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The Evaluation of the Implementation of the Trade and Globalization Adjustment Assistance Act (TGAAA)

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EXECUTIVE SUMMARY

This report, one in a series produced as part of the national *Evaluation of the Trade Adjustment Assistance (TAA) Program*, focuses on states' early experiences with implementing amendments to the TAA program enacted in 2009 as the Trade and Globalization Adjustment Assistance Act (TGAAA).¹ The data collection on which the report is chiefly based entailed multi-day site visits that took place during late 2009 and into the spring of 2010 in 14 states and 28 local One-Stop Career Centers (two in each state) where TAA services were being delivered. These site visits focused on determining how states and local offices were implementing TGAAA's key provisions and learning about the challenges to implementation they were encountering. During the visits, interviews were conducted with TAA and TRA state coordinators, Workforce Investment Act (WIA) and Employment Services (ES) program heads, TAA fiscal and MIS staff, local office managers, and TAA, ES, and WIA frontline staff.

Context for the Evaluation of TGAAA

The implementation of TGAAA, and our evaluation of it, took place in a unique economic context that had significant implications for how TGAAA unfolded. When President Obama signed into law the American Recovery and Reinvestment Act (of which TGAAA is a part) on February 17, 2009, the U.S. was in the midst of the nation's worst economic downturn since the Great Depression, significantly hampering TAA participants' ability to secure new employment. Changes to the Unemployment Insurance (UI) program implemented because of the recession also affected the implementation of TGAAA. In formulating a policy response to the dire economic environment, Congress enacted the Emergency Unemployment Compensation (EUC) program in 2008, which enabled UI claimants in states with especially high unemployment rates to collect 53 weeks of additional benefits. Coupled with additional benefits available through the permanent Federal-state Extended Benefit (EB) program, workers in many states could collect UI for a total of 99 weeks. These extended UI benefits affected TGAAA implementation in

¹ The larger TAA evaluation was initiated in 2004 to examine the administration and impacts of the program as it operated under the prior amendments, which became law in 2002. However, during the course of the research, a new set of amendments was enacted and the planned fifth round of site visits provided an opportunity to examine the implementation of the changes pursuant to the 2009 legislation.

important ways, to some degree delaying workers' take up of the enhanced benefits and services that TGAAA offered.

The key changes to the TAA program brought about by TGAAA and by guidance that the U.S. Department of Labor's Employment and Training Administration (ETA) issued around the same time, included these:

- *Expanded eligibility.* Whereas TAA benefits and services were previously only available to those in the goods-producing sector, TGAAA expanded eligibility to include trade-affected workers in service industries and other previously uncovered sectors, such as those in public administration.
- *Required case management.* TGAAA required that case management services be available to TAA participants and mandated that a certain portion of each state's annual allotment for TAA administration be used for this purpose.
- *Permitting additional types of trainings.* The legislation allowed workers to pursue TAA-funded part-time training and pre-separation training.
- *More generous benefit payment amount authorized.* Under TGAAA, Trade Readjustment Allowances (TRA) were allowable for longer than was the case previously, and job search and relocation allowances were made more generous.
- *Relaxed time limits.* The time limit permitted for workers to enroll in training to qualify for TRA was relaxed to 26 weeks.
- *Expanded and renamed ATAA program.* TGAAA amended the Alternative Trade Adjustment Assistance (ATAA) program by significantly relaxing eligibility requirements, and renamed it the Reemployment Trade Adjustment Assistance (RTAA) program.
- *Increased HCTC tax credit.* The tax credit authorized under the Health Coverage Tax Credit (HCTC) program was increased to cover a higher percentage of health insurance costs for workers and eligible dependents.
- *Increased program funding.* TGAAA increased the annual cap on training funds from \$220 million per year to \$575 million per year. In addition, changes were made to the way the funding was distributed to states.
- *Changed reporting requirements.* In guidance it issued following the enactment of TGAAA, ETA streamlined states' reporting requirements.

Overall, the changes represented a significant liberalization of benefits, and the implementation of the changes is the focus of this report. The report's findings pertain to a state of implementation that prevailed at the time the data collection took place. States may subsequently have advanced in their implementation efforts, and new issues and challenges may have arisen. Key provisions of the TGAAA were reauthorized under the Trade Adjustment Assistance Extension Act of 2011 (TAAEA), enacted on October 21, 2011. Moreover, TGAAA included a sunset provision, and the legislation's sunset date has now lapsed without

further Congressional action. Thus, the TAA program now operates according to legislative provisions that were in effect prior to TGAAA's enactment.

Eligibility and Notification

TGAAA significantly expanded eligibility for the TAA program by allowing petitions for trade-affected workers in previously uncovered sectors, including in public agencies, in firms that supply services, in companies that shifted production to any foreign country (as opposed to only those with a trade agreement or trade preference with the U.S.), and in producers of component parts affected by increased imports of finished products.

There was a dramatic surge in petitions certified since the enactment of TGAAA, partly because of the expansion of eligibility. Certified petitions increased from an average of roughly 350 per quarter to more than 700 in the quarters just after the effective date of TGAAA. However, factors other than TGAAA's expanded eligibility seem just as important in accounting for this increase, including the persistence of the economic downturn and the fact that petition filers delayed filing until the TGAAA provisions took effect. In fact, the filing of petitions for worker groups in the service sector seems rather modest in light of figures suggesting that potential trade-affected job loss in the nonmanufacturing sector outnumbers the potential loss in the manufacturing sector by three to one.

The limited nature of outreach efforts specifically targeted to companies providing services, and to other newly eligible worker groups, was perhaps a factor contributing to the modest rate of petition filing on behalf of new groups. States relied heavily—in some cases almost exclusively—on Rapid Response teams to inform employers potentially impacted by trade of the availability of TAA benefits and services for their workers. Although the Rapid Response teams' efforts were by all accounts quite vigorous, state respondents reported that employers who had pre-existing knowledge of the TAA program were far more amenable to filing a petition and often times had done so before the Rapid Response team arrived on site. By contrast, those firms unfamiliar with TAA—particularly true in the service sector—often displayed a reticence or unease about petition filing, perhaps because of their general lack of knowledge about the program.

Once a petition is filed, ETA is required by the terms of the Trade Act of 2002 to make a determination regarding certification within 40 days. ETA consistently met this deadline in the years leading up to the effective date of TGAAA, but the dramatic surge in petitions filed thereafter increased ETA's average decision time considerably. Within six quarters, ETA had successfully reduced its response time to near normal levels, by hiring and training additional investigators. Prior to that, though, states noted that delayed certification was causing problems with ensuring workers' timely access to TAA services. In particular, delayed certification made

it more difficult for states to obtain certified worker lists from employers, made it more difficult to locate affected workers to advise them of their potential TAA eligibility, delayed workers' access to TAA benefits and services, and narrowed some workers' training choices (as when workers started receiving training under the WIA Dislocated Worker Program's more restrictive training guidelines while their petitions were pending).

Once a petition is certified by ETA and the state is so informed, the next step in the typical sequence is for states to obtain lists of affected workers from employers, and then to notify those workers of their potential eligibility. In most cases, employers cooperated in supplying lists, but there were problems in some instances. For example, employers who had already closed their doors or who had undergone significant depletion of their human resources staff found it impossible or difficult to respond. Similarly, service sector firms unfamiliar with the TAA program showed more hesitancy, and in some instances temporary employment agencies were particularly difficult to induce to cooperate. Problems also arose when tensions seemed to exist between workers and employers, such as when a petition was filed by a worker group because the employer refused to do so.

State agencies followed their routine procedures in notifying workers on the lists, normally by sending letters inviting workers to contact a One-Stop Career Center for an appointment with a TAA specialist. Media ads were also sometimes posted, or letters generated for UI claimants who worked at affected firms, especially when employers refused to provide the worker lists directly. Some special efforts beyond these were sometimes attempted (such as telephoning workers who did not respond to letters), but these actions were usually sporadic because they were too resource-intensive. Similarly, some states made special efforts to ensure they reached limited-English speakers, but these efforts also tended to be rather limited.

Given the challenges noted above, strategies to promote TAA services can be described as highly dependent on workers' taking the initiative to apply once notified that services were available. This hands-off approach might be one reason take-up rates were not higher under TGAAA. Other factors mentioned by state respondents as contributing to low take-up were that the program and its deadlines were confusing and that emergency and extended UI benefits provided workers with an income cushion that reduced their motivation to seek services. On the other hand, TGAAA's relaxed eligibility deadlines and aggressive efforts to promote the program (in the places where such efforts occurred) appeared to substantially increase take-up.

Changes to Employment and Case Management Services

As defined by WIA, case management consists of services designed to "...prepare and coordinate comprehensive employment plans... (and) provide job and career counseling during program participation and after job placement" (WIA Title I.A.101). The Trade Act of 2002 did

not define case management or authorize the use of TAA funds to provide case management services. However, ETA's operating instructions for the 2002 Act, issued as Training and Employment Guidance Letter (TEGL) 11-02, declared that states should make "every reasonable effort" to provide adversely affected workers with employment and case management services, such as counseling, testing, and placement services, provided for under WIA and Wagner-Peyser. The TEGL further encouraged TAA to work with its One-Stop Career Center partners to help provide these services.

By contrast, TGAAA *required* states to make a range of employment and case management services available to TAA customers, including comprehensive and specialized assessments, the development of individual employment plans, short-term prevocational services, and individual career counseling. Further, it required them to use at least one-third of the amount of their administration funds to provide employment and case management services, and authorized an additional allocation of \$350,000 per state per year for this purpose. Furthermore, to ensure "consistency, efficiency, accountability, and transparency" in the way these services were provided, ETA issued guidance that states should carry out TAA-funded administration functions—including case-management functions—using only state merit staff personnel, except in states with an exemption from the state merit staffing requirement for the administration of the Wagner-Peyser program. States were expected to comply with the merit staffing requirement by February 13, 2011.

These provisions had implications for how case management functions were staffed and what services were provided. Each is discussed in turn below.

Staffing for Case Management and Other Administration

Researchers examined the staffing structures TAA programs used to perform administrative functions, including delivering employment and case management services, and, in particular, focused on changes states might need to make to comply with TGAAA's case management requirements and ETA's merit staffing rule. Two administrative functions were examined: (a) reviewing and approving individual training plans, and (b) coordinating the delivery of the services specified in the customer's reemployment plan.

With respect to the first of these functions, 10 states of the 14 visited had state merit employees review and approve training plans, while four states devolved this function to WIA or contractor One-Stop Career Center staff. In the first group, this function was carried out by state merit staff at the central state office in six states, by state merit staff housed in local offices in three states, and by a mixture of both centrally-based and locally-based state merit staff in one other state.

The devolution of responsibilities was more common with respect to the coordination of services for worker. Four main models of primary case management for TAA participants were identified:

- *State Merit Staff as Primary TAA Case Managers.* Wagner-Peyser employees working in local One-Stop Career Centers served as the primary TAA case managers in six of the 14 states studied.
- *WIA Staff as Primary Case Managers.* Staff employed by the organization responsible for WIA case management provided primary case management to TAA participants in three states.
- *Undifferentiated One-Stop Staff as Case Managers.* In three states, any of the available staff members in the One-Stop Career Center could be assigned as the primary case manager for a TAA-eligible customer.
- *Dual Case Managers.* In one state, each TAA-eligible customer interested in training had two primary case managers within the One-Stop Career Center: one who was a state employee and one who was a WIA (usually non-merit staff) case manager.

In the final state, the dual case management model was used in some local areas, and state merit staff in others.

Overall, staffing structures remained largely unchanged with the passage of TGAAA, especially for administrative staff functions at the state level. However, the three states in the sample that were not exempted from merit staffing requirements and in which WIA staff or an undifferentiated staffing model was being used were giving thought to alternative staffing arrangements at the time the site visits occurred.

ETA emphasized that the merit staffing requirement should in no way be construed as undermining the importance of strong collaboration with WIA; in fact, instructions provided to the field directed state TAA program administrators to refrain from developing comprehensive stand-alone case management services using TAA program funds. Nonetheless, the state merit staffing requirement seemed to affect the co-enrollment of TAA participants in WIA in three states. These states found it difficult to reconcile their reliance on WIA staff as case managers for TAA participants with the new requirement for merit staffing. As they reduced the use of WIA staff as TAA case managers to bring their practices into conformance with the merit staffing requirement, they became less inclined to co-enroll. Indeed, two states rescinded statewide policies mandating that 100 percent of TAA participants be co-enrolled in WIA. Other factors that caused WIA staff to question the value of co-enrollment included the perception that co-enrolled TAA participants lowered WIA's performance on the common measures and a concern that WIA was not funded generously enough to allow it to easily serve all TAA participants, especially during a time of high demand for WIA services. Additionally,

respondents pointed to procedural differences between the programs that made co-enrollment awkward—such as WIA’s requirement that trainees select training programs from the state’s eligible training provider list, a restriction that was not allowed in TAA under TGAAA, and different TAA and WIA cost caps that most states and local areas imposed for assessing the reasonableness of training costs. Philosophical differences between the programs regarding the emphasis to be placed on training and training choice were also noted. Ironically, several of the states with among the highest co-enrollment rates in recent years were precisely the ones rethinking the value of widespread co-enrollment. In contrast to these examples, co-enrollment rates of TAA participants in WIA seemed unaffected in the remaining states studied.

Components of Employment and Case Management Services

As noted, TGAAA required states to make a range of employment and case management services available to TAA customers. However, case managers tended to focus more attention on TAA participants interested in training, particularly during the time these customers were developing their training plans. By contrast, case management services were much less intense for TAA customers once they entered training, and were less intense still for customers engaged in job search, regardless of whether they had undergone training or not.

Most states made relatively few changes to the case management services they delivered as a consequence of TGAAA, because they believed they were in compliance with TGAAA’s requirements and were confident that they were providing good quality case management already. Nonetheless, some states made modest changes, which can be classified in three broad categories: (1) expanding the services offered, (2) improving the quality of the services delivered, and (3) increasing the level of documentation required.

Four states among those visited expanded case management services or increased the availability of these services to TAA customers. For example, two states made it a point to expand comprehensive assessments to customers not in training and one of these had done the same with developing individual employment plans. These changes were partly or largely driven by the states’ assumption that these services had to be provided to all TAA participants to comply with TGAAA’s requirements. In some cases, case managers viewed the expansion of these practices to cover all workers as leading them to provide services to some participants that were not needed and therefore were a perfunctory exercise that wasted their time.

A few states made efforts to improve the capacity of staff to deliver case management services and to improve the overall quality of these services. One state, for instance, provided training materials specific to case management on its website. Another state hired additional staff who had backgrounds in delivering case management services. That state also operated regular state-level meetings for TAA case managers designed to improve various facets of service delivery,

such as helping to get case managers to more precisely target their services to those who needed help most urgently. Both states noted that these changes were already in place or moving in this direction prior to TGAAA, but that the additional funding and new requirements of TGAAA helped ensure those changes took place.

Finally, six states implemented new systems to increase the precision with which case managers documented the services they delivered, without necessarily changing anything about the quantity or quality of the services themselves. Some states in this group instituted the use of paper checklists (sometimes corresponding with the employment and case management service elements required by TGAAA), which case managers used to document that they offered the required services. Other states integrated increased documentation into their electronic data systems. States seemed to be motivated largely by the desire to ensure that all the case management services that TGAAA required were in fact made available and that there was a record of them being offered. As one state administrator noted, “We’ve been delivering case management all along. The only thing different now is that we’re more careful to document it.” The extent to which the increased documentation actually improved the quality of services is unclear.

Overall, then, the changes states made to their case management services were varied but somewhat limited, and few efforts seemed clearly to lead to improved case management quality. One considerable obstacle seemed to be that caseloads were often very high. States also expressed interest in receiving additional guidance from ETA to improve their case management practices, such as clarification as to what constitutes good quality case management, which types of customers should be targeted for which types of case management assistance (e.g., what services should be provided to everyone versus just those in training), and to what extent WIA staff could provide case management to TAA participants in light of the merit staffing requirements.

Changes to Trade Readjustment Allowances

TGAAA made several changes to TRA, including changing the date on which benefits became available and increasing the number of weeks that workers could receive benefits.

Altered deadline for TRA benefits. Under the Trade Act of 2002, affected workers had to wait 60 days after the petition was filed to receive TRA benefits, whereas under TGAAA the eligibility period for income benefits began with the date the petition was certified. While the change was intended to make TRA benefits available to trade-impacted workers more quickly, respondents commented that delays in ETA’s certification of petitions in fact caused workers to lose the ability to collect payments retroactively for the period 60 days after petition filing to the date of certification, which they would have been entitled to do under the old law. However, the

effects of delayed certification were generally made moot because in most states trade-affected workers were eligible for a combined total of 99 weeks of regular, emergency, and extended unemployment insurance, providing them income support during this gap in TRA coverage.

Increased duration of TRA benefits. TGAAA increased the maximum amount of additional TRA for workers enrolled in long-term training from 52 weeks to 78 weeks, so that the total allowable weeks of income support (from regular UI, basic TRA, additional TRA, and TRA while in remedial training) increased from 130 weeks to 156 weeks. Respondents in most states commented that this change was beneficial and would allow TAA customers to have additional weeks of income support while they were enrolled in TAA-approved training programs. However, not enough time had elapsed between the effective date of TGAAA and the project's data collection to determine if any workers were taking advantage of these extended benefits.

Changes to Training Services and Waiver Requirements

TGAAA made a number of significant changes to allowable training services and waiver requirements. Respondents overwhelmingly viewed these changes as beneficial, but perceived a number of impediments to their implementation, and noted that, for various reasons, many of the new benefits were not being much used.

Expansion of eligibility period for TAA-approved training. Deadlines for enrollment in TAA-approved training were eased. Previously, to be eligible for TRA, workers had 8 weeks after the petition certification date or 16 weeks after the separation date to be enrolled in approved training or to be issued a waiver from the training requirement. Under TGAAA, workers had 26 weeks to enroll in training from either the date of the petition's certification or the date of the worker's separation from employment, whichever came later.

States reported that the extended eligibility period allowed workers additional time to test the labor market, determine whether training was appropriate, and make informed decisions regarding which training program to pursue. It also gave TAA caseworkers additional time to better assess affected workers and to complete paperwork for TAA training approval. Nonetheless, a few case managers argued that in some cases the 26-week deadline might still not have left enough time to allow customers to test the labor market, undergo a comprehensive assessment, and develop a training plan, particularly if the number of individuals certified under a single petition was large.

A further problem was that extended and emergency UI benefits caused some workers to lose focus on the training enrollment deadlines, because they did not understand the impact that delaying enrollment would have on their ability to access TRA once their period of UI receipt ended.

Relaxation of training waiver requirements. Under TGAAA, the requirement for reviewing waivers was relaxed so that a training waiver did not need to be reviewed monthly, as was previously the case, but only three months after it was issued (although it then had to be reviewed every month thereafter). While most states commented that the additional time for reviewing waivers alleviated an administrative burden on TAA staff, many reported that they would continue to require a 30-day review of all waivers because doing so was perceived as being consistent with TGAAA's emphasis on providing participants with case management assistance.

Further, TGAAA clarified that a training waiver review was not required at all for TAA customers within two years of qualifying for Social Security or private pension plans. While respondents understood the logic behind this policy, they remarked that determining whether an individual qualified for a waiver under these circumstances could be challenging, because participants were not always forthcoming about their personal situations.

In another change relating to waiver requirements, TGAAA clarified that those with a post-graduate degree may be presumed to qualify for waivers issued to those with marketable skills. However, respondents appreciated ETA's clarification in TEGl 22-08 Change 1 that the award of a waiver should not be automatic, since, as some respondents noted, many participants with post-graduate degrees needed additional training to have a reasonable expectation of employment at an appropriate wage.

Expansion of allowable TAA-funded training. Prior to the enactment of TGAAA, TAA-funded training could include remedial training, occupational skills classroom training, and employer-based training for workers who had experienced separation, and the training needed to be undertaken full time. With TGAAA, pre-separation training and part-time training were also authorized (although TRA could not be provided to those in part-time training). This expansion of allowable training types was viewed favorably, but respondents reported that take-up was quite low for each new type of training, for a variety of reasons. For example, respondents noted that offering pre-separation training required states to identify incumbent workers *threatened* with separation, as opposed to just those who had *experienced* separation, and therefore represented a significant expansion of the lists of adversely affected workers that most states were accustomed to collecting. Moreover, incumbent workers who were notified and interested often could not find training programs with class times that accommodated their work schedules. Part-time training was also unattractive because workers were not eligible for TRA payments when only in part-time training.

In another change with TGAAA, prerequisite training could be used to extend an individual's TRA benefits for an additional 26 weeks. Although the change was welcomed in principle, case managers pointed out that needing to undertake prerequisite training, or remedial training more

generally, discouraged many prospective trainees, potentially causing some to reconsider their training goals. Further, many prerequisite courses had long waiting lists, delaying the time when students could begin occupational skills training and thus jeopardizing the availability of TRA benefits throughout the entire training period. Finally, as an administrative matter, states felt there was a lack of clarity regarding whether prerequisite training—and remedial training more broadly—could extend the allowable period for TRA when this training was integrated into occupational skills training courses.

Prohibition on requiring use of ETPL. As a way of better integrating the TAA and WIA programs, many states previously imposed the requirement that TAA participants had to select training programs from WIA’s eligible training provider list (ETPL). TGAAA expressly disallowed this restriction.

The majority of states commented that this TGAAA provision expanded customer choice by broadening the types of training providers and programs that could be used by affected workers. As a practical matter, though, many respondents said they still used the ETPL to provide TAA-eligible workers with information about training providers and programs, thus potentially creating an informational bias toward programs on the ETPL. Also, a number of states commented that TAA participants co-enrolled in WIA might still be required to use the ETPL as a condition of their WIA participation, particularly if WIA enrollment occurred prior to TAA enrollment. Fortunately, respondents in all but two of the study’s 14 states commented that their states’ ETPLs were quite comprehensive, containing large numbers of providers and programs.

Removal of preference for OJT. TGAAA removed the provision in prior law that on-the-job training (OJT) was the preferred training method. TGAAA further specified that if OJT was used, it must reasonably be expected to lead to employment with the OJT employer, be compatible with the worker’s skills, allow the worker to gain skill proficiency, and not be undertaken with employers who show a pattern of not providing long-term employment or other abuses.

A few states commented that developing OJT contracts with employers was time-consuming and that the amount of monitoring and oversight required for OJT made it difficult to administer. For these reasons, states had rarely used OJT in the past, so the removal of OJT as a preferred training method had little practical effect. However, staff in two states noted that they were placing a greater emphasis on OJT and were pursuing National Emergency Grant (NEG) funds to pilot OJT projects for dislocated workers.

Ability to consider non-TAA funds in training approval. Previously, training was typically not approved if the TAA participant needed to commit funds from other sources to cover training costs, because training that exceeded state-determined TAA-funding caps was deemed to be above the “reasonable cost” required for approval of the training plan. Under TGAAA, “reasonable cost” was clarified to allow for more costly forms of training. Specifically, although

the worker could not be *required* to obtain and use additional funds, if additional funds were available for training beyond what TAA could support (such as from private sources or public sources such as Pell grants), the use of these funds should not preclude a determination that training costs were reasonable and, hence, approvable under TAA.

TAA officials in a number of states commented that this change was important in broadening customer choice. However, some noted that it made coordination with partner-funded programs like WIA more difficult, because each program had a different way of interpreting the use of private and public funds in its training approval process. In another rule regarding reasonable costs, TGAAA continued the TAA program's prohibition on allowing workers to use their own personal funds to cover training costs. Several states felt that this prohibition unduly limited customer choice and thought it should be removed.

Constraints on accessing training. As a general problem, states noted that, due to the lack of job opportunities in the labor market, more individuals (whether TAA participants or not) were enrolling in training in order to improve their future employment prospects. Due to this increased demand for training, some TAA participants experienced significant delays in enrolling because the programs they selected had long waiting lists. Health and medical programs appeared to be most affected. Not only did this lack of capacity delay workers' entry into training, but respondents in some states reported that some TAA participants were unable to maintain their TRA benefits because the paucity of course offerings made it impossible for them to maintain full-time schedules, particularly during the summer months. The problem was exacerbated by the fact that many community colleges—the common venue of training for TAA participants—operated on a semester system with new courses beginning only three times a year (fall, spring, and summer).

In order to overcome these barriers, two states mentioned that they were working closely with training providers to create customized training programs geared to the employment and training needs of dislocated workers. For example, discussions were underway with the community colleges in the Phoenix area to provide training programs that were shorter in duration (less than 16 weeks) and did not follow the regular academic calendar.

Distance learning was also discussed as a potential way of overcoming the problems of overcrowded training programs and limited course start times. Although distance learning was becoming more popular for these reasons, state officials found that it was difficult to monitor participants' attendance in programs of this type. Furthermore, distance-learning providers did not provide participants with the same level of placement services that traditional programs usually did, making them less attractive to state workforce agencies for that reason.

Changes to RTAA

Under TGAAA, the Reemployment Trade Adjustment Assistance (RTAA) program allowed older workers—for whom retraining may not be appropriate because of the limited time they have before retirement to recoup the training investment—to accept reemployment at lower wages and receive a wage subsidy. RTAA built on the basic principles of the earlier Alternative Trade Adjustment Assistance for Older Workers (ATAA) program, but with significant changes that expanded eligibility and enhanced benefit levels. These changes included:

Elimination of the group eligibility requirement. Under the Trade Act of 2002, worker groups were required to be specifically certified for ATAA, and only workers in these certified groups could receive ATAA benefits. During prior rounds of data collection, the research team found that the group eligibility requirement was a significant impediment to take-up of ATAA benefits, although the requirement became less of a problem as state workforce agencies and petition filers became more aware of it. Nonetheless, a majority of states commented that the elimination of the group-eligibility requirement with TGAAA expanded the pool of eligible workers who could take advantage of the RTAA program, which in turn was expected to improve program take-up.

Expansion of eligibility. Under ATAA, trade-eligible participants interested in receiving wage subsidies needed to obtain full-time employment with new firms within 26 weeks of separation from their old employers. By contrast, TGAAA permitted workers to be eligible for RTAA if they obtained new employment with new firms within a two-year period from the exhaustion of regular UI or the date of reemployment, whichever was earlier. Furthermore, part-time workers could receive this benefit as long as they worked at least 20 hours per week and were in TAA-approved training. Finally, under RTAA, affected workers would no longer forfeit their eligibility for TAA-funded training if they took advantage of RTAA subsidies, and they could also apply for and receive RTAA after receiving TRA.

Respondents viewed the changes to RTAA eligibility very favorably, believing they would substantially enhance the attractiveness of the program. However, the weak state of the job market made the goal of rapid re-employment difficult to achieve, especially for older workers who faced age-related biases in the labor market. Furthermore, none of the states indicated that they engaged in targeted job development efforts for older workers, and aggressive outreach of the program to age-eligible workers appeared to be lacking. The latter is particularly problematic given the greatly lengthened eligibility period for RTAA; although workers heard about RTAA during TAA orientation sessions, many were likely to have forgotten the details of eligibility many months later when they had finally obtained new employment.

Changes to HCTC

The Health Coverage Tax Credit (HCTC) provides a tax credit that subsidizes health insurance coverage for trade-impacted workers and their dependents who are receiving or are eligible to receive TRA. Under the Trade Act of 2002, the HCTC program covered 65 percent of the cost of the health insurance premium; TGAAA raised this benefit amount to 80 percent. TGAAA also expanded the definition of an “eligible TAA participant” to include those not receiving TRA because they were in an approved break from training exceeding 30 days, and extended the use of WIA NEG funds to cover outreach for the program, infrastructure changes for administering the program, and advanced payments prior to IRS review and approval of HCTC applications.

All state respondents viewed the changes to the HCTC program as helpful. However, they noted that take-up rates remained low and cited a number of reasons for this: (1) the inability of trade-affected workers to cover the costs of health insurance premiums prior to approval of their HCTC applications; (2) workers’ inability to cover even 20 percent of their health insurance premium costs once their HCTC applications were approved; and (3) the complexity of the application process. Respondents noted that the IRS, which administers the HCTC program, worked hard to simplify the application process, and that Accenture, a contractor hired by the IRS to conduct outreach, had been very helpful in explaining the program. Nonetheless, the complexity of the application process remained daunting to many workers. States with NEG grants appeared to have had significantly better HCTC take-up rates compared to others, partly because the grants covered gaps in coverage and allowed the states to devote more resources to explaining the program to workers.

Changes to Job Search and Relocation Assistance

TGAAA very modestly increased reimbursement levels for job search and relocation assistance benefits. However, take-up rates for each program remained very low. States cited trade-affected workers’ reluctance to relocate to pursue job opportunities elsewhere, given the strong ties they felt to the communities in which they were residing. Respondents noted, though, that trade-affected workers in the services sector, who were newly eligible under TGAAA, were on average more mobile than other workers and found these benefits more attractive.

Changes to Funding

Accompanying the expanded eligibility for TAA to new worker groups, TGAAA increased the annual cap on appropriations for training from the previous level of \$220 million to \$575 million for fiscal years (FYs) 2009 and 2010. In light of the increased allocations that ensued, most states reported that they expected to have adequate TAA funding through FY 2010; in fact, many

states were still using carry-over funds from their FY 09 distribution when they were visited in early 2010.

TAA's formula allocation process was also amended.

- The percentage of the initial allocation distributed by formula was lowered from 75 percent to 65 percent. The remaining 35 percent was to be held in reserve at the Federal level.
- The funding formula itself was changed to reflect activity during the past four quarters for which data were available, rather than the previous three years.
- The minimum initial allocation a state received under a "hold harmless" provision was lowered from 85 percent to 25 percent of the previous year's initial allocation.
- A state requesting a supplemental allocation from reserve funds must have expended 50 percent of its allocation before doing so, or have unusual or unexpected needs.
- ETA was to make a second formula distribution to states from remaining reserve funds by July 15th of each fiscal year.

For the most part, state respondents were positive about the changes in the allocation formula and process. This was particularly true in states with recent high levels of TAA expenditures, since under the new formula these states received increased initial funding. At the same time, some states expressed concern about the potential volatility of funding, particularly given the changes in the hold-harmless provisions. They noted that, with fluctuating funding, it could be difficult to "ramp up and down" for program activities, and that less stable funding made it more difficult to keep staff members who were knowledgeable about TAA available when needed.

Respondents were varied in their attitudes toward the requirement that a state must expend 50 percent of its funds before it could request a supplemental allocation from the national reserve. Some respondents felt this provision was reasonable. However, others argued that it did not align well with the semester system adopted by many of the state's training providers, because states often expended a significant proportion of their training funds just in advance of the fall semester—and, hence, after July 15th, when ETA was to make the second formula distribution from remaining funds—even though the state might have obligated the fall semester's training money before this deadline.

Some states aggressively pursued a policy of longer-term training for TAA participants, and in one state, respondents estimated that at least 30 percent of TAA trainees were enrolled in training of two years duration or longer. These states expressed some concern that funding levels might decrease after FY 2010 to pre-TGAAA levels without a commensurate improvement in the

economy, leaving them with a high demand for services and significant obligations for those already enrolled in training.

Changes to Reporting Requirements

States previously had to produce three separate quarterly reports: (a) the quarterly activities report (form ETA-563) for current enrollments and financial payments to participants; (b) a quarterly report on ATAA activity; and (c) the Trade Act Participant Report (TAPR), for reporting participant-level information for those who had exited the program. ETA eliminated all reporting requirements but the TAPR, but greatly expanded the TAPR's coverage.

Among the changes, states previously submitted TAPR data only for participants who exited the program and when all follow-up data for measuring employment outcomes for them were available. New guidance issued by ETA required records for applicants who were determined *not* eligible and for those who were eligible but did not receive services, as well as for current participants (not just exiters). Additionally, data were to be submitted quarterly and cumulatively for each participant until all follow-up data were complete.

Most states reported significant challenges in adapting to the new reporting requirements and in meeting the deadline for the revised TAPR's first submission. The most common difficulties reported by states related to developing systems for collecting and merging data from various sources (particularly financial and participant services data, which were often maintained in separate data systems) and recoding data fields to meet the new TAPR specifications. Moreover, these changes needed to occur within a relatively tight timeframe—according to state respondents, guidance was not released until September 2009 and the first submissions under the new format were due by mid-February 2010. Although most states were able to comply with this first new TAPR reporting date, many respondents indicated that it was difficult to marshal the staff time and financial resources needed to implement the changes.

