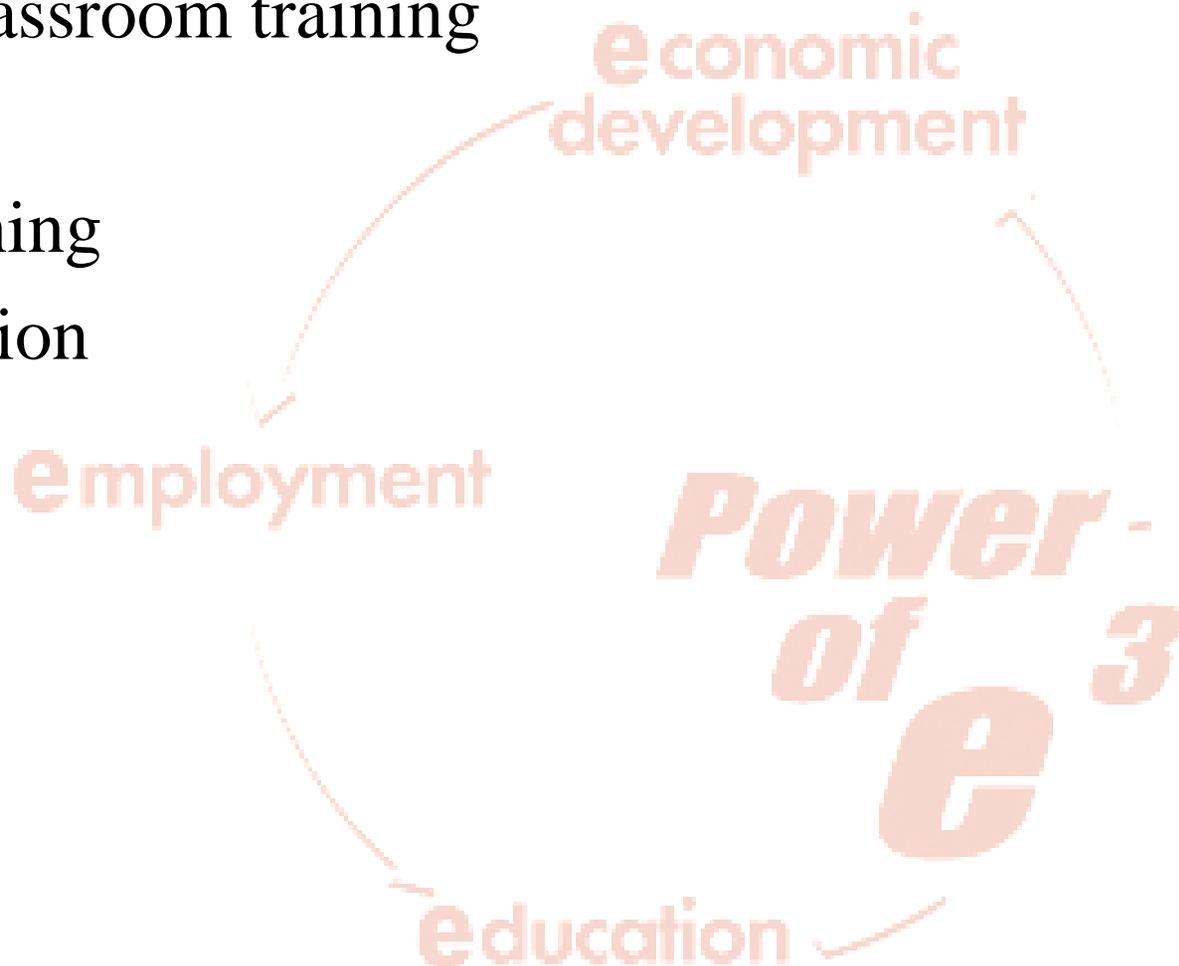
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