

# ISSUE BRIEF

## Trade Adjustment Assistance

**The Trade Act of 2002 made significant changes to the Trade Adjustment Assistance (TAA) program, although many laid-off workers still will not be eligible for benefits.** TAA provides income protection, health care benefits and job training for qualified workers who lose their jobs as a result of import competition or shifts of production overseas. Congress should continue to expand TAA, ensure the health care benefit is fully available to TAA eligible workers and provide full funding for the program.

In 2001, more than 215,000 workers were certified for assistance under the TAA and North American Free Trade Agreement (NAFTA)-TAA programs. Those numbers increased by about 50 percent in 2002. The Trade Act of 2002 consolidated NAFTA-TAA and TAA into one program while enhancing some of the benefits.

**Workers can receive up to 78 weeks of trade adjustment allowances.** Workers enrolled in remedial education can receive an additional 26 weeks of trade readjustment allowances. Workers must also enroll in a training program, unless provided with a waiver under certain conditions or unless they are eligible to enroll in the alternative TAA program for older workers.

**Eligible workers also will receive a 65 percent advanceable, refundable tax credit for health care insurance.** This health care benefit is also available to certain retirees receiving pensions through the Pension Benefit Guaranty Corporation. Congress should block efforts by the Bush administration to undermine the health benefit through the regulatory process.

**Congress should enhance the health care benefit, because too many eligible workers will not be able to afford it.** The average monthly TAA benefit for a laid-off worker is \$870, while the average monthly Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 health insurance premium is \$650. That means that even with a 65 percent tax credit, a family would have to pay 26 percent (more than \$220) of its monthly income to buy health insurance.

**The Trade Act of 2002 includes an alternative TAA for older workers.** Through this innovative wage insurance program, some workers older than 50 may receive 50 percent of the difference between the wages received from re-employment and the wages received at the time of separation. Total payments cannot exceed \$10,000 during the two-year eligibility period. An eligible worker also can receive a tax credit for health insurance costs but cannot receive any other benefits of the TAA program.

**The TAA program is unfair to workers who lose their jobs to imports and shifts of production.** While a worker who loses a job as a result of a shift of production to Mexico may be eligible for TAA, a worker who loses a job to Chinese production might not. All workers who lose their jobs as a result of shifts of production should be made eligible for TAA. Broad categories of workers, including truck drivers, service contract workers, most workers for downstream producers and many other secondary workers are excluded from eligibility for TAA. These secondary workers should be made eligible for TAA benefits.

**The TAA program currently has a funding cap that cuts off funding for training for some eligible workers.** States are likely to exhaust TAA training money, leaving many workers without job training opportunities and other TAA benefits. In 2002, at least 13 states exhausted their training funds, leaving an estimated \$80 million shortfall in funding. The funding cap on TAA should be lifted.

**TAA is no substitute for a good trade policy.** Although Congress should make TAA improvements, the program is no substitute for a good trade policy that will protect and expand jobs in the United States. Ultimately, these laid-off workers need and want jobs.