Even in those states that were able to comply with the February 2010 reporting deadline, most state-level respondents reported that they encountered difficulties with the new reporting requirements. Some of the problems related to the quantity of new data required—the new TAPR has more than 130 fields, more than twice the number of the former report. Additionally, the new reporting requirements required significant time for re-programming reporting systems and developing data-entry screens for front-line staff.

Further, states reported that ETA appeared not to be initially prepared to accept the high volume of data contained in the TAPR files, as all states that attempted to upload their data encountered significant problems with ETA's upload system for accepting the data.

Conclusions

The changes TGAAA made in 2009 to the TAA program were welcomed by state and local respondents and recognized as advantageous to workers affected by trade dislocations. The expansion of benefits was expected to result in improved training completion rates, better-skilled workers, and, ultimately, better labor market success for TAA participants. Further, the expansion of eligibility to new worker groups, such as to those in the service industry, was recognized as potentially broadening the TAA program's reach and providing access to services to many additional trade-affected workers in need.

However, some implementation challenges were encountered. States noted that it was difficult to oversee two separate sets of TAA program requirements—one set of rules for petitions filed on or after the effective date of TGAAA, and another for petitions filed before that date. Managing the two sets of requirements was particularly difficult when workers from the same firm were covered under two separate petitions, with one petition each under the old and new sets of rules. Furthermore, programming their UI/TRA payment systems to account for the changes in TRA benefit rules was time consuming and burdensome, particularly given that changes to UI benefits allowing for various tiers of emergency compensation needed to be programmed at the same time. As a consequence of the programming challenges they were facing, some states resorted to using a manual process to determine TRA benefit levels, at least for the interim.

Additionally, the changes that TGAAA made were complex, and caused states to reshape program services, design new guidance for staff, and develop new orientation materials for eligible workers. Fortunately, ETA's guidance on TGAAA's changes was described by state respondents as clear and comprehensive, leaving state workforce agency staff feeling well equipped to carry out the legislation's key provisions.

However, a number of larger factors, most of which were external to the TAA program itself, complicated the implementation of TGAAA in significant ways. An overriding factor affecting the implementation of many provisions of TGAAA was the weakened state of the economy. With unemployment rates at stubbornly high levels not seen in the post-World War II period, workers' employment opportunities were greatly reduced. As a direct effect of this economic environment, states' efforts to secure suitable, long-term employment for workers through TAA were understandably undermined. For example, although under other circumstances the provisions in TGAAA enhancing the attractiveness of RTAA could have been expected to lead to a marked increase in take-up of this program benefit, poor economic opportunities greatly curtailed workers' ability to take advantage of it.

The weakened state of the economy had marked indirect effects on TGAAA implementation as well. The Federal response to the nation's economic distress was to enact the Unemployment

Compensation Extension Acts of 2008 and 2010, which together with other UI benefits, allowed claimants in states with high unemployment rates to collect UI for up to a total of 99 weeks. Although of obvious value in providing an economic cushion to economically distressed families and stimulating the economy, the availability of extended benefits removed an incentive that trade-eligible workers might otherwise have felt to quickly take advantage of TAA benefits and services. Thus, as some state and local respondents reported, workers delayed entry into training and sometimes lost eligibility for TRA altogether because of their lack of attentiveness to training enrollment deadlines.

Indirect effects of the poor economy delayed workers' access to training for other reasons as well. With job opportunities relatively bleak, unprecedented numbers of the unemployed and discouraged workers (whether trade eligible or not) were applying for enrollment at two-year colleges and other training institutions, at precisely a time when state budget deficits were causing many state-funded community colleges to curtail course offerings. As a result, there were often long waiting lists for TAA participants who wanted to take advantage of TAA-funded training, particularly for those who were interested in pursuing careers in the health and medical fields. The waits delayed the onset of workers' training and in some cases jeopardized their ability to maintain full-time loads necessary to qualify for TRA income support (especially during summer months, when course offerings were less plentiful). In extreme cases, the delays caused state workforce agencies to withhold approval of training plans because they recognized that affected workers could not reasonably expect to complete training while still eligible for TRA.

Moreover, high caseloads brought about by the dramatic influx of new customers to the public workforce investment system limited case managers' ability to provide the level of attentiveness to individual customers that they might have wanted to. Even though TGAAA dramatically increased funding for the TAA program, and for case management services in particular, states could not ramp up that quickly, particularly in the face of hiring freezes that were in effect in some states. TAA eligibility and benefit rules are complex, and even informed workers have difficulty weighing the trade-offs between alternative packages of TAA benefits and services—RTAA versus training and TRA, for example, and part-time training versus full-time training. Additional case management assistance might have helped, had it been available.

In another ripple effect, the poor economic climate, coupled with expansion of TAA eligibility to newly eligible groups and the fact that many prospective petition filers delayed filing until TGAAA's effective date, dramatically increased the number of petitions filed to levels at least twice what they were before TGAAA's enactment. The high volume in turn created sizable backlogs of petitions pending and substantially degraded ETA's capacity to make timely petition determination decisions. Although ETA aggressively hired and trained new examiners to bring

response times back to near normal levels, petition determination decisions took many months longer than normal in the quarters following TGAAA's effective date, significantly delaying workers' eligibility for TAA services. Furthermore, with delayed certification, states found it more difficult in some instances to obtain lists of certified workers from employers (firms were more likely to have gone out of business in the interim between petition filing and certification) or to provide eligibility notification to workers on the lists that states did receive (workers were more likely to have moved away from the addresses provided by the employers). Fortunately, given that emergency UI benefits were in effect during this period, trade-affected workers with petitions pending were able to rely on UI for income support for an extended period.

Finally, the effective application of TGAAA's new benefits and eligibility rules seemed hampered by some workers' and worker groups' lack of familiarity with them, as well as by states' relatively weak efforts to promote them. Although Rapid Response events and TAA orientation sessions mentioned the array of TAA benefits and services available (and were by all accounts quite thorough), the welter of program services could be confusing to workers coping with the trauma of job loss. Rather than engaging in aggressive outreach, states seemed to rely on the strategy of describing the range of program services in orientation sessions and notification letters, and then relying on workers to take the initiative in accessing them.

Given that TGAAA's provisions were to sunset in early 2011, states might have been disinclined to aggressively promote program services that they thought might no longer be available in a short while. On the other hand, the evaluation team's previous work found that, among those eligible but who did not apply for TAA prior to TGAAA, significant numbers cited lack of information about program services as the reason for not applying.² Extrapolating from the study's findings, it seems that more vigorous outreach efforts could have both increased rates of petition filing on behalf of newly eligible worker groups, and, for workers covered by certified petitions, increased take-up of some of TGAAA's new or expanded benefits as well as of TAA's more traditional services.

² When TAA eligibles who were not participants were asked why they had not applied for program services, 38 percent said they lacked information about the program. Among eligible nonparticipants ages 50 and over, more than 60 percent reported not knowing about the ATAA program. See Sarah Dolfin and Jillian Berk, *National Evaluation of the Trade Adjustment Assistance Program: Characteristics of Workers Eligible Under the 2002 TAA Program and Their Early Experiences with the Program* (2010).

I. INTRODUCTION

In January of 2004, the U.S. Department of Labor’s Employment and Training Administration (ETA) awarded Social Policy Research Associates (SPR) and its subcontractor Mathematica Policy Research (MPR) a contract for a national *Evaluation of the Trade Adjustment Assistance (TAA) Program*.¹ The evaluation consisted of an implementation study, which examined how the TAA program was operating, and a net impact study, which assessed whether program services improved participants’ employment and other outcomes. This report, one in a series being produced as part of the study, focuses on states’ early experiences with implementing recent amendments to the TAA program, which were enacted in 2009 as the Trade and Globalization Adjustment Assistance Act (TGAAA).

This chapter first presents the policy context for the study of the implementation of TGAAA, including the key provisions of the legislation and of the TAA program more broadly. The economic climate of the period straddling the enactment of TGAAA is of clear relevance for the legislation’s implementation, so this context is reviewed as well. Next, the chapter discusses the data collection on which the findings of this report are based and describes the evaluation generally. The chapter then describes how state and local office staff were trained on the key provisions of TGAAA, and concludes with an overview of the remaining chapters of the report.

Policy Context

Although beneficial to the economy as a whole, the expansion of international trade exposes some U.S. firms to a level of increased foreign competition that can harm them financially and cause them to lay off significant numbers of their workers.² U.S. government policy recognized such potential localized harm as part of the Trade Agreements program of the 1930s. In a

¹ The larger TAA evaluation was initiated in 2004 to examine the administration and impacts of the program as it operated under the prior amendments, which became law in 2002. However, during the course of the research, the 2009 amendments were enacted and the planned fifth round of site visits provided an opportunity to examine the implementation of these new amendments.

² See, for example, Lori G. Kletzer, *Imports, Exports, and Jobs: What Does Trade Mean for Employment and Job Loss?* (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2002).

continuation of this policy, escape clause provisions were incorporated into U.S. trade laws in the 1940s that provided for the institution of trade barriers if trade-related injuries to U.S. producers could be clearly demonstrated. This approach protected U.S. firms and workers, but it meant forgoing some of the potential economy-wide gains that could result from trade liberalization.

TAA represents an alternative strategy. Rather than blocking or reversing trade liberalization, TAA compensates workers and firms that have suffered trade-related injuries and provides services that help them adjust to changes in market circumstances. TAA's first antecedent was the Trade Expansion Act of 1962, which offered financial payments and other adjustment services to affected workers. However, strict eligibility requirements kept take-up rates low. In subsequent years, ensuing legislation and amendments—including the Trade Act of 1974 and the Omnibus Trade and Competitiveness Act of 1988—expanded eligibility guidelines (though with eligibility restricted to those affected by trade from goods-producing industries) and changed the program's orientation from financial compensation to adjustment through training and reemployment services. Living allowances (called Trade Readjustment Allowances, or TRA) were also made available to support those in training or those who received a waiver from the training requirement; “basic TRA” is payable for an initial period, and “additional TRA” is payable for weeks beyond that.

The Trade Adjustment Assistance Reform Act of 2002 (hereafter referred to by its short title, the Trade Act of 2002) represented another significant milestone in the evolution of the TAA program. This legislation, and ETA's accompanying implementation guidance, changed key elements of the TAA program in several significant ways.

- *Expanded eligibility.* The legislation expanded eligibility to include secondary workers, those employed by “upstream” suppliers of components to “primary” certified firms in goods-producing industries and those employed by “downstream” firms performing finishing operations.
- *Promoted collaboration.* In keeping with the fact that the Workforce Investment Act (WIA) identified the TAA program as a required One-Stop delivery system partner, the Trade Act of 2002 promoted collaboration of TAA with its partners in the One-Stop delivery systems by designating One-Stop Career Centers as the main points of TAA participant intake.
- *Expanded benefits.* The legislation offered new benefits to trade-affected workers and expanded some existing benefits.

⌘ A Health Coverage Tax Credit (HCTC) to partially cover health insurance costs was established as a new benefit.

⌘ Alternative TAA (ATAA), a wage subsidy program that provides payments to older TAA participants who become re-employed at wages lower than their previous job's wages and who forgo training and TRA benefits, was also newly instituted.

⌘ The period during which TRA could be received was expanded from 78 weeks to 104 weeks, and workers who undertook remedial training were allowed to receive an additional 26 weeks of TRA.

- *Emphasized rapid re-employment at suitable replacement wages.* Recognizing that TAA had often been thought of as a training and income support program, ETA’s operating instructions for the Trade Act of 2002³ noted that program operators should not lose sight of the importance of fostering rapid re-employment for adversely affected workers, so long as the goal of obtaining suitable employment was not sacrificed. Thus, various provisions to promote rapid re-employment were established:

⌘ Workers should be provided with access to Rapid Response, early intervention services, and One-Stop Career Center core and intensive services when a petition is filed, regardless of whether the petition is eventually certified.

⌘ ETA should make a determination regarding certification within 40 days of its receiving a petition.

⌘ To retain eligibility for TRA, workers must enroll in training within 16 weeks of separation or 8 weeks of certification (whichever occurs later), unless they receive a waiver.

TGAAA, enacted as part of the American Recovery and Reinvestment Act (ARRA), amended the TAA program yet again, and the implementation of this new legislation’s provisions constitutes the focal point for this report. Several of the changes aimed to remedy problems with the implementation of the Trade Act of 2002 that the evaluation team identified in its earlier reports.⁴ A summary of the most notable changes brought about by TGAAA, relative to the predecessor Trade Act of 2002, is provided at the end of this chapter as Exhibit I-A. These changes are further described below.

Changes to Eligibility and Notification

As it stood prior to the Trade Act of 2002, TAA covered workers in goods-producing industries suffering full or partial separation due to foreign competition from “like or directly competitive” articles. The Trade Act of 2002 expanded eligibility to cover secondary workers—those employed by firms that do not directly compete with foreign firms but that either provide component parts to a certified primary firm (i.e., an upstream supplier) or perform additional, value-added processes for a certified primary firm’s products (i.e., a downstream producer).

TGAAA expanded eligibility still further, in two primary ways. First, eligibility was expanded to cover trade-affected workers in the services and the public sectors. This expansion closed a

³ Training and Employment Guidance Letter (TEGL) 11-02.

⁴ See, most especially, Social Policy Research Associates, *Initial Implementation of the Trade Act of 2002: A Report Prepared as Part of the Evaluation of the Trade Adjustment Assistance Program* (May 2009).

gap in coverage identified as a shortcoming by critics of the TAA program.⁵ The results of this expansion in eligibility could be substantial. Although a greater proportion of manufacturing workers are potentially subject to foreign competition, a larger number of nonmanufacturing jobs can be affected, as there are, by some estimates, two to three times as many “offshorable” jobs in the U.S. services sector as there are in the manufacturing sector.⁶

TGAAA also expanded eligibility to include producers of component parts whose production declines because the increased import of articles displaces producers of articles into which the component parts were incorporated; in essence, this provision represented an expansion of the category of secondary worker groups, because it covers situations in which the primary firm has not sought certification and holds regardless of whether the primary firm is domestic or foreign.

Most other provisions regarding eligibility and notification requirements remained unchanged. For example, allowable petition filers could still include company officials, unions, workforce agencies and partners, and groups of workers, and ETA’s Trade Office was still to make a determination on a petition within 40 days of receiving it.

Changes to Case Management and Staffing

In work conducted as part of this evaluation prior to TGAAA, we noted that states’ limited ability to use TAA funds for case management served to promote co-enrollment between TAA and the WIA Dislocated Worker program, because TAA participants could receive training and TRA benefits funded by TAA while WIA could support the participants’ case management and supportive services needs. At the same time, where co-enrollment was not widespread, we found that TAA participants could be denied access to the “wrap-around” case management services they might need to successfully choose and complete a training program or to engage in productive job search.⁷ In fact, we identified the relative weakness of wrap-around services as one likely explanation for the TAA program’s lower performance on the common measures relative to the WIA Dislocated Worker program.⁸

⁵ Howard F. Rosen, “Strengthening Trade Adjustment Assistance,” *Peterson Institute for International Economics Policy Brief* PB08-2 (January 2008).

⁶ See Alan S. Blinder, “Offshoring: The Next Industrial Revolution,” *Foreign Affairs* 85 (March/April 2006), and John J. Topoleski, “Extending Trade Adjustment Assistance (TAA) to Service Workers: How Many Workers,” *Congressional Research Service Report for Congress* RS22761 (November 2007).

⁷ Melissa Mack, *Assessment, Case Management, and Post-Training Assistance: A Report Prepared As Part of the Evaluation of the Trade Adjustment Assistance Act* (2009).

⁸ Ronald D’Amico, Jared Rodecker, and Richard West, *Explaining Performance in the TAA Program* (2004).

TGAAA aimed to remedy this potential shortcoming. First, it mandated that employment and case management services be made available to TAA participants. While ETA’s guidance prior to TGAAA was to admonish state workforce agencies to “make every reasonable effort” to provide trade-affected workers with employment and case management services, TGAAA *required* that they be made available, specifically mentioning comprehensive and specialized assessment, the development of an individual employment plan, short-term prevocational services, and individual career counseling. Furthermore, this legislation mandated that at least one-third of the state’s administrative funds be used to provide these services, and authorized the allotment of an additional \$350,000 to each state per year to be used expressly for them.

ETA also issued guidance as to how case management services funded by TAA dollars should be staffed. In a final rule issued in April 2010 as part of the Code of Federal Regulations (CFR),⁹ ETA stated that, for purposes of ensuring “consistency, efficiency, accountability, and transparency,” states should carry out TAA-funded administration functions—including case-management functions—using only state merit staff personnel, except in states with an exemption from the state merit staffing requirement for the administration of the Wagner-Peyser Act. To allow a transition period during which states could bring themselves into compliance, ETA indicated that the merit staffing provisions were to take effect on December 15, 2010. The Omnibus Trade Act of 2010, enacted by Congress on December 29, 2010, prohibited enforcement of the merit staffing requirements until no sooner than February 12, 2011. As that date neared, ETA indicated that the merit staffing requirements were to take effect once the February 12th date established by Congress lapsed.¹⁰

Changes to Other Benefits for Workers

TGAAA made significant modifications to a number of other provisions regarding the services and benefits available to TAA participants. One of the most significant sets of changes pertained to the wage subsidy program, established by the Trade Act of 2002 as Alternative Trade Adjustment Assistance for Older Workers (ATAA) but renamed the Reemployment Trade Adjustment Assistance Program (RTAA) by TGAAA.¹¹ In a prior report, the research team identified several reasons why take-up into the ATAA program was quite low, despite a presumption that this wage subsidy program would constitute a popular vehicle for helping workers attain reemployment quickly. First, before any individual worker could be considered

⁹ 20 CFR 618, issued April 2, 2010, in the *Federal Register*.

¹⁰ TEGL 16-10, Change 2 (February 4, 2011).

¹¹ With the Trade Act of 2002, ATAA could provide a wage supplement to eligible workers of up to 50 percent of the difference between their wage at separation and their wage at reemployment, up to a maximum of \$10,000 over a two-year period. TGAAA made these benefits somewhat more generous, as will be discussed.

eligible for ATAA, the petition under which the worker was covered needed to be separately certified for ATAA. Separate certification required that a check-box on the petition application form be marked and that ETA determine that a significant number of affected workers in the firm were age 50 or over and had skills that were not easily transferable. The research team found that petition filers, at least at the outset, were neglecting to mark the check-box, even if they thought the conditions applied; hence, workers covered by that petition were not able to access ATAA.

A second impediment arose because of the 2002 Trade Act's requirement that ATAA would only be available to workers who found full-time reemployment within 26 weeks of their job separations. The research team concluded that many workers who were interested in ATAA could not find reemployment by the 26-week deadline,¹² especially given that a condition of certifying the petition as ATAA eligible was that significant numbers of affected workers lacked transferable skills. Furthermore, the Trade Act of 2002 would not allow access to ATAA for workers who had received TAA-funded training or TRA, and many were reluctant to forsake access to these other services.

TGAAA remedied these shortcomings. To begin with, it removed the requirement that petitions be separately certified for RTAA and the requirement that affected workers obtain reemployment within 26 weeks of separation. It also allowed workers to begin receiving TAA-funded training or TRA but then switch to RTAA within the eligibility period, and it allowed RTAA payments to reemployed workers who were simultaneously undertaking training (so long as they worked at least 20 hours per week). Beyond this relaxation of eligibility requirements, TGAAA also made RTAA benefits slightly more generous, increasing the total maximum payment amount from \$10,000 to \$12,000.

HCTC, another new benefit with the Trade Act of 2002, was also made more generous: TGAAA increased the tax credit from 65 percent to 80 percent of the premium amount, thereby addressing a significant impediment to HCTC take-up that the research team had identified in an earlier report.¹³

¹² See Social Policy Research Associates, *Initial Implementation of the Trade Act of 2002: A Report Prepared as Part of the Evaluation of the Trade Adjustment Assistance Program* (May 2009), as well as Sarah Dolfin and Jillian Berk, *National Evaluation of the Trade Adjustment Assistance Program: Characteristics of Workers Eligible Under the 2002 TAA Program and Their Early Program Experiences* (April 2010).

¹³ In the *Initial Implementation* report, we cited the opinion of the state workforce agency respondents that, even with the 65 percent tax credit, health insurance coverage was still too costly for unemployed workers. This finding was corroborated in the research team's analysis of data from a survey of TAA eligibles that inquired about reasons for accessing (or not accessing) TAA services; see Dolfin and Berk (2010), cited above. The Government Accountability Office reached similar conclusions regarding a reason for the low take-up of HCTC;

TGAAA also brought about several other noteworthy changes to TAA benefits and services.

- TRA eligibility and benefits were changed:
 - ⌘ *Potentially earlier commencement of TRA benefits.* Under the Trade Act of 2002, TRA benefits were available beginning 60 days after the filing of a petition; under TGAAA, TRA benefits commenced beginning with the date of certification.
 - ⌘ *Removal of 8/16 deadlines.* To receive TRA under the Trade Act of 2002, the worker had to be enrolled in approved training by a date 8 weeks after the TAA petition was certified or 16 weeks after the job loss, whichever came later, unless a waiver from the training requirement was granted. TGAAA removed the so-called “8/16 deadlines,” and instead required enrollment in training within 26 weeks of the worker’s separation date or the petition certification date (whichever was later), unless a waiver was granted.
 - ⌘ *Less onerous waiver review requirements.* To receive basic TRA, workers must either be in training, have completed training, or have received a waiver from the training requirement. Under the Trade Act of 2002, waivers needed to be reviewed every 30 days, a requirement that, the research team reported, some states found onerous. Under TGAAA, waivers, once issued, did not need to be reviewed for three months (after that three-month period they needed to be reviewed monthly).
 - ⌘ *More generous TRA benefits.* Previously, TRA benefits could be awarded for a maximum of 104 weeks, or up to 130 weeks if the worker undertook remedial training. With TGAAA, benefits could last 130 weeks in the absence of remedial training and up to 156 weeks with it. Moreover, additional TRA could be taken over a 91-week period, not just within a consecutive 52-week period, as was required previously. Further, prerequisite training could extend TRA for up to an additional 26 weeks, just as remedial training does.
- Training provisions were relaxed:
 - ⌘ *Part-time training and pre-layoff training allowed.* TGAAA specifically allowed workers threatened with separation to undertake training in advance of their separations. Moreover, part-time training could be funded with TAA training dollars (although those in part-time training could not receive TRA). Neither of these provisions prevailed under the previous legislation.
 - ⌘ *Training options broadened.* TGAAA clarified that the TAA program was able to pay for registered apprenticeship programs. Furthermore, the new legislation expressly disallowed restricting workers’ training choices to those programs on the WIA Eligible Training Provider List.
 - ⌘ *Less emphasis on OJT.* Prior legislation expressed a preference for the use of on-the-job training (OJT); TGAAA removed this specification.

see U.S. Government Accountability Office, *Trade Adjustment Assistance: Changes Needed to Improve States’ Ability to Provide Benefits and Services to Trade-Affected Workers*, GAO-07-995T (June 2007).

- ⌘ *More generous job search and relocation allowances.* Although they have been lightly used historically, job search allowances and relocation allowances were made slightly more generous.

Changes to Program Administration

As noted earlier, the expansion of eligibility to trade-affected workers in the service and public sectors and the relaxation of eligibility for secondary worker groups meant that the number of workers seeking TAA services could increase dramatically. Accordingly, TGAAA increased the cap on the national training allotment from \$220 million annually to \$575 million annually. Furthermore, the formula by which funds were to be initially distributed to states at the beginning of each year was changed. The Trade Act of 2002 did not include criteria to be used in making funding allocations to states, but ETA had adopted a policy that weighted training expenditures and the number of training participants over the prior three years. However, in recognition of the fact that trade-related dislocations can be highly episodic and that past trade activity is not necessarily a good predictor of future need, TGAAA specified that the funding formula should be more forward-looking, emphasizing recent trends and projected future needs.

Furthermore, to facilitate ETA's ability to provide appropriate program oversight, TGAAA sanctioned ETA's recent practice of requiring that states report on the numbers of workers receiving TAA benefits, the numbers enrolled in training, the numbers and types of waivers granted, the numbers who complete, the extent of rapid response activities, and performance outcomes.

New TAA for Communities

Trade-related dislocations can have devastating effects on small communities,¹⁴ especially in the rural areas where manufacturing activity is disproportionately located.¹⁵ To help affected communities rebound, TGAAA instituted a new TAA for Communities program. Under this umbrella, TGAAA authorized three new grant programs. One, to be administered by the U.S. Department of Commerce, was named the Trade Adjustment Assistance for Communities Program, which authorized grants intended to help communities diversify and strengthen their economies. The two other programs were to be administered by ETA:

- *Community College and Career Training Grants Program.* This program would award grants to help community colleges develop training programs suited to workers eligible for TAA.

¹⁴ U.S. Government Accountability Office, *Trade Adjustment Assistance: Experience of Six Trade-Impacted Communities*, GAO-01-838 (August 2001).

¹⁵ Chad Wilkerson, "Trends in Rural Manufacturing," *The Main Street Economist: Commentary on Rural America* (December 2001).

- *Sector Partnership Grant Program.* Under this program, grants would be awarded to industry sector partnerships to help revitalize communities' industrial bases.

As of the summer of 2010, when our data collection took place, ETA had not yet awarded grants under either of the two new grant programs over which it has oversight;¹⁶ hence, we do not discuss them further in this report.

The Effective Date and Sunset of TGAAA

Most of the provisions of TGAAA were to take effect for all petitions filed on or after May 18, 2009. The legislation also included a sunset provision according to which its amendments to TAA were to expire on December 31, 2010. After that date, the TAA program was to revert to legislative provisions that were in effect “as if the amendments made by (TGAAA) had never been enacted” (Section 1893 (b) of the legislation). On December 29, 2010, Congress enacted the Omnibus Trade Act of 2010, extending the sunset date until February 12, 2011. However, the merit staffing provisions, adopted by ETA by rule-making, continue to apply. Key provisions of the TGAAA were reauthorized under the Trade Adjustment Assistance Extension Act of 2011 (TAAEA), enacted on October 21, 2011.

Economic Context

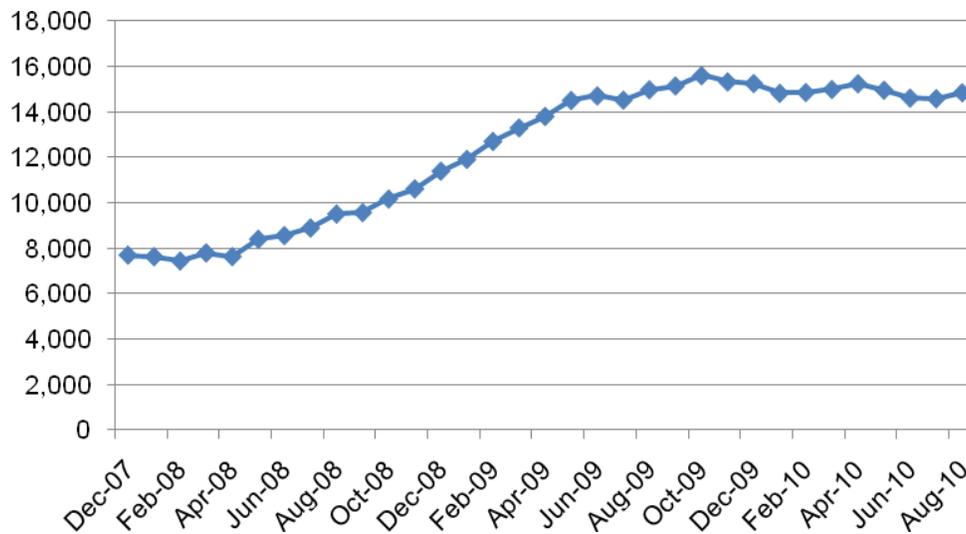
The implementation of TGAAA, and our evaluation of it, took place in a unique economic context that—as subsequent chapters report—had significant implications for how TGAAA unfolded. When President Obama signed the American Recovery and Reinvestment Act (of which TGAAA is a part) into law in early 2009, the U.S. was in the midst of the nation's worst economic downturn since the Great Depression. From an annual average of 4.6 percent in 2007, the unemployment rate climbed sharply to a peak of 10.1 percent in October 2009, before declining slightly to 9.6 percent by the late summer of 2010. Commensurately, the number of the unemployed nearly doubled during this period (see Exhibit I-1). Meanwhile, the percent of workers employed in manufacturing, the sector from which (until the enactment of TGAAA) TAA participants have been drawn, continued its inexorable, decades-long slide (see Exhibit I-2). Clearly, the prevailing economic climate could be expected to limit the ability of trade-affected workers to find suitable reemployment.

Also relevant to a consideration of the implementation of TGAAA are changes in the interaction between Unemployment Insurance (UI) and TRA benefits. In formulating a policy response to the dire economic environment, Congress enacted the Emergency Unemployment Compensation

¹⁶ ETA issued a Solicitation for Grant Applications for the Community College and Career Training Grants Program on January 20, 2011, and established April 21, 2011, as the closing date for applications.

(EUC) program in 2008, which enabled UI claimants in states with especially high unemployment rates to collect 53 weeks of additional benefits. Coupled with additional benefits available through the permanent Federal-state Extended Benefit (EB) program, workers in many states could collect UI for a total of 99 weeks.¹⁷ Because trade-affected workers can begin collecting TRA only after they have exhausted all regular UI and extended benefits, this extension of unemployment benefits substantially delayed the onset of TRA benefits. Indeed, with EUC in effect, effectively no one would receive basic TRA because basic TRA is, under normal circumstances, paid for 52 weeks *minus* the number of weeks the worker received UI. (Additional TRA, however, would still have been payable once extended UI benefits ceased, assuming other eligibility conditions were met.)

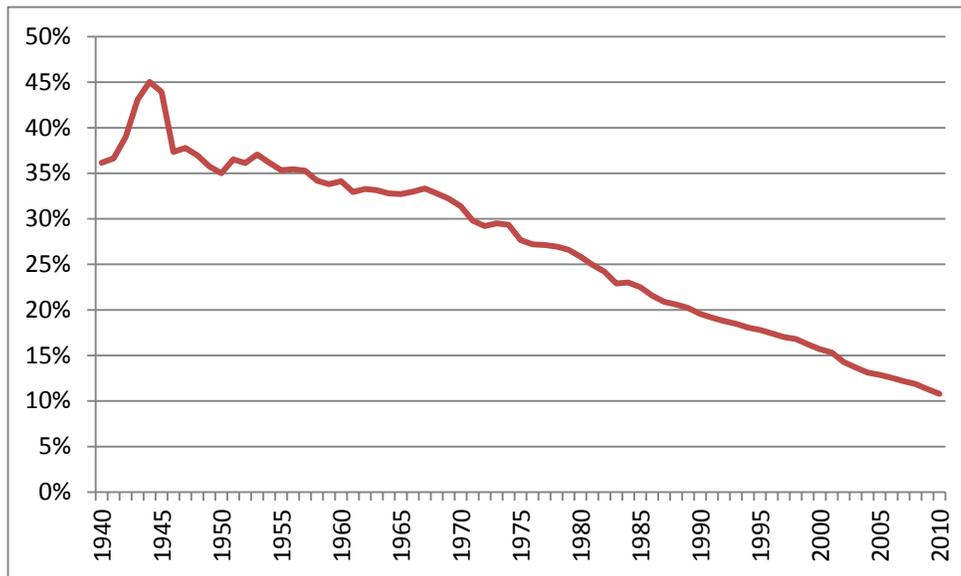
**Exhibit I-1:
Number of Unemployed Workers (in thousands)**



Source: Extracted online from the Bureau of Labor Force Statistics, *Labor Force Statistics from the Current Population Survey* (Table A-1).