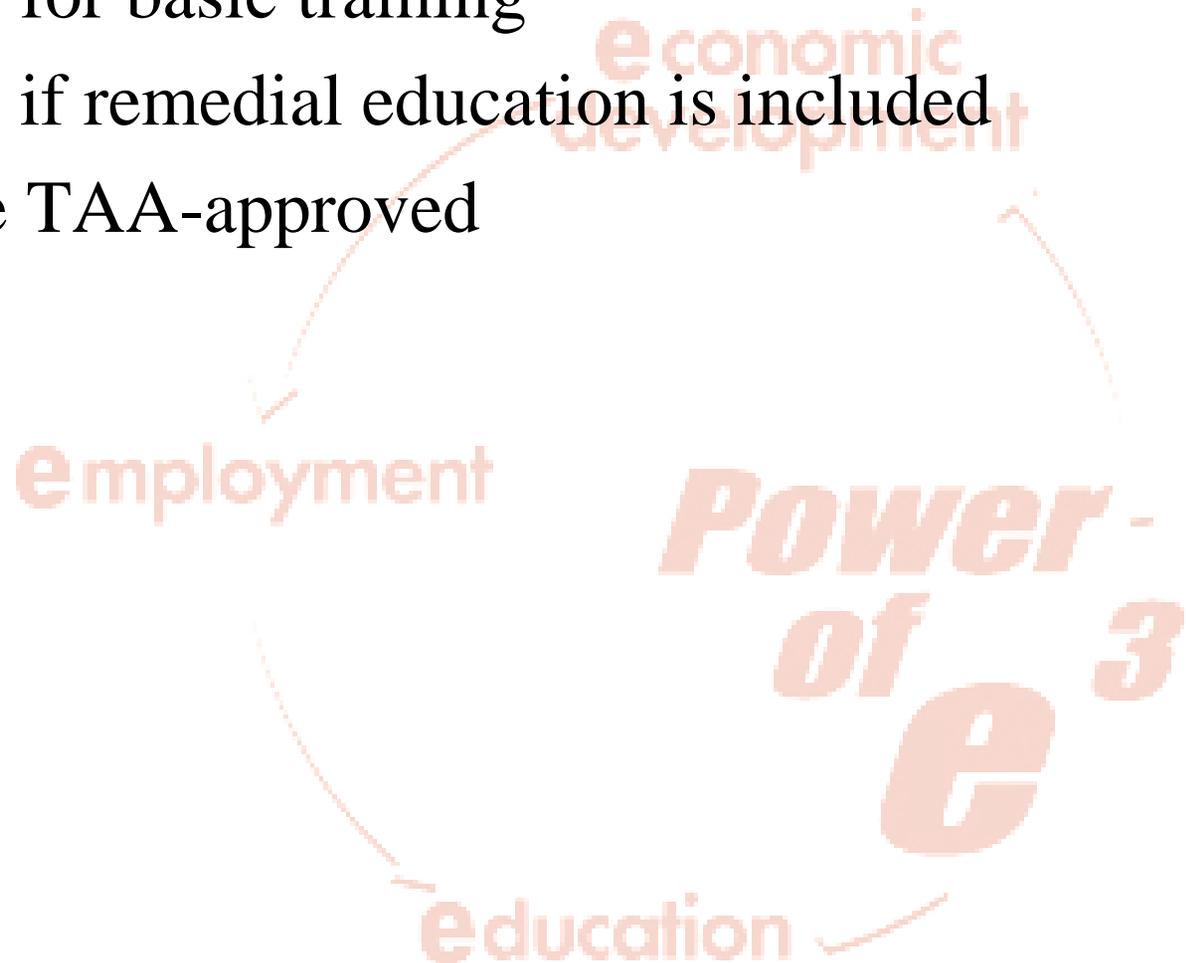
What types of training are available under TAA?

