



Legislative Fiscal Bureau

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August 4, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Request for Increased Expenditure Authority for Federal Trade Adjustment Assistance Stimulus Funding -- Agenda Item XII

The Department of Workforce Development (DWD) requests increased expenditure authority of \$14,851,318 FED in 2008-09 in the appropriation under 20.445(1)(m) to appropriate the state's allocation of federal Trade Adjustment Assistance (TAA) funds under provisions of the federal American Recovery and Reinvestment Act (ARRA).

BACKGROUND

The TAA program is a federal program established under the Trade Act of 1974, as amended. The TAA program provides aid to workers who lose their jobs, or whose hours of work and wages are reduced (hours of work or pay of less than 80% of the weekly average) due to increased imports or shifts of production out of the United States. Workers whose job losses or reduced hours or wages result from the loss of business with a primary firm because of trade-related reasons are also eligible for TAA. Workers whose employment is adversely affected by imports or job shifts must apply to the U.S. Department of Labor (DOL) to receive TAA benefits. A petition for TAA eligibility may be filed by a group of three or more workers, their union, the company, or other entities, such as a state employment security agency. Once DOL approves a petition for group eligibility for TAA, a worker covered by a petition must then apply individually to the state workforce agency or local one-stop career centers. A variety of retraining and reemployment services developed to meet the needs of individual workers are provided under TAA.

The TAA program was expanded by the Trade Globalization Adjustment Assistance Act of 2009 (TGAAA). (Funding for TAA was reauthorized by ARRA.) ARRA increased the amount of TAA training funds from \$220 million to \$575 million in federal fiscal years 2009 and 2010. A base allocation of \$165 million for federal fiscal year 2009 is provided. In addition, a supplemental

distribution of \$381.25 million is also provided to ensure that states have funds available to implement the changes of TGAAA, and to address anticipated high levels of enrollment through the remainder of 2009. DWD requests increased expenditure authority of \$14,851,318 in 2008-09 to appropriate the federal TAA funding. The Department's TAA training base allocation for federal fiscal year 2008 was \$9,680,883.

ANALYSIS

The TGAA significantly expanded TAA eligibility and TAA programs. Under prior law, TAA provisions applied to workers that "produced an article." TGAA extends eligibility to workers and firms that supply services, workers in public agencies, workers whose firm produces component parts of a finished article produced by the firm's customer, and workers in firms that supply testing, packaging, maintenance, and transportation services to TAA certified firms, and who lose work because of trade, or a shift of production.

TAA also provides the following services:

a. Re-Employment Services. Re-employment services include, career counseling, job search strategies, resumé writing, labor market information, and interview preparation.

b. Training. TAA provides training for employment in another job or career. Workers may receive up to 104 weeks of approved training in occupational skills, basic or remedial education, or training in literacy. Training may be approved on a full- or part-time basis. Full-time training is required to be eligible for trade readjustment allowances. Certified workers may begin approved training when threatened with separation from employment.

c. Trade Readjustment Allowances. Trade readjustment allowances (TRAs) are weekly cash payments available after a worker's unemployment insurance (UI) benefits are exhausted, and during the period in which a worker is participating in an approved full-time training program. The weekly TRA payment is equal to the worker's most recent UI benefit payment. Up to 130 weeks of cash payments (including 26 weeks of regular UI benefits) are available to workers enrolled in full-time training programs. Workers enrolled in approved remedial training programs can receive up to 156 weeks of cash payments (including 26 weeks of regular UI benefits).

d. Job Search and Relocation Assistance. Certified workers who cannot obtain suitable employment within their commuting areas can receive a job search allowance of up to 100% of costs, up to a maximum of \$1,500. Eligible expenses include the costs of meals, lodging, and mileage. Certified workers are also eligible for a relocation allowance equal to 100% of costs, up to the maximum limit for federal employees (\$1,500). The worker must live 50 or more miles from the new place of employment, and have a written offer of employment. Eligible expenses include the cost of meals, lodging, mileage, moving household goods, and limited storage. A worker may receive an additional lump sum payment of up to \$1,500.

e. Health Coverage Tax Credit. The Health Coverage Tax Credit (HCTC) is available to TAA and Re-Employment Trade Adjustment Assistance (RTAA) workers. The credit equals 80% of an eligible worker's qualified health insurance premium. The HCTC is refundable.

f. Re-Employment Trade Adjustment Assistance. RTAA provides a wage subsidy of up to \$12,000, for a period of up to two years, to workers over 50 years of age. The benefit is provided to workers earning less than \$55,000 in reemployment. The worker must be employed full-time, unless he or she is enrolled in TAA-approved training, and is employed at least 20 hours a week.

DWD indicates that the TAA funding would provide individualized employment and reemployment services for an estimated 3,000 to 3,200 individuals. Pending petitions for TAA benefits cover 5,600 individuals in the state.

ALTERNATIVES

1. Approve the Department of Workforce Development request to increase expenditure authority by \$14,851,318 FED in 2008-09 in the appropriation under 20.445(1)(m) to appropriate the state's allocation of federal Trade Adjustment Assistance funds under provisions of the federal American Recovery and Reinvestment Act.

2. Deny the request.

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