¹⁷ According to statistics compiled by the Center on Budget and Policy Priorities, as of September 2010, the eligible unemployed could collect 99 weeks of benefits in 26 states (and territories), between 86 and 93 weeks of benefits in 11 states, and at least 60 weeks of benefits in the remaining states. Weeks of eligibility vary from state to state depending on each state's unemployment rate and other factors. See www.cbpp.org/cms/index.cfm?fa=view&id=3164.

**Exhibit I-2:
Percent of Private Sector Workers Employed in Manufacturing (in thousands)**



Source: Extracted online from the Bureau of Labor Force Statistics, *Employment, Hours, and Earnings from the Current Employment Statistics Survey*.

About the Evaluation

The *Evaluation of the Trade Adjustment Assistance Program*, of which this report is a part, is a multi-faceted, comprehensive study examining key aspects of the operation and effectiveness of the TAA program, including its net impacts on workers’ employment, earnings, and other outcomes. The present report is chiefly based on qualitative data collected during multi-day site visits to 14 states and 28 local One-Stop Career Centers (two in each state) where TAA services were being delivered. These site visits focused expressly on determining how states and local offices were implementing TGAAA’s key provisions and learning about the challenges to implementation they were encountering. The visits took place during late 2009 and into the spring of 2010. Thus, the findings described in this report pertain to a state of implementation that prevailed at the time the fieldwork data collection took place. States may subsequently have advanced in their implementation efforts, and new issues and challenges may have arisen. This report represents a snapshot of the implementation of changes that, under the 2009 TGAAA Amendments, broadened TAA eligibility, expanded TRA and training benefits, relaxed restrictions on the use of ATAA, and facilitated access to case management services. Furthermore, key provisions of the TGAAA were reauthorized under the Trade Adjustment Assistance Extension Act of 2011 (TAAEA), enacted on October 21, 2011, and in effect at this time.

The 14 states selected for this component of the overall evaluation were chosen randomly proportionate to each state's share of TAA activity nationwide, after first dropping from the sampling frame those states that had been visited during the study's previous round of data collection.¹⁸ Because the provisions of TGAAA took effect for petitions that were filed 90 days or more after the legislation's enactment, or May 18, 2009, states' shares were measured as the estimated number of affected workers for petitions certified from July 1, 2009 up through December 10, 2009; the latter represents the last date for which we had data before the sample was drawn. Thus, the July to December window represents a recent period during which TGAAA was applicable for some or all of the petitions certified.

Exhibit I-3 shows each state's share, with the states divided into three categories. The first group includes 15 states that were selected for this round of data collection; of these, visits to 14 of the states were completed and the findings from them are incorporated into this report.¹⁹ These states accounted for 61 percent of the estimated number of workers affected during this timeframe. The next group consists of states in the sampling frame but not randomly selected for inclusion for this round of data collection; these states accounted for 27 percent of affected workers. The final group includes eight states excluded from consideration because they were visited during a recent prior round of data collection; they accounted for 12 percent of affected workers.

Although the states were selected randomly, it was important for the resulting sample to exhibit variation on key dimensions of interest. Fortunately, this variation is indeed in evidence:

- Every ETA region is represented by at least one state.
- As Exhibit I-3 shows, the states vary by their extent of TAA activity; as we would expect by using random selection proportionate to size, most states in the sample have appreciable proportions of the national share of affected workers, but a few states have small shares.
- As Exhibit I-4 shows, the states show variation in the percentage of petitions that were filed on behalf of worker-groups in the service sector. Thus, this round of data collection enabled the research team to explore challenges that states encountered in serving this newly eligible population and explore reasons why, in some states, petition filing by worker groups in the service sector had been modest.
- Some states, such as Illinois, Kentucky, and Texas, had previously devolved substantial authority for TAA to WIA local workforce investment areas (LWIAs). Thus, having them included in the sample enabled an investigation of strategies they were

¹⁸ Site visits were conducted for other purposes during early 2009. The states visited during this round were Arkansas, Colorado, Florida, Georgia, Minnesota, New Hampshire, New Jersey, and Wisconsin. These states were dropped from the sampling frame so that they would not be burdened by hosting site visitors again so soon.

¹⁹ One state, Iowa, was not visited due to scheduling conflicts.

contemplating to comply with the merit staffing requirements that were to soon take effect.

**Exhibit I-3:
States' Shares of Estimated Number of Affected Workers, by Category
(Based on Petitions Certified from July 1, 2009 to December 10, 2009)**

States Selected in Sample		Other States in Sampling Frame		Excluded States	
Arizona	3.02%	Alaska	0.00%	Arkansas	1.43
California	7.03	Alabama	3.12	Colorado	0.86
Iowa	1.15	Connecticut	0.89	Florida	1.46
Illinois	5.79	Delaware	0.86	Georgia	1.05
Kentucky	1.92	Hawaii	0.00	Minnesota	2.15
Massachusetts	3.05	Idaho	0.86	New Hampshire	0.26
Michigan	9.75	Indiana	3.42	New Jersey	1.84
North Carolina	2.84	Kansas	0.18	Wisconsin	3.24
New York	2.31	Louisiana	0.41	Cumulative Share	12.29
Ohio	10.72	Maryland	0.27		
Pennsylvania	4.83	Maine	0.83		
Rhode Island	0.45	Missouri	1.37		
Tennessee	2.84	Mississippi	1.16		
Texas	3.81	Montana	0.15		
Washington	1.53	North Dakota	0.31		
Cumulative Share	61.04	Nebraska	0.46		
		New Mexico	0.09		
		Nevada	0.03		
		Oklahoma	0.56		
		Oregon	3.57		
		Puerto Rico	0.53		
		South Carolina	2.80		
		South Dakota	0.63		
		Utah	0.75		
		Virginia	2.15		
		Vermont	0.41		
		West Virginia	0.80		
		Wyoming	0.03		
		Cumulative Share	26.64		

**Exhibit I-4:
Percent of Petitions Filed Covering Production and Service Workers
for States in the Sample**

	<u>Percent Production</u>	<u>Percent Service</u>
Arizona	77.78	22.22
California	75.61	24.39
Iowa	90.00	10.00
Illinois	57.75	42.25
Kentucky	78.13	21.88
Massachusetts	81.58	18.42
Michigan	86.41	13.59
North Carolina	85.29	14.71
New York	79.07	20.93
Ohio	89.80	10.20
Pennsylvania	82.29	17.71
Rhode Island	100.00	0.00
Tennessee	92.11	7.89
Texas	68.63	31.37
Washington	89.47	10.53

Note: The universe is restricted to petitions certified in these states by December 10, 2009 that had been filed on or after May 18, 2009, the effective date of TGAAA's provisions.

With the sample of states thus drawn, two One-Stop Career Centers in each state were next selected. For the initial draw, we randomly selected two petitions within each state, with the probability of selection proportionate to the estimated number of the petitions' affected workers. In conversations with the states' TAA Coordinators, we identified the centers where workers covered by those petitions were likely to be served, and targeted these centers for our visits. However, in some states, centers other than these were ultimately visited, primarily because travel distances would have made it infeasible to conduct interviews with state-level officials and visit the two randomly selected centers within the space of the single week in which each state's data collection was to take place. The states and local sites ultimately visited are listed in Exhibit I-5.

**Exhibit I-5:
States and Local Offices Visited for this Report**

State	Full Name	Abbreviated Name
AZ		
State	Department of Economic Security	AZ DES
Center 1	Phoenix Workforce Connections-West	Phoenix West
Center 2	Mesa Job Service	Maricopa-Mesa
CA		
State	Employment Development Department	CA EDD
Center 1	Employment Development Department, Anaheim	Anaheim
Center 2	Orange County One-Stop Center	Irvine
IL		
State	Department of Commerce and Economic Opportunity	IL DCEO
Center 1	Business Employment Skills Team, Inc.	Peru
Center 2	Joliet workNet	Joliet
KY		
State	Office of Employment and Training	KY OET
Center 1	Somerset Career Center	Somerset
Center 2	KentuckianaWorks One-Stop Career Center at the Office of Employment & Training, Downtown Louisville	Louisville
MA		
State	Division of Career Services	MA DCS
Center 1	North Central Career Center	Leominster
Center 2	Fall River Career Center	Fall River
MI		
State	Department of Energy, Labor and Economic Growth	MI DELEG
Center 1	Genesee County Michigan Works! Service Center	Flint
Center 2	Jackson County Michigan Works! Service Center	Jackson
NC		
State	North Carolina Employment Security Commission	NC ESC
Center 1	Winston-Salem JobLink Career Center	Winston-Salem
Center 2	Greensboro JobLink Career Center	Greensboro
NY		
State	NY State Department of Labor	NY DOL
Center 1	Gloversville Workforce Solutions	Gloversville
Center 2	Working Solutions One-Stop Career Center	Utica
OH		
State	OH Department of Job and Family Services	
Center 1	OH Department of Job and Family Services, Warren	Warren
Center 2	The Employment Source	Canton
TN		
State	Dept of Labor and Workforce Development	TN DLWD
Center 1	Greeneville Career Center	Greeneville
Center 2	Cookeville Career Center	Cookeville
TX		
State	TX Workforce Commission	TWC
Center 1	Workforce Solutions Capital Area, North Center	Austin
Center 2	Tarrant County Workforce Solutions, Arlington Center	Arlington
WA		
State	Employment Security Department	WA ESD
Center 1	WorkSource Grays Harbor	Aberdeen
Center 2	WorkSource Everett	Everett

The week-long visits to each state entailed a comprehensive set of interviews with state and local staff involved in the administration of benefits and services for TAA participants. Typical respondents at the state level included the TAA Coordinator, the TRA Coordinator, MIS/reporting staff members, TAA fiscal staff members, the Employment Service (ES) director, and the WIA director. Local respondents typically included TAA line staff members and managers, local ES managers, and local WIA directors. Following the site visits, field staff compiled an internal site-visit report for each site, which was then used to develop this report.

How Staff Learned about TGAAA's Provisions

As noted, this round of data collection was focused on: (1) determining how states and local offices were implementing the key provisions of TGAAA and (2) learning about the challenges they encountered in implementation. However, in the course of establishing the context for the data collection, the research team also learned what training ETA had provided to central state staff regarding TGAAA and related provisions and, in turn, how state central office staff disseminated information to and supported local-office staff.

With virtual unanimity, program administrators in the central offices of the states visited for this study praised the comprehensiveness and clarity of the training provided to them by ETA's regional offices. Although the specifics varied from one ETA region to the next, the regional offices used four general vehicles to impart information about TGAAA to state administrators:

- Regional offices held training sessions specifically focused on TGAAA, as well as Dislocated Worker Roundtables, at central locations in their regions.
- ETA regional staff made in-person visits to the states to deliver additional training and provide clarifications.
- Regional offices held webinars and teleconferences, as often as weekly during some periods.
- Accenture, under a Federal contract with the Internal Revenue Service, provided training on the new provisions regarding HCTC.

These training sessions covered all aspects of new provisions affecting the TAA program, including new eligibility guidelines, increased benefits, new funding, and changed reporting requirements. The ETA national office also issued Training and Employment Guidance Letters (TEGLs), and these were reported to be helpful and clear. Furthermore, in general state central office staff reported good relationships with their ETA regional representatives, and the states appreciated the quick responses they received to telephone or email queries.

Even though sentiments were overwhelmingly positive in every state visited, some topics on which additional guidance would have been desired did surface. Perhaps most consistently, respondents in about half the states reported that they would have appreciated additional and

more timely guidance regarding the reporting of participant-level data in the Trade Activity Participant Report (TAPR). As some respondents noted, the five-month period between the issuance of the TEGL announcing the new reporting guidelines (TEGL 6-09) in mid-September 2009 and the deadline for using these new guidelines in reports due February 2010 was inadequate; these states felt that they could have used many months of additional time to modify their management information systems (MIS) and begin data capture to report on the new items. Furthermore, there did not seem to be sufficient guidance as to what states should do when certain of the TAPR's required data elements simply were not available for some participants, such as those who were enrolled before the new TAPR instructions were issued. On another topic, others mentioned that the formulas for computing benefit amounts became even more complex with TGAAA, such as the provision requiring that TRA payments be factored into the calculation of allowable RTAA; they mentioned that additional training on this topic would therefore have been desirable. Another state mentioned that it enjoyed opportunities for peer-to-peer sharing, and that most ETA regional forums did not usually allow sufficient time for this. Finally, at least one state mentioned that it was waiting for new program regulations, and wondered why it took ETA so long to issue them.

Taking the guidance that they gained through ETA's technical assistance efforts, central office state administrators in turn provided guidance to staff outstationed in local offices. These efforts, too, were viewed very favorably overall. Local respondents in several states reported at least annual meetings during which central office staff members reported the latest implementation guidance; these were either single meetings involving all state staff or multiple meetings held in various regions throughout the states, or both. For example, respondents in Illinois reported attending two statewide meetings with more than 150 attendees each, complemented by regional sessions held in nine separate venues throughout the state. Others noted that training for field staff was in some sense ongoing, as there were frequent opportunities for dialogue via teleconferences and webinars. Many states, such as California, Illinois, Michigan, New York, North Carolina, and Texas, developed (or were developing) Operations Manuals or Desk Guides as reference tools that local office staff could use in carrying out their duties. Michigan also earmarked special funds that local areas could access to meet local needs for training.

Through this variety of vehicles, the states' training efforts were overwhelmingly viewed quite favorably. For example, field staff in Michigan described the state's guidance as "excellent and timely," and those in Massachusetts felt that the state's guidance was "everything we needed." Nonetheless, frequent turnover of staff in local offices and the sporadic nature of trade activity posed significant challenges, as states found it hard to ensure that field staff had access to the training they needed on a just-in-time basis. This challenge was particularly problematic in states with integrated staffing models, which needed to train not just state employees but LWIA case managers as well.

Overview of the Report

With the context thus set, the remaining chapters of this report examine states' experiences with the implementation of TGAAA's provisions. Chapter II explores issues regarding the significant expansion of eligibility to new worker groups, including factors affecting the take-up rate for TAA services. Chapter III examines structural issues regarding program implementation, including staffing arrangements for TAA case management services in the light of the recent regulations regarding the use of state merit staff and implications for WIA co-enrollment. Chapter IV deals with case management services per se, including what case management services are provided to training and non-training TAA participants. Chapter V looks at an assortment of other program services that also were affected by TGAAA, such as TRA, training benefits, RTAA, and HCTC. Chapter VI investigates funding and reporting. Finally, Chapter VII provides a conclusion and summary.

Exhibit I-A: Trade Act of 2002 and TGAAA Side-by-Side

Provision	Trade Act of 2002	TGAAA
Authorization		
Sunset Provision		<ul style="list-style-type: none"> TAA amendments authorized until Dec 31, 2010, and extended until February 12, 2011.
Eligibility and Notification Issues		
<p>Group Eligibility <i>Effective Date: 90 days after enactment of the law, and applying to petitions filed on or after that date.</i></p>	<p>These three conditions must be met</p> <ul style="list-style-type: none"> The firm produces an article A significant number or proportion of workers in a firm have become, or are threatened to become, totally or partially separated The separation is due to trade with foreign countries <p>The link between the separation and trade can be demonstrated in these ways</p> <ul style="list-style-type: none"> The firm's sales have decreased and increased imports of articles "like or directly competitive" with articles produced by the firm have "contributed importantly" to the decline, <i>or</i> The workers' firm has shifted its production to a country that has a trade agreement or trade preference, with the US, <i>or</i> The firm has shifted production to any other country and there has been an increase in imports of like or directly competitive products <p>Secondary workers are also eligible if significant numbers or proportions are totally or partially separated or threatened with separation due to declining production of a primary firm whose petition for TAA has been certified. Secondary workers are:</p> <ul style="list-style-type: none"> Those that supply component parts for the product covered by the primary firm (upstream producers) Those that perform value-added additional production for products produced by the primary firm (downstream producers, so long as the primary certification is based on an increase in imports to Canada or Mexico) 	<p>Conditions change in these ways:</p> <ul style="list-style-type: none"> Services workers are now also covered, as are those in public agencies <p>The link between separation and trade is made easier to establish. As before, the link is demonstrated if:</p> <ul style="list-style-type: none"> The firm's sales have decreased and increased imports have contributed importantly to the decline. <p>But now,</p> <ul style="list-style-type: none"> Workers in firms that shift production to another country are eligible (without the shift needing to be to trade-agreement countries or when imports have increased) Also, petitions covering workers in firms identified by name by the International Trade Commission will be automatically approved <p>Eligibility for secondary workers has also expanded</p> <ul style="list-style-type: none"> Upstream producers that supply services to primary firms are now eligible Upstream producers can also be eligible if they are producing component parts for a product even if the primary firm has not sought certification or even if it is providing components to a foreign firm, so long imports of finished products have caused a decrease in production. Downstream producers now include those that package, or provide maintenance or transportation services Downstream producers can be eligible even if the primary firm was certified for a reason other than an increase in imports to Canada or Mexico

Provision	Trade Act of 2002	TGAAA
Parties who may file	Allows these parties to file: <ul style="list-style-type: none"> • Group of three workers • Company official • Authorized representative of workers • One-Stop operator or partners • State workforce agencies • State dislocated worker units 	No change in this provision
Determination by the Secretary	<ul style="list-style-type: none"> • Determinations must be made 40-days after receipt • Determinations must be published in the Federal Register 	No change in timeliness required of ETA, but: <ul style="list-style-type: none"> • Determinations must also be posted to the ETA website • ETA shall also publish the criteria it uses in making determinations of eligibility
Notification Provisions	<ul style="list-style-type: none"> • Every worker who the State believes is covered by the certified petition 	In addition to notifying workers, the Secretary of Commerce shall be informed of the identify of firms (so that such firms can be made aware that they may be eligible for TAA for Firms)
Eligibility for immigrants	No provision in current law	States must re-verify the immigration status of a worker receiving benefits if the documentation initially provided by the worker shows that eligibility would expire
Employment and Case Management Services		
Services to be Provided <i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.	<ul style="list-style-type: none"> • “Reasonable efforts” should be made to secure counseling, testing, and placement services for participants. 	The following services must be made available to participants: <ul style="list-style-type: none"> • Comprehensive and specialized assessments, • The development of an individual employment plan • Information about training opportunities and supportive services • Prevocational services • Career counseling <p>At least one-third of the 15% administrative funds must be used to provide employment and case management services. An additional \$350,000 is awarded to each state each year for these services.</p>

Provision	Trade Act of 2002	TGAAA
Other Employment & Training Benefits and Services for Workers		
Rapid Response following petition filing	The filing of every petition must trigger Rapid Response and WIA core/intensive services must be made available	No change in this provision
ATAA (Alternative Trade Adjustment Assistance)	<ul style="list-style-type: none"> • To be eligible for ATAA, the worker must <ul style="list-style-type: none"> — Have been separated from a firm that was separately certified for ATAA at the time the petition is certified, which requires a determination that a significant number of workers are 50 years of age or older and possess skills that are not easily transferable — Be at least 50 years old — Obtain full-time employment with a new firm within 26 weeks of separation — Not earn more than \$50,000 in the new job • Benefits consist of: <ul style="list-style-type: none"> — a partial wage subsidy of up to 50% of the difference between reemployment wages and wages at the time of separation. — Total payments may not exceed \$10,000 during a maximum two-year period — Those receiving ATAA may not receive other TAA benefits, except HCTC 	<ul style="list-style-type: none"> • ATAA is renamed Reemployment TAA (RTAA) • Regarding eligibility: <ul style="list-style-type: none"> — The requirement that the firm be separately certified for ATAA is removed — The age requirement remains — Removes the requirement that new employment be found within 26 weeks of separation, but specifies that benefits can last for a two-year period that begins the sooner of the exhaustion of regular UI or the date of reemployment — Part-time workers can receive this benefit, so long as they work at least 20 hours/week and are in TAA-approved training — The limit on earnings on the new job is increased from \$50,000 to \$55,000 • Regarding benefits <ul style="list-style-type: none"> — Total maximum payment is increased from \$10,000 to \$12,000 over two years — Workers can start out receiving TRA but shift to receiving reemployment ATAA at any time during the two-year period — Benefits will be prorated if the worker is working part-time

Provision	Trade Act of 2002	TGAAA
<p>HCTC (Health Coverage Tax Credit)</p>	<ul style="list-style-type: none"> • Provides a tax credit of 65% of the premium amount to those who are eligible for TRA • Defines eligibility to be those who are receiving TRA or who would be eligible for TRA but for the fact that the individual has not yet exhausted UI benefits. 	<ul style="list-style-type: none"> • Increases the tax credit from 65% to 80% • From March 2009 to Dec 2010, adds these additional categories of eligible individuals: <ul style="list-style-type: none"> — Those not receiving TRA because they are in an approved break from training exceeding 30 days — Are receiving UI and would be receiving TRA if they had exhausted UI, without regard to whether the individual met the deadlines for enrolling in training • Expands COBRA coverage of spouses and dependents in the case of divorce or death • \$150 million in grant funding available to help states establish infrastructure and provide gap payments
<p>TRA eligibility <i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<p>TRA benefits are available for weeks of unemployment that begin 60 days after the date of filing the petition TRA benefits are available to workers who</p> <ul style="list-style-type: none"> • Lost the job during the certification impact period • Qualify for, and have exhausted, State UI benefits • Were employed by the firm for at least 26 of the 52 weeks preceding the layoff • Earned at least \$30 or more a week in that employment • Met the training requirement, which means they: <ul style="list-style-type: none"> — Were enrolled in approved training by the later of 8 weeks after the TAA petition is certified, or 16 weeks after job loss, OR — (for basic TRA, but not additional TRA) have received a waiver from the training requirement or completed training <p>Most states apply “good cause” provisions, whereby statutory deadlines for UI are waived when the deadline was missed because of agency error</p>	<p>TRA benefits are available beginning with the date of certification (removing a potential gap in coverage that would occur for someone who exhausted UI more than 60 days before the date of petition filing) Other eligibility provisions remain unchanged, EXCEPT:</p> <ul style="list-style-type: none"> • The 8/16 deadlines are revoked. Instead, the worker must be enrolled in training by the later of: <ul style="list-style-type: none"> — 26 weeks after the date of certification, OR — 26 weeks after layoff • The period during an administrative or judicial appeal of a negative determination does not count • The 26-week deadline can be waived if the worker was not given timely notice. Moreover, the “good cause” provision is extended to TRA benefits

Provision	Trade Act of 2002	TGAAA
<p>TRA waivers <i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<p>Waivers from the training requirement can be granted for basic TRA if:</p> <ul style="list-style-type: none"> — The worker has been or will be recalled — The worker has marketable skills — The worker is within 2 years of retirement — The worker cannot participate in training due to a health condition — Training enrollment is unavailable — Training is not reasonably available (nothing suitable at reasonable cost, or training funds are exhausted) <p>Waivers last 6 months (but can be renewed) but will be revoked if the waiver condition no longer applies. Waivers must be reviewed every 30 days</p>	<p>Waiver conditions remain, EXCEPT:</p> <ul style="list-style-type: none"> — The marketable skills waiver is clarified to make clear that those with post-graduate degrees can be assumed to have marketable skills <p>The period for reviewing waivers is relaxed, to ease states' administrative burden. Specifically:</p> <ul style="list-style-type: none"> — Under the new law, reviews need not be conducted until 3 months after the waiver was issued (and every month thereafter) — Waivers need not be reviewed for those within 2 years of retirement (i.e., eligible for Social Security or a private pension)
<p>Weeks of TRA benefits <i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<p>104 weeks total (130 weeks if in remedial training)</p> <ul style="list-style-type: none"> • Basic TRA is available for 52 weeks minus the number of weeks of unemployment insurance (usu. 26 weeks). Basic TRA must be used within 104 weeks after the job loss (up to 130 weeks for those who received remedial training) • Additional TRA is available for up to 52 more weeks if the worker is in training (waivers from training cannot be granted for additional TRA). These must be 52 consecutive weeks • Workers participating in remedial training are eligible for TRA for up to an additional 26 weeks • A worker on an approved break in training of up to 30 days is considered to be in training. 	<p>130 weeks total (156 if in remedial training)</p> <ul style="list-style-type: none"> • The provision regarding weeks of benefits for basic TRA is unchanged • To encourage longer-term training (especially in light of the relaxing of the 8/16 deadlines), additional TRA is now available up to 78 weeks (increased from 52 weeks). Moreover, the benefits can be received in a 91-week period • Pre-requisite training counts as remedial training in terms of extending TRA for up to an additional 26 weeks <p>Other provisions remain</p>
<p>TRA benefit reset <i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<p>If the worker establishes a subsequent UI claim, that claim must be exhausted before continuing on TRA, even if it is at a lower benefit amount.</p>	<p>Worker can choose to collect TRA instead of UI, if a subsequent claim is established at a lower benefit amount.</p>

Provision	Trade Act of 2002	TGAAA
<p>Pre-Layoff and Part-Time Training</p> <p><i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<ul style="list-style-type: none"> • Makes no provision for pre-layoff training • Does not allow part-time training 	<p>Both pre-layoff training and part-time training are now allowable. Specifically:</p> <ul style="list-style-type: none"> • Training can be approved for a certified worker who has not yet been totally or partially separated but who is individually threatened with separation, except that OJT or customized training cannot be approved for such individuals (unless the customized training is for a position other than the worker's current position) • Part-time training is now allowable, except those in part-time training are not eligible for TRA
<p>Types of Training</p> <p><i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<p>The following types of training are authorized:</p> <ul style="list-style-type: none"> • Employer-based training (OJT and customized training) • Training approved under WIA • Remedial education • Other programs approved by the Secretary <p>Additionally:</p> <ul style="list-style-type: none"> • Participation in remedial training makes a worker eligible for up to 26 more weeks of TRA 	<p>Clarifies that the following are also allowable:</p> <ul style="list-style-type: none"> • apprenticeship training • prerequisite training • training provided by an accredited institution of higher education <p>Additionally:</p> <ul style="list-style-type: none"> • Training cannot be limited to programs on the WIA eligible training provider list • Participation in prerequisite training extends TRA for up to 26 more weeks of TRA, just as remedial training does (but TRA cannot be extended by more than 26 weeks in total)
<p>Use of OJT</p> <p><i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<ul style="list-style-type: none"> • On-the-job training is preferred 	<ul style="list-style-type: none"> • The provision that OJT is preferred is stricken • Requirements for acceptable OJT are that OJT must <ul style="list-style-type: none"> — Reasonably be expected to lead to employment with the OJT employer — Is compatible with the worker's skills and will allow the worker to gain skill proficiency — Includes a curriculum to help show the knowledge of the skills gained, measured by benchmarks showing worker improvements. • OJT should not be approved with employers who show a pattern of not providing long-term employment or show other abuses

Provision	Trade Act of 2002	TGAAA
<p>Criteria for Training <i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<ul style="list-style-type: none"> • Training shall be approved for a participant if: <ul style="list-style-type: none"> — There is no suitable employment — The worker would benefit from training — There is a reasonable expectation of employment following the training — The approved training is reasonably available — The workers is qualified for the training — The training is suitable and available at reasonable cost • As a way of operationalizing training that is “suitable and at reasonable cost,” training is typically not approved if the training would last longer than the length of the worker’s TRA eligibility or costs more than TAA will pay • Training is typically not approved if the trainee would need to commit personal funds 	<ul style="list-style-type: none"> • Criteria for training approval remain, EXCEPT the provisions regarding “reasonable cost” are clarified to allow more costly training. Specifically: <ul style="list-style-type: none"> — The availability of funds for training beyond TAA can be taken into account, such as training funds from other public or private funds (though the worker cannot be required to obtain and use such funds)
<p>Training approval</p>	<ul style="list-style-type: none"> • In general, the Department construes the legislation as requiring that approval will be for a single training program designed for an individual to meet a specific occupational goal (though the training plan can be modified if circumstances warrant) 	<ul style="list-style-type: none"> • The legislation endorses the Department’s interpretation
<p>Work-Search Requirements</p>	<ul style="list-style-type: none"> • Current regulations specify that workers may not be deemed ineligible for UI (and, hence, TRA) if they are in training or quit unsuitable work to enter training 	<ul style="list-style-type: none"> • Makes explicit that these provisions apply to TRA

Provision	Trade Act of 2002	TGAAA
<p>Job Search and Relocation Allowances</p> <p><i>Effective Date:</i> 90 days after enactment of the law, and applying to petitions filed on or after that date.</p>	<ul style="list-style-type: none"> • A worker may be reimbursed for up to 90% of <i>job search cost</i>, up to \$1,250, if: <ul style="list-style-type: none"> — The allowance will help a totally separated worker find a job — No suitable employment is available in the worker's local area — The application is filed by the later of <ul style="list-style-type: none"> ~ 1 year from the separation, or ~ 1 year from certification, or ~ 6 months after completing training (not applicable for those who received a waiver) • A worker may be reimbursed for 90% of <i>relocation costs</i>, plus a lump sum payment of three times the worker's weekly wage up to \$1,250 <ul style="list-style-type: none"> — The allowance will help a totally separated worker relocate — No suitable employment is available in the worker's local area — The affected worker has no job at the time of relocation, but — Has found suitable employment that is expected to be long-term, and — Has a bona fide offer of employment — Application is filed by the later of <ul style="list-style-type: none"> ~ 425 days from the separation, or ~ 425 days from certification, or ~ 6 months after completing training ((not applicable for those who received a waiver) 	<ul style="list-style-type: none"> • Regarding <i>job search costs</i>, <ul style="list-style-type: none"> — A worker may be reimbursed for up to 100% of job search costs, up to \$1,500 — The provision limiting the time to file for workers who were in training and received a waiver is removed • Regarding <i>relocation expenses</i>, <ul style="list-style-type: none"> — A worker may be reimbursed for 100% of costs — The lump sum relocation expenses are increased to a maximum of \$1,500 — The provision limiting the time to file for workers who were in training and received a waiver is removed
<p>Repayments</p>	<ul style="list-style-type: none"> • Requires participants to repay amounts awarded erroneously. But repayment may be waived if the overpayment was made without fault of the individual and repayment would be contrary to "equity and good conscience," defined to mean that repayment would require extraordinary and lasting financial hardship. 	<ul style="list-style-type: none"> • Clarifies that requirements for repayment can be waived even if extreme financial hardship would not ensue

Provision	Trade Act of 2002	TGAAA
Administration		
<p>Aggregate Training Funding <i>Effective Date:</i> The training allotment is effective immediately. The new formula for distributing funds is effective Oct 2009</p>	<ul style="list-style-type: none"> • A cap of \$220,000 is available for training • By DOL policy: <ul style="list-style-type: none"> — 75% of the training funds are initially awarded to states based on each state's: (a) training expenditures and (b) average number of training participants over the prior 3 years, with each factor weighted equally. The remaining 25% is held by the Department in reserve and allocated based on need — The Department has a hold harmless policy that ensures that each State's initial allocation can be no less than 85% of its initial allocation in the previous year — States have 3 years to spend the money they were allocated 	<ul style="list-style-type: none"> • The training cap is increased to \$575,000 • The funding formula is changed <ul style="list-style-type: none"> — DOL is to make an initial distribution of 65% if the funds based on: <ul style="list-style-type: none"> ~ The trend in the number of certified workers ~ The trend in the number of workers participating in training ~ The number of workers enrolled in training ~ The estimated amount of funding needed to provide approved training ~ Other factors as appropriate — Each State's initial allocation must be at least 25% of its initial allocation in the previous year • At least 90% of total training funds for the fiscal year must be allocated by July 15th.
<p>ETA Administration <i>Effective Date:</i> 90 days after enactment of the law,</p>	<ul style="list-style-type: none"> • Not by statute, but by DOL policy, the Trade Office is located in the Office of National Response 	<ul style="list-style-type: none"> • Creates an Office of Trade Adjustment Assistance, whose director shall report directly to the Deputy Assistant Secretary for Employment and Training
<p>States Act as Agents</p>	<ul style="list-style-type: none"> • Present law gives the Secretary the authority to delegate to the States many aspects of TAA implementation, including providing payments, notifying workers, and issuing waivers 	<ul style="list-style-type: none"> • Strengthens provisions of current law by requiring States to deliver appropriate case management services, implement effective oversight measures, and report performance data to the Secretary
<p>Reporting and Performance</p>	<p>No provisions in current law</p>	<ul style="list-style-type: none"> • The Secretary shall establish a system for collecting data on all workers who apply for or receive TAA, including the number receiving benefits, average processing time, reason for petition approval, number enrolled in training and average duration, number and type of waivers granted, number who complete and do not complete training, rapid response activities, and outcomes (including sectors in which workers are employed). • This information is to be furnished to Congress annually and must be made available on the DOL website and updated quarterly

Provision	Trade Act of 2002	TGAAA
Other TAA Programs		
<p>TAA for Communities <i>Effective Date:</i> 90 days after enactment of the law</p>	<p>No provision in current law</p>	<p>Creates a Trade Adjustment Assistance for Communities program</p> <ul style="list-style-type: none"> • Eligibility: any community can apply for designation from the Secretary of Commerce: (a) if the community has had a petition for TAA certified by DOL, or Commerce has certified a firm in the community as eligible for TAA for Firms, or Agriculture has certified a group of agricultural products under the TAA for Farmers program, AND (b) the Secretary of Commerce determines that the community is significantly affected • Programs administered by Commerce <ul style="list-style-type: none"> — The Trade Adjustment Assistance for Communities Grant program: To be awarded to help communities diversify their economies and develop a community plan • Programs administered by DOL <ul style="list-style-type: none"> — Community College and Career Training Grants: To be awarded to help community colleges develop training programs suited to workers eligible for TAA — Sector Partnership Grant Program: To be awarded to industry sector partnerships to help revitalize industry in communities

II. ELIGIBILITY AND OUTREACH

As noted in Chapter I, TGAAA significantly expanded eligibility for the TAA program by allowing petitions to be certified for worker groups in previously uncovered sectors of the economy. As summarized in the Operating Instructions issued by ETA (see TEGL 22-08), newly eligible worker groups included:

- workers in public agencies and in firms that supplied services,
- workers whose firms shifted production to any foreign country (as opposed to just those with whom the U.S. has a trade agreement or has granted trade preference),
- workers whose firms produced component parts and were affected by increased imports of finished products, and
- workers in firms that supplied services (including maintenance and transportation services) to companies with TAA-certified workers (as opposed to just those providing value-added *production* processes).