- Occupational/Classroom training
- OJT
- Customized training
- Remedial education



How long can training last?

- Up to 104 weeks for basic training
- Up to 130 weeks if remedial education is included
- Training must be TAA-approved



What are the training approval criteria?

Six Criteria for Training Approval:

1. There is no suitable employment available to the worker.
2. The worker would benefit from training.
3. There is a reasonable expectation of employment following completion.
4. Training is reasonably available to the worker.
5. The worker is qualified to undertake and complete the training.
6. Training is suitable and available at a reasonable cost.

What income support is available to TAA participants?

Income support is available to TAA participants for up to 130 weeks through a combination of:

- Unemployment Insurance (UI):
 - Generally available for 26 weeks
- Basic Trade Readjustment Allowances (TRA):
 - 52 weeks minus weeks of UI received
- Additional TRA: Up to 52 weeks
- Remedial TRA: Up to 26 weeks

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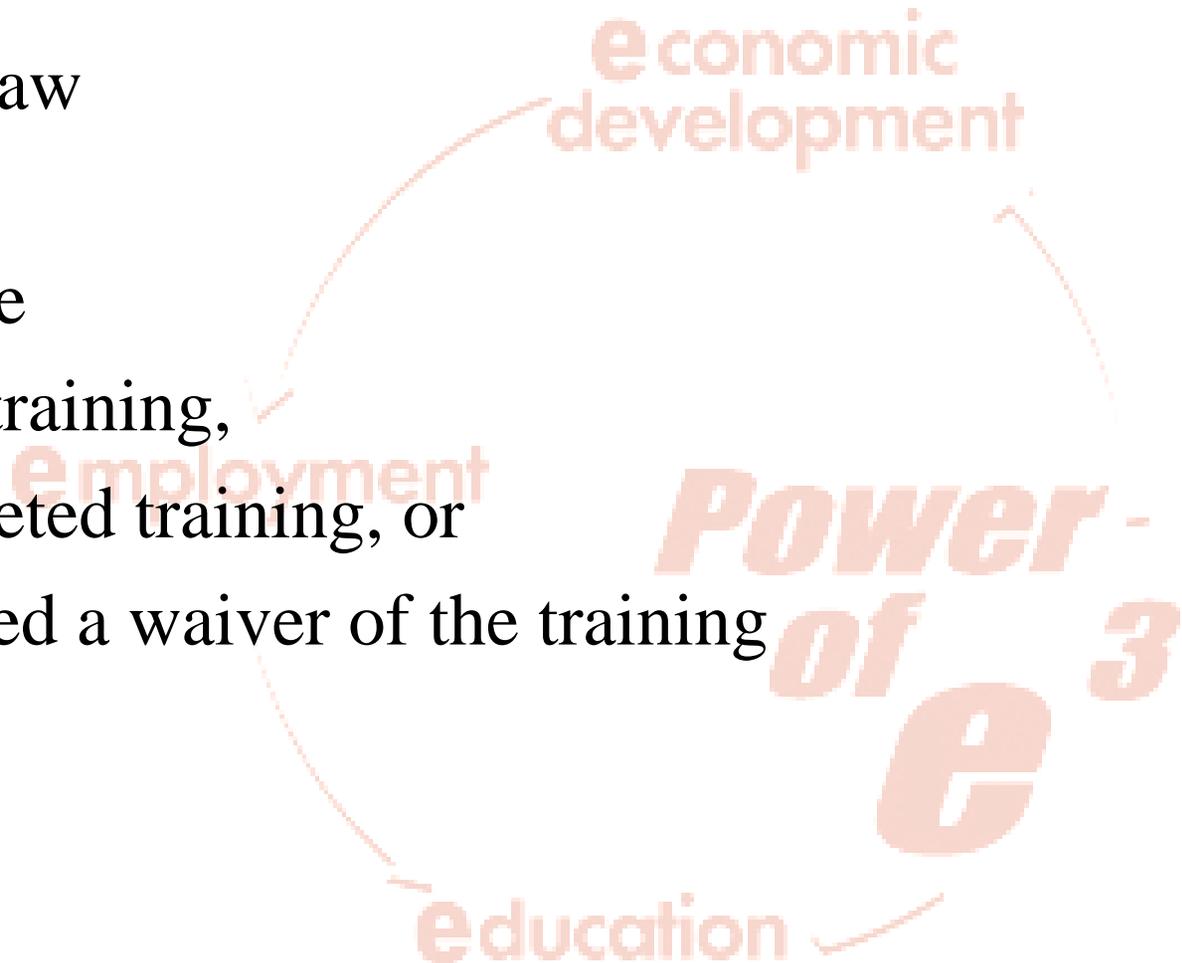
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What are the requirements for receiving income support?

