



**POLICY MEMO: BAUCUS/CAMP TAA AGREEMENT
PRESERVES 2009 REFORMS, NEEDS TO PASS**

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CONTEXT: Trade Adjustment Assistance (TAA) has been a pillar of American trade policy since John F. Kennedy's Trade Act of 1962. Today it is a uniquely valuable worker-assistance program – the only major American effort to offer dislocated workers a full program of retraining for new skills and new jobs. This is especially valuable during the prolonged downturn since the 2008 financial crisis, with unemployment highest for those workers with the least education and training, and new jobs excruciatingly scarce even as layoff rates diminish.

The 2009 TAA reform broadened and modernized the program, through the most important revisions since its creation. Improvements included guaranteeing access to training for American services workers as well as manufacturing workers; increasing the authorized training money from \$220 million to \$575 million; and adding extra support for health insurance as workers go through retraining. It also removed antiquated requirements that workers prove displacement by particular free trade agreements.

TAA is showing remarkable results, with 447,235 workers registering for benefits, including 67,000 services-industry workers and 133,000 displaced by production shifts since the 2009 reforms. But these reforms were based on a two-year program which ended last February. Without an extension, TAA will continue in its earlier and outdated form.

Senator Max Baucus and Representative David Camp have now negotiated another two-year extension, which preserves the key reforms of the 2009 bill. Approval of this bill is an essential part of a trade agenda this autumn, which will promote growth by opening new markets through approving free trade agreements with Korea, Panama, and Colombia; renew America's commitment to lower-income countries through special tariff preference programs; and help American workers displaced by global competition. Principal features include:

AUTHORIZATION: The 2009 bill increased the program's training from \$220 million to \$575 million. The Baucus/Camp agreement preserves this total, though the \$575 million is now the cap for aggregate spending on training, job search and relocation, and program administration rather than training alone. States providing TAA support will therefore need to streamline overhead and administrative costs to preserve maximum help for dislocated workers.

ELIGIBILITY: As in the 2009 bill, all private-sector workers displaced by trade competition or shifts of production abroad are eligible for TAA training, health insurance support, and job search and relocation help, whether they work in manufacturing, services, or technology. This preserves the commitment to see services workers as equally worthy of support. It also preserves the 2009 bill's expanded eligibility to cover all workers, not solely those displaced because of new competition arising from particular FTAs.

HEALTH SUPPORT: The 2009 bill increased health-insurance supports for TAA-eligible from 65 percent of premiums to 80 percent. The Baucus/Camp agreement reduces this to 72.5 percent, halfway between the 2002 and 2009 bills. The insurance support will end in 2014, once universal health insurance coverage begins under the Affordable Care Act.

DURATION OF TRAINING: The Baucus/Camp agreement makes a modest reduction in training time, from three years as of 2009 to two and a half years. Training programs only rarely would go beyond two years in any case.

TAA FOR FIRMS: The Baucus/Camp agreement maintains the 2009 reforms for this program aimed at helping small businesses improve their competitiveness internationally, except it reduces the annual authorization level from \$50 million to \$16 million.

TAA FOR FARMERS: America's farmers face import competition as well, and for those smaller producers who qualify, the 2009 program was overhauled to focus on providing technical assistance and small grants to help producers implement strategic business plans. The Baucus/Camp agreement retains these changes but only authorizes \$90 million annually for the program.