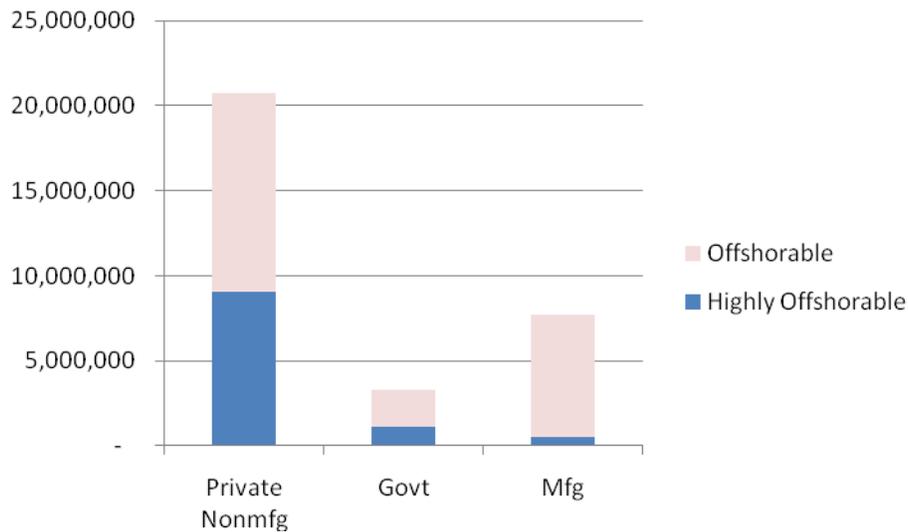
A potentially substantial increase in the number of workers eligible for TAA could have resulted from the adoption of these provisions. In fact, using a typology originally developed by Alan Blinder, Topoleski estimated that the number of offshorable jobs in *non*manufacturing sectors was more than three times the number of offshorable jobs in manufacturing (see Exhibit II-1).¹ No doubt in recognition of this potential increase in customers, TGAAA more than doubled the amount of funds authorized for providing TAA training services, from \$220 million to \$575 million per year.

To better understand how the changes in TAA eligibility affected the numbers and types of workers participating in the program, this chapter examines trends in the number of petitions filed with ETA for TAA certification and notes what proportions tended to be filed on behalf of worker groups in manufacturing as opposed to those in newly eligible industrial sectors. The chapter then goes on to consider the processes that occurred once a petition was filed: the ETA determination process for petitions, states' efforts to assemble lists of affected workers

¹ Alan S. Blinder, "Offshoring: The Next Industrial Revolution," *Foreign Affairs* 85 (March/April 2006), and John J. Topoleski, "Extending Trade Adjustment Assistance (TAA) to Service Workers: How Many Workers," *Congressional Research Service Report for Congress* RS22761 (November 2007).

from employers, and states' efforts to notify the workers of their potential eligibility for services. The chapter concludes with some observations on factors that appeared to have affected the take-up rates for TAA services and benefits.

**Exhibit II-1:
Estimated Number of Employed Persons Whose
Jobs are Potentially Offshorable**



Source: John J. Topoleski, “Extending Trade Adjustment Assistance (TAA) to Service Workers: How Many Workers,” *Congressional Research Service Report for Congress RS22761* (November 2007).

Changes in Petition Certifications

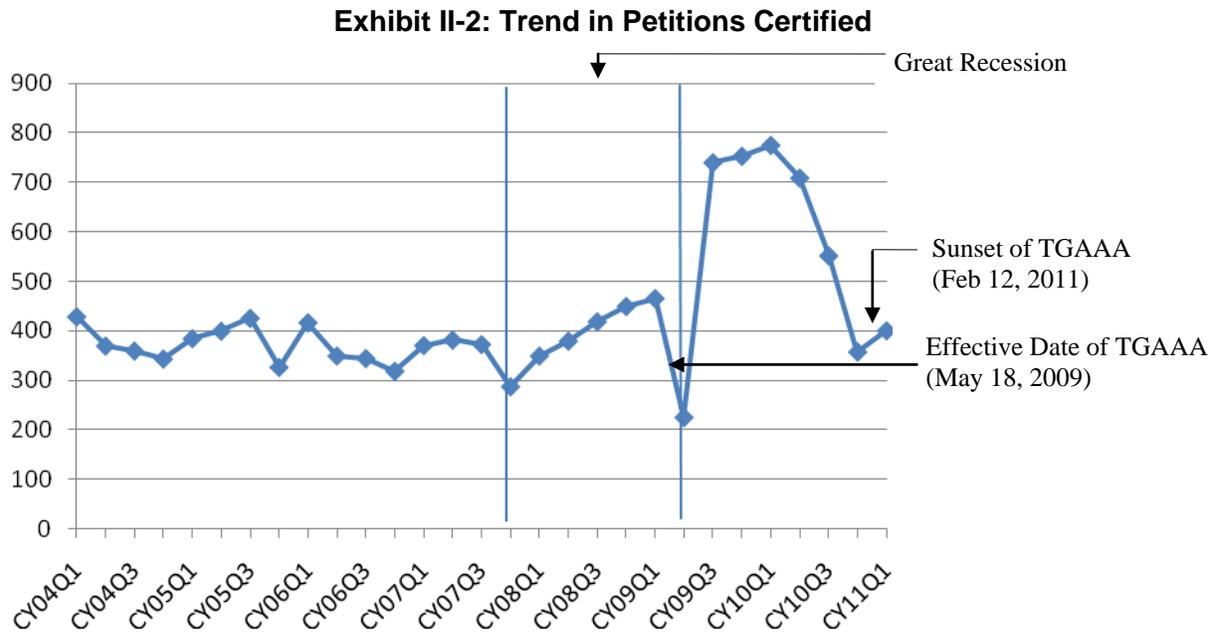
The expansion of eligibility and an economic downturn together affected both the number of petitions certified and the composition of the eligible pool. Each is discussed in turn.

Trend in Petitions Certified

Exhibit II-2 shows the trend in the number of petitions certified, by calendar-year quarter, from the first quarter of calendar year 2004 (CY04Q1) to the first quarter of calendar year 2011 (CY11Q1). As the exhibit shows, for most of this period the number of certified petitions fluctuated within a fairly narrow band from about 300 certifications per quarter to about 400 per quarter. Beginning with the onset of the so-called Great Recession,² however, the number of

² The National Bureau of Economic Research (NBER) dates the onset of the recession to December 2007 and declared it officially over by June 2009. However, the unemployment rate has remained stubbornly high since then (NBER, *U.S. Business Cycle Expansions and Contractions*, <http://www.nber.org/cycles/cyclesmain.html>).

certifications rose steadily, before plunging steeply in the quarter leading up to the effective date of TGAAA and then rising even more sharply in the quarter after.



Source: Petition data supplied by ETA.

The rather chaotic pattern displayed in the later years can be attributed to four factors:

1. *Declining economic conditions.* The deteriorating economic conditions beginning in late 2007 seem unquestionably to be reflected in the trends shown here. (The apparent lag between the onset of the recession and the number of petitions certified likely reflects the usual time elapsed between when a petition is filed and when ETA makes a determination).
2. *Delay in petition filing.* State respondents informed us, and ETA confirmed, that states delayed filing petitions in the months leading up to TGAAA’s effective date, on the grounds that workers covered by petitions filed after that date would be entitled to the generally richer set of benefits that applied under TGAAA. This strategy explains the sharp drop in petitions certified in the second quarter of calendar year 2009.
3. *Backlog of petitions and continuing economic distress.* The nation’s continuing economic distress, coupled with the fact that states were withholding the filing of petitions prior to the effective date of TGAAA, help explain the sharp spike in petitions certified in the third quarter of CY 2009 and the high rates in the several quarters thereafter.
4. *Expansion of eligibility.* The high numbers of petitions certified after the enactment of TGAAA can be attributed as well to the expansion of eligibility to

previously uncovered worker groups, such as trade-affected workers in the service sector and public employees, as well as to a relaxation of eligibility requirements for primary and secondary worker groups in manufacturing.

5. *Backlog abates and TGAAA sunsets.* The decline in the number of certifications throughout 2010 represents the abatement of the petition backlog as well as the effects of gradually improving economic conditions. The small uptick in the first quarter of 2011 may represent the response to a small flurry of petition filing as TGAAA's sunset date approached.

Certifications for Manufacturing and Service Workers

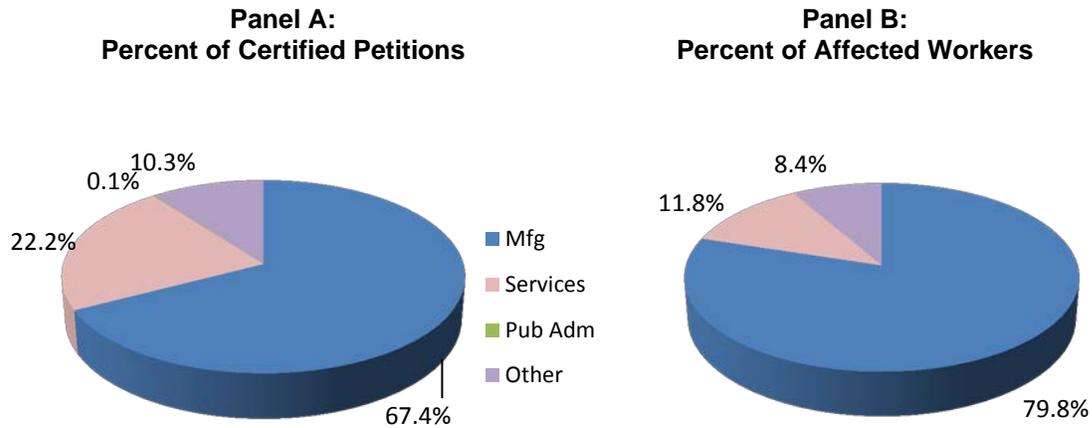
To what extent is the high number of petitions certified since the third quarter of 2009 due to the expansion of eligibility to worker groups in the service and public sectors? An examination of the industry composition of certified petitions (as indicated by the Standard Industrial Classification, or SIC, code) helps answer this question. For petitions filed since TGAAA's effective date, Panel A of Exhibit II-3 shows that about 67 percent of those certified were from the manufacturing sector, 22 percent were from the services sector, less than 1 percent were from the public sector, and about 10 percent were from miscellaneous other sectors. Thus, the manufacturing sector continues to dominate. Moreover, as the right panel of the exhibit shows, manufacturing dominates even more when measured by the estimated number of affected workers by sector, with 80 percent of workers coming from the manufacturing sector.³ Clearly, the upsurge in nonmanufacturing petitions and affected workers that might have been expected from Topoleski's numbers has only partially materialized.

Because they show that the proportion of manufacturing workers among all affected workers is greater than the proportion of manufacturing petitions among all certified petitions, the above charts suggest that the average size of affected worker groups in manufacturing was larger than the average size of worker groups in other sectors. This assertion comports with the sense from the state respondents we interviewed that worker groups in manufacturing tended to be larger than worker groups in other sectors. It is confirmed as well from Exhibit II-4, which shows that the average size of the worker groups in manufacturing was considerably larger than that in other sectors.⁴

³ Figures on petitions certified and estimated workers were calculated for petitions certified by SIC industry category from among petitions with an institution date from May 18, 2009, through December 31, 2010.

⁴ When a petition is filed, the petition filer provides an estimate of the number of workers expected to be affected. Average size of the worker group is calculated from these figures for certified petitions that have an institution date on or after May 18, 2009, and were certified by December 10, 2010; SIC codes are used to classify petitions by industrial sector. Averages in the manufacturing sector are greatly affected by the sizes of a few very large petitions; the median size of the worker groups are 50 in manufacturing, 16 in services, and 28 for other sectors.

Exhibit II-3: Certifications and Estimated Affected Workers, by Sector



Source: Petition data supplied by ETA.

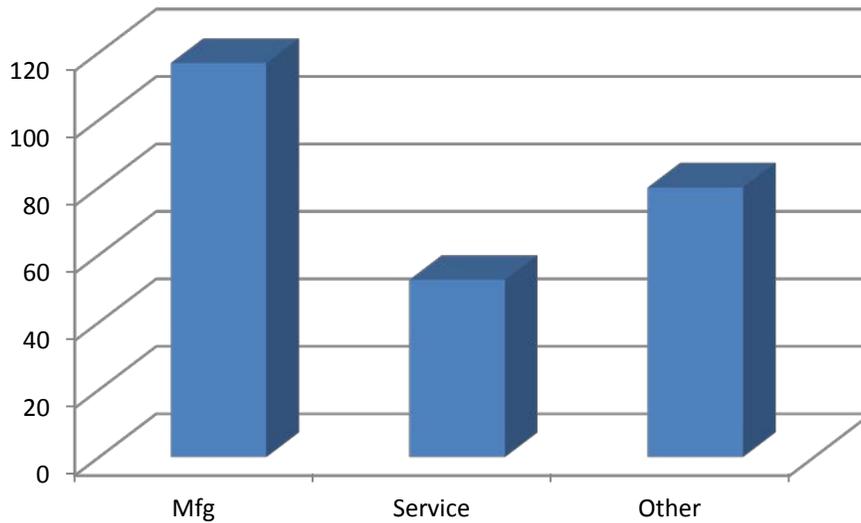
Outreach to Potentially Affected Firms

The research team’s earlier report on the implementation of the Trade Act of 2002 found that Rapid Response is often instrumental in alerting employers and worker groups about the TAA program, leading to the prompt filing of a petition when trade impacts were believed to be a significant cause of actual or impending dislocations.⁵ This current round of site visits confirmed that picture. All of the 14 states that were studied mentioned that Rapid Response teams provided an overview of the TAA program whenever trade was suspected as a cause of a firm’s distress and explained the benefits of petition filing during the teams’ initial meetings with employers. These were usually teams deployed from the states’ central Rapid Response unit, but, especially for smaller dislocations, they could be made up of staff from local One-Stop Career Centers.

Employers were generally receptive to filing a petition when apprised of the advantages to their workers of doing so. In fact, some employers—particularly manufacturing employers in distressed communities hit hard from previous waves of dislocations—were well aware of the TAA program’s benefits and services and, in many cases, had already filed a petition before the Rapid Response team arrived on site.

⁵ See the evaluation team’s Briefing Paper for more on the role of Rapid Response (Jeffrey Salzman, *Rapid Response and TAA*, 2009).

**Exhibit II-4:
Average Size of Worker Group, by Sector**



Source: Petition data supplied by ETA.

However, Rapid Response teams met resistance in some instances. Employers in the services sector, who usually were unfamiliar with TAA, were more likely than those in manufacturing to be reticent about filing. They worried about the costs to the firm in filing a petition or providing services should certification ensue, and Rapid Response teams needed to work hard to assuage these fears. In some states, it was also mentioned that some trade-affected firms in the service sector—information technology (IT) firms were mentioned in particular—have headquarters in foreign countries and that securing the assent of such firms was often a significant challenge.

The above discussion highlights that an employer's pre-existing knowledge of TAA can often be extremely helpful in ensuring the prompt filing of a petition. In the manufacturing sector, employers are very often familiar with petition filing through previous rounds of layoffs their firms might have experienced, and the firms' workers are similarly aware of the TAA program and will take the initiative in filing if the employer fails to do so. However, with the expansion of eligibility to new sectors of the economy with TGAAA, familiarity with TAA was often lacking, constituting a significant impediment. State respondents told the evaluation's field researchers that the Rapid Response team was always sure to mention TAA whenever trade was even remotely suspected as the cause of a dislocation, but few other outreach practices that might reinforce the Rapid Response message for poorly informed employers in the services sector seemed to be in evidence in the states visited.

The reliance on Rapid Response may explain as well why petition filing on behalf of secondary worker groups is not greater.⁶ Respondents from the 14 states reported that, with every Rapid Response event involving a primary firm, the Rapid Response team inquired whether suppliers or downstream finishers might be impacted. Although it apparently took time for the message to become widely known, several state respondents mentioned that knowledge about secondary eligibility seemed to be better than in the past. Thus, as Exhibit II-5 shows, in the wake of the enactment of the Trade Act of 2002, petitions certified for secondary worker groups made up only about 5 percent to 8 percent of the total, but the number has risen over time, peaking at more than 20 percent in the quarters around the effective date of TGAAA before reverting to more normal levels since then.

Several reasons were cited for why petitions for secondary worker groups were not more common. First, primary firms were often reluctant to name their suppliers or finishers or could not gauge which of them might have been significantly impacted. Second, there was some confusion—whether on the part of the Rapid Response teams or more generally—about secondary group eligibility rules. Finally, even when a ripple effect on secondary firms was presumed, these firms were often in other states, making it difficult for Rapid Response teams to contact them.

More generally, in at least three states, the TAA Coordinators acknowledged that the state could do more to increase awareness of the TAA program, both among primary and secondary firms, and especially for firms newly eligible to file under TGAAA. Another acknowledged that some smaller firms, such as those not required to file a WARN notice,⁷ might not receive attention from the Rapid Response team, and hence could remain unaware of their potential for filing a petition under TAA.

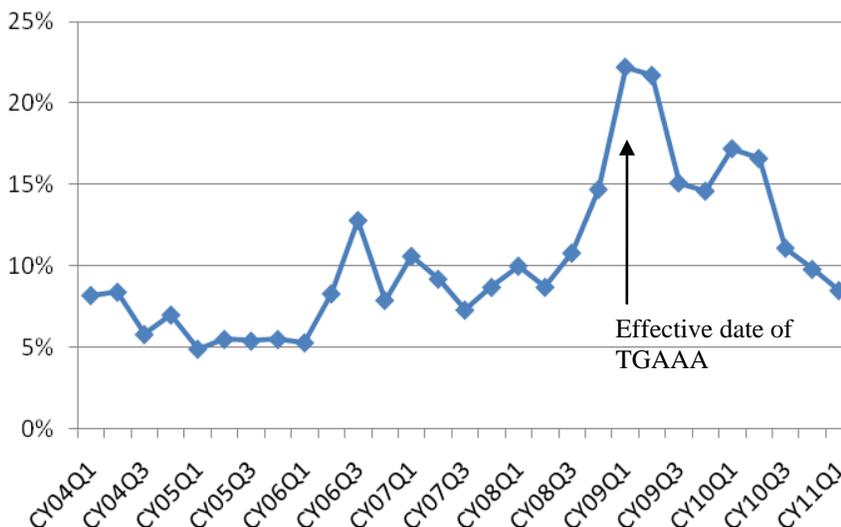
Recognizing these shortcomings, a few states mentioned other strategies to promote outreach, but these were clearly identified as subsidiary to Rapid Response. For example, in Tennessee, Worker Employer Outreach Committees convened quarterly and made presentations to business groups around the state; at some of these sessions, WIA and TAA were sometimes mentioned as workforce investment programs designed to assist workers in firms that were struggling. In other states, business relations groups met frequently with local businesses and could similarly

⁶ Social Policy Research Associates' *Initial Implementation* report, cited earlier.

⁷ WARN, the Worker Adjustment and Retraining Notification Act, requires selected employers to provide notice 60 days in advance of covered plant closings and mass layoffs. In general, employers with 100 or more employees are covered by WARN, and notice must be provided if the employer anticipates a plant closing at an employment site with 50 or more employees, or anticipates a mass layoff short of plant closing but resulting in an employment loss for 500 or more employees or for 50-499 employees if they make up at least 33 percent of the employer's active workforce.

inform employers about TAA. In another state, officials planned to submit a grant application in response to ETA’s *Trade Adjustment Assistance Technical Assistance and Outreach Partnership Grants* solicitation, designed to heighten the public’s awareness of services available through the TAA program; regardless of whether it becomes a grant recipient, this state intends to step up its marketing and outreach efforts. On the other hand, another state demurred when asked if additional marketing was planned, noting that “we already have way too much work to do.”

Exhibit II-5: Percent of Petitions Certified for Secondary Worker Groups

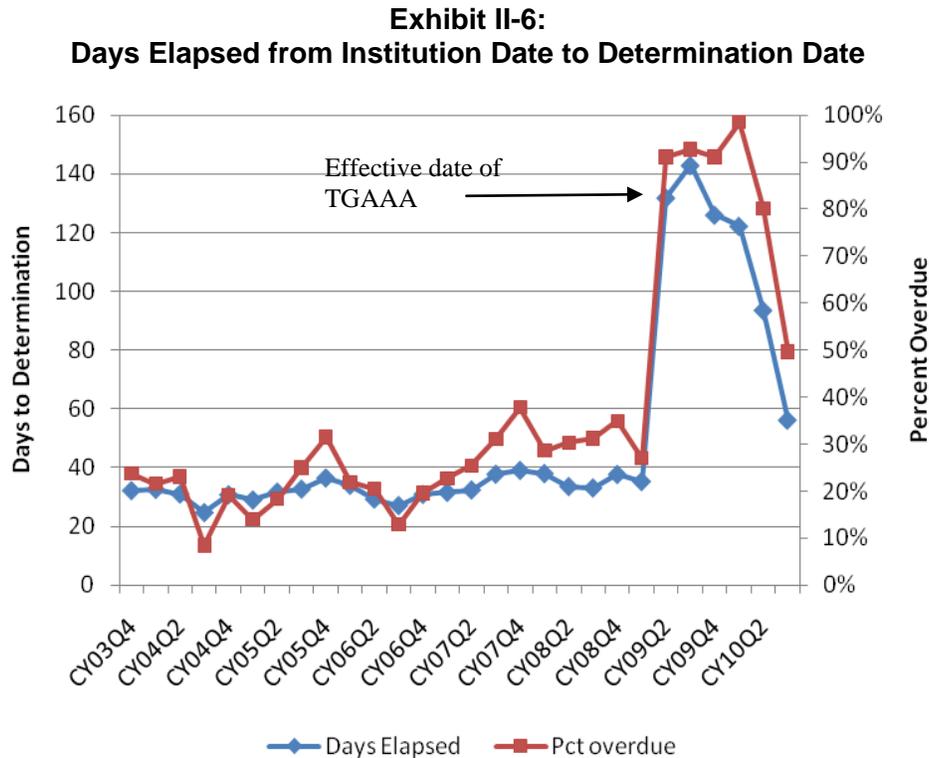


Source: Petition data supplied by ETA.

ETA Determinations

Once a petition is filed, ETA is required by the Trade Act of 2002 to make a determination within 40 days as to whether the petition will be certified for TAA. The tremendous upsurge in petition filing following the enactment of TGAAA (as shown in Exhibit II-1) placed considerable strain on ETA’s investigators, leading to substantial delay in certification decisions. As Exhibit II-6 notes, ETA was quite prompt in making determination decisions in the years leading up to the effective date of TGAAA, with the average time from the petition’s institution date to its determination date well under 40 days (read off the left axis of the exhibit) and with about 20 percent to 30 percent of determinations classified as overdue (read off the right axis). However, the time gap from the petition’s institution date to its determination date increased dramatically, with the average time to a determination date exceeding 140 days and with more than 90 percent of decisions overdue in the quarters after

the effective date of TGAAA. By late 2010, though, ETA succeeded in bringing its determination time down to more normal levels.



Source: Petition data supplied by ETA.

Note: Chart plots the average days elapsed from the petition’s institution date to the determination date, by the calendar year and quarter of the petition’s institution date. Decisions for some petitions filed in the latter quarters covered by this chart have not been made, so average time to a determination for these quarters is somewhat understated.

All of the 14 states visited commented with dismay on the delay in ETA’s petition certification decisions. Although they all recognized the tremendous strain ETA was under given the vast surge in petitions since TGAAA, and all noted that firms were not always cooperative with ETA’s investigators, they spoke of the considerable problems that the delays caused to the effective management of their TAA programs. In particular, delayed certification

- made it more difficult for states to obtain lists of affected workers from employers (the so-called certified worker lists, discussed below), since, by the time petitions were certified, some firms had shut their doors;

- made it more difficult to contact affected workers on the lists to advise them of their potential TAA eligibility, since the workers themselves sometimes had relocated and, hence, were no longer at the addresses provided by the employers;
- delayed workers' access to TAA benefits and services, including entrance into training, as their layoffs might have occurred many months before certification; and
- narrowed workers' training choices, as some workers started receiving training under the WIA Dislocated Worker Program while the TAA petition under which they were covered was pending (WIA often has lower training caps than TAA and restricts training choices to the WIA Eligible Training Provider List).

In addition to noting problems caused by the delays in certification, several respondents in One-Stop Career Centers also identified challenges caused by the processes by which they were notified when a petition was certified. For example, some respondents commented that, once a petition was certified, it could take several weeks before they were notified; in the meantime, workers who found out about the certification on their own came to the One-Stop Career Centers seeking services, leaving the centers caught unaware. Because ETA provides a weekly notification by email to each state to report final case determinations, the problem might very well be one of state officials not communicating in a timely way to their staff stationed in field offices.

Another problem related to lapses in communication was that the certification notices did not include a copy of the petition form itself. Lacking the petition form, field staff did not have an estimate of the number of affected workers, which caused challenges in deploying staff to ensure there was adequate capacity to handle the likely customer inflow. The TAA legislation requires that petitions be filed simultaneously with ETA's Trade Office and with each state's Dislocated Worker unit. Thus, states should have copies of the petitions on file, but, apparently, these are not always accessible to field staff.

Again highlighting poor communication, respondents mentioned that it would be helpful for them to know which of the certified firms' locations were affected. Notifications sometimes provided only the location of the firms' corporate headquarters, meaning that, for firms with multiple locations, state staff did not always know which specific unit was experiencing the dislocation.⁸

⁸ Notifications provide information on the location to which the worker group reports. The problem occurs when the affected workers report directly to company headquarters, in which case this location will be listed. However, a new petition form was introduced which asks petitioners to specify both the address of the headquarters and the location of the affected worker group, which should obviate the problem when field staff access the petition itself.

Finally—and perhaps to be expected given the volume of petitions ETA was handling—states mentioned that on some rare occasions ETA apparently lost or mishandled petitions and needed to request a re-filing.⁹

Worker Notification

By law, states are required to notify workers affected by a certified petition. The two steps in this process are obtaining lists of affected workers from employers (referred to as certified worker lists) and notifying workers whose names appear on the lists.

Obtaining Certified Worker Lists

The process that states used to obtain certified worker lists from employers once a petition was certified was quite similar in each of the states visited—once the state received notification of a certification, one or more people in the states’ central offices, often the TAA Coordinator or Rapid Response staff members, contacted the employers to obtain the lists (in one exception, Michigan devolved this authority to staff in the local One-Stop offices). Overwhelmingly, employers appeared to have cooperated with these requests, with most states estimating that they received lists from 90 to 99 percent of affected firms (in an exception, one state estimated its success in getting worker lists at just 80 percent). Where there were problems, it was often because the company had already closed or had experienced previous waves of dislocations, leaving the firm’s human resources (HR) department severely depleted. Other problems mentioned are noted below.

- On average, service-sector firms were somewhat more hesitant about supplying lists than manufacturing firms. As noted earlier in this chapter, these firms were less knowledgeable about the TAA program and questioned whether supplying lists violated workers’ confidentiality or would saddle the firm with other burdens down the line.
- Temporary employment agencies tended to be significantly less cooperative.
- Smaller firms, which tend to lack HR capacity, were also less cooperative on average.
- Some firms were uncooperative because they wanted to leave open the possibility of calling back workers in case work orders unexpectedly increased.
- When petitions were filed by worker groups (rather than employers), employers tended to be significantly less cooperative.

⁹ ETA reported that it has since instituted quality control procedures to eliminate these occurrences.

When employers did not provide lists, states mentioned several strategies they used to identify affected workers. One method was to assemble lists from UI claims files, by matching the employer identification information from the claimants' claims records with the employer name identified on the petition; one state mentioned that this strategy could be reliably used only when the firm operated at a single location within the state and all workers at that location were affected. Other methods included press releases and media announcements. Finally, it was mentioned that in communities that had experienced previous waves of trade-related dislocations many affected workers were aware of TAA benefits and services and would seek services even without having received formal notification of their potential eligibility.

As noted in the above discussion, the overwhelming majority of firms were cooperative in supplying worker lists, and when they were uncooperative, states used other means to identify eligible workers. But, to make assembling the lists easier still, one state suggested that lists be included along with the petition at the time the petition was filed; in that way, at least the difficulty of obtaining lists from firms that discontinue operations by the time the petition is certified will be obviated.

Recognizing that TGAAA expanded eligibility for training services to include pre-layoff training for workers threatened with separation, the research team asked state respondents about the instructions they gave to firms concerning which workers to include on their worker lists. Although the respondents we spoke with were not always sure how their states approached this task, states' practices appeared to vary markedly. In some states, firms were instructed to include on the worker lists just those workers who had already experienced separation at the time the list was being assembled. In other states, state officials explicitly instructed firms to be sure that the lists covered not only workers who have been separated but also those threatened with separation. Finally, in one state, firms were instructed to include on the list all workers employed by them anytime from the petition's impact date up to the date the list was being assembled; in following this practice, the state aimed to ensure that it would have a more complete list of potentially affected workers should there be subsequent waves of layoffs.

This latter state's practice raises the question of how ardently other states update their lists when additional layoffs occur, particularly those states whose initial lists typically included only those workers who had already suffered job loss at the time the list was first assembled. In general, it seems that states predominately relied on firms to take the initiative in updating their lists when more workers were laid off, a practice that perhaps does not display a desired level of proactiveness on the states' part. On the other hand, if a worker who was not on an affected firm's certified worker list applied for services at a One-Stop Career Center, the state would take this as an indication that the employer needed to provide an updated list and would encourage it to do so.

Contacting Workers

Once it receives a certified worker list, every state mails a letter to workers on the list informing them of their potential eligibility for TAA benefits and services. In all states but two, these letters were mailed from the state central office, and typically were generated automatically. In one state that was an exception, the state central office generated the letters and forwarded them to the relevant local offices, who customized the letters by identifying a time and place for workers to report to attend a TAA orientation session. In all states, the letters were typically mailed one to three weeks after the state received the worker list.