- UI
 - Refer to State law
- Basic TRA
 - Worker must be
 - Enrolled in training,
 - Have completed training, or
 - Have received a waiver of the training requirement



What are the requirements for receiving income support?

- Additional TRA
 - Bona fide training application must be filed within 210 days
 - Worker must attend training each week
 - No waivers are permitted
 - Additional TRA is only available for up to 52 consecutive weeks (missed weeks cannot be made up)
- Remedial TRA
 - May only be paid to remedial education participants
 - Worker must attend training each week
 - While remedial education can take place at any time within the training program, the remedial TRA may only be paid at the end
 - Worker may receive 1 week of remedial TRA for each of remedial training attended

What qualifying requirements apply to all types of TRA?

- Separation must occur between impact date and expiration date listed on the certification
- Individual must have worked at least 26 weeks at adversely affected employment at \$30 or more per week during the previous 52 weeks
- Individual must be entitled to unemployment insurance for a week within the benefit period in which the worker's separation took place
- Worker must meet the work acceptance and job search requirements applicable for extended compensation (EB Work Test) for weeks the worker is not participating in approved training
- To receive any TRA, a worker must enroll in training or receive a waiver within 8 weeks of certification or 16 weeks of layoff (a 45-day extension is available under extenuating circumstances)

What are the criteria for granting a waiver of the training requirement?

Six Criteria for Waiving the Training Requirement:

1. Worker is subject to recall;
2. Worker possesses marketable skills;
3. Worker is in poor health;
4. Worker is near retirement;
5. Enrollment in training is unavailable; or
6. Training is unavailable

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What are job search and relocation benefits?

- Job Search Allowance
 - Must be conducted outside commuting area
 - Reimburses 90% of all reasonable expenses, up to \$1,250
- Relocation Allowance
 - Must relocate to new job outside commuting area
 - Pays for movement of family, household goods, and other reasonable expenses
 - Pays 90% of moving costs
 - Also provides the equivalent of 3 weeks of wages, up to \$1,250 as a lump sum payment

What is HCTC?

- Refers to Health Coverage Tax Credit
- Pays 65% of premium for qualified health insurance plans
- There are three groups of eligible workers:
 - Eligible TAA Recipients
 - ATAA Participants
 - PBGC Participants Over 55
- States report eligible TAA and ATAA recipients to IRS
- PBGC provides a list of its participants to IRS

Who are eligible TAA and ATAA recipients?

Eligible TAA and ATAA recipients include individuals who:

- Received a TRA payment for any day during the month
- Would have received a TRA payment for any day during the month, except that they had not exhausted their UI
- Received an ATAA wage subsidy payment for any day during the month

How is HCTC received?

Can be received two ways:

– End-of-Year Tax Credit

- Available beginning December 2002
- Worker must wait until taxes filed

– Advance Payment

- Available beginning August 2003
- Monthly payment made directly to qualified insurance plan
- Worker makes up 35% of the premium not paid by HCTC each month

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How are NEGS used to fund HCTC?

Trade Act established two special National Emergency Grants (NEGs) to support HCTC program

- Infrastructure grants: to build state administrative capacity to identify potentially eligible participants and transmit information to IRS
- Bridge or gap-filler grants: to make HCTC advance payments on a temporary basis until IRS establishes the administrative mechanism to automate these payments

What is the status of HCTC implementation?

- Implemented end-of-year tax credit in December 2002 and advance payment in August 2003
- Developed and issued program materials including:
 - Guidance to the states on implementing HCTC
 - An overview brochure for distribution to businesses, unions, worker groups, and interested congressional staff
 - An HCTC state toolkit
 - A quick-reference card for One-Stop staff to use in answering questions on HCTC
 - An HCTC application package in both English and Spanish
- Conducted training for the states in all regions on HCTC
- Continue to coordinate with IRS, PBGC, and HHS

What is the Alternative TAA program?

