

MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber for Chairman Grassley, 202/224-6522
Re: Trade Adjustment Assistance
Da: Tuesday, Oct. 5, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, which has jurisdiction over international trade, offered the following comments today in a floor statement addressing the Trade Adjustment Assistance program. He submitted the floor statement for the record.

“Mr. President, I rise to address the progress that’s been made in how the Trade Adjustment Assistance, or TAA, program operates. You may recall that in 2002, I worked with Senator Baucus to shepherd landmark TAA reforms through Congress. President Bush acknowledged the role of TAA as an important part of his comprehensive trade agenda when he signed these reforms into law in August of that year. The reform legislation made a number of changes to TAA, including, for the very first time, the addition of a new health coverage tax credit, or HCTC, and a new wage insurance provision, as well as a doubling of the funds available for retraining workers dislocated by trade. Given the number and significance of the changes made to TAA, I joined Senator Baucus in asking the Government Accountability Office, or GAO, to study how the TAA Reform Act is being implemented. Separately, we asked GAO to study how the health coverage tax credit is being implemented. The GAO report on TAA came out last month, and while it’s clear some of the details of implementation merit further study, overall the report shows a marked improvement in the way TAA is administered.

“The GAO report notes that the Department of Labor has reduced its average petition-processing time from 107 days in 2002 to 38 days in 2003, and the percentage of petitions processed in 40 days or less increased from 17 percent in 2002 to 62 percent in 2003. Certified workers are enrolling in training services more quickly than in prior years. More broadly, it is evident that the funds available under TAA are beginning to be administered more effectively. One of the hurdles that Labor officials had to overcome was a perception, at least in some states, that all TAA-eligible workers are entitled to training. According to GAO, that perception contributed to problems with managing TAA training funds.

“In response, the Labor Department has encouraged states to take steps to better administer TAA funds. The Labor Department has also improved the way it disburses training funds so that state officials can better target the funds that are available to workers who are truly in need of training. These efforts are starting to pay off; in fact, after the GAO

report came out, we learned that thanks to improved administration by the Labor Department, \$28.4 million was available at the end of the 2004 fiscal year for supplemental distribution. Last week my home state of Iowa received an additional \$559,626 in additional TAA training, job search, and relocation funds. These funds will help ensure that trade-impacted Iowans will receive the benefits they are entitled to under the program. The same is true for states across the country. I think we can all agree, Mr. President, that it's good to see our taxpayer dollars being spent more wisely.

"Unfortunately, the GAO report fails to capture the full breadth of the improvements made by the Labor Department. The report states that 19 states temporarily discontinued enrolling TAA-eligible workers in training at some point between fiscal years 2001 and 2003 because they lacked adequate training funds. However, GAO collected only aggregate data, so it is unclear how many states temporarily discontinued enrollment before funding was doubled in the TAA Reform Act of 2002, versus after. That information would have been helpful. The report does note that 6 states temporarily discontinued enrollment during fiscal year 2004, which is quite puzzling given the fact that the TAA program had funds left over at the end of the year. I think it's important to note that Labor dispatched technical assistance teams to help those states implement needed improvements so that workers could get access to training. Since there wasn't any shortfall in funds, it seems those six states can work with Labor to administer the program more effectively. So, while Labor's progress has been impressive, there's certainly more work to be done.

"The wage insurance provision known as alternative TAA for older workers is a brand new program, so it's not surprising that implementation has not been without hiccups. But things are improving. According to the Labor Department, as of August 2004, 32 states had already issued alternative TAA payments and another 11 states had the capability to do so. In addition, 48 states reported that information on the alternative TAA program is provided as part of their rapid response activities. Approved petitions for alternative TAA increased from 60 in fiscal year 2003 to 937 in fiscal year 2004. Importantly, since alternative TAA went into effect in August 2003, well over 700 workers have received assistance from this new program.

"As for the health coverage tax credit, it is also a brand new program. The just-released GAO report shows that the HCTC was implemented at record speed and is providing valuable health care coverage to thousands of displaced workers and recipients of benefits from the Pension Benefit Guaranty Corporation, or PBGC. While the initial take-up rate may not be as high as was estimated at the time the TAA Reform Act was passed, even GAO noted that determining an actual rate

of participation rate is difficult. Not all workers initially identified as being eligible will meet all the requirements, and of those who do it is not apparent how many have access to healthcare coverage via their spouse. In addition, enrollment numbers for the HCTC do not reflect all of the dependents who also benefit from the HCTC.

“The Labor Department has reached out to educate the public about these and other aspects of the TAA Reform Act. Labor officials conducted 15 training sessions with stakeholders across the country in fiscal years 2002 and 2003. During fiscal year 2004, six regional forums were held for workforce practitioners in which Labor began focusing on policies and practices that integrate service delivery to dislocated workers in need of services. Labor administers a wide array of programs for trade affected workers, including both TAA and the Workforce Investment Act, or WIA. In the past, these programs have been splintered, leading to inconsistent service delivery. Through initiatives started by the current Department of Labor, workers are now receiving a wider array of services in faster time. While it’s clear more work remains, the GAO reports do bear witness to the progress that’s been made.

“I will continue working with Senator Baucus to monitor developments and oversee implementation of the TAA Reform Act. We must continue to assess how the program can be improved. For example, there is currently no incentive for states to report the most accurate information possible. We should consider ways to improve the data that’s reported, so the TAA program’s true impact can be fully assessed. Additional study by GAO may prove helpful in this and other areas. Labor started its own five-year rigorous impact evaluation of the TAA program this year, and that should also prove helpful. But while there’s room for improvement, it’s also true that much has been accomplished, and I want to take this opportunity to thank the hard-working officials at the Department of Labor for their dedication in implementing the significant changes brought about by the TAA Reform Act of 2002. I also want to thank officials at the Internal Revenue Service, the Centers for Medicare and Medicaid Services, and PBGC, along with those in state agencies, who have worked so hard to implement the HCTC.”