The letters were generally similar, describing in general terms the services that eligible trade-affected workers could access. However, there were some key variants regarding the instructions provided. In most states, the letters instructed the workers to contact the nearest One-Stop Career Center as soon as possible to confirm eligibility and initiate receipt of services. The time sensitivity of applying for benefits was often emphasized. For example, one state encouraged workers to schedule an appointment “within seven days of receiving this letter,” while other states explicitly mentioned the TAA program’s deadlines for applying for services.

Sample Portion of One State’s Notification Letter

In determining your eligibility for TAA services and benefits, you must apply for a determination of eligibility at the One-Stop Career Center nearest you. A listing of all offices and the phone numbers are on the reverse side of this letter. Additional information can be found at the website provided below. Please call to schedule an appointment and bring this letter with you at the time of your appointment. Workers who receive this letter residing in another state or who plan to move to another state should present this letter at the nearest One-Stop Career Center office.

All benefits must be approved in advance. There are certain requirements and critical dates that must be considered to receive the full potential of your TAA services and benefits. It is important that you contact your local office to make an appointment to determine your benefits as soon as possible.

In other states, workers were given a date and time to report to a TAA orientation session or Benefit Rights Interview. For example, as mentioned above, in one state the letters were customized, instructing each worker to report at a specific time and place. In another state, the letter mailed from the central state office was followed up by another mailed out from the local One-Stop Career Center providing a date and time for a TAA orientation session. Where layoffs had not yet occurred and the employers were cooperative, orientation sessions were held at worksites and sometimes TAA and TRA eligibility could be determined on the spot.

One state’s notification process was significantly different from the others studied. In this state, the letters instructed workers to phone the UI call center and mention that they received a TAA

notification letter. The call center in turn notified the local One-Stop Career Center, who then contacted the worker to set up an orientation session. A significant problem with this arrangement, at least during the economic downturn, was that the state's UI call center was overwhelmed with calls and sometimes it took days for a worker to get through. Frustrated workers who tried to bypass this step by reporting directly to a center were told to return home and phone the UI call center first.

We inquired about special practices that states might take to promote greater take-up of services, and a few were identified. Local office case managers in three states we visited mentioned one innovative practice: they sometimes telephoned workers who did not respond to the notification letters, encouraging them to apply for services and inquiring about reasons they were reluctant to do so. Although this practice appeared to increase take-up significantly, it was applied only sporadically because it was very resource-intensive and was practical at best only for very small dislocations and for case managers who were not already overwhelmed with large caseloads. Perhaps more practical but also not used commonly was a practice mentioned by several states in which the state would mail second or third notices to workers who had not responded to their first notification letters; one state made sure to do so a bit in advance of the 26-week deadline to establish TRA eligibility, emphasizing to workers the importance of responding promptly.

As another potentially promising practice, Texas entered all workers on the certified worker lists directly into TWIST, its workforce management information system; each entry included the applicable petition's certification date and impact date and the affected worker's layoff date (if separation had already occurred) and enrollment deadlines. Eligibility for TRA was simultaneously established and entered into TWIST as well. In this way, when workers applied for TAA services at a One-Stop Career Center, case managers could instantly obtain information regarding the workers' eligibility, regardless of whether workers had their notification letters in hand.

Most states also had well developed strategies to ensure, to the extent practical, that workers received the notification letters intended for them. For example, several states mentioned that they accessed their UI data systems to obtain updated addresses for workers when there was evidence to suggest that the worker had moved, such as when a letter sent to the address provided by the employer was returned undelivered. Another state updated addresses even before the initial mailing, using information from its UI database and other sources; as a consequence, it reported that no more than two percent of the letters it mailed out were returned unopened. Additionally, media announcements were used, particularly when the state was unable to obtain a certified worker list from an employer.

As an example of another noteworthy practice, some states made efforts to reach non-English speakers. For example, although letters were generally mailed out only in English, one state mentioned that it also mailed letters in Spanish if Rapid Response identified a significant number of monolingual Spanish speakers at an affected firm. A few other states also mentioned that they mailed the notification letters with an insert in multiple languages (up to 30 languages in one case) with information about whom to contact to have the letter translated. Nonetheless, these efforts seem limited overall, placing limited-English speakers at a considerable disadvantage.

Finally, one state had a contract with a nonprofit organization to help the state market the program and address affected workers' questions about it. However, this organization was usually used only in the case of large layoffs and primarily to field questions about HCTC eligibility.

Summary and Conclusions

There was a dramatic surge in petitions certified since the enactment of TGAAA, from an average of roughly 350 per quarter to more than 700 in the quarters just after the effective date of TGAAA. However, rather than being caused by the expansion of eligibility, this increase likely had more to do with the upsurge in dislocations associated with the economic downturn and the fact that petition filers delayed filing until the TGAAA provisions took effect. In fact, the filing of petitions on behalf of worker groups in the service sector seemed rather modest in light of figures suggesting that potentially offshorable jobs in the nonmanufacturing sector outnumber those in the manufacturing sector by three to one.

The limited nature of outreach efforts specifically targeted to the services sector (and other newly eligible groups) was perhaps a factor contributing to the modest rate of petition filing by services firms. States relied heavily—in some cases almost exclusively—on Rapid Response teams to inform employers potentially impacted by trade of the availability of TAA benefits and services for their workers. Although the Rapid Response teams' efforts were by all accounts quite vigorous, state respondents reported that employers who had pre-existing knowledge of the TAA program were far more amenable to filing a petition and oftentimes had done so before the Rapid Response team arrived on site. By contrast, those unfamiliar with TAA—particularly true of firms in the services sector—often displayed a reticence or unease about petition filing that could be attributed to their general lack of knowledge about the program.

Once a petition is filed, ETA is required by the terms of the Trade Act of 2002 to make a determination regarding certification within 40 days. ETA consistently met this deadline in the years leading up to the effective date of TGAAA, but the dramatic surge in petitions filed thereafter increased ETA's average decision time to more than 100 days. It successfully reduced this figure to near normal levels by hiring and training additional investigators. In the meantime,

though, states noted that delayed certification caused considerable problems with ensuring workers' timely access to TAA services. In particular, delayed certification made it more difficult for states to obtain certified worker lists from employers, made it more difficult to locate affected workers to advise them of their potential TAA eligibility, delayed workers' access to TAA benefits and services, and could narrow workers' training choices (as when workers started receiving training under the WIA Dislocated Worker Program's more restrictive training guidelines).

Once a petition is certified, the next step in the typical sequence is for states to obtain lists of affected workers from employers, and then notify those workers of their potential eligibility. Employers overwhelmingly cooperated in supplying lists, but there were problems in some instances. For example, employers who had already closed their doors or who had undergone significant depletion of their human resources capacity found it impossible or difficult to respond. Similarly, service sector firms unfamiliar with the TAA program showed more hesitancy, and temporary employment agencies were particularly difficult to induce to cooperate. Problems were also apparent when tensions seemed to exist between workers and employers, as when the petition was filed by a worker group because the employer refused to do so.

State agencies routinely notified workers on the lists, normally by sending workers letters inviting them to contact a One-Stop Career Center for an appointment with a TAA specialist. Media ads were also sometimes posted, or letters were generated for UI claimants who worked at affected firms, especially when employers refused to provide the worker lists directly. Some special efforts beyond these were sometimes attempted (such as telephoning workers who did not respond to letters), but these were usually sporadic because they were too resource-intensive. Similarly, states made some efforts to reach limited-English speakers, but these were likely too limited to overcome workers' unease about applying for services from a program about which they knew little.

In general, then, states' strategies to promote TAA services can be described as highly dependent on workers taking the initiative to apply once notified that services are available. This hands-off approach might be one reason take-up rates were not higher.¹⁰ Other factors mentioned by state respondents as contributing to low take-up are noted below.

- The remote filing for UI in most states removed a natural point of contact between affected workers and the One-Stop Career Centers.

¹⁰ The research team estimated the take-up rate among eligibles to be about 50 percent; lack of knowledge about the program was one reason frequently cited by eligibles who chose not to apply. See S. Dolfen and J. Berk, *National Evaluation of the Trade Adjustment Assistance Program: Characteristics of Workers Eligible under the 2002 TAA Program and Their Early Program Experiences* (2010).

- In many communities impacted by previous waves of trade-affected dislocation, TAA was thought of as a training program, and workers not interested in training did not think to apply for other TAA services.
- Older workers were in general more reluctant to seek services than younger workers, and were particularly unreceptive to the idea of undertaking training.
- The program and its deadlines were confusing and difficult for workers to grasp, especially those who were limited-English speakers or had low literacy levels.
- Emergency and Extended Unemployment Insurance benefits provided workers with an income cushion for up to 99 weeks, reducing their motivation to seek alternative sources of income support or job search assistance.
- Similarly, firms sometimes awarded workers large severance packages, reducing the workers' need for TRA benefits in the short term. Additionally, some firms told workers that if they accepted a severance package they could not be awarded UI benefits.
- Workers in at least some states were very reluctant to be seen as accepting a government "handout."
- Workers covered by a petition certified in another state were difficult to notify.

On the other hand, some factors seem to promote take-up.

- The elimination of the 8/16 rules meant that workers had significantly more time to seek TRA benefits.
- Employers who allowed TAA orientations to occur onsite made workers much easier to notify.
- The weak state of the economy meant that affected workers were more receptive to undergoing training and less likely to assume they could find new employment quickly.
- Aggressive state outreach efforts can be successful in overcoming workers' hesitancy about seeking out services, such as when notification letters were followed up with phone calls or outreach materials were available in multiple languages.

III. ORGANIZATION AND STAFFING OF EMPLOYMENT AND CASE MANAGEMENT SERVICES

Prior to the enactment of TGAAA, the legislation, regulations, and operating instructions governing the TAA program acknowledged the need for “wrap-around” employment and case management services to assist eligible individuals in achieving their training and reemployment goals. ETA’s guidance accompanying the Trade Act of 2002, issued as TEGL 11-02, advised states to make “reasonable efforts” to secure counseling, testing, and placement services for TAA participants through other federal programs, such as through agreements with TAA partner programs—e.g., WIA and Wagner-Peyser. However, employment and case management services were not allowable program costs in TAA, and, as a result, did not draw heavily on TAA funds prior to 2009.

The TGAAA turned a new spotlight on these services, identifying them as critical features of successful service delivery. This legislation and accompanying ETA guidance included three new requirements that directly affected how states should organize and staff their services: (1) TAA participants must be offered a wide range of employment and case management services (TGAAA, Section 1826), (2) states must spend some of their TAA administration funds to provide these services (TGAAA, Section 1827), and (3) TAA-funded program administration, including case management services, must be staffed by state merit employees (20 CFR Part 618). These new requirements were intended to ensure that TAA participants could make effective use of the reemployment and training services to which they were entitled under TGAAA.

In this chapter, we review how the new requirements influenced the organizational arrangements and staffing of the services available to TAA-eligible workers. The next chapter continues the discussion by describing the nature of the services themselves.

Overview of Changes in Staffing Requirements

TGAAA emphasized that TAA participants *must* have access to a wide range of employment and case management activities within One-Stop Career Centers. As shown in Exhibit III-1, available services were to include: comprehensive and specialized assessment, labor market

information, information about training availability, career counseling, and short-term pre-employment services. The goals of these services, as drawn from references in the legislation and accompanying regulations, included the following:

- equitable and consistent treatment of all TAA-eligible individuals;
- identification of customers' needs and interests;
- informed customer decisions;
- customer access to all available services;
- seamless service flow for customers; and
- effective coordination of resources across programs.

To ensure that TAA resources were available to deliver these services, TGAAA required states to expend at least one-third of their TAA administrative budgets on them and authorized the allocation of an additional \$350,000 to each state annually to provide a stable base of funding for these services in even the smallest states.

However, ETA's guidance instructed states to refrain from developing comprehensive stand-alone case management services using TAA program funds.¹ Rather, ETA continued to encourage TAA program administrators to make these services available to TAA participants—to the maximum extent possible—by developing linkages with TAA's partner programs in the One-Stop system. Furthermore, TGAAA classified employment and case management as an administrative expense, subject to the 15 percent cap on TAA administrative expenditures. Thus, many states found that TAA funds alone were insufficient to provide the types of employment and case management services that TGAAA seemed to mandate, reinforcing ETA's encouragement that program administrators should continue their efforts at leveraging from other sources within the One-Stop system.

In a related change, final regulations published in the Federal Register on April 2, 2010 (20 CFR Part 618) require that all staff carrying out administrative functions funded by the TAA program be state employees subject to merit-system standards, as described in 5 CFR 900.603. This administrative rule, which had previously been in force between 1975 and 2004, was relaxed in 2005 to allow states to give non-merit staff (such as WIA staff working in local workforce development areas) responsibility for administering the TAA program. The TGAAA final regulations confirmed that ETA was returning to its earlier requirement for merit staffing—"to

¹ In [TEGL 22-08](#), page A-48.

**Exhibit III-1:
Federal Goals for Employment and Case Management Services in TAA**

TGAAA Provisions

- TAA participants must be offered the following employment and case management services:
 - a) comprehensive and specialized assessments of skill levels and service needs
 - b) development of IEP
 - c) information on training availability
 - d) information on how to apply for financial aid
 - e) short-term prevocational services
 - f) individual career counseling
 - g) labor market information
 - h) information on the availability of support services. (TEGL 22-8, May 5, 2009)
- Personnel engaged in TAA-funded administrative functions, including case management, must be state employees covered by a merit system of personnel administration. (TEGL 1-10, July 2, 2010)
- The services available to workers must be integrated and suit their individual needs over the course of their participation in the TAA program. (TEGL 22-08, May 5, 2009)
- At least one-third of TAA administrative expenditures must be used to support employment and case management services, which are considered subsets of administrative activities.
- No more than 15% of TAA training expenditures may be spent on administrative activities.
- ETA will provide each state with an additional \$350,000 per year to support the delivery of expanded employment and case management services.
- If TAA administrative funds are not sufficient to provide case management services, states must coordinate with other programs (WIA, ES) to fund TAA case management.

Goals

1. States will ensure fair and equitable treatment of all TAA-eligible individuals within and across states.
2. Case management services will “provide workers the necessary information and support for them to achieve sustainable reemployment.” (p. A-48 of TEGL 22-08)
3. TAA program administrators will use TAA funds when needed to ensure that participants have access to high quality case management services.
4. States will refrain from establishing new or stand-alone employment and case management structures for TAA program participants when these services are already available within the workforce development system.
5. States will coordinate delivery of TAA services with existing One-Stop reemployment and case management services; e.g., through co-enrollment and coordination of service delivery.

promote consistency, efficiency, accountability, and transparency” of the services provided to TAA-eligible individuals—and announced that states were to be in compliance with the merit staffing requirement after a transition period ending December 15, 2010.²

There are some differences in the wording of the various documents governing staffing that have bearing on how states are interpreting ETA’s guidance. The preamble to the merit-staffing regulations that appeared in the Federal Register notice (Federal Register Vol. 75 No. 63) notes that ETA “expects that the primary delivery of case management services for TAA participants will be through TAA-funded State merit staff.” However, the regulations themselves, and TEGL 1-10, issued on July 1, 2010, to promulgate the new regulations to the field, make no mention of this as a requirement and announce instead that “a state must engage only state government personnel to perform TAA-funded functions undertaken to carry out the TAA program.”

Staffing Practices

Designing a staffing plan for the delivery of services to TAA-eligible participants has historically been challenging, for several reasons. First, the rules governing both TAA eligibility and the delivery of services to trade-affected workers are extraordinarily complex. This complexity requires states to make substantial investments in staff training and supervision to ensure that individuals managing the delivery of TAA-funded services are following program rules accurately and consistently. Moreover, the fluctuating volume of trade-affected workers seeking TAA services makes it difficult to maintain a staff dedicated to the TAA program within each local area.

The fluctuating need for TAA staff—in combination with the federal emphasis on using coordination linkages with other programs to share the delivery of case management to TAA participants—often results in TAA case managers having only part-time TAA job responsibilities. To maintain full-time jobs, TAA case managers often serve participants from several different programs (e.g., WIA and TAA) or combine TAA case management with another job function within a One-Stop Career Center (e.g., providing job search services to ES customers). An alternative solution to the TAA staffing challenges used in two states is to assign some TAA case managers to a “roving” regional team that can be deployed wherever the demand for TAA services is highest during a particular period.

² The Omnibus Trade Act of 2010, enacted by Congress on December 29, 2010, delayed enforcement of the merit staffing requirements until no sooner than February 13, 2011. Three states—Michigan, Colorado, and Massachusetts—are exempt, in full or in part, from the merit-system staffing requirements for their TAA programs, because they have received federal permission to administer all Wagner-Peyser-funded services with non-merit staff.

Below, we describe the organizational and staffing approaches that states developed to provide case management to TAA participants, with particular attention to changes that states initiated or were planning in response to the requirements of TGAAA. We examine how states

- allocated authority for various TAA administrative functions between centralized state-level administrators and staff at the local service delivery level;
- organized the delivery of case management services to TAA participants at the local level;
- developed coordination linkages with the WIA program and others to increase the range of employment and case management services available to TAA participants;
- responded to the increased levels of TAA program activity that they experienced since the TGAAA amendments were passed; and
- paid for the employment and case management services provided to TAA participants.

Assigning Decision-Making Authority

Authority for decision making and customer interactions associated with TAA can be described with respect to the following functions: providing broad policy oversight and technical assistance, approving training plans, and providing primary case management services to TAA participants. Each is discussed in turn.

Policy Oversight and Technical Assistance

States' organizational practices for providing TAA policy oversight and delivering technical assistance did not change in response to TGAAA. Exhibit III-2 shows that all 14 states we visited designated individuals within the state-level TAA program unit to be responsible for providing policy oversight, technical assistance, training, and monitoring for the field staff who serve TAA participants at local One-Stop Career Centers. The state TAA Coordinator was usually the lead policy arbiter in the state and worked in coordination with the head of the state workforce division or agency within which the TAA program was located.³ Centralizing key policy decisions within the state TAA program unit is a strategy that permitted states to exercise a high level of control over the delivery of services to TAA participants.

³ Sometimes authority for TRA benefits was located within the same division of the state agency as the TAA program; however, often TRA benefits and TAA services were administered by different agencies or different divisions of a single state workforce development agency.

**Exhibit III-2:
State vs. Local Roles in TAA Administration
At the Time of the Site Visit**

Who Has Responsibility for Activity	Activity		
	TAA Policy Oversight and Technical Assistance	Approval of Individual Training Plans ^a	Primary Case Management ^b
Merit staff at state level	all 14 states	6 states	
State merit staff in One-Stop Career Center		3 states	6 states
WIA or contractor (non-merit) staff in One-Stop Career Center		4 states	3 states
Mix of merit staff and non-merit staff in One-Stop Career Center			3 states
Dual team of state merit and WIA (non-merit) staff in One-Stop Career Center			1 state

^aThe number of states shown in this column is only 13, because it was difficult to categorize one state. Although merit staff were always responsible for the approving training plans in this state, training plans were approved by staff in the state TAA office for some local areas and delegated to local merit staff working within One-Stop Career Centers in other local areas.

^bThe number of states shown in this column is only 13 because it was difficult to categorize practices in one state. This state used a dual case manager system (with both WIA and Wagner-Peyser staff designated as primary case managers) in some local areas and used Wagner-Peyser staff as the primary case managers in the remaining areas.

Several states supplemented state-level policy oversight and technical assistance of the TAA program with oversight and technical assistance at the sub-state regional level. For example, in Ohio, regional TAA “subject matter experts” in each of seven regions acted as intermediaries between local customer service representatives and the staff within the central TAA unit. As another example, California created several TAA “division coordinators” within each of three state regions. These coordinators reported to the TAA State Coordinator and helped provide policy oversight and guidance to state merit staff responsible for the TAA program at the local service delivery levels. The TAA division coordinators in California also helped develop coordination agreements with LWIAs for the delivery of services to TAA participants.

Approval of Individual Training Plans

Approval of individual training plans can be considered a primary TAA administrative function, and, if so, should be carried out by state merit staff, according to one interpretation of the

regulations issued by ETA. At the time of the site visit, ten of the fourteen states visited believed that their training plan approval practices were in conformance with the merit-staffing requirement and did not plan any changes in these practices. Six of these states reserved all decisions about approval/disapproval of individual training plans for state staff in the central TAA program unit. Another three states delegated the approval or disapproval of individual training plans to state merit staff serving as TAA case managers in local One-Stop Career Centers. The tenth state referred training plans to the state TAA unit staff for approval in some local areas; in other local areas, this state delegated authority for approving training plans to local state merit staff.

The remaining four states were using non-merit staff to make decisions about whether to approve individual training plans for TAA participants at the time of the site visit.⁴ Three states delegated all authority for approving TAA training plans to WIA case managers. The fourth state permitted local WIA staff to approve individual training plans, but required any recommendations for disapproval of an individual training plan to be reviewed and the final decision made by state-level staff in the state TAA unit.

Providing Primary Case Management Services

In this report, we identify the “primary TAA case manager” as the person who is responsible for (1) initiating services to an individual, once he/she has been determined to be eligible for the TAA program, and/or (2) coordinating the delivery of the services specified in the individual’s service plan, including making referrals to partner One-Stop programs for available services. As shown in Exhibit III-2, the fourteen states of the ones visited had developed four different case management models. The different case management models are described in detail in the next section.

Staffing Primary Case Management Services to TAA Participants

As shown in the first column of Exhibit III-3, the four different models of primary case management we observed were these:

- *Wagner-Peyser Staff as Primary TAA Case Managers.* State Wagner-Peyser employees working in local One-Stop Career Centers served as the primary TAA case managers.
- *WIA Staff as Primary Case Managers.* Staff employed by the organization responsible for WIA case management provided primary case management to TAA participants.

⁴ Three of the four states in this group were in the process of redesigning the organization and staffing of their TAA programs to bring their practices into compliance with the TGAAA merit staffing regulations. The remaining state is exempt from the merit staffing requirement.

**Exhibit III-3:
Characteristics of Case Management Models
and their Distribution Among States**

Characteristics				
Case Management Model^a	Case Managers Dedicate 100% Time to TAA Customers	Case Managers Have Mixed TAA/WIA Caseloads	Agency Employing Case Managers Receives Some TAA Admin Funds	Other Funds Supporting Primary TAA Case Manager
State Wagner-Peyser agency employees as primary case managers (6 states)	Yes: 1 state No: 3 states <i>Depends on volume of TAA customers served in each local office: 2 states</i>	Not applicable	Yes: 6 states	<i>Wagner-Peyser funds: 6 states</i>
Employees of WIA program operator as case managers (3 states)	No: 2 states <i>Depends on volume of TAA customers served in each local office: 1 state</i>	Yes: 2 states <i>Depends on volume of TAA customers served in each local office: 1 state</i>	Yes: 2 states ^b No: 1 state	<i>WIA funds: 3 states Wagner-Peyser funds: 1 state</i>
Undifferentiated One-Stop Career Center staff as case managers (3 states)	No: 1 state <i>Depends on client flow in local One-Stop Center: 1 state</i>	Yes: 1 state <i>Depends on client flow in local One-Stop Center: 2 states</i>	Yes: 3 states ^c	<i>WIA funds: 2 states General One-Stop pooled operations funds: 1 state Wagner-Peyser funds: 1 state</i>
Dual case managers (1 state)	No	Yes	Yes: (Wagner-Peyser agency case manager) No: (WIA agency case manager)	<i>WIA funds Wagner-Peyser funds</i>

^aOnly 13 states are included in this chart. The 14th state could not be categorized because it used a dual case manager system (with both WIA and Wagner-Peyser staff designated as primary case managers) in some local areas and used Wagner-Peyser staff as the primary case managers in the remaining areas.

^bOne of the two states that was using TAA funds to support WIA program staff members is exempt from the merit staffing requirement. The other state passed down a share of its TAA administrative budget to the LWIAs with which it contracted for the delivery of TAA services. This state was in the process of redesigning its TAA service delivery arrangements to bring them into conformity with TGAAA requirements.

^cIn these three states, One-Stop Career Center operators integrated caseloads for all customers and allocated cases across all case management staff within the One-Stop Career Center. In one state, some merit staff members who worked as case managers within One-Stop Centers billed time to TAA administrative funds, in order to meet the TGAAA requirement that one third of administrative funds be used for employment and case management services. In the remaining two states, staff members providing TAA case management services did not bill time directly to TAA funds, but the One-Stop operator received some TAA funds, which were added to the administrative pool to support general administration of the TAA program.

- *Undifferentiated One-Stop Staff as Case Managers.* Any of the staff members working in the One-Stop Career Center may have been assigned to be the primary case manager of a TAA-eligible customer, based on who was available to take on a new case when a customer first arrived at the One-Stop Center to request services.
- *Dual Case Managers.* Each TAA-eligible customer interested in training had two primary case managers within the One-Stop Career Center, one who was a state employee and one who was a WIA (non-merit) case manager.

In ten of the fourteen states, the staffing arrangements for delivery of primary TAA case management services remained stable since the passage of the TGAAA. As described below, four states were wrestling with redesigning their systems of primary case management staffing to come into compliance with the merit staffing requirements linked to TGAAA.⁵

Model 1: Using Wagner-Peyser Staff as Primary TAA Case Managers

At the time of the site visits, 6 of the 13 states used state merit staff as the primary providers of on-site case management to TAA participants, and one additional state used this model in some of its local areas. None of these states was planning any changes to the TAA case management staffing patterns in response to TGAAA.

Based on the information obtained during the site visits, it appears that only one of these states created case manager positions that were dedicated to TAA participants. In this state, TAA program managers used the increased TAA funding available for administration and case management to hire twelve new state Wagner-Peyser agency staff to work in the One-Stop Career Centers in the three LWIAs in the state with the highest levels of trade-related layoffs. Because program managers were able to hire new staff for these positions, they recruited individuals who had case management or human resources experience. (In the remaining local areas in this state, TAA case management was provided by regional Wagner-Peyser staff who “floated” among local areas as needed.)

In the remaining five states that used state Wagner-Peyser agency staff as primary TAA case managers, responsibility for case management of TAA participants was usually assigned to existing Wagner-Peyser agency staff. Unless they were working in a local One-Stop Career Center that served a particularly high volume of TAA-eligible individuals, TAA case managers

⁵ One state managed all services for individual TAA participants using staff assigned to the state TAA unit until early 2009. During 2009, prior to the site visit, this state devolved responsibility for TAA case management to Wagner-Peyser staff within local One-Stop Career Centers in order to make the program more visible and recruit more TAA-eligible workers to the program. Although the decision to decentralize the staffing of TAA case management coincided with the passage of the TGAAA, the decision was not made in response to the 2009 amendments.

often carried out additional job assignments, such as staffing the resource room or monitoring the job search efforts of UI recipients.

One of the advantages of having TAA case managers who were assigned only part-time to the TAA program was that their TAA job assignments could expand and contract to fit the fluctuating demand for TAA case management services. However, during the economic downturn, a number of different programs within One-Stop Career Centers experienced an unusually high customer demand for services. Some of the states we visited reported that, in this environment, TAA case managers were sometimes pulled away from their work with TAA participants to serve other customers who needed services from Wagner-Peyser staff.

Model 2: Using WIA Staff as Primary TAA Case Managers

Three states were using WIA staff as the primary TAA case managers at the time of the site visits. One of these states could continue this staffing arrangement because it has a waiver from the merit-staffing requirement. The remaining two states in this group were preparing to reorganize their delivery of TAA case management services to conform to the merit-staffing requirement. In one of these states, state merit staff working within the local One-Stop Career Centers were being trained to take over case management responsibilities from WIA case managers. In the two remaining states, the new staffing plans had not yet been finalized when the site visits occurred.

In the three states where WIA staff were serving as TAA case managers, the TAA case managers were cross-trained in both WIA and TAA program regulations and generally had mixed TAA and WIA caseloads. In some locations with high TAA caseloads, however, some WIA case managers were designated as “TAA specialists.” These TAA specialists usually served caseloads that had higher concentrations of TAA participants than other case managers and were available to advise other WIA case managers about the intricacies of the TAA program when necessary.

The two states that needed to reorganize the staffing of their TAA case management services to conform to the merit-staffing requirement were considering several alternative organizational approaches at the time of the site visits:

- Train existing merit staff within the One-Stop Career Center to take over responsibility for providing primary case management services to TAA participants.
- Hire new merit staff as primary TAA case managers in the local areas expected to have the greatest number of TAA-eligible workers; use existing regional ES staff as a mobile task force that could move to areas of TAA activity throughout the rest of the state.

- Designate a merit staff person working at the regional or state level as a second-level reviewer of training plans and have local WIA staff continue to work with TAA participants to develop initial training plans.

Model 3: Using Generalist Staff Within One-Stop Career Centers as Primary TAA Case Managers

In three of the states visited, many of the program funding streams available to support workforce development program staff at the local level were combined and allocated to local LWIAs as undifferentiated funds supporting generalist staff members who served all One-Stop Career Center customers. The TAA program in these states allocated a portion of the state's TAA administrative funds to each LWIA, where these funds made up a small part of the general One-Stop operations funding that supported One-Stop Career Center staff.⁶ In the third state, TAA administrative funds were not allocated to LWIAs, but some Wagner-Peyser staff working within the One-Stop center billed time to TAA funds. Within the One-Stop Career Centers in these states, case managers were no longer identified primarily by their affiliation with a specific funding stream, but were assigned to specific job functions and caseloads based on other criteria (e.g., how to effectively deliver all the services provided by the One-Stop Career Center). One-Stop staff assisted individual customers in enrolling in as many programs as they were eligible for and helped them to combine the services available from these programs to achieve their individual training and employment goals. Because of the complexity of the TAA program, local One-Stop Career Centers in these states sometimes designated a certain number of One-Stop case management staff to be "TAA specialists." Often, even when One-Stop Career Center case managers were TAA specialists, they served mixed caseloads (individuals who were eligible for a broad range of programs).

In one state in this category, the delivery of all Wagner-Peyser services at the local level was delegated to local One-Stop Career Center staff. In this state, Wagner-Peyser funding flowed to the local WIB and to its One-Stop Career Center operators, where it was used to hire staff to carry out ES functions. Because this state received a federal exemption from the requirement to use state merit staff for the delivery of its Wagner-Peyser services, it was also exempted from the TAA merit-staffing requirement.

In the other two states in this category, some individuals who served as TAA case managers were state merit staff, but others were employed by the local One-Stop operator or other local partners within the One-Stop Career Centers. One of these states believed that it was in

⁶ One interesting question is whether the TGAAA regulations allow these states to use TAA administrative funds to support the local One-Stop Career Center staffing for the delivery of local case management services to TAA participants, since the individuals providing these services were not all state merit staff.

conformity with the TAA merit-staffing requirement, because it required individual TAA training plans to be reviewed and approved by state merit staff in the central TAA program unit. The other state was working to shift TAA case management responsibilities so that only state merit staff within the One-Stop Career Centers would serve TAA participants.

Model 4: Using Dual TAA Case Managers

One of the states developed a model in which the responsibility for managing TAA cases was shared equally or rotated between a state Wagner-Peyser employee and a WIA staff member.⁷ In this state, both WIA and Wagner-Peyser staff attended initial orientations for TAA participants and described the services available to individuals eligible for the TAA program. At the end of the orientation, TAA-eligible individuals indicated whether they were interested in training or in immediate job search. Individuals who indicated the latter preference were referred to a Wagner-Peyser staff member for an initial assessment and management of job search supports. Individuals who indicated that they were interested in training were referred to a WIA case manager for an initial face-to-face counseling session and guidance in developing an individual training plan. Although this initial referral determined what staff would manage the initial assessment and the first stage of service planning, the initial case manager did not necessarily become a permanent TAA case manager. Both Wagner-Peyser and WIA staff had access to the same online case management system and made entries to this system to document their contacts with each TAA participant. TAA participants moved freely back and forth between Wagner-Peyser and WIA staff as they developed and refined their reemployment goals. Furthermore, both WIA and Wagner-Peyser staff supported TAA participants during the job search process, whether or not the participant participated in training. At the time of the site visit, state-level TAA managers were still working closely with ETA to determine what staffing changes would be necessary to bring their case management practices into compliance with the TGAAA requirements. One change that was being considered was adding a process of higher-level review and approval of individual training plans by merit employees in the regional offices of the state's Wagner-Peyser agency.

