

# Globalization and Trade Adjustment Assistance W&M Republican Legislative Proposals

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These legislative proposals are designed to reauthorize and reform Trade Adjustment Assistance (TAA) and better integrate it with other federal programs to better equip workers affected by trade, globalization and other causes of job loss with skills they need to adapt to the changing global economy. These proposals also will foster regional economic development by encouraging investments in communities impacted by trade, globalization and other causes of job loss to the benefit of firms and workers.

These proposals are designed to be considered in the context of initiatives to expand trade opportunities for U.S. businesses, workers, and farmers through passage of the free trade agreements covering Peru, Panama, Colombia, and Korea, as well as through extension of Trade Promotion Authority.

**I. The Trade Adjustment Assistance and Training Improvements Act** (not introduced yet) will reauthorize for 5 years the Trade Adjustment Assistance (TAA) programs for workers, firms and farmers, as well as reform and modernize the TAA for workers program so trade-affected workers can have quicker access to and more flexible training options (including while working) to obtain the skills needed to return to work as quickly as possible. The legislation will restructure the TAA for workers program from a predominantly income support program that offers training and other benefits into a job retraining program that improves access to education/training and continues to provide income support, health care, and other benefits.

The legislation will:

- retain current 2 years of income support for TAA for workers program participants who remain unemployed and train full-time, but also permit, in certain circumstances, 2 years of income support for those who work part-time and train part-time;
- improve TAA participants' access to training and education by:
  - providing "New Economy Scholarships" of up to \$8,000 per participant that a participant can choose when to use over a 4-year period on a range of training/education programs, even if the participant becomes reemployed (versus today, TAA training is typically available for 2 years);
  - authorizing \$50 million for new capacity building grants for community colleges and other training providers to offer enhanced training to more TAA participants;
- provide TAA participants more flexible training options that are not available under current law, including:
  - allowing them to combine full-time work with either full-time or part-time training, or combine part-time work with either full-time or part-time training;

- making eligible training programs that lead to a license, certificate or community college degree and are linked to a high-demand occupation, and apprenticeship programs;
- enable a TAA participant to begin training sooner (prior to layoff, versus typically having to wait more than a month after layoff today), or focus on a job search sooner while receiving income support without also having to be in training or to obtain a training waiver (as is required today);
- convert the existing wage insurance pilot program for older workers (Alternative TAA) into a transitional wage supplement available to all TAA participants (regardless of age) who become reemployed for at least 30 hours per week at low wages (defined as up to minimum wage plus \$2.40), and allow such workers to also obtain the Health Coverage Tax Credit and TAA training;
- broaden the criteria for a group of workers to be certified for TAA to include:
  - workers at downstream producers that are secondarily affected by imports or shifts in production to more countries (not just Canada and Mexico);
  - workers laid off due to a trade impact on an intangible product (e.g. software) produced by their firm and sent electronically (not just on disk) to customers;
  - contract and leased workers under operational control of a firm producing an article (not just employees of the firm);
- encourage better allocation of current training funding for the States (which has not been fully used), by requiring the Department of Labor to report to Congress every six months on its allocation of funding to the States so as to better ensure funding is appropriately distributed to the States;
- better integrate TAA with the Department of Labor's workforce investment system (WIA) and its One-Stop Career Centers so that TAA participants can access more services;
- establish performance accountability measures for evaluating the performance of the TAA for workers and firms programs and their results for participants; and
- increase annual authorized funding for the TAA for firms program so as to address a backlog in approved but unfunded projects.

**II. The Unemployment Compensation Improvement Act of 2007** (introduced by Rep. Weller - H.R. 1513) will:

- allow States to apply for waivers of unemployment compensation program rules to design more flexible benefits, including wage insurance and other approaches, to help laid-off workers more quickly return to work;

- build on the successful model of welfare reform waivers, allowing States to implement similar demonstration projects to test new ideas for improving unemployment benefit programs; and
- ensure that projects are revenue neutral.

**III. The New Markets Tax Credit program** (introduced by Rep. Reynolds - H.R. 3843) will be expanded to benefit firms and workers in local communities impacted by trade, globalization and other causes of job loss.

- The existing New Markets Tax Credit program provides tax incentives for companies who invest their capital in businesses operating in economically disadvantaged areas.
- The proposal will provide an additional \$500 million in New Markets Tax Credits for businesses and communities adversely affected by trade.
- These additional tax credits would provide private capital to businesses operating in low-income census tracts which can also demonstrate qualification under the TAA for firms program.
- Other eligible businesses under the proposal are those operating in low-income areas who prospectively hire 40% or more TAA eligible employees.