- Refers to Alternative Trade Adjustment Assistance (ATAA) program
- Program is for workers age 50 and over
- Worker group must be certified eligible for both TAA and ATAA
- Worker must be reemployed within 26 weeks from separation
 - Full time in new employment
 - Lesser wage than at separation
- Workers who choose ATAA must forfeit regular TAA
- Began August 2003

What are ATAA benefits?

- 50% of difference between reemployment wages and wages earned at separation
 - Payments received on at least a monthly basis
 - Payments may not last more than 2 years
 - Total payments may not exceed \$10,000
- Health Coverage Tax Credit (HCTC)
 - Only while receiving ATAA payment
 - Not to exceed 2 years

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What is the status of ATAA implementation?

- Issued ATAA Operating Instructions August 6, 2003
- Began accepting requests for certification under the ATAA program on August 6, 2003
- Developed modified petition process that includes provisions for ATAA investigations
- **ATAA- CY 2005 (most recent full year data)**
 - New Wage Subsidy Recipients: 2,349

What is the TAA for Farmers program?

- Administered by U.S. Department of Agriculture
- Regulations published on August 20, 2003
- Certification made by USDA covers all producers of a specific agricultural commodity
- May provide qualified individuals with:
 - Technical assistance
 - Cash benefits of up to \$10,000 a year for up to five years

What do TAA for Farmers participants get from DOL?

- Individuals determined eligible for USDA cash benefits are eligible for training through the DOL administered TAA program
- Also eligible for reemployment services through One-Stops
- Not eligible for TRA, HCTC, job search, or relocation

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How were TAA benefits funded in 2006?

- TAA training – FUBA (capped at \$220 million)
- TAA training administration – FUBA (\$33 million or 15% of TAA training funds)
- TRA – FUBA (entitlement/ \$655 million budgeted)
- ATAA wage subsidies – FUBA (\$52 million)
- TAA for Farmers training – included in TAA training
- Job search and relocation allowances – FUBA (\$6.3 million)
- Total TAA related funds – \$966.4 Million

How are TAA training funds allocated to states?

TEGL 4-05 provides the funding formula and base allocations for FY 2006:

- 75% of the \$220 million was allocated by formula
 - 50% based on average accrued expenditures for past three fiscal years
 - 50% based on average share of participants during past three fiscal years
 - 85% hold-harmless factor applied
- 25% held in reserve for unexpected, large layoffs
 - States must have spent 50% of their FY 2006 base allocation or otherwise demonstrate need
 - Approval takes into account average training cost, training duration, and training completion rates

How many TAA petitions are received each year?