Coordinating Between TAA and Other One-Stop Programs

As previously noted, ETA's guidance encouraged states to draw on the resources available from other partner programs within One-Stop Career Centers and discouraged states from developing their own free-standing comprehensive case management services using TAA program funds. Moreover, case management costs were to be categorized as administrative rather than direct

⁷ As previously mentioned, another state used a dual case management model in some of its local areas.

service costs under TGAAA, and the legislation continued to cap TAA administrative expenditures at 15 percent of training expenditures.

As a result, TAA program managers were incentivized to develop close relationships with other programs represented within the One-Stop Career Center—particularly Wagner-Peyser and WIA—to make sure that TAA participants had access to the full range of required case management services as well as any additional services that might have been available from other programs. Because WIA co-enrollment is not automatic and may require coordination between staff working for different agencies, ETA is particularly interested to know the extent to which TAA customers were co-enrolling in WIA.

It is also important to ensure that TAA participants were registered in the ES system so that they could receive the wrap-around services available from Wagner-Peyser-funded staff. However, because registration for Employment Services was required before individuals could begin drawing unemployment insurance benefits, high co-enrollment in Wagner-Peyser services was not difficult to achieve.

State Policies Regarding Co-Enrollment in WIA

Since 2005, ETA strongly encouraged states to promote co-enrollment of TAA participants in the WIA program. Exhibit III-4 summarizes the co-enrollment policies of the 14 study states at the time of the site visits. As shown in Exhibit III-4, six of the 14 states visited had a formal state policy mandating co-enrollment of all TAA participants in the WIA program.⁸ In one of these states, “a program integration pilot” called for 100 percent co-enrollment of TAA participants in WIA in 13 of the state’s 30 local areas, but did not require co-enrollment in the remaining 17 local areas. At least three other states had informal policies encouraging the co-enrollment of TAA participants in WIA.

Some states changed their formal and informal policies regarding WIA co-enrollment in recent years. Several factors, including the TGAAA case management requirements and changes in the perceived adequacy of the relative funding levels of the two programs, seem to have caused some states to rethink the relationship between the TAA and WIA programs. For example, two of the three states that had been using WIA staff as primary TAA case managers eliminated their state’s requirement for 100 percent co-enrollment of TAA participants in WIA, coincident with the passage of TGAAA and the merit staffing rule. These states were still unsure about how the relationships between TAA and WIA would change as they increased the responsibility of state

⁸ Most, TAA-eligible individuals are also eligible for WIA-funded services. Exceptions include males who have not registered for selective service (including foreign nationals), individuals working for a TAA-certified firm who are at risk of dislocation but have not yet been laid off, and individuals who have reduced work hours due to participation in an approved Job Sharing program.

merit staff and reduced the responsibility of WIA case managers for the case management of TAA participants. In contrast, two states that had been using Wagner-Peyser staff as primary TAA case managers placed increasing emphasis on co-enrolling TAA participants in WIA, in order to increase participants' access to additional services available within the One-Stop Career Center.

**Exhibit III-4:
TAA Co-Enrollment Policies and Levels**

State Co-enrollment Policy (Spring of 2010)	Levels of Co-enrollment in WIA (for those who exited in CY2009)					
	All TAA Exitters			All TAA Exitters Who Received Training		
	<33% Co-enrolled	33%–66% Co-enrolled	>66% Co-enrolled	<33% Co-enrolled	33%–66% Co-enrolled	>66% Co-enrolled
Co-enrollment of TAA participants in WIA is mandated (6 states ^a)	3 states	1 state	2 states	1 state	2 states	3 states
Co-enrollment of TAA participants in WIA is encouraged (4 states)	2 states	0 states	1 state	2 states	0 states	1 state
No state policy on co-enrollment (4 states)	2 states	2 states	1 state	0 states	2 states	3 states
Totals	7 states	3 states	4 states	3 states	4 states	7 states

Source: Compiled from the Trade Act Participant Report (TAPR).

^aIn one of the states that called for 100 percent co-enrollment, co-enrollment was only mandated within 13 of the state's 30 local areas, as part of a "service integration" pilot project.

Measured Levels of Co-enrollment in WIA

Exhibit III-4 also summarizes the actual levels of co-enrollment in WIA for TAA program exiters reported for calendar year 2009. An examination of this exhibit shows, first, that the actual levels of co-enrollment reported to ETA during this period were generally modest. Across all 14 study states, only 29.7 percent of all TAA program exiters were co-enrolled in WIA, and only 47.1 percent of all TAA program exiters who participated in training were co-enrolled. In fact, seven states reported that less than one-third of all their TAA program exiters were co-enrolled in WIA. Only four states reported co-enrolling more than two-thirds of all TAA

program exiters in WIA, and only two states reported co-enrolling more than 80 percent of all TAA program exiters in WIA.⁹

A second fact apparent from the exhibit is that, across all 14 states, TAA participants were substantially more likely to be co-enrolled in WIA if they participated in training.¹⁰ For example, as shown in Exhibit III-4, more than two thirds of all TAA program exiters were enrolled in WIA in only four states, but seven states reported enrolling more than two-thirds of all TAA program exiters who had participated in training. Six of these seven reported co-enrolling more than 80 percent of all TAA exiters who had participated in training.

A final conclusion is that the level of co-enrollment in any given state appears to have little relationship to the state's policy regarding co-enrollment. This suggests that factors other than state policy were important in determining the extent of co-enrollment in WIA (although unreliability of the data on co-enrollment reported in the TAPR could have a bearing on this lack of correspondence).

Perceived Barriers to Co-Enrollment in WIA

The local areas that appeared to be most enthusiastic about co-enrolling TAA participants in WIA in practice were in the two states that had made the most progress in consolidating different funding streams at the local level to create an integrated One-Stop Career Center staff. Respondents from local One-Stop Career Centers in these states said that their primary focus in serving One-Stop customers was to connect the customer to as many different programs as possible to maximize the resources available to each customer.

In many other states, local area staff reported a number of reasons why rates of co-enrollment of TAA participants in WIA might be low or falling over time. Some state and local area managers expressed these concerns bluntly:

- “Why would we [the local WIA program]... take on the additional burden and work of co-enrollment with no funding, no influence, and no real reason to co-enroll?”
- “We used to strongly encourage local One-Stop centers to co-enroll TAA participants in WIA. This is no longer the case, in part because TAA funds are seen as being more adequate, and... WIA funds may be limited.”
- A staff member in one local area said that because WIA and TAA funds were both being “stretched thin” during the recession, “each program should take care of their own.”

⁹ These data are taken from the Trade Activity Participant Report for those who exited in calendar year 2009.

¹⁰ However, only one state appeared to systematically limit co-enrollment in WIA to individuals who were interested in training.

Exhibit III-5 summarizes the barriers to co-enrolling TAA participants in WIA that were described by respondents at the local level. We have not attempted to assess the validity of each perceived barrier. However, whether or not they are justified, these perceptions appeared to be influencing local co-enrollment practices, in view of the limited levels of co-enrollment that were occurring.

**Exhibit III-5:
Perceived Barriers to Co-Enrollment in WIA**

Barriers Perceived By TAA Program Managers	Barriers Perceived by WIA Program Managers
<ul style="list-style-type: none"> • Discomfort with the philosophical differences between TAA and WIA. (In some states, WIA is perceived as promoting employment after only short-term training; TAA is perceived as being more interested in long-term outcomes, which may require long-term training.) • Reluctance to subject TAA participants to the initial job search period required by WIA to establish lack of employability. • Delays of several weeks in enrolling TAA participants in WIA, due to a backlog of eligibility appointments for WIA case managers and/or the need to submit additional documents to verify eligibility. • Difficulty in reconciling procedural differences between WIA and TAA (e.g., training cost cap, allowable training fields, approvable training providers, approvable duration of training). • Resistance to the need to complete different IEP and MIS paperwork for two programs. 	<ul style="list-style-type: none"> • Worry that TAA participants will “drag down” state’s WIA performance levels. • Worry that co-enrolling TAA participants will prevent WIA from enrolling other dislocated workers in need of services. • Difficulty in reconciling procedural differences between WIA and TAA (e.g., training cost cap, allowable training fields, approvable training providers, approvable duration of training). • Fear that WIA will be liable for training plans over which program has no control. • Distaste for increased workload and paperwork for co-enrolled TAA participants • Resentment of increases in case management costs incurred by WIA program, which is seen as the partner with more limited funding. • Perception that TAA program has more money than WIA and should pay for the bulk of services to TAA participants.

Services Provided to TAA Participants through Co-Enrollment in WIA

TGAAA encouraged TAA program administrators to make case management services available to TAA participants—to the maximum extent possible—by developing linkages with existing case management services available to customers within the One-Stop setting. However, the low level of co-enrollment of TAA participants in WIA in many states made it difficult for TAA managers to develop standardized procedures for coordination of service planning and delivery between WIA and TAA. As a result, coordination of TAA and WIA services was often initiated on a case-by-case basis, in response to individual customers’ service needs.

In all the states, TAA program case managers made referrals to WIA for supportive services (child care and transportation support) for individuals who needed help paying for these services. Beyond that, the range of WIA-funded case management services used by TAA participants varied widely from state to state, as shown in Exhibit III-6.

- Six states used WIA co-enrollment primarily to increase the availability of specific wrap-around services to TAA participants, such as assessment, supportive services, pre-employment services, or job search clubs.
- In contrast, six states used co-enrollment in WIA to implement an integrated case management staffing design, whereby a single case manager approved and coordinated both TAA- and WIA-funded services, making it easy to coordinate services funded from either source.
- Two additional states had developed a standardized procedure for involving both TAA and WIA case management staff in the development, approval, and oversight of individual training plans. In one of these states, if a training plan was approved by the TAA case manager but not by the WIA case manager, the individual would be enrolled in TAA but not in WIA.

Three of the seven states with high levels of co-enrollment in WIA were in the midst of changing their case management staffing plans to come into conformity with the merit staffing requirements for TAA case management. This was expected to result in a loosening of the operational links between TAA and WIA in these states.

Paying for Expanded TAA Case Management Services

Consistent with the discussion in Chapter II, each of the states visited experienced sharp increases in the flow of trade-affected workers into the public workforce investment system during the 18-month period after the passage of TGAAA. Respondents expected the increased inflow of new customers to continue through 2010, given the continued weakened state of the economy and ETA's continued (albeit diminishing) backlog of TAA petitions, and as extended UI benefits began to expire.

Respondents reported that the increased numbers of TAA-eligible workers who sought assistance at One-Stop Career Centers during 2009 and 2010 had created a demand for increased staff effort that moved like a wave through all phases of TAA service delivery. The increased staff workload began with the staff responsible for Rapid Response, and moved on to include state staff responsible for developing lists of certified workers, staff taking UI and TRA applications, staff determining individual TAA and TRA eligibility and approving individual training plans, and local TAA case managers.

**Exhibit III-6:
Services Provided to TAA Participants Through Co-Enrollment in WIA**

Co-enrollment Level^a	State	Services provided to Co-enrolled Individuals by WIA
Low (< 33%)	California	Primarily supportive services
	North Carolina	Pre-vocational services and job search clubs
	Pennsylvania ^b	Assessment and integrated TAA and WIA case management
Medium (Between 33% and 66%)	Arizona	Assessment Assistance with training plan (No career counseling)
	Michigan	Integrated TAA and WIA case management. Sometimes WIA will pay for early training, e.g., if TAA petition not yet certified
	Ohio	In sites that are participating in integrated services pilot, WIA case managers participate in developing and approving training plans for TAA participants
	Washington	Primarily supportive services
High (> 66%)	Illinois ^b	Integrated TAA and WIA case management
	Kentucky ^b	Integrated TAA and WIA case management
	Massachusetts	Integrated TAA and WIA case management
	New York	Integrated TAA and WIA case management
	Rhode Island	Assessment services
	Tennessee	Supportive services Assessment, and case management of training services WIA may share the cost of training services
	Texas ^b	Integrated TAA and WIA case management

^aData in this exhibit are compiled from the Trade Act Participant Report (TAPR) for Calendar Year 2009. The categorization of states in this exhibit is based on the percentage of co-enrollment for participants in training.

^bRole of WIA is in transition due to case management staffing changes required by TGAAA.

To respond to the increased staffing demands created by increased TAA caseloads, states had drawn on their TAA administrative funds, together with additional ARRA funds that flowed to the states through the WIA and Wagner-Peyser programs. Each state also received an additional \$350,000 to help pay for any increased costs created by the TGAAA employment and case management requirements.

Based on the information obtained during the site visits, it appeared that two of the 14 states—Arizona and Rhode Island—were fully covering the costs of locally based TAA case managers

(state merit staff) with a combination of available TAA administrative funds and the \$350,000 case management allocation. These states were funding TAA case management positions in only a small number of local sites. Rhode Island found the \$350,000 extra amount that TGAAA authorized for employment and case management services was sufficient to pay for local merit staff to serve as TAA case managers in its four One-Stop Career Centers. Arizona funded TAA case manager positions throughout three metropolitan LWIAs; it was also using TAA administrative funds to pay for Wagner-Peyser staff in regional offices who were serving TAA-eligible customers in rural parts of the state.

Six of the remaining states indicated that the current level of TAA administrative funding (including the \$350,000 extra allotment) in combination with funding from other partner programs was sufficient to staff the TAA program throughout the state. Significant portions of the cost of the local TAA case management staffing in these states were paid directly by the Wagner-Peyser or the WIA programs. For example, in Washington State, the TAA program directly paid for 42 of the 54 full-time equivalent (FTE) local TAA case management positions throughout the state, while Wagner-Peyser program funds paid for the additional 12 positions. In New York, WIA funds were used to pay for all TAA case management staff at the local level (except for a small number of local Wagner-Peyser staff, who bill time to TAA case management in order to meet the 5 percent case management expenditure requirement). Tennessee directed TAA case managers to bill 3 hours for developing a training contract for a TAA participant; the Wagner-Peyser program picked up the “excess” time billed by TAA case managers.

The remaining six of the 14 states asserted that TAA administrative funds were not sufficient to cover the needed TAA case management staff. All of these states had high levels of trade-related dislocation and a large number of local areas in which TAA activity was occurring. All of these sites expanded their TAA case management staff by using available TAA administrative funds and drawing on funds from partner programs. However in some states, the level of case management staffing they were able to arrange by drawing on all available funding sources was not sufficient to meet the current or expected workload. In these states, the \$350,000 provided to help cover case management expenses was not sufficient to close the funding gap, due to the large number of local areas in which TAA case management services must be provided. The result of insufficient case management funding, some respondents indicated, was that TAA-funded case managers could not spend as much time with each TAA participant as they would have liked and could not devote much attention to supporting participants through the job search process. Several states reported that they used ARRA funds to help support TAA case management positions and that they did not know what would happen when these funds ended. WIA administrators in three states in particular—states in which WIA program administrators were paying for the majority of case management staff working with TAA customers within

local One-Stop Career Centers—were increasingly questioning why they should be paying for the costs of TAA program case management.

Summary of TAA Case Management Staffing Practices

The states visited were using four different models of primary case management for TAA participants:

- *Wagner-Peyser Staff as Primary TAA Case Managers.* State Wagner-Peyser employees working in local One-Stop Career Centers served as the primary TAA case managers.
- *WIA Staff as Primary Case Managers.* Staff members employed by the organization responsible for WIA case management provided primary case management to TAA participants.
- *Undifferentiated One-Stop Staff as Case Managers.* Any of the staff members working in the One-Stop Career Center may have been assigned to be the primary case manager of a TAA-eligible customer—whoever was available to take on a new case when a TAA-eligible individual arrived at the One-Stop Center to request services.
- *Dual Case Managers.* Each TAA-eligible customer interested in training had two primary case managers within the One-Stop Career Center, one who was a state employee and one who was a WIA (non-merit) case manager.

The merit-staffing requirements required only minor changes in case management practices for states that were already using state staff as case managers for TAA participants. However, each of the states that was using non-merit staff members as primary TAA case managers prior to the passage of this new rule had to reexamine its practices to see what changes it needed to make in order to be in compliance with the new case-management requirements. The states most directly affected by these requirements were two states that had been using WIA staff as primary case managers and a third state with a dual case management model that had been using WIA staff to approve individual training plans. The TAA program managers in these three states—which had been benefitting substantially from WIA expenditures for the delivery of TAA case management services by WIA staff—were working closely with ETA to see what changes they would be required to make. These states, and some others, were trying to determine whether they could continue to use non-merit staff to deliver case management services to, and approve training plans for, TAA participants under some circumstances, as long as they did not pay for these services using TAA funds.

As a result of the site visits, we identified two additional issues related to the organization and staffing of TAA case management services:

- A decline in the level of co-enrollment of TAA participants in the WIA program may be underway, particularly in the states that had previously used WIA staff as TAA case managers. It is not clear whether this will hamper the ability of the TAA program managers to make high-quality case management services available to program participants.¹¹
- Some states were concerned that the 15 percent administrative funding cap for the TAA program was not adequate to support the staffing of case management services, even when the TAA program was leveraging funds from partner programs within the One-Stop Career Center.

In the next chapter, we take a closer look at the different elements of TAA case management and how the TGAAA amendments have influenced the content and quality of the case management available to TAA participants.

¹¹ As discussed in Chapter I, ETA's motivation for requiring the use of merit staff is to ensure consistency in the delivery of TAA services, and we saw evidence during the site visits that using merit staff had this desired effect. On the other hand, an unintended consequence is that the merit staffing requirement could dampen the enthusiasm for co-enrollment and joint case planning by TAA and WIA staff, at least in a few states. The study was not designed to determine whether or not merit staffing leads to better participant impacts overall.

IV. DELIVERY OF EMPLOYMENT AND CASE MANAGEMENT SERVICES

The previous chapter highlighted that changes to the TAA program mandated by TGAAA turned a spotlight on case management, identifying it as a critical feature in the delivery of training and reemployment services to TAA-eligible workers. That chapter described the organizational and staffing approaches states developed to carry out case management and other administrative functions, described the changes that were occurring to those structures in light of the various legislative changes, and discussed the interactions between the TAA program and other One-Stop Career Center programs.

This chapter continues to explore the emphasis that TGAAA placed on case management within TAA programs. However, it shifts attention away from the structural components and delivery systems of TAA and focuses instead on the employment and case management services that TAA programs provided. The chapter begins by quickly reviewing the changes in TGAAA that had most bearing on states' delivery of case management services to TAA customers. It then describes the various case management services that states delivered, exploring some of the ways states responded to the new legislation. Finally, the chapter summarizes some of the changes states made in response to TGAAA, points out some remaining obstacles that states were encountering with respect to the delivery of employment and case management services, and identifies some areas where additional guidance from ETA might be of benefit.

Legislative Changes Affecting Employment and Case Management Services

TGAAA outlined eight employment and case management services to which TAA customers were to have access. These eight services were:

1. comprehensive and specialized assessment;
2. assistance with developing individual employment plans;
3. the provision of employment statistics information;
4. information on training, information on counseling to determine suitable training, and information on how to apply for training;

5. information on how to apply for financial aid;
6. short-term prevocational services;
7. information on the availability of supportive services; and
8. individual career counseling, including job search and placement counseling.

These eight elements were not new to the TAA program, but ETA's guidance issued in conjunction with the Trade Act of 2002 (TEGL 11-02) stated only that states must "make every reasonable effort" to secure counseling, testing, and placement services provided for under any other Federal law. By contrast, TGAAA specified that states were "required" to make all eight elements available. TGAAA also expanded the reach of these eight services to include adversely affected incumbent workers and other newly eligible groups, consistent with the expanded eligibility of TGAAA.¹ The legislation also emphasized that TAA funds should be used to provide some case management service elements to TAA customers, rather than simply relying on other funding streams to do so. The net effect of these changes was to further emphasize the role and scope of case management services to be provided to TAA customers.

Case Management During Rapid Response

Consistent with SPR's past research on case management,² this report finds that Rapid Response orientation sessions offered potentially trade-affected dislocated workers their first exposure to information about TAA and paved the way for the case management services that were to come. Specifically, in 11 of the 14 states visited during this round of implementation research, it was specifically mentioned that Rapid Response staff shared a limited overview of TAA services and/or distributed program information in written form, especially when trade was viewed as a possible cause of the dislocation. The Rapid Response team did not share particularly detailed information on the TAA program at these orientation sessions for two good reasons. First, respondents noted that they thought it best to limit information at these sessions so as not to overwhelm or confuse orientation attendees, who were typically also hearing about numerous other One-Stop system services and who were still grappling with the shock of their impending job loss. Second, many workers who attended Rapid Response orientation sessions were not yet (or never would be) eligible for TAA.

Little about this appeared to have changed in response TGAAA. However, discussed by respondents in five states was that Rapid Response staff members were brought up to speed

¹ See Chapter II for a full discussion of the effects this legislative change has had on the TAA program.

² See SPR's *Assessment, Case Management and Post-Training Placement Assistance for TAA Participants* (2009), and *Rapid Response and TAA* (2009).

about the changes to TAA occurring under TGAAA at statewide trainings so as to be better able to communicate those changes to possible TAA customers and employers.

Nonetheless, the Rapid Response orientation sessions set the groundwork for the case management services that followed in several ways. First, worker surveys and background information forms were often collected at these events, which provided case managers with preliminary assessment information on potential TAA customers. In three states, staff discussed using worker surveys to collect information on worker demographics, education and employment history, and interest in pursuing training or job search. This information, as well as attendee contact information, was input into management information systems or preliminary worker files and was available for review when customers scheduled appointments for one-on-one sessions.

Additionally, in nine states the Rapid Response sessions introduced attendees to the case managers for the TAA program, especially when the session were being held for groups of workers likely to be eligible for TAA. One state pointed out that such interactions helped to begin building continuity for trade-affected workers, and another state noted that these sessions were an opportunity for staff to begin scheduling one-on-one sessions with TAA customers. However, despite these advantages, TAA case managers in one state had limited ability to attend Rapid Response orientation sessions in the months leading up to the evaluation's data collection due to their extremely large caseloads. With the recession and increased take-up of TAA due to expanded eligibility, it is possible the other states experienced this limitation as well.

Delivery of the Eight Required Elements

To begin receiving employment and case management services, a customer typically needs to visit a One-Stop Career Center. The sequence of services a customer experiences once there is not usually strictly linear. Although TAA customers do tend to engage in some services, such as assessments, earlier rather than later, other services, such as career counseling or supportive services, may come at any time. Thus, we discuss the eight required elements in the order in which they are referenced in TGAAA, without implying a necessary order of delivery. Note that the findings to be discussed represent a point-in-time snapshot, and that significant changes might have subsequently occurred given TGAAA's sunset.

Assessing Skills, Interests, and Needs

Assessment is one of the first case management services to which TAA customers are exposed. Through a mix of "comprehensive and specialized assessments," as this element is referred to in TGAAA, primary TAA case managers glean important information about TAA customers' "employment barriers and appropriate employment goals," which they can then use as a basis for

building employment and/or training plans for customers.³ All 14 states employed various forms of assessments, which can be broken down into two broad types: initial and comprehensive.

Initial assessments varied somewhat in their content and mode of delivery. In some states or local areas, TAA customers completed forms or information packets, while in others case managers or other One-Stop Career Center staff interviewed customers or worked with them to gather the required information. In either case, these initial assessment tools collected information about customers' employment goals, employment backgrounds, job skills, educational backgrounds, access to transportation, family situations, basic life skills, physical and mental health status, substance abuse issues, and legal issues. As such, these initial assessments of TAA customers fit the definition of the "initial assessments" One-Stop Career Center staff deliver to customers receiving core services.⁴

Assessments that were more comprehensive involved "in-depth interviewing" and "diagnostic testing," as referenced in TGAAA, with the former used to identify customers' employment barriers and goals and the latter using formal basic skills or occupational skills assessments to identify interests and aptitudes.⁵

The path that led TAA customers to a comprehensive assessment depended on factors such as a customer's referral source (e.g., Rapid Response, letter from the TAA program, walk in, etc.), the TAA program's staffing model,⁶ and the customer flow model for the One-Stop Career Center in which the TAA program was housed. In some cases, a customer's primary TAA case manager administered assessments directly. In others, customers participated in assessments through a One-Stop Career Center's centralized intake process prior to meeting their primary TAA case manager. In still others, the primary TAA case manager referred the customer to an assessment expert, either within or external to the One-Stop Career Center.

³ As discussed in Chapter III, the "primary" TAA case manager is the individual most directly responsible for managing the delivery of services to TAA customers and may be funded fully or in part by any of several programs in addition to TAA, including Wagner-Peyser or WIA. The role of the primary case manager is also distinct from that of other case managers with some authority over TAA customers, who exist primarily in a supervisory role, either in local or state offices, and who tend to have responsibility for approving training plans.

⁴ WIA Section 134 (d)(2)(C) refers to an "initial assessment of skill levels, aptitudes, abilities, and supportive services needs."

⁵ The definition of comprehensive assessment in TGAAA is virtually identical to the definition presented for comprehensive assessment as an intensive service in the WIA legislation. WIA refers to "comprehensive and specialized assessment of the skill levels and service needs of adults and dislocated workers, which may include (I) diagnostic testing and use of other assessment tools; and (II) in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals." WIA Section 134 (d)(3)(C)(i).

⁶ See Chapter III for a discussion of TAA program staffing models.

One way to understand how case managers administered assessments is to examine how they assessed different types of customers. As illustrated in Exhibit IV-1, the states visited fell into four categories that vary in how selective they were in employing comprehensive assessments (i.e., both basic and occupational skills assessments).

- Five states administered both initial and comprehensive assessments to all TAA customers as a matter of standard practice.
- Six states administered initial assessments to all customers and reserved comprehensive assessments for those customers who were interested in training.
- Two states employed an even more targeted approach, using comprehensive assessments for only some customers interested in training, and tailoring the assessment process based on customers’ educational backgrounds and other specific needs.
- One state administered comprehensive assessments with enough variability across local areas within the state that it was too difficult to categorize in any of the above ways.

**Exhibit IV-1:
Four Models of Assessing TAA Customers**

	Initial Assessments	Comprehensive Assessments
5 States	All TAA customers	All TAA customers
6 States	All TAA customers	Only TAA customers interested in training
2 States	All TAA customers	Based on individual need and interest
1 State	All TAA customers	Varies by local area

During the course of the site visits, we learned that some states changed their assessment practices in response to TGAAA. For example, two states in the top row of the exhibit moved into that category because they interpreted TGAAA as requiring comprehensive assessments for all TAA participants. While these expanded assessment practices seemed to be taking hold in one of these two states without apparent problems, many staff in the other state found assessing all customers both burdensome and unnecessary, especially for customers not interested in training. Other states in this and other categories used the case management funds authorized by TGAAA to purchase additional assessment instruments and increase the consistency of assessment practices across local areas.

States differed not only in which TAA customers were assessed but also in which staff members administered different types of assessments. Exhibit IV-2 summarizes this latter perspective. The first line of the table illustrates that when it came to initial assessments, as compared to

either formal basic skills or occupational skills assessments, the states in the sample were somewhat evenly divided between those in which WIA staff administered assessments and those in which non-WIA staff (typically Wagner-Peyser staff) did so. Two states operated a shared model in which either type of staff might have been providing an initial assessment. (This breakdown of staff aligns closely to the staffing models outlined in Chapter III. As it turned out, primary TAA case managers were often, but not always, the staff administering initial assessments.)

**Exhibit IV-2:
Types of Assessments States Administer and the Type of Staff Who Administer Them^a**

Type of Assessment	WIA Staff	W-P/TAA Staff^b	WIA and Non-WIA	Training Vendor
Initial Assessment	Seven States	Five States	Two States	No States
Basic Skills Assessments ^c	Eight States	Three States	Two States	One State
Occupational Skills Assessments ^d	Eight States	Three States	Three States	No States

^a Exhibit IV-2 illustrates the type of staff members that administer assessments to TAA customers. It does not provide information on which staff members serve as primary TAA case managers. For the latter, please see Chapter III.

^b As per the staffing models laid out in Chapter III, this column encompasses either Wagner-Peyser staff or sometimes some other One-Stop Career Center staff.

^c The most common basic skills test mentioned by states was the Test of Adult Basic English (TABE), but might include any math, English, or other skills test, such as a WorkKeys, used to assess a customer's academic suitability for a given training programs.

^d Occupational skills tests in this table refer broadly to tests and self-assessment tools designed to capture information on customer job skills, vocational interests and general aptitudes. Examples of assessments mentioned by states include: O*NET, Meyers-Briggs Type Indicator, CHOICES CT, CareerScope, Self-Directed Search, Career Keys, Prove IT, Valpar, and PESCO.

The subsequent rows of Exhibit IV-2 show that, when it came to basic skills and occupational skills assessments, a shift away from reliance on Wagner-Peyser/TAA staff occurred. Thus, WIA staff took on a somewhat greater share of the assessment burden than did other types of staff or other staffing combinations. This shift in responsibility reflected primary TAA case managers' referring customers to WIA staff to provide these types of assessments, which is a practice likely based on the fact that WIA personnel had a greater familiarity with various assessment tools given the emphasis that WIA had always placed on comprehensive and specialized assessments. In other states, the responsibility for assessing TAA customers

sometimes fell on training vendors. These vendors, which were often community colleges, frequently administered their own placement and basic skills tests, which had the benefit of being highly tailored to the institutions' own entrance requirements. While only one state relied heavily on vendors for the provision of basic skills assessments, staff from six other states spoke about relying on vendors in some capacity to assess TAA customers.

The research team did not uncover changes in what types of staff persons were responsible for providing different assessments. However, responsibility for providing assessments could shift away from WIA staff and towards non-WIA staff as the deadline for compliance with the state merit staffing provisions approached. Thus, as discussed in Chapter III, three states were either planning ways to or had already begun to engage more non-WIA staff as primary TAA case managers, and staff in one state specifically discussed plans to redirect more assessment responsibilities to their non-WIA case management staff who were, at the time of the site visits, administering very few, if any, assessments. Whether these shifts in responsibility occurred and what effect they might have had on the nature or quality of assessments that was subsequently provided remain unclear.

Developing Individual Employment Plans

Another case management service typically delivered early in the overall process is the development of an individual employment plan (IEP), which is described in TGAAA as a plan intended “to identify employment goals and objectives and appropriate training to achieve those goals and objectives.” In developing an IEP, case managers used the information they gained through the assessment process to work with the customer to create a realistic reemployment plan that took into account a customer's goals, assets, and barriers.

Staff in all 14 states spoke about creating IEPs for TAA customers. In some states, developing IEPs was a required step for all customers, and in many states, staff were required to document the creation of an IEP. However, at least two states did not require the development of an IEP for customers who did not pursue training. In several other states, developing IEPs was heavily intertwined with developing training plans, and it was unclear the extent to which TAA case managers or other One-Stop Career Center staff developed IEPs for customers who did not pursue training.

In response to TGAAA, a few states altered state policy to increase the degree to which IEPs were in place. One state, for instance, began to require TAA case managers to develop IEPs for all TAA customers, even those not in training, which was not the case prior to TGAAA, when waivers tended to be issued more or less automatically to customers not interested in training. Another state began to require all local areas to use IEPs in a consistent manner, thus increasing the development of IEPs in certain of its local areas.

Using Labor Market Information

Another required case management element in TGAAA was “providing employment statistics” to help determine whether training and employment plans aimed a customer towards a marketable career. Staff in all 14 states discussed working with customers to review labor market information (LMI) for the local areas in which customers might eventually search for a job, primarily by directing them to resources available within the One-Stop Career Center.⁷ Commonly mentioned was the resource room where customers could use computers to access both state data systems and systems such as O*NET. Respondents in a few states also mentioned working with sources of information outside the One-Stop Career Center, such as the local chamber of commerce or training vendors, who may have had labor market information on their specific training programs.

LMI could help steer customers in new, more appropriate directions when the customers’ initial choices were not so wise. A staff person in one state for example, spoke about a customer who initially wanted to return to a previous occupation in maintenance but through a search of LMI discovered that a certificate in heating/cooling and digital technology would be more marketable and pursued training in that field instead.

