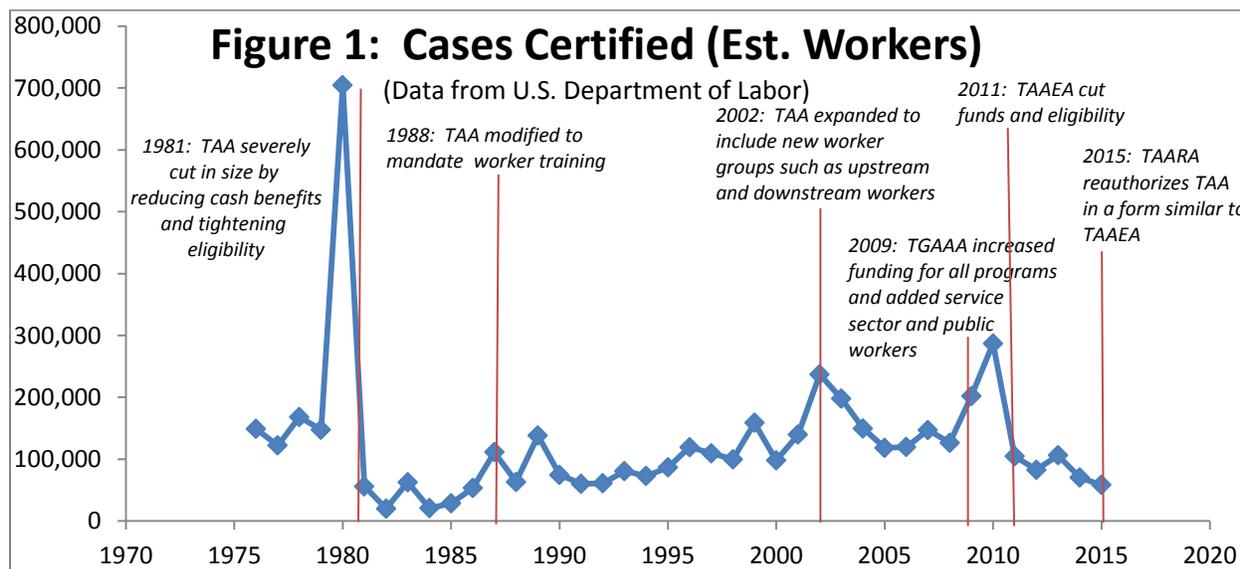


A Brief History of the U.S. Trade Adjustment Assistance Program for Workers

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The Trade Adjustment Assistance (TAA) program has provided U.S. government assistance to workers displaced from their jobs for trade-related reasons, and has been regularly modified since it was first passed in 1962. The health of the U.S. economy, budget priorities, and the effectiveness of the program in providing support and finding suitable reemployment for dislocated workers have all affected eligibility requirements, the type of benefits offered, and amount and orientation of the funding. Benefits originally included income support payments, training, and job search and relocation allowances. More specialized provisions were added in later years, including assistance with health insurance premium costs and a wage supplement to certain reemployed trade-affected workers 50 years of age and older. While the annual number of workers certified eligible for TAA has varied over the years, it soared in 1980 after a time when imports of small Japanese cars adversely affected the domestic auto industry.

The TAA for Workers program was formally established by the Trade Expansion Act of 1962 to help address domestic resistance to trade liberalization by compensating workers displaced by trade. The number of workers covered by the program has varied substantially over time, responding to both industry conditions and changes in worker eligibility rules. In total, TAA has covered over 5 million workers over the history of the program. Figure 1 shows the distribution of these workers since 1975.



Initial TAA Legislation (1962-1988) The Trade Expansion Act of 1962 act provided income support, encouraged retraining, and offered relocation allowances. Because of strict eligibility criteria and a burdensome application process (which included a U.S. Tariff Commission ruling on injury), the program was underutilized. To address these issues, the Trade Act of 1974 loosened the eligibility criteria, streamlined the application process (by moving administration of the program from the U.S. Tariff Commission to the U.S. Department of Labor and dropping the requirement for an injury finding), raised potential income support, and expanded benefits to include funds for retraining and job-search expenses. In 1979–80, the oil price shock and U.S. recession reduced demand for large U.S. autos, which

resulted in industry layoffs and a huge spike in the number of workers certified for TAA in 1980 (figure 1). Concerns regarding the growing cost of the program and its effectiveness led to a series of amendments shifting the program's emphasis from income compensation to retraining and other adjustment services. These amendments reduced cash benefits, tightened eligibility requirements in 1981, and mandated training in order to receive cash benefits in 1988.

A Rekindled Interest in Deepening TAA (1994-2014) Negotiations to implement the North American Free Trade Agreement resulted in a separate TAA program for workers dislocated by increased imports from, or shifts in production to, Canada or Mexico in 1994. This program was incorporated into the Trade Act of 2002, which expanded TAA eligibility criteria to cover more worker groups, including secondary workers such as upstream suppliers and downstream finishers or assemblers of articles produced by primary firms. It also introduced the Health Coverage Tax Credit (HCTC), which covered part of the cost of health insurance premiums, and a new program for workers aged 50 or older to supplement lower wages on reemployment (Reemployment TAA or RTAA).

The economic recession in 2008–2009 spurred the passage of The Trade and Globalization Adjustment Assistance Act (TGAAA) of 2009, which increased funding for all benefits (income support, training, job search, relocation, HCTC, and RTAA), added eligibility for service and public sector workers, and provided funding for case management services (previously provided by other programs), including skill assessments, short term prevocational services, and career counseling. But it was short-lived and replaced by the TAA Extension Act (TAAEA) of 2011, which cut funds for job search, relocation assistance, and wage insurance for older workers; renewed eligibility for service sector workers but not for public sector workers; and otherwise retained the TGAAA funding increases, including for income support for those undergoing job training and for training benefits.

When the TAAEA expired at the end of 2013, the TAA program began operating under sunset provisions enacted by TAAEA, referred to as "Reversion 2014." Reversion 2014 limited the eligibility of service workers; dropped the HCTC; dropped case management services as an entitlement; and considered workers who lost their jobs due to outsourcing were eligible for TAA only if their firm had shifted its production or outsourced its jobs to a country with which the United States has a free trade agreement.

A New Beginning for TAA? (2015-Present) The current TAA program was established by the TAA Reauthorization Act of 2015 (TAARA 2015). TAARA is similar to the 2011 program and reversed the major changes made in the 2014 program. It reinstated eligibility for service workers, reinstated the HCTC, reinstated funding for case management services, and reverted to the 2011 program that says workers who lost their jobs due to outsourcing are considered eligible for TAA if the outsourcing is to any country.

Sources: USITC, *Operation of the Trade Agreements Program*, July 1962-June 1963, 2012, 2014, and 2015; USDOL, ETA, website <https://www.doleta.gov/tradeact/>; USDOL, ETA, *TAA for Workers*, FY 2015, Appendix A; Hornbeck, *Trade Adjustment Assistance and Its Role in U.S. Trade Policy*, CRS, Aug. 5, 2013; Richardson, *TAA under the United States Trade Act of 1974: An Analytical Examination and Worker Survey*, NBER, 1982; Baicker and Rehavi, "Policy Watch: Trade Adjustment Assistance," *Journal of Economic Perspectives*, Spring 2004.