THE TRADE AND GLOBALIZATION ASSISTANCE ACT OF 2007

UPDATING AND OVERHAULING THE TAA FOR WORKERS PROGRAM

1. Expanding Trade Adjustment Assistance to Service Workers

TAA started in 1962, when trade in services was not a significant issue. That is not the case today, yet the program has never been updated. The bill covers service sector workers (including in the public sector) where: (1) the workers were employed by a firm that experienced significant layoffs; and (2) there is a connection between the layoffs and trade (e.g., import competition or production relocation ("offshoring"). The requirement that the layoffs be connected to trade effectively limits the types of service sector workers that will be eligible under TAA.

2. Expanding Trade Adjustment Assistance to More Manufacturing Workers

Offshoring and Secondary Worker Coverage. Under current law, many manufacturing workers are still left out of TAA due to illogical eligibility criteria. First, workers who lose their job because their factory moves to China may not get TAA benefits. Such workers must also show that the factory relocation will result in increased imports to the United States (which may not occur for a variety of reasons, such as the factory always produced for a foreign market). Second, while current law extends TAA coverage to workers employed "downstream" of a TAA-certified firm (i.e., secondary workers), this coverage is limited to firms impacted by trade with Canada and Mexico. The bill eliminates these restrictions, so that all workers impacted by trade are covered, regardless of where the factory relocated to or where the import competition came from.

Industry-wide Certifications. Under current law, the TAA certification process is on a firm-by-firm basis. That process can lead to inconsistent results, with some workers who lose their jobs receiving the TAA benefits they deserve, while others down the street do not. To address these problems, the bill requires the Secretary of Labor to conduct industry-wide certification investigations: (1) when three petitions from firms in the same industry are certified within a 6-month period; or (2) at the request of the President, USTR, or Ways and Means/Finance. The bill authorizes the Secretary of Labor to develop criteria for making industry-wide certifications (with Ways and Means/Finance input), thereby addressing concerns about overly broad certifications.

Automatic Certification for Workers Covered by ITC Injury Determinations. The bill provides for automatic group certification for workers from a firm covered by an ITC injury determination in an antidumping, countervailing duty, or safeguard proceeding. Such ITC determinations definitively show that an industry has been injured by increased imports, and establish a connection between trade and layoffs. To address administrative feasibility concerns, the bill has a pro forma petition process to help Labor and the States identify covered workers.

3. Ensuring Access to Better Training

Training Funds. The bill doubles the current training funding cap from $220 million to $440 million and increases it to $660 million by 2010. The new funding addresses training funding shortfalls faced by some States. The increase also covers potential increases in the number of eligible workers because of expansion to service workers and more manufacturing workers.

Longer Term Training in Growth Sectors. Under current law, income support is limited to a maximum length of **104** weeks (including basic Unemployment Insurance (UI), but excluding income support for workers in need of remedial training). However, many workers use the first 26 weeks of unemployment to look for another job; that effectively means that workers have 78 weeks of income support while training, which curtails the types of training they can pursue. The bill addresses the problem by providing workers participating in longer term training (including completion of a college) with up to **130** weeks of income support (including basic UI, but excluding periods for remedial or prerequisite training). The new 26 weeks of additional income support is ONLY available for workers in long term training.

4. Simplifying Enrollment Deadlines

The bill fixes short and contradictory enrollment deadlines that have caused significant confusion among TAA participants and resulted in some workers losing access to TAA benefits.

5. Improving the Health Coverage Tax Credit

Under current law, the Health Coverage Tax Credit (HCTC) has not proven to be an effective means of delivering health benefits. Participation is low and administrative costs are exceedingly high. The bill makes several important changes to the existing credit and increases the subsidy to 85 percent. These changes will minimize gaps in coverage and assure access to insurance policies that meet the health and medical needs of eligible individuals and their families. The bill also lays the foundation (via studies and data collection geared toward creation of a national purchasing pool) to reform substantially and simplify the program by January 1, 2010.

REFORMING UNEMPLOYMENT INSURANCE: THE GATEWAY TO TAA

The UI provisions in the bill are designed to encourage and reward States for taking specific steps to improve UI coverage for low-wage, part-time and other workers. The bill responds to a GAO finding that unemployed low-wage workers are only one-third as likely to receive UI benefits, but more than twice as likely to be unemployed as higher wage workers. Rather than requiring States to implement reforms, the bill provides financial incentives for those States enacting reforms designed to: count workers' most recent wages when determining UI eligibility; end discrimination against part-time workers; allow separations from work for compelling family reasons (such as fleeing domestic violence); and provide extended benefits during approved training for high demand employment. Funding for the incentives is raised by an extension of a current-law unemployment tax (the FUTA surtax) that President Bush has proposed extending.

MANUFACTURING REDEVELOPMENT ZONES

The bill includes a package of tax incentives designed to encourage the redevelopment of communities that have suffered substantial reductions in manufacturing employment. The proposal authorizes the Secretary of Treasury to designate a group of manufacturing redevelopment zones. Under the bill, the communities designated as manufacturing redevelopment zones would be eligible for the special Work Opportunity Tax Credit classification that now applies to empowerment zones. The communities would also be eligible for tax exempt bond financing for new business; tax credit bond financing for the cost of redevelopment, including infrastructure improvements; and additional low income housing credits.