Providing Training Guidance and Training Information

All TAA customers face an important decision: whether to enroll in training or pursue job search. The decision sometimes is simple; some know immediately that they want to pursue training while others are adamant about job search. The path for other customers, however, is not that direct. Some need to convince themselves that quick reemployment without training is not a viable option and also demonstrate to their case managers that conformance with the criteria for training approval has been met (these criteria are discussed later in this chapter). Thus, some customers pursue training only after engaging in an extended job search that proves fruitless. By contrast, others may end up abandoning training they began but did not complete to accept employment in a field unrelated to their training program. Interactions between TAA services such as TRA, RTAA, and HCTC can complicate the decision-making process. By requiring TAA case managers to provide customers with “information on individual counseling to determine which training is suitable training” and “information on training available in local and regional areas,” TGAAA aimed to strengthen case manager

⁷ Customers are eligible to receive services in or through the local workforce investment areas in which the separation occurred as well as the one in which they live. In some cases, this means TAA case managers are working with customers in other areas, even other states. Ultimately, labor market information needs to be customized for the area in which customers will be job searching.

involvement in this difficult decision-making process and thus better ensure the long-term employment of TAA customers.

Primary TAA case managers in all 14 states made counseling and training guidance available to TAA customers as part of their continuum of work. In some states, case managers began discussing the appropriateness of training and pinpointing customers' interest in specific types of training early in the case management process. However, this process typically began in earnest once customers identified a potential field for long-term reemployment and completed various basic and occupational skills assessments so that the appropriateness of that field could be ascertained.

As TAA customers further narrowed their interests and focus on particular types of programs, case managers also provided information on various training programs. TAA case managers in all 14 states had some role in this task. A common practice was referring customers to the WIA eligible training provider list, vendor payment system, or other system the One-Stop Career Center used to keep track of vendors in the local area.⁸ Staff in some states also mentioned referring customers to various vendor web sites and even encouraging customers to meet with vendors directly so that the customers gained a sufficient knowledge about the vendors' programs—such as training completion rates, class schedules and class sizes, methods of instruction, course prerequisites, and vendor-specific assessments—to assure themselves that the programs they were selecting were appropriate.

Another important way TAA case managers helped guide customers' decisions was by providing them with information on other TAA benefits and services such as TRA, RTAA and HCTC. Staff in many states noted that customers may not have recalled the details of these services, which they had first learned about during a Rapid Response or TAA orientation session. Furthermore, they may not have fully understood the way these benefits interact with a choice to pursue training or job search until they got closer to settling on a particular path. A staff person in one state, for instance, spoke about reminding customers interested in job search that they would not be eligible for additional TRA unless they enrolled in training. In the same vein, case managers discussed with older customers whether a program such as RTAA was more suitable than training.

Not all guidance went smoothly. Discussions with states revealed several obstacles that case managers encountered when trying to engage customers around the decision to pursue training. On the one hand, a customer might have been reluctant to pursue training even if the case

⁸ As will be discussed in the next chapter, under TGAAA, TAA programs could not restrict TAA customers to vendors on the eligible training provider list.

manager identified training as the best course. For example, case managers commonly noted that many customers simply “need time to put their lives together” and sort out family, transportation, or health problems that limited their ability to search for jobs and made a more ambitious goal such as training seem far out of reach. Similarly, some were still suffering from the emotional turmoil of losing their jobs, a situation particularly common for those who worked for decades at traditional manufacturing firms. Training for these customers was often ideal given both the poor economy and their more limited education and skills, but these individuals often needed time to grieve their losses and determine for themselves that without training their prospects were poor. Moreover, given the weighty nature of the training decision and the wealth of information customers needed to work with, the decision-making process could be very overwhelming. The general approach case managers took in these situations was to be patient, to space out the delivery of information, to engage in hand-holding as needed, and to issue waivers to give customers the room they needed to come around. Staff in one state estimated that only about 10 percent of customers enrolled in TAA knowing that they wanted to pursue training, but that eventually about 70 percent showed some interest in doing so. Staff in another state commented that “the door to training is always open.”

On the other end of the spectrum were customers who were overly insistent on pursuing training when other options might have been available. Staff in three states, for instance, spoke about cases of higher-skilled, better-educated customers who were insistent on pursuing expensive and/or extensive training.⁹ While these customers had done thorough research into training programs, case managers found it difficult either to get them to engage in the case management process (e.g., doing assessments, completing training applications, etc.) or to ascertain just how marketable their existing skills were. Other examples of challenging cases raised by staff included customers interested in pursuing training primarily as a way to be eligible for TRA benefits or where case managers had doubts about the employment prospects of the chosen field of training. One of the central challenges in these sorts of cases was that TAA is an entitlement program and that the burden ultimately falls on states to demonstrate that an eligible worker is not entitled to program benefits. In some cases, case managers deferred to supervisors as per the normal approval process.

Providing Information on Financial Aid

TGAAA specified two distinct services related to financial aid that case managers were required to make available to TAA customers: providing “information on how to apply for financial aid”

⁹ This particular challenge may, in part, be due to personalities. Respondents in some states spoke about how higher-skilled workers could also be easier to work with insofar as they often wanted to pursue training, unlike many workers in traditional, manufacturing jobs.

and ensuring that customers were aware that, under the Higher Education Act, they could request institutional financial-aid staff to disregard prior-year earnings in favor of the current-year earnings (the latter would presumably be lower).

Staff in most states provided examples of how they actively encouraged TAA customers to apply for financial aid such as Pell grants and other scholarships, referred customers to community college-led workshops on financial aid, and/or guided customers towards applying for other grants and loans identified on the Department of Education’s website. Some local areas also had community college partners represented in the One-Stop Career Centers, which facilitated the exchange of information about the colleges’ financial aid practices and opportunities.

Providing Prevocational and Supportive Services

Two additional case management elements that TGAAA required TAA programs to make available to customers were prevocational services and supportive services. Prevocational services include services designed to improve “learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for employment or training.” Supportive services include “services relating to child care, transportation, dependent care, housing assistance, and needs related to payments that are necessary to enable an individual to participate in training.” These two services are included together in this section because states tended to rely on co-enrollment in WIA to provide them, and this aspect of their delivery raises questions about the services’ accessibility.

TAA programs in all 14 states made information about both types of services available. Very occasionally, TAA case managers provided these services directly. For example, case managers in four states mentioned that they informally discussed issues such as communication and interview attire with customers during case management sessions. Furthermore, TAA can provide transportation funds when customers pursue work or training outside the local commute area. In most cases, though, TAA case managers relied on other programs in the One-Stop Career Center—mostly WIA—to provide prevocational and supportive services.

This reliance on referrals presented a minor challenge—if prevocational and supportive services were to be provided through WIA, TAA customers who were to be the recipients of the services generally needed to be co-enrolled in the local area’s WIA formula-funded Dislocated Worker Program. However, as was discussed in Chapter III, TAA customers were not universally co-enrolled and, in fact, co-enrollment appeared to be waning in some states. Thus, states needed other ways to ensure that TAA customers had access to these services.

Fortunately, it was sometimes possible for TAA customers to access these services through other programs or funding streams co-located in or housed outside of One-Stop Career Centers. For example, some states mentioned providing supportive services through specific National Emergency Grants or the Veteran’s programs. Other referred customers to the Department of Human Services, food pantries, the Department of Rehabilitation, or the United Way.

Offering Career Counseling Services

Another case management element required under TGAAA was “individual career counseling, including job search and placement counseling.” TGAAA directed case managers to make this service available to customers regardless of their status in the program so long as they were in training, had completed training, or were otherwise receiving TRA benefits.

Little about the way states provided job search and job placement services appeared to have changed since SPR reported on these services in its report on the Trade Act of 2002.¹⁰ For job search and job placement assistance, TAA programs almost entirely referred customers to existing One-Stop Career Center services. Examples of job search and job placement programs mentioned frequently in all 14 states included jobs clubs and professional networking groups, multi-day job readiness workshops and single-day sessions on specific topics (e.g., resume writing, job search), meetings with Employment Services and/or job development staff, access to resource rooms, and enrollment in state-level job vacancy databases. Staff in several states commented that they would have liked to spend more time supporting participants during job search, but high TAA caseloads precluded their ability to do so.

Additionally, respondents in three states mentioned that they relied heavily on the placement services provided by training vendors. Most community colleges and many private vendors have their own placement offices so it was not surprising to hear that TAA customers may have been taking advantage of these services.

Development of Training Plans

Once a customer decides to pursue training, the role of the TAA case manager is to provide “information on how to apply for such training.” Staff in most states commented that, because the process of approving training plans was quite comprehensive, supporting customers’ efforts in completing these plans and getting them approved was one of the more demanding tasks in which TAA case managers engaged.

¹⁰ Social Policy Research Associates, *Initial Implementation of the Trade Act of 2002: A Report Prepared as Part of the Evaluation of the Trade Adjustment Assistance Program* (May 2009).

The TAA program uses six criteria to test whether training is appropriate and can be approved for a participant:

- There is no suitable employment;
- The worker would benefit from training;
- There is a reasonable expectation of employment following the training;
- The approved training is reasonably available;
- The worker is qualified for the training; and
- The training is suitable and available at reasonable cost.

Most states required a comprehensive training plan both to assess whether a customer met these six criteria and to document the worker's training request in case it was denied and needed to be adjudicated. As an example of the comprehensive nature of such plans, one state developed a nine-page training application. While it also created a one-page form as well, the state preferred the longer version since it was more comprehensive and could better be used as a monitoring tool to ensure that each of the criteria for approving TAA-funded training was met. Staff from several states commented that the level of work required for these training application packets helped customers to be committed and informed about their training selection decisions.

In most states and local areas, the training application typically consisted of the following:

- demographic information, education and employment history;
- assessment results and employment goals;
- labor market information on the demand for the training skills in the local area/region;
- a detailed description of the training program including the type of training (e.g., occupational, OJT, remedial, etc.), information on the duration of the program, start and end dates for the program, etc.; and
- a budget outlining the costs for the training program and mapping out sources of funding, including various benefits (e.g. UI, TRA, etc.).

TAA staff in seven states commented that their TAA training selection and approval policy required affected workers to conduct interviews and/or visits to training providers and/or employers as part of the process used to gather the information listed above. When this happened, notes on these interviews were included in the plan as well.

Case Management during Training

Once they entered training, customers tended to meet with their case managers less often, typically to a level of once per month or less. Meetings with customers in these states and others

also tended to be less about providing guidance and more about monitoring the customer's progress, for purposes of documenting that the customer was progressing satisfactorily. Attestations from vendors were typically needed for the same reason. Other responsibilities of the case manager while customers were in training included ensuring that customers were receiving their benefit payments and that vendors were being paid. Further, case managers typically contacted customers towards the end of the training to ensure connections to suitable job search and placement services, either through the One-Stop Career Center or the vendor's own placement center.

Case Management Services for Those Not In Training

Case management services for those in training and those not in training were described in one state as roughly the same. Furthermore, as noted earlier in this chapter, five states required both initial and comprehensive assessments of all TAA customers, including those who were pursuing job search. Overall, though, staff in most states specifically noted that case management services were less thorough for those customers not in training. Staff in these states explained that customers not in training tended to experience little follow-up, less frequent check-in meetings with case managers, and little or no assistance with developing an IEP. In addition, as mentioned in Chapter III, co-enrollment rates for customers not in training tended to be lower than they were for customers in training, meaning that customers not in training accessed fewer intensive WIA services.

TGAAA may have altered the levels of case management that customers not in training received. However, it is not entirely clear whether the levels increased or decreased overall. On the one hand, in response to TGAAA two states began providing assessments to all customers, regardless of their interest in training, and used the additional funds to help pay for these services. In this way, TGAAA increased case management services to non-training customers in these states.

On the other hand, TGAAA lessened the required frequency of waiver reviews, which may have had the opposite effect.¹¹ Seven states were so concerned that this change would reduce their ability to case manage customers on waivers that they continued to implement a 30-day waiver review process. Respondents explained this by noting that relaxing training-waiver reviews was, as one case manager put it, antithetical to “good customer service and case management.” In fact, most state and local respondents believed that TAA customers pursuing reemployment needed to have frequent contact with staff in order to ensure that they could maximize their TRA benefits and obtain reemployment quickly.

¹¹ Under TGAAA, waivers need to be first reviewed only after the first 90 days, instead of after 30 days as was required under the Trade Act of 2002.

Summary and Conclusions

TGAAA spotlighted the role case management was meant to play in TAA by increasing the funding for case management, making changes in the required spending of existing administrative funds earmarked for case management, and requiring various case management services to be made available to TAA customers. As discussed throughout the sections above, some states responded by altering the services they provide and the way they delivered them in order to increase the overall level of case management services delivered to TAA customers. At the same time, many states made relatively few changes to the case management services they delivered. In most of these cases, states believed they were in compliance with TGAAA's and ETA's requirements and were confident that they were providing good quality case management already. Other states, although similarly confident that the case management services they provided were effective, recognized the need to change their procedures to bring themselves in compliance. The following sections summarize the key changes states made in light of TGAAA, the obstacles that still needed addressing, and the kinds of guidance from ETA that might be most valuable in addressing these obstacles.

Changes to Employment and Case Management Services

States responded to TGAAA by changing their employment and case management practices in various ways. The types of changes states made break down into three broad categories: (1) expansion of services, (2) efforts to improve the quality of the services delivered, and (3) increases in the level of required documentation of the delivery of services.

As discussed throughout this chapter, four states expanded case management services or increased the availability of these services to TAA customers. For example, two states made it a point to expand assessments to customers not in training and one of these did the same with IEPs. Another state implemented new regulations on assessments and IEPs, standardizing the information needing to be collected across local areas. It also hired some additional staff to carry out these responsibilities, thus increasing the level of services TAA customers receive. One state shifted its staffing model such that case managers were more able to travel into rural areas, thus increasing the case management services the state was able to deliver to these areas.

A few states endeavored to improve the capacity of staff to deliver case management services and to improve the overall quality of the services delivered. One state, for instance, provided case management-specific training materials on the state website and allowed primary case managers to request additional training on case management from state staff. Another state hired additional case managers who had backgrounds in delivering case management services. That state also operated regular state-level meetings for TAA case managers designed to improve various facets of the program, such as helping to get case managers to more precisely target their

services, directing the most intensive services to those who need the help and assistance. Both states noted that these changes were already in place or moving in this direction prior to TGAAA, but that the additional funding and direction of TGAAA helped enable and motivate these changes.

States made several other changes to move towards the goal of improving case management quality:

- One state offered a session specific to case management as part of a larger, multi-day convening for workforce staff and agencies around the state.
- Four states were planning state-level capacity building efforts on how to best deliver case management (e.g., what types of assessments to use for different types of customers, how to integrate assessments into training plans, etc.), and one of these states set aside funding for local areas to implement these improvements.
- Other states offer staff the opportunity to attend other professional development activities of their own accord.

Finally, six states implemented new systems to increase the consistency with which case managers document the services they deliver. Some states instituted the use of case management checklists, which case managers used to document that they delivered the list of services (sometimes corresponding with the eight required service elements). Other states worked their increased documentation into their case management data systems. In most cases, states seemed to be motivated by the fact that they have been held accountable, in the past, for not being able to demonstrate the adequacy of a denial for training, so they wanted to be sure the offer of the required case management services was documented. In other cases, states required documentation to help them better report on the new fields contained in the Trade Activity Participant Report (see Chapter VI).

Overall, the changes states made to the quantity and quality of their case management services were varied but somewhat limited. While several states increased documentation, the extent to which these efforts actually improved the quality of case management services remains unclear.

Remaining Obstacles

A number of obstacles remained in the way of making improvements to the quality and availability of TAA case management services.

Heavy Caseloads Limit Services to Those Not in Training. The previous chapter noted that states used or attempted to use case management funds to increase case management staffing. These changes were largely in response to the increased demand for services states were facing due to both the downturn in the economy and the relaxed eligibility requirements provided for in TGAAA.

Despite any increases in staffing, a consistent theme echoed by several states was that case managers were overwhelmed. Staff caseloads were already high because of the poor economy and increased eligibility for TAA. Increased delivery of case management services and the increased need for documentation were perceived as adding to this burden. This sense of overload was one of the reasons some case managers cited for why case management services were front-loaded and training specific, delivered most heavily to customers interested in pursuing training and prior to their entry into training. Other factors were at work here, of course, because this pattern existed well before TGAAA and the onset of the economic downturn. However, the fact that case managers themselves saw heavy caseloads as a causal factor suggests that changes to case management services would be limited until caseloads became less burdensome.¹²

Coordination Between TAA and WIA Is Not Always Strong. Overall, TAA and WIA appeared to work well together as One-Stop system partners, a fact explored in one of the evaluation’s prior reports.¹³ However, some key differences between the programs impeded the way they worked together in some areas. One difference was simply logistical. Both programs have criteria and a process in which customers must engage in order to gain access to the various types of services each program offers. However, the programs have different eligibility determination processes, with different deadlines, steps and criteria. Getting customers enrolled in both programs could therefore be burdensome and confusing, and could impede a customer’s short-term progress unless the programs worked aggressively to overcome this barrier. For example, in one state program applicants for the WIA Dislocated Worker Program needed to pursue a two-week long assessment and work readiness course with a fixed starting point. TAA staff in that state felt that this process could severely slow the enrollment process for TAA customers, especially in the case of large layoffs. For this reason, case managers were disinclined to co-enroll their customers in WIA.

Another difference between TAA and WIA with implications for case management of TAA customers lies in the way the programs viewed what it took to get customers into training. At the core of this is the notion that TAA is an entitlement program. As one respondent put it, under the WIA program, “you have to have good reason to put somebody into training,” whereas under the TAA program, “you have to have good reason *not* to put somebody in training.” This

¹² Arguably, targeting case management services in this way is sensible and efficient. For example, providing more case management to those who are entering training helps to better support the customers in whom the TAA program has made the greater financial investment.

¹³ Kate Dunham, *Linkages Between TAA, One-Stop Career Center Partners, and Economic Development Agencies* (2009).

potential source of tension affected co-enrollment when a WIA staff person identified reasons early on that a customer would not be appropriate for WIA services. Staff in several states, for instance, noted that WIA staff might be disinclined to approve training because the earnings would not be high enough for WIA performance measures or because the training was not for an in-demand occupation.¹⁴ Staff in another state pointed out to differences in the ways the two programs viewed the use of financial aid. In that state, WIA required that Pell grants be applied towards the cost of training, which was not the case for TAA under the new legislation.

States found ways to deal with these differences. One solution was good communication between WIA and TAA at the state and local levels along with a decision to focus on areas in which the two programs were mutually supporting, rather than the areas in which they differed. Respondents in several states spoke about ways that local case managers from these two programs worked with one another: communicating behind the scenes, walking customers back and forth between different staff, maintaining a checklist for items customers need to complete for both programs and thoroughly documenting a customer's case file to ease transitions between staff in different programs. Staff in several states also mentioned that the presence of a good case management MIS helped facilitate the communication between staff in different programs. Finally, cross-training and cross-communication could help overcome programmatic barriers. In North Carolina, for instance, state policy encouraged state workforce staff to meet regularly with local TAA, WIA, and other staff to discuss issues of co-enrollment and specify staff roles and responsibilities. Such an effort can also occur at a structural level. New York, for instance, employed a functional alignment model in which all staff members were trained in both programs and could serve any customer.

Areas in which Additional Guidance May Be Needed

Case management is ultimately a means to an end, not an end in itself. In the case of TAA, it is a set of services designed to aid in the successful reemployment of TAA customers. That TGAAA spelled out these services, however, was not always enough to clarify the best course of action. Even given the sunset of TGAAA, states may still need some additional guidance on what services need to be delivered, who should deliver them, and how extensive the efforts to ensure their delivery need to be. Furthermore, TAA programs would likely benefit from seeing additional information on effective practices, drawing from existing models of services.

Specifically, discussions with state- and local-level staff members in the states visited indicate that TAA program staff would benefit from additional guidance in answering the general questions listed below:

¹⁴ See Chapter V for a discussion of changes regarding the ETPL list and training.

- *What constitutes good quality case management? How extensive should be the set of case management services delivered to TAA customers and to whom should they be delivered?* It remains somewhat unclear what it means to make all eight case management services available to TAA customers. Should states make an effort to provide all services to all customers or target some services towards particular groups?
- *What types of efforts should states engage in to build case management capacity?* Are the efforts states have engaged in so far sufficient? Have any states previously taken steps to build case management capacity that are worth examining? What role does documentation play in the delivery of good case management?
- *Should TAA programs be targeting more case management services to customers who are in training? To those receiving post-training placement assistance? To those not in training?* Limiting the services some customers receive relative to others may be an appropriate response to limited resources. However, should states be exploring ways to increase services to all groups without diminishing the availability of services to those most in need of them?
- *How can TAA programs more effectively coordinate with WIA?* How have some states achieved high rates of co-enrollment? How can programs with different staffing models achieve better coordination? What role can WIA staff play in case managing TAA participants without jeopardizing the state's compliance with the merit staffing requirement?
- *In general, what are some effective practices for case management?* What are the strengths and weaknesses of different assessment tools? What states currently deliver good case management services? What practices are least effective? Which customers benefit most from particular services? What are some effective models for saving costs and better targeting case management services (e.g., group assessment models, triage tools, etc.)?

Additional input on these areas may be what it takes to put states in a better position to comply with the TGAAA legislation and align their systems with the goal of improving case management services.

V. OTHER TAA BENEFITS AND SERVICES

TAA provides affected workers with training, job search assistance, relocation assistance, and income support, and it subsidizes their health insurance coverage. TGAAA expanded these benefits and services through a variety of means that included modifying eligibility rules, easing time limits, broadening definitions, and increasing payment amounts. This chapter explores these changes in services and benefits.

Trade Readjustment Allowances

Trade Readjustment Allowances (TRA) are income support payments made to workers who have lost their jobs due to foreign imports and have exhausted unemployment compensation. Basic TRA is available to workers who are either enrolled in a TAA-funded training program, have completed training, or have received a waiver from the training requirement. Additional TRA is available to workers after their basic TRA benefits have been exhausted and during the time in which they are enrolled in training. This section of the chapter covers the implementation of the key changes to the TRA benefits available to affected workers.

Overview of Key Changes to TRA

TGAAA altered the eligibility period for TRA and also expanded TRA benefits for those receiving certain types of training.

Eligibility Period and Expansion of TRA Benefits

Under the Trade Act of 2002, affected workers had to wait until 60 days after the filing of a TAA petition to receive TRA benefits, whereas under TGAAA the eligibility period for income benefits began with the date of petition certification, as long as the individual had exhausted his or her unemployment compensation. Congress intended that this change would make TRA benefits available to affected workers sooner than they were under the former rule. If a petition was certified within 45 days of the petition's filing date, for example, then affected workers could begin receiving TRA benefits 15 days earlier than they could under the old law. However, unlike the situation that prevailed under the Trade Act of 2002, TRA payments under TGAAA could not be made retroactively for weeks of unemployment that occurred between the date a petition was filed and its date of certification.

In another major change, TGAAA increased the maximum amount of additional TRA for workers enrolled in long-term training from 52 weeks to 78 weeks. It also permitted the payment of 78 weeks of additional TRA over a period of 91 weeks, thereby allowing breaks in training and temporary periods of employment when additional TRA is not paid.

Timeline for Training Enrollment

TGAAA left intact the basic provisions of the Trade Act of 2002 that allow a worker to receive a waiver of training in order to receive basic TRA. However, it altered the deadlines by which workers needed to be enrolled in training in order to receive basic TRA and additional TRA.

Under the Trade Act of 2002, TAA customers were required to be enrolled in an approved training program no later than the latest date resulting from the application of the following formulas:

- the last day of the 16th week after the worker's most recent total separation from adversely affected employment;
- the last day of the 8th week after the week in which the Secretary issues a certification covering the worker.¹

TGAAA removed the so-called "8/16" restrictions and instead required customers to be enrolled in training 26 weeks after the date of certification or the date of layoff, whichever was later. This 26-week training deadline could be waived if a worker did not receive timely notice of his or her eligibility for TAA services and benefits and for a limited number of other reasons.

ETA anticipated that the 26-week provisions under TGAAA would allow more time for TAA customers to conduct thorough job searches and carefully consider their training options if they did not secure employment. Also, it was anticipated that the new 26-week provisions would give TAA staff more time to meet with affected workers and to conduct assessments, especially when there were a large number of workers covered under a single certification.

Training Waivers

TGAAA made several changes to the use of training waivers for receipt of basic TRA benefits. The legislation clarified that the definition of "marketable skills," one of the waiver conditions, included individuals who possessed a postgraduate degree from an institution of higher education or an equivalent institution. Thus, if an individual had a postgraduate degree, it could be assumed the worker had marketable skills, unless an assessment showed otherwise. Also, the period for reviewing waivers was relaxed to ease states' administrative burden in monitoring training waivers. Specifically, under TGAAA, waiver reviews did not need to be conducted until

¹ Trade Act of 2002, Section 114 (b)(3).

three months after the waiver was issued (and every month thereafter). In addition, training waivers did not need to be reviewed for those TAA customers who were within two years of retirement (i.e., eligible for Social Security or a private pension) and no future review was required for TAA customers issued a training waiver under the retirement clause.

TRA Take-up Rates and Factors Affecting Take-Up

Despite the fact that many of the changes made to the TRA program by TGAAA were intended to increase the use of TRA, states reported that none of these changes by themselves had a significant impact on take-up rates in either direction. Instead, various factors external to the provisions of TGAAA had the effect of lowering use of TRA overall.

Extended Unemployment Compensation and Severance

All fourteen states reported that TRA participation was low primarily because extended and emergency unemployment compensation delayed affected workers from enrolling in the TAA program. In most states, the unemployed could receive a maximum of 99 weeks of unemployment compensation (26 weeks regular and 73 weeks emergency and extended). Since basic TRA is only available for 52 weeks and workers must have exhausted their unemployment compensation benefits to receive TRA, most affected workers were not eligible for basic TRA while the extension of unemployment compensation was in effect.

Five states commented that, with extended UI benefits, affected workers delayed applying for TAA-funded services, including TRA. In these states, extended unemployment compensation may have undermined the 26-week provision relating to enrollment in training. State and local staff reported that they were proactive in reminding customers of the TAA program's enrollment deadlines, but that many trade-affected workers missed the new deadlines nonetheless and were not aware of the impact that delaying TAA enrollment would have on TAA benefits and services they could receive in the future.

A secondary but related reason for the low take-up of TRA, according to a few states, was that many affected workers in certain industries, mainly automotive and furniture manufacturing, received monetary severance pay from their layoff employers. In some cases, trade-affected workers delayed enrollment because they received large cash payments in addition to (or instead of) unemployment compensation.²North Carolina staff members commented that they encouraged affected workers to apply for TAA services prior to exhaustion of their severance funds, but that they were not always successful in reaching workers with their message.

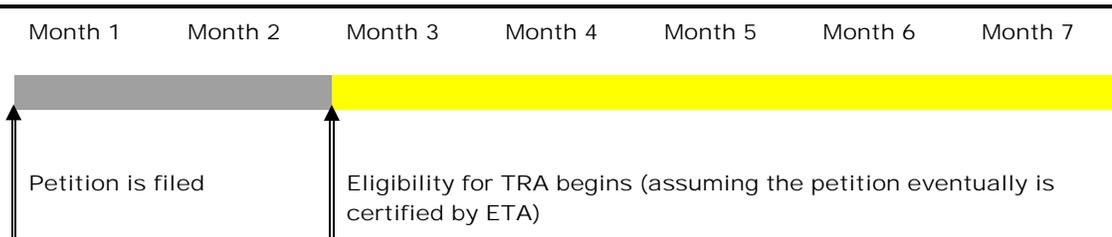
² State laws vary on how severance pay affects receipt of unemployment compensation. TRA follows state UI laws.

Finally, some states commented that it became difficult to calculate TRA benefit amounts in the face of the rules applying to extended unemployment compensation benefits. According to a couple of states, the rules for extended unemployment compensation became progressively more difficult with each new extension, which in turn made it harder to understand TRA benefit levels for any given TAA customer.

Delays in Obtaining TAA Certification

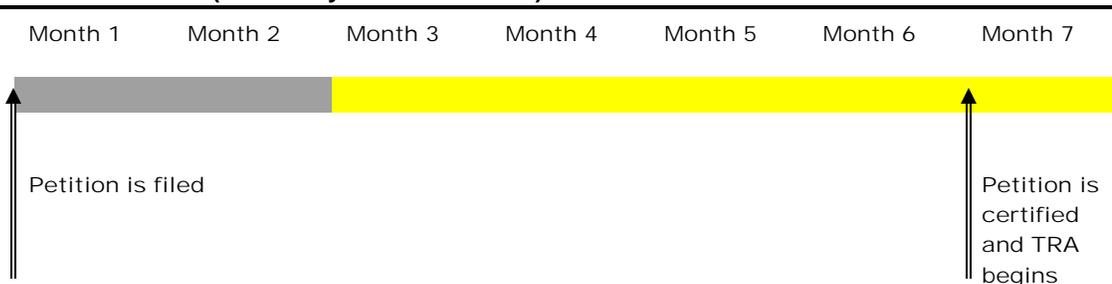
Respondents in many states reported that delays in ETA’s petition review and certification process impacted access to TRA benefits in some cases. A reason for this was that TGAAA tied eligibility for TRA to the petition certification date, not the petition filing date, as had previously been the case.

TRA Benefits Under Trade Act of 2002



As the graph above shows, under the Trade Act of 2002 TRA benefits were available for weeks of unemployment beginning 60 days after the TAA petition was filed. In contrast, and as shown in the graph below, TRA benefits under TGAAA became available on the date of the petition’s certification. Although this change was intended to speed up access to TRA, the delay in the time it took ETA to make petition determination decisions in the wake of TGAAA’s effective date (see Chapter II) caused the opposite effect. (However, emergency and extended UI was in effect for this period in most states, providing workers with an alternative source of benefits.)

TRA Benefits Under TGAAA (with delays in certification)



Nearly every state reported that making TRA benefits available beginning with the date of certification was beneficial in principle, because it could close a gap in coverage between certification and the onset of benefits, even though delays in the certification of petitions could have jeopardized income support had extended/emergency UI not been in effect.

How TRA Changes Affected Customers

State and local staff indicated that removing the 8/16-week deadline for TRA application, and easing training waiver requirements might have been of ultimate benefit to trade-affected workers, but that extended UI benefits largely made the changes moot. The most notable beneficial change based on discussions with state and local staff was the removal of the 8/16 deadline, which was perceived by many state and local staff as impeding eligible workers' ability to obtain TRA. This and other provisions governing TRA are addressed in this section.

Removal of the 8/16 Deadline

Fourteen states reported that the 8/16 deadline was restrictive and that TGAAA's 26-week provision was a beneficial change. A number of these states reported that under the old 8/16-week rules, some TAA customers missed the training enrollment deadline and therefore forfeited access to TRA benefits entirely. Rhode Island and Kentucky staff reported that 10 percent of their TAA customers missed the deadlines, while the levels were reported to be as high as 30 percent in California, Ohio, North Carolina, and Massachusetts.

The intent of the 8/16 deadline was to encourage TAA customers to enroll in training quickly so as to "expedite their adjustment and reemployment."³ However, state and local respondents commented that the deadline in some cases forced customers to make hasty training choices and that issuing waivers on a widespread basis to protect TRA eligibility in the face of the 8/16 rules caused an undue administrative burden. By contrast, state and local staff commented that the 26-week provision in TGAAA was less restrictive and would ultimately benefit affected workers by allowing them more time to test the labor market and, if unsuccessful in reentering the workforce, to have their skills assessed and to thoroughly research available training options. Furthermore, the longer timelines for enrollment in training meant that states did not feel the need to issue so many waivers, significantly easing an administrative burden caused by the old rules, under which waivers were routinely issued.

Four states commented that the TGAAA 26-week provision was also helpful because it had a contingency built in for workers who were late in receiving notification of their eligibility for TAA services and benefits. North Carolina staff stated that this change helped to "alleviate the

³ TEGL 11-02, p 19.

burden on the state for ensuring that all eligible workers are on the certified worker list.” This escape clause could be important because, as discussed in Chapter II, some states experienced delays in obtaining information on affected workers from employers or did not receive accurate information for all affected workers, which in turn affected a state’s ability to contact workers about their eligibility for TAA-funded services. Thus, this provision in TGAAA, according to states, helped to preserve TAA benefits and services for affected workers and was greatly appreciated.

