



Committee On Finance

Max Baucus, Chairman

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FACT SHEET TRADE ADJUSTMENT ASSISTANCE

In May 2002, the Senate passed the Trade Adjustment Assistance Reform Act of 2002. The Senate-passed bill expands and improves the current TAA program in a number of important ways, including: expanding eligibility; increasing training funds; providing a health care tax credit to TAA participants; creating specialized TAA programs for family farmers, ranchers, and fishermen; creating a wage insurance pilot program for older workers; and establishing a community adjustment program.

While the Senate-passed bill is a good start, it is a compromise between Democrats and Republicans in the Senate and with the Administration. Unfortunately, to achieve this compromise, some important elements were left out of the bill. The Trade Adjustment Assistance Improvement Act of 2002, a new bill introduced by Chairman Baucus, includes all these additional elements and will go even further toward making TAA work for American workers. The new bill improves on the Senate-passed compromise by:

- **Broadening Eligibility.** Currently, TAA eligibility is limited to primary workers displaced by imports, while NAFTA-TAA also includes shifts in production and some secondary workers. The Senate-passed bill covers all primary workers displaced by shifts in production, taconite workers, secondary workers in supplier firms, and those workers in downstream secondary firms already eligible for NAFTA-TAA. This legislation would further broaden eligibility to cover secondary workers both at supplier firms and at downstream firms that perform value-added processing; workers who provide services under contract to a covered production facility; and truckers displaced due to competition from Mexican-domiciled trucking services.
- **Expanding Benefits and Making Training an Entitlement.** The Senate-passed bill would increase income maintenance from 52 to 78 weeks (104 weeks where remedial training is required); increase the cap on training funds; ensure that workers who take a part-time job don't lose training benefits; and increase assistance for job relocation. The new legislation goes further to assure adequate training funds by making training an entitlement just like income support.

- **Providing Assistance With Health Care Coverage.** Loss of health insurance coverage – or the means to pay for it – is one of the most difficult problems for trade-impacted workers. The Senate-passed bill provides a 70% advanceable, refundable tax credit for COBRA premium payments or other group health insurance options during a worker's participation in the TAA program. This legislation raises the tax credit to 75% and gives workers additional coverage options.
- **Allowing Certification For Affected Industries.** Current practice is to certify workers on a plant-by-plant basis. This new legislation makes it possible for workers in industries facing nationwide job losses due to import competition or plant relocations to obtain industry-wide certification in a single process.
- **Providing Wage Insurance For Older Workers.** To assist older displaced workers to change careers, the Senate-passed bill facilitates on-the-job training and faster re-employment by providing wage insurance for up to 2 years for part of the gap between old and new earnings. This new legislation would make wage insurance a permanent program, rather than a 2-year pilot program.

Help Communities Adjust. Because communities can be devastated by trade-related layoffs, the Senate-passed bill would establish an inter-agency group to coordinate Federal assistance to workers and trade-impacted communities, help communities develop strategic plans following job losses, and provide technical assistance, loans, and grants. This new legislation provides an earmarked authorization for community assistance and additional support for community workforce partnerships.