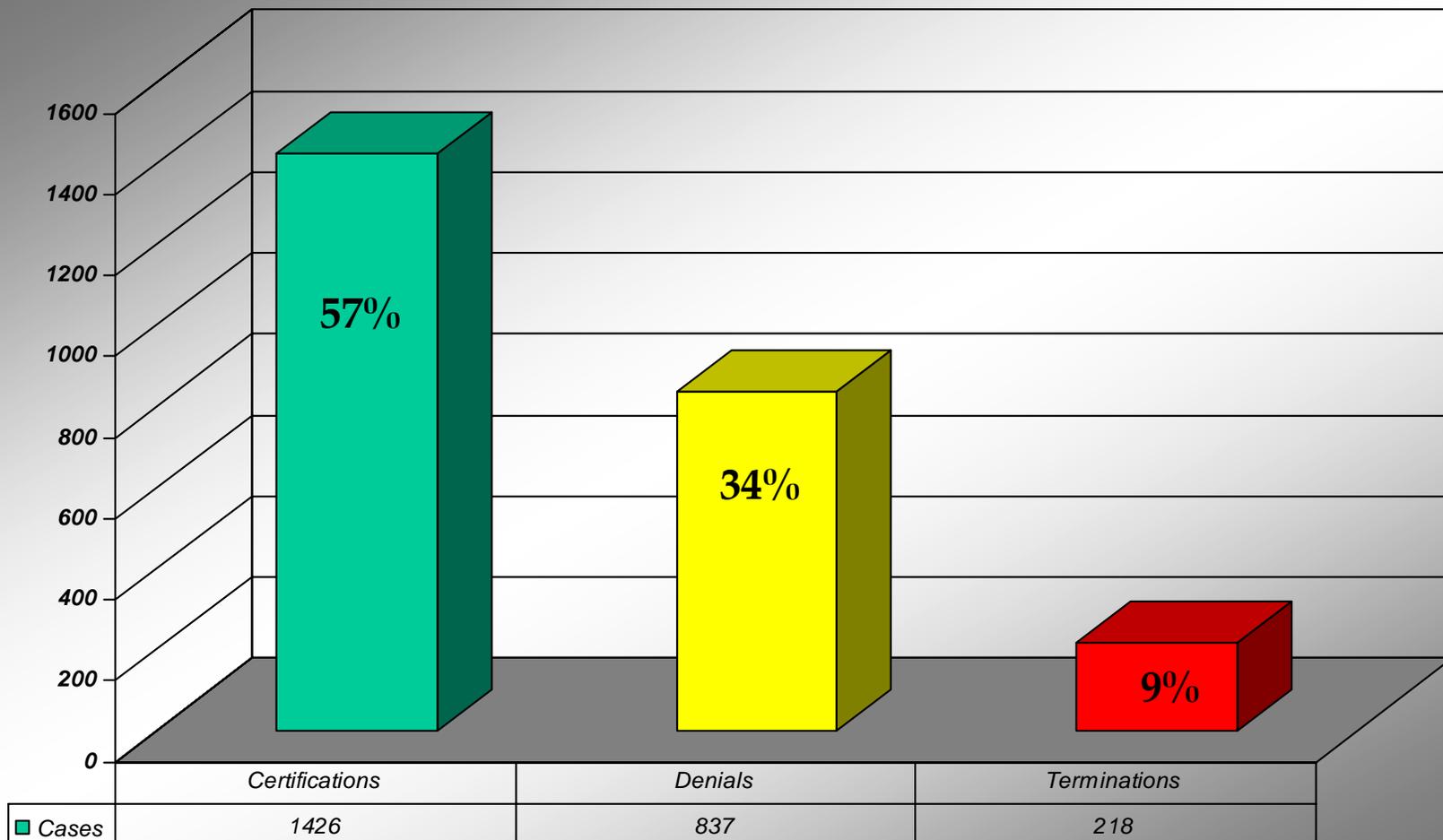
	TAA	NAFTA-TAA
• FY 2001	2,352	1,329
• FY 2002	2,371	2,333
• FY 2003	3,562	69
• FY 2004	2,986	0
• FY 2005	2,607	0
• *FY 2006	2,478	0

*How many TAA decisions are issued each year?

	Certifications	Denials
• FY 2001	1,029	606
• FY 2002	1,594	980
• FY 2003	1,880	1,210
• FY 2004	1,802	946
• FY 2005	1,534	757
• FY 2006	1,426	837

*Note that the numbers of certifications and denials issued in a year will not equal the number of petitions received in that year, due to terminations and petition processing time.

DTAA Case Determinations FY 2006



What are key participant characteristics?

*Denotes First 2 Quarters of FY 2006

Gender:	FY04	FY05	*FY06
Male	48%	48%	49%
Female	51%	50%	49%
Not Identified	1%	2%	2%

Age:	FY04	FY05	*FY06
Under 30	9%	8%	8%
30-45	39%	38%	38%
45-55	33%	33%	34%
Over 55	17%	18%	21%
Not Identified	1%	3%	0%

What are key training indicators?

Received any training	42,449
Received occupational training	86%
Received on-the-job training	3%
Received remedial training	11%
Average weeks of training	57.7
Completed training	72%
Reported on the FY 2005 Trade Act Participant Report	

How many TAA participants received allowances?

TRA	66%
Job Search Allowance	1%
Relocation Allowance	1%
Subsistence Payment for Training	3%
Transportation Payment for Training	8%

Reported on the FY 2005 Trade Act Participant Report

What TAA outcomes were achieved?

*Denotes First 2 Quarters of FY 2006

Performance Goals for FY 2006 YTD:*

Measure	Goal	Outcome
Earnings Change	80%	81%
Reemployment Rate	70%	73%
Retention Rate	85%	90%

Performance Goals for FY 2005:

Measure	Goal	Outcome
Wage Replacement	80%	76%
Reemployment Rate	70%	70%
Retention Rate	89%	91%

- Certifications: 1,426
- Total Determinations: 2,478
- Est. Workers Covered: 120,199
- Most Certified State:
 - North Carolina (180 Certs)
- Most Certified Workers by State:
 - California (12,097 Workers)
- Most Certified SIC Major Grouping:
 - Textile Mill Products (179 Certifications)
- Most Certified Workers by SIC Major Grouping:
 - Textile Mill Products (16,615 Workers)

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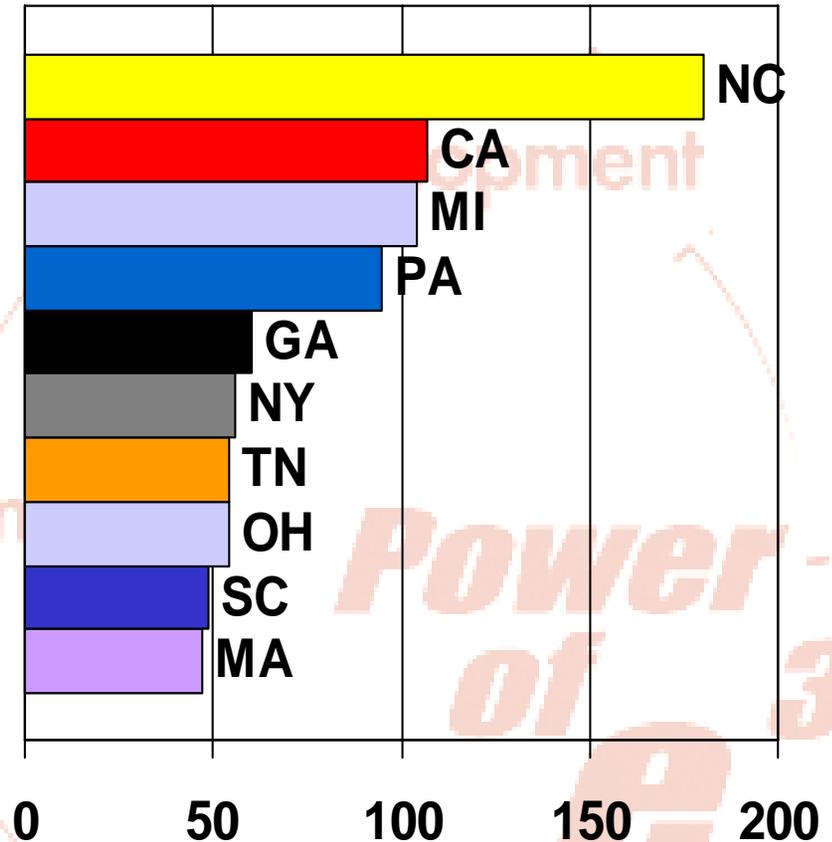
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- 88% of Trade Certified Companies were also Certified for Alternative Trade Adjustment Assistance in FY2006.
- Largest Single Reason for Denial is that Workers do not Produce an Article (44%)
- 63% of Cases were Certified in FY2006 (excluding terminations)

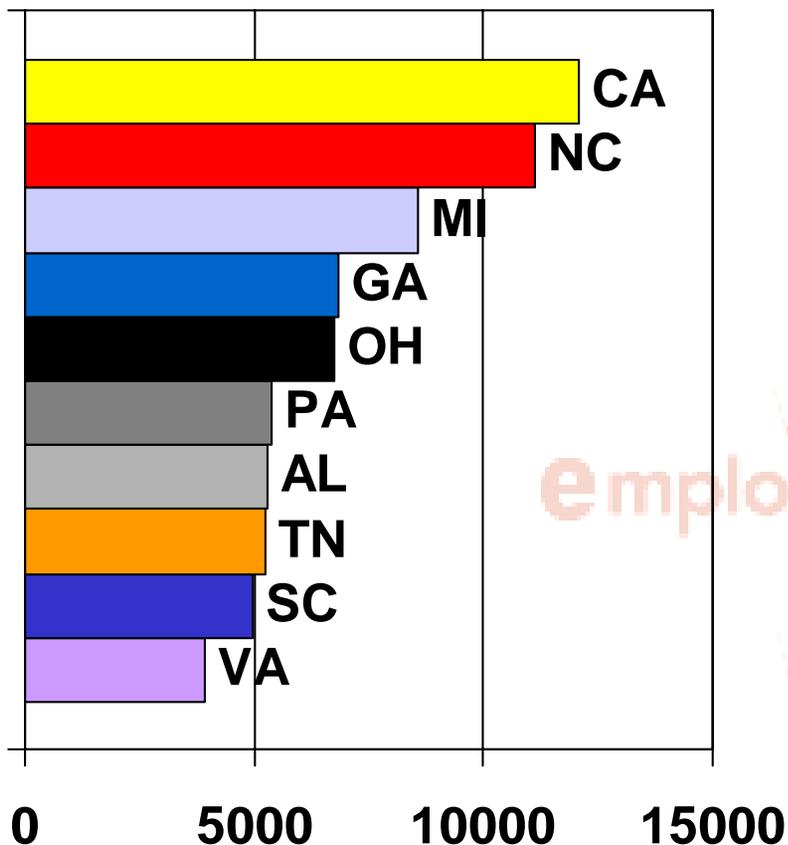
Top 10 states by trade certifications for FY 2006

- North Carolina had the most Certifications in FY06 (180).
- Followed by California (107) & Michigan (104).



Data Source: Division of Trade Adjustment Assistance Management Information System (DTAA MIS)

Top 10 states by number of estimated workers trade certified for FY 2006



- California had the most estimated number of workers certificated in FY06 (12,097)
- Followed by North Carolina (11,143) & Michigan (8,562).

Data Source: Division of Trade Adjustment Assistance Management Information System (DTAA MIS)

Top 5 Certifications by SIC FY 2006 (Major Grouping)

- **Textile Mill Products (SIC 22)**
 - 179 Certifications
- **Apparel And Other Finished Products Made From Fabrics And Similar Materials (SIC 23)**
 - 170 Certifications
- **Electronic And Other Electrical Equipment And Components, Except Computer Equipment (SIC 36)**
 - 134 Certifications
- **Industrial And Commercial Machinery And Computer Equipment (SIC 35)**
 - 107 Certifications
- **Fabricated Metal Products, Except Machinery And Transportation Equipment (SIC 34)**
 - 92 Certifications
- **Transportation Equipment (SIC 37)**
 - 92 Certifications

Top 5 Certifications of estimated # of workers FY 2006 (SIC Major Grouping)

- **Textile Mill Products (SIC 22)**
 - 16,615 Estimated Number of Workers
- **Electronic And Other Electrical Equipment And Components, Except Computer Equipment (SIC 36)**
 - 13,280 Estimated Number of Workers
- **Transportation Equipment (SIC 37)**
 - 12,010 Estimated Number of Workers
- **Apparel And Other Finished Products Made From Fabrics And Similar Materials (SIC 23)**
 - 9,935 Estimated Number of Workers
- **Rubber And Miscellaneous Plastics Products (SIC 30)**
 - 9,521 Estimated Number of Workers