Notwithstanding these advantages, some difficulties with the 26-week period were noted. Respondents in two states noted that TGAAA’s emphasis on providing assessments for TAA workers could sometimes still be hard to achieve within the 26-week period, depending on the types of assessments being utilized and the amount of time it took to assess the results and review them with customers. These states commented that the number of individuals who needed to be assessed, combined with TGAAA’s requirement for case management for all TAA workers, made it difficult to “fit everything in” during the 26-week period, especially if the number of individuals certified under a single petition was large. (Another difficulty with the assessment provision under TGAAA, according to two states, was that some workers did not want to go through the assessment process and, because of this, decided not to follow through with seeking TAA program services and benefits).

A few states expressed concern that the 26-week deadline could further delay enrollment into TAA-funded training, thereby potentially reducing a TAA customers’ ability to complete training during their TRA benefit period. Moreover, as will be discussed later in this chapter, some TAA customers experienced problems enrolling in training due to the high demand for certain programs (e.g., nursing) relative to the number of available training slots, which further made the 26-week deadlines difficult to achieve. Most states commented that TGAAA’s case management requirement helped alleviate training enrollment delays since staff were in close contact with TAA customers as part of their day-to-day responsibilities and issued waivers if timely training enrollment seemed jeopardized.

Easing Waiver Requirements

Easing TAA training waiver requirements under TGAAA was viewed by state and local staff with mixed opinions, but most states did not believe that easing waiver requirements affected take-up of TAA benefits and services, including receipt of TRA benefits.

Relaxing Period for Waiver Review. Prior to TGAAA, waivers, once granted, needed to be reevaluated every 30 days. Local staff complied with this requirement by either requiring TAA customers to come into the office every 30 days or to contact the office via telephone to determine whether the training waiver should be renewed. A few states set up automated reminders in their MISs to help local staff meet the 30-day review requirement.

TGAAA changed these requirements by requiring the first waiver review to occur only after three months had elapsed, and then monthly thereafter. Ten states reported that relaxing the period for review of training waivers helped to reduce the burden on local staff for scheduling appointments and developing training waivers for TAA customers, especially when large numbers of trade-affected workers were covered under a single certification. However, even with increasing TAA case loads that states were experiencing and the relaxation of the training waiver review requirement, a number of states reported that local staff still used a 30-day review process. Respondents explained that they did so because they viewed reviewing waivers less often as antithetical to what one staff member called “good customer service and case management” and ran against TGAAA’s emphasis on case management. In fact, most state and local respondents believed that TAA customers needed to have frequent contact with staff in order to ensure that they maximized their use of TAA benefits and obtained reemployment quickly.

Clarification of Marketable Skills Waiver. Under TGAAA, if it was determined that an individual with a postgraduate degree had a reasonable expectation of obtaining employment at equivalent pre-layoff wages without training, that individual could be issued a “marketable skills” training waiver.⁴ Twelve states initially interpreted this guidance as meaning that individuals possessing a postgraduate degree should be “automatically” issued a marketable skills waiver. ETA issued clarifying guidance in TEGL 22-08 Change 1, making clear that a waiver “may” reasonably be issued to those with postgraduate degrees, but that “in determining whether to grant a waiver, the state must consider whether the degree affords the worker ‘marketable skills’ in an occupation for which there is a reasonable expectation of employment at equivalent wages in the foreseeable future.”

State and local respondents appreciated this clarifying guidance. They noted that it was unreasonable to assume that possession of a postgraduate degree meant that an individual had the training and skills needed to succeed in the labor market, especially for individuals who earned their postgraduate degrees some time ago and who were trained in certain academic specialties. For example, staff in Texas and Arizona stated that a large number of technology workers with advanced degrees were applying for TAA services and that most needed specific training such as project management or Six Sigma⁵ training to seek reemployment.

⁴ TEGL 22-08, p.A-21.

⁵ Six Sigma is a business management strategy that was originally developed by Motorola in 1981. According to its originators, Six Sigma seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing and business processes. Many large technology firms now require this certification for their project managers.

Clarification of Retirement Waiver. Under TGAAA, no review was necessary for waivers granted to those within two years of qualifying for Social Security or a private pension plan. While respondents understood the logic behind this policy, they remarked that determining whether an individual qualified for a waiver under these circumstances could be challenging, because participants were not always forthcoming about their personal situations. For example, a TAA case manager in Washington commented that many affected workers were unwilling to supply information needed to assess whether they were eligible for retirement, which made it difficult to issue the training waiver under the retirement provision.

Administrative Challenges in Implementing TGAAA TRA Provisions

Even while states welcomed the changes to the TRA benefits program, a few states commented that implementing the changes was difficult because it involved making coding changes to state Unemployment Insurance systems, which in some states was problematic due to the ages of the systems and the programming languages used. In addition, these states reported that programming the various tiers of emergency and extended unemployment compensation caused delays in implementing TRA system revisions in their states. Consequently, some states used a manual process to determine an individual's TRA benefit levels, while other states reported using a manual review and approval process. States reported that they were anxious about doing so, because the rules governing unemployment compensation, extended and emergency benefits, and TRA were intricate, and mistakes could lead to increases in overpayments and disallowed costs.

Further, respondents commented that it was difficult for state and local staff to oversee two separate sets of TAA program requirements—one set of rules for petitions filed on or after May 18, 2009, which fall under the TGAAA provisions, and another set of rules that apply to petitions filed prior to that date, which follow the provisions of the Trade Act of 2002.⁶ Ohio staff commented that dealing with two sets of rules was especially difficult when workers from the same firm were covered under two separate petitions, with one before and one after the effective date of TGAAA.

To remedy this difficulty, a number of states commented that the TGAAA provisions should be retroactively applied to all workers who were still receiving TAA-funded services regardless of the filing date of the petition under which the worker was covered. On the other hand, some states noted that with ETA's separate numerical coding for TAA petitions filed before and after

⁶ Because of TGAAA's sunset, states are now effectively administering programs for three different cohorts: those covered by certified petitions before TGAAA's effective date, those during TGAAA's period of applicability, and those that apply subsequent to TGAAA's sunset. See TEGL 16-10 Change 2.

the effective date of TGAAA (i.e., 60,000 series and 70,000 series), they had not encountered any problems providing the correct services to trade-affected workers.⁷

Training

One of the major goals of the TAA program is to ensure that TAA customers obtain suitable long-term employment as quickly as possible. Training has long been a primary means for achieving this goal. ETA has interpreted past legislation to mean that training programs should be oriented to meet specific occupational goals and approved on this basis. The TGAAA provisions for the TAA program supported this interpretation but expanded the types of training that state workforce agencies were allowed to provide using TAA funds.

Overview of Key Changes to TAA-Funded Training

The Trade Act of 2002 established an annual funding level of \$220 million for training and authorized the use of employer-based training, both customized and on-the-job (OJT); training approved under WIA; remedial education training, such as English as a second language (ESL) and adult basic education (ABE); and other training programs approved by the Secretary of Labor. TGAAA authorized an annual funding level of \$575 million for TAA training, which represents an increase of 160 percent over the previous level. In addition, TGAAA made training options more flexible by allowing pre-separation training (i.e., pre-layoff) and part-time training, and it specifically authorized the use of apprenticeship training. Further, the legislation clarified that training programs funded by TAA could not be limited to programs on the WIA eligible training provider list (ETPL).

The TAA program uses six criteria to test whether training is appropriate and can be approved for a participant. These provisions were reviewed in the preceding chapter and remained essentially intact under TGAAA. However, some slight modifications were instituted. For example, prior to TGAAA, training was typically not approved if the TAA participant would need to commit non-TAA sources of funds to cover its cost because doing so was considered not to meet the “reasonable cost” criterion for training approval. Under TGAAA, “reasonable cost” was clarified to allow more costly training. Specifically, funds available for training beyond TAA (such as training funds from other public or private funds such as Pell grants) could be taken into account, although the worker could not be required to obtain and use such funds.

TGAAA also removed the provision that OJT was the preferred training method, and it specified that if OJT were used it must reasonably be expected to lead to employment with the OJT employer, be compatible with the worker’s skills, allow the worker to gain skill proficiency, and

⁷ ETA assigns petition numbers in the 70,000-number series to petitions filed on or after May 18, 2009.

not be undertaken with employers who have shown a pattern of not providing long-term employment or other abuses.

Training Take-up Rates and Factors Affecting Take-Up

Most state workforce agency staff members believed that the TGAAA changes would help alleviate impediments to providing training to trade-eligible workers, which was particularly important given that the poor economic outlook in most states made it difficult for workers to find reemployment without skills upgrading. In fact, workers themselves increasingly realized that they need to take advantage of the training opportunities that the TAA program offered, whereas previously they may have forsaken training to engage in job search. At the same time, however, state and local workforce agency staff cited a number of impediments to delivering training, including the delays in TAA certifications noted above, factors limiting the use of newly allowable training types, the limited availability of some training courses at local providers, the inability of workforce agency staff to verify training hours for online distance learning courses, and scheduling conflicts for courses.

Expansion of Allowable Forms of TAA-Funded Training

Discussions with state and local workforce agency staff indicated that occupational skills training delivered through traditional classroom-based methods and remedial training, including ESL and ABE courses, were the training programs most frequently funded under TAA. Even though TGAAA expanded the types of training that could be funded by the TAA program, the take-up rates for these new training options remained low.

Pre-Separation Training. TGAAA allowed workers threatened with total or partial separation from employment to begin TAA-approved training prior to their actual separation. Pre-separation training was intended to allow early intervention into an affected worker's situation, thereby reducing the amount of time it would take to complete training after separation and, consequently, the amount of time the affected worker remained unemployed. While most state and local respondents stated that the availability of pre-separation training was a beneficial change, all respondents commented that take-up of pre-separation training was minimal.⁸

The primary reason cited by states for the low take-up of pre-separation training was that many affected workers could not find training providers that offered courses that did not conflict with their existing work schedules. Even training during evening hours could be problematic, because of workers' family responsibilities. Thus, more flexible training schedules would have been

⁸ TAPR data for those covered by petitions filed after the effective date of TGAAA show that only 1.6 percent of TAA participants nationwide received pre-separation training.

much appreciated. Texas respondents noted, for example, that appropriate training offered at the workers' work sites would also have helped.

Respondents in three states also commented that it was difficult to conduct outreach for pre-separation training to workers who were not yet separated from employment. For example, some states had difficulty obtaining certified worker lists that included workers "threatened" with separation who had not already lost their jobs (see Chapter II). Furthermore, some states expressed concern about how to handle workers who were never actually laid off. Although ETA did provide guidance on this score,⁹ respondents in some states were concerned about expending TAA resources on workers who never actually separated.

Another issue identified was that some states' management information systems were not able to capture pre-separation training services or had only recently been enabled to capture this information. For example, North Carolina staff members stated that, at the time of the site visit, their MIS could not account for TAA participants who received pre-separation training, and they were unsure when the system would be modified to provide this type of information. Thus, the numbers reported for take-up of pre-separation training may be biased downward until such time as states have the mechanisms in place to capture the required information.

Part-Time Training. TGAAA authorized the TAA program to pay for workers to undertake part-time training (though without providing them access to TRA), whereas only full-time training could be funded by TAA prior to this law's enactment. All fourteen states reported that take-up of part-time training was minimal. Two primary reasons were cited. Six states commented that many trade-affected workers had not pursued part-time training, because they were interested in receiving TRA while in training and could not do so if enrolled in training only part-time. Respondents in another state expressed concern that trade-affected workers pursuing part-time training might be unable to complete their training goals during the three-year benefit period. For these reasons, part-time training was not that attractive to many workers (ATAA recipients might be an exception; see below) and could be discouraged by case managers in some instances.

Employer-Based Training. TGAAA removed the provision that OJT was the preferred training method. However, prior to this policy shift, OJT was seldom used by TAA customers in any

⁹ TEGL 22-08, entitled, "Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the Trade and Globalization Adjustment Assistance Act of 2009," dated May 15, 2009, p. A-33

case, a fact consistently noted by state and local respondents during prior rounds of site visits for this project dating back to early 2004, and confirmed by results from the TAPR.¹⁰

Even though employer-based training virtually guarantees the participant a job at the conclusion of the training and is often cheaper than occupational skills training, comments from respondents indicated that developing OJT opportunities was time-consuming for TAA staff because it took a high level of effort to develop the necessary employer relationships and prepare the OJT contracts.¹¹ Furthermore, OJT contracts require a high degree of oversight and monitoring to ensure that workers are acquiring the skills needed for employment and are being paid appropriately (i.e., no more than 50 percent reimbursement from the employer for wages), activities that take more time than TAA case managers typically have available given their high caseloads. Nonetheless, even with the removal of the preference for OJT, state staff in Tennessee and Washington commented that they placed a greater emphasis on OJT than previously and were pursuing NEG funds to pilot OJT projects for dislocated workers.¹²

Remedial Training. Many state respondents commented that the TGAAA provision allowing workers to receive remedial TRA for weeks spent in prerequisite training was highly beneficial because they found that many trade-eligible workers were in need of prerequisite training—and remedial training more broadly—in order to succeed in their occupational skills training programs. In fact, respondents in nearly every state commented that prerequisite training was required for most TAA participants who wanted to pursue training for health-related occupations.

While the provision for prerequisite training was viewed very favorably overall, a number of challenges were cited. First, some case managers pointed out that remedial training was a “loaded” topic for many workers. Because workers in need of remediation often struggled in school during their youth, the prospect of undertaking basic skills or other prerequisite training frightened them, causing some to reconsider their training goals. Moreover, many prerequisite training courses were heavily impacted by long waiting lists for admittance, further delaying the time when students could begin occupational skills training and thus jeopardizing the availability of TRA benefits through the training program’s completion.

¹⁰ TAPR data showed that the incidence of OJT and customized training has typically been less than one percent of TAA exiters, even before the enactment of TGAAA.

¹¹ ETA may want to encourage states and local case managers to take advantage of Workforce3One training on the On-the-Job Training Toolkit. This OJT toolkit supplies states and local workforce partners with customizable OJT templates and forms including outreach materials, contracts, policies and procedures, and monitoring documents. In addition, recently added training modules and a Quick Start Action Plan assessment tool allows states and local workforce partners to quickly and effectively implement OJT.

¹² In April 2010,ETA announced the availability of NEG funding to help states develop and implement OJT programs for dislocated workers. Under the NEG OJT project, states can reimburse small employers for 90 percent of a participant’s wages, and medium employers 75 percent of a participant’s wages. Both states plan to utilize the results of these NEG projects to help them launch new OJT initiatives for dislocated workers, including trade-impacted workers.

A further concern was the lack of clarity of how prerequisite training—and remedial training more broadly—was defined. A number of states commented that remedial training was sometimes integrated into occupational skills training courses, because instructors identified this to be an engaging and effective way to provide the remediation that many students need. Because remedial and occupational skills instruction could be seamlessly integrated, respondents in some states wondered how participation in integrated training should be counted in the TAPR. As representatives from one state noted, “it is difficult to obtain a good read on the number of TAA customers receiving prerequisite training given that it is integrated into occupational skills training so often.”

Removal of ETPL Requirement

Under the Trade Act of 2002, ETA encouraged states to integrate the TAA program into their One-Stop delivery systems and strengthen the collaboration between TAA and One-Stop Career Center partners, especially WIA. To further this aim, the Act’s operating instructions encouraged states to have trade-eligible participants “select training providers that have met the qualifications necessary to be included in the . . . ETPL as defined in the WIA.”¹³ Seven states reported that prior to TGAAA they required trade-eligible participants to select providers and programs off the ETPL, while six other states reported that the ETPL was encouraged but not required.

TGAAA makes clear, however, that TAA participants should not be restricted to the ETPL in making training choices. Respondents in a number of states commented that removing the ETPL requirement that some states imposed was beneficial, with one state-level staff member calling it one of the “most positive aspects of the new regulations” because it substantially expanded TAA participants’ training choices. For example, one state reported that a number of proprietary and university programs were not included on the ETPL because the providers did not want to submit the paperwork and performance information that the ETPL required. In addition, one local workforce investment board was said to limit the types of programs that it approved for the ETPL to short-term training programs, further limiting training opportunities for TAA workers.

Nevertheless, various factors appeared to have limited the number of TAA customers who took advantage of the scrapping of the ETPL requirement under TGAAA. Twelve states noted that they still used the ETPL to supply trade-eligible workers interested in training with information about training providers and programs, creating an informational bias toward ETPL programs. Most of these states commented that the ETPL provided a good source of information about training providers and programs and was a “starting point” for TAA customers as they researched available training programs in their local areas. One state that devolved substantial authority for TAA to

¹³ TEGL 11-02, pg. 18.

local workforce investment areas noted that its vendor payment processes were tied to the ETPL, which effectively limited TAA customers to ETPL training providers (this state has a waiver from the state merit staffing requirement recently imposed by ETA). As another practical problem, a number of states commented that TAA participants co-enrolled in WIA were still required to use the ETPL as a condition of their WIA participation, particularly if WIA enrollment occurred prior to TAA enrollment. Along these lines, seven states commented that ETA's delays in making TAA certifications affected the number of individuals who might otherwise have used training providers not on the ETPL. In some cases, affected workers received core, intensive, and training services from WIA prior to TAA certification. Because these affected workers began their training programs under the WIA requirements, which required the use of the ETPL, they remained in training with ETPL providers even if they switched over to TAA program funding for the remainder of their training plans.¹⁴

A related complication in the TAA training selection and approval process was the use of demand occupation lists. Two states reported that the discrepancies between WIA and TAA in regard to the occupations for which customers could receive training made coordination between the two programs difficult. WIA requires customers to select their training programs from demand occupation lists, whereas TAA requires that there be a "reasonable expectation of employment" following the completion of training. Although state and local workforce investment boards make decisions regarding the demand occupations for a particular area, these determinations often resulted in much more limited training options for WIA program participants than for those in TAA. In Ohio, for example, there were "32 areas of study" in which WIA will not co-fund training services because they did not meet the local workforce investment board's demand-occupation criteria. Some of these occupations—such as truck driving, phlebotomy, and sales—offered steady employment opportunities, according to an Ohio respondent. While TAA would fund these types of training programs because they met the TAA's six training criteria, WIA would not, making it difficult to coordinate co-funding and co-enrollment of the two programs.

Notwithstanding the importance of these concerns in some instances, most state and local TAA staff commented that the ETPLs in their states were quite comprehensive and contained a large number of training providers and programs, and only two states felt that training choices might have been seriously limited by requiring the ETPL. Massachusetts had even begun conducting outreach to training providers to improve coordination with them. According to state respondents, these information sessions helped training providers understand the TAA training approval processes and the need for certain types of training programs for trade-affected

¹⁴ ETA may want to consider providing additional guidance to states about how co-funded training plans should be reviewed and criteria for joint training approval.

workers, and were meant to “build support among the vendor community” to help training providers share information among one another in order to improve access to training programs.

Other Factors Affecting Training Take-up Rates

State and local staff cited a number of other factors impeding affected workers’ ability to enroll in training, such as extended UI benefits, a lack of available training slots in some programs, and the inflexibility of training-program schedules. These factors are discussed below.

Extended Unemployment Insurance Compensation. Most states commented that emergency and extended unemployment compensation seriously affected training take-up rates by delaying training enrollment and potentially limiting the number of weeks of TRA benefits available to affected workers. Respondents in seven states reported that most TAA-eligible workers expressed an interest in obtaining training, but waited to pursue training until their unemployment compensation benefits were exhausted. As one state respondent noted, workers have been slower to enroll in training because “they have a sense of security that comes with 99 weeks of Unemployment Insurance coverage.”

Lack of Available Training Programs. Nearly every state commented that, due to the lack of available jobs in the current labor market, more individuals enrolled in training in order to improve their future employment prospects. Due to this increased demand for training, some TAA workers experienced significant delays in enrolling in occupational skills training programs because the programs they selected had long waiting lists. Health and medical programs such as those that train LPNs, RNs, and medical assistants were the programs cited most often by state and local respondents as having long wait lists for enrollment.

Several respondents indicated that expanding training capacity was often infeasible because it was difficult for training providers to recruit sufficient numbers of additional qualified instructors. In fact, the problem of lack of capacity was sometimes exacerbated because budget shortfalls caused some state-funded training providers to scale back their course offerings. For example, because of California’s budget deficit, state and local respondents in the state reported that community colleges had streamlined their programs and offered more limited courses to ensure that classes always reached maximum capacity. This translated into fewer seats available for training programs throughout the state. Not only did this lack of capacity delay workers’ entry into training, but respondents in at least four states reported that some TAA-eligible workers were unable to maintain their TAA benefits because the paucity of course offerings made it impossible for them to maintain full-time schedules, especially during the summer months.

Limited Flexibility in Training Schedules. Another impediment to higher training take-up rates that was noted in a prior report submitted by the evaluation team¹⁵ is that courses were not always available when affected workers needed them. In this round of data collection, state respondents also reported that the limited start dates for training enrollment at many public training institutions impacted workers' ability to enroll in training quickly. For example, many community colleges operate on a semester system with new courses beginning only three times a year (fall, spring, and summer). In some instances, TAA customers who wanted to attend a program operated by a public provider (i.e., a community college or university) had to wait a long time (as long as five months) if the beginning date of their eligibility for TAA services occurred in the middle of a semester. Moreover, prerequisite courses were sometimes offered even less frequently than three times a year, further delaying training enrollment.

In order to overcome these barriers, two states worked closely with training providers (primarily community colleges) to create customized training programs geared to the employment and training needs of dislocated workers. In the case of Arizona, discussions were underway with the community colleges in the Phoenix area to provide training programs that were shorter in duration (less than 16 weeks) and did not follow the regular academic calendar. The local workforce investment areas in Arizona were using WIA-ARRA funds to help encourage community college staff to offer these types of courses. State and local workforce development staff members in Washington were also working with community colleges to offer customized training opportunities to TAA customers for specific fields in demand (e.g., nursing and welding). The Washington state legislature also approved legislation allowing local One-Stop operators the ability to contract with community colleges for all the seats in specific courses.¹⁶

Difficulty in Monitoring Distance Learning. Respondents in eight states reported that distance and online learning programs were becoming more popular among trade-affected workers, but often were more difficult to approve under the TAA requirements, because it was hard to monitor participant attendance and document whether a participant was maintaining full-time status for TRA benefits. An additional difficulty with online learning programs that was mentioned was that distance learning providers did not provide participants with the same level of placement services as traditional programs. For this reason, staff in some states commented that they did not encourage online learning.

¹⁵ SPR's *Initial Implementation of the Trade Act of 2002*, previously cited.

¹⁶ ETA issued a Solicitation for Grant Announcement (SGA) to help community colleges expand their training capacity to meet the needs of trade-affected workers. Grants are expected to be awarded under this solicitation in the spring of 2011.

Ability to Consider Non-TAA Funds in Training Approval Process

The six criteria used by the TAA program to approve training choices remained under TGAAA, except that the provisions regarding “reasonable cost” were clarified to allow for more costly training. Specifically, if the individual had funds to pay the cost of training that was more expensive than the amount that could be funded by TAA, this fact could be taken into account when approving TAA training plans. ETA stipulated that these non-TAA training funds could be from other public or private sources, that “private funds” referred to grants, scholarships, and employer funds, that the affected worker could not be required to obtain and use such funds, and that personal funds could not be considered in approving training.¹⁷

While this change appears not to have affected training take-up rates, it was seen as beneficial for a number of reasons. Three states reported that by allowing more expensive training this modification helped to improve customer choice by expanding training options. The change was also seen as beneficial in that it clarified how state and local staff were to assess personal funds and student financial aid (such as Pell grants) when approving TAA-funded training.

On the other hand, TAA staff in Ohio and New York felt that ETA’s clarification that personal funds were not to be used in decisions affecting TAA-approved training was too restrictive. These respondents believed that ETA’s position “limits a customer’s choice” in training programs, and staff commented that if affected workers wanted to commit their personal funds to training they should be allowed to do so. In fact, New York staff recommended that TAA-eligible workers be allowed to appeal any training request denials that were based on personal funds needing to be used.

Monetary Caps on TAA-Funded Training Services

ETA’s TEGL 22-08 clarified that states could impose caps on the amounts of training that could be funded, so long as exemptions could be granted if circumstances warranted and that any caps that were imposed were sufficient to cover the costs of training for high-growth employment opportunities. State- and local-level TAA respondents in a majority of states commented that they did use a monetary cap when approving TAA-funded training programs, ranging from a low of \$6,000 to a high of \$25,000 per participant. For example, in Tennessee, the TAA program typically denied training approval if the cost of training plus travel exceeded 200 percent of the average cost of training for a given field of study. Similarly, North Carolina staff reported that the state legislature had placed an emphasis on using state-sponsored community college programs for training and that most of these occupational programs cost about \$3,000 per year;

¹⁷ Sections 617.22(h), 617.25(b)(1)(iii) and 617.25(b)(5)(ii) of 20 CFR prohibits the use of personal funds when considering whether TAA training costs are “reasonable.”

therefore, TAA participants could not spend more than \$3,000 per year on TAA-funded training programs without additional justification. A number of states commented that they felt a fiduciary responsibility and thus imposed these monetary training caps in order to ensure that taxpayer funds were being used appropriately and that TAA-eligible workers were not exceeding a “reasonable cost” level for training services.

The use of caps would clearly appear to limit customer choice, but there was no evidence that imposing these caps affected the number of individuals undertaking TAA-funded training.

Reemployment Trade Adjustment Assistance

The Alternative Trade Adjustment Assistance (ATAA) program, which was funded as a demonstration program under the Trade Act of 2002, was replaced by the Reemployment Trade Adjustment Assistance (RTAA) program under TGAAA. RTAA, as ATAA before it, allowed workers who are 50 years of age and older—workers for whom retraining may not be appropriate because of their nearness to retirement—to receive a wage subsidy if they accepted reemployment at a lower wage than the wage of their job at separation. RTAA built on the basic principles of the ATAA program but made some important changes.

Overview of Key Changes to the Wage Subsidy Program

In a prior report, the research team identified several reasons for low take-up into the ATAA program. In crafting RTAA, TGAAA remedied the shortcomings that the research team identified. Specifically, TGAAA:

- *Eliminated group eligibility requirements.* RTAA did not require group eligibility as part of the TAA certification process and therefore firms no longer needed to apply for wage subsidy eligibility separately at the time of petition filing. Under TGAAA, if an individual was eligible for TAA-funded services, that person was also eligible for RTAA as long as the individual eligibility conditions for RTAA were met.
- *Removed the 26-week deadline.* Under the Trade Act of 2002, trade-eligible participants needed to obtain full-time employment with a new firm within 26 weeks of separation from their old employer to access the wage subsidy. This deadline often provided insufficient time for older workers to find employment and was removed.
- *Allowed participation in TRA and training.* Whereas the Trade Act of 2002 limited the other TAA program services and benefits individuals could receive if they accepted ATAA, the RTAA program allowed eligible workers to begin receiving TAA-funded training or TRA and later switch to RTAA within the eligibility period. It also allowed RTAA payments to reemployed individuals who were simultaneously undertaking training and working at least 20 hours per week.

Beyond this relaxation of eligibility requirements, TGAAA also made RTAA benefits slightly more generous, increasing the total maximum payment amount from \$10,000 to \$12,000, and extending benefits to age-eligible (50 years of age or older at the time of reemployment) affected workers who earned as much as \$55,000 each year (compared to \$50,000 under the ATAA program).

RTAA Take-up Rates and Factors Affecting Take-Up

The majority of states commented that the changes made the wage subsidy program significantly more attractive and could lead to increased participation rates over time. For example, twelve states felt that the elimination of the 26-week deadline by which the worker must be reemployed could have a substantial impact on the RTAA take-up rate because it would give affected workers more time to test the labor market and to find new employment.

However, at the time of the site visits, only minimal increases in usage occurred. In fact, for workers ages 50 and over at the time of receiving their first TAA benefits and who were covered by a petition certified under TGAAA, only about 2 percent received RTAA, about the same rate as prior to TGAAA's enactment. A number of reasons for the low participation rate were cited.

- *Impact of economic conditions.* Respondents from nearly every state mentioned that RTAA take-up rates remained low because poor economic conditions made it very difficult, particularly for older workers, to find reemployment. Respondents commented that while all out-of-work individuals were finding it difficult to secure employment, older workers who lost their jobs had an even harder time because of age-related biases in the workplace.
- *Delayed job search.* Respondents in some states reported that older workers delayed looking for work because they were still receiving extended unemployment compensation and did not feel the need to reengage in the workforce until they exhausted their unemployment compensation benefits.
- *Delays due to changes in MIS.* Four states commented that it took time to make the necessary changes to implement the RTAA program and that enrollment in the program was delayed while applications were developed and computer systems were updated.
- *Lack of special effort to help older workers with job search.* None of the states indicated that they engaged in targeted job development efforts for older workers. Rather, state TAA/TRA program staff members relied on other workforce programs like ES and WIA to help workers with job search as part of normal One-Stop Career Center services that were available to the universal customer. More generally, for many states, the RTAA program was such a small piece of their overall TAA program that they did not place much emphasis on administering it.
- *Lack of awareness.* In past reports on the implementation of ATAA, a lack of public awareness of the program was noted as one of the reasons for the low take-

up rates.¹⁸Based on discussions with state workforce agencies during the most recent round of data collection, it appeared that states were using a variety of methods to market the new RTAA programs to trade-affected workers. These efforts included Rapid Response events, TAA notification letters, TAA orientation sessions and one-on-one meetings with case managers. However, no state was using a targeted outreach to recruit older workers for RTAA, and three states reported that they did not actively market the program beyond sharing information that the benefits were available to trade-affected workers at TAA orientation sessions. Further, with the abandonment of the 26-week deadline for finding reemployment, older workers were now eligible for RTAA for up to two years from the date of reemployment or date of exhaustion of unemployment compensation, whichever was sooner. From discussions, it did not appear that most states had thought through the implications of the new benefit period and how it could affect eligibility or should affect RTAA outreach to affected workers.

While take-up of the program remained low, TAA staff felt that RTAA filled an important need by providing an alternative to full-time training for older workers, and they expected take-up rates to increase when the economy improved.

Administrative Impacts of the Changes

In addition to potentially affecting workers' take-up rates for RTAA, the new provisions also affected states' administrative processes. For example, three states noted that because of the removal of the 26-week deadline for reemployment—and the consequent longer eligibility period—they anticipated that keeping workers apprised of their eligibility could be challenging. Because affected workers had up to two years to apply for RTAA benefits after exhaustion of their UI, these states planned to be more proactive in how they conducted outreach to older workers. For example, and in recognition of the two-year eligibility window, staff in New York implemented a new process by which RTAA applications were sent via mail to any individual who was 48 years of age or older at the time of TAA certification. While the state did not actively market the RTAA program beyond sending out information in the notification letter, simply informing a larger number of potential RTAA-eligible workers could eventually impact take-up of the program. No other states commented about efforts to increase awareness of the program given the increased two-year period for RTAA eligibility.

In another administrative challenge, three states commented that the provision allowing RTAA subsidies for trade-affected workers enrolled in training and working part-time was beneficial, but was difficult to administer. Staff in Ohio, for example, stated that, under the new part-time employment provision, affected workers may have been eligible for RTAA one week and

¹⁸ SPR's *Initial Implementation of the Trade Act of 2002*, cited earlier.

ineligible the next because they fell below the 20-hour part-time employment provision. Therefore, Ohio staff had taken to reviewing each RTAA application every week, and they found this process very labor intensive.

The Health Coverage Tax Credit

The Health Coverage Tax Credit (HCTC) program is implemented through a cooperative effort of the Department of Labor, the Department of Health and Human Services, and the Department of the Treasury, and is administered by the Internal Revenue Service (IRS), and subsidizes health insurance coverage for eligible trade-affected workers through a Federal tax credit.¹⁹The HCTC program is meant to help eligible trade-affected workers and their family members address one of the most significant consequences of job loss—the subsequent loss of health insurance. More broadly, the intent of the HCTC program is to provide better supportive services to trade-affected workers, thus improving training completion rates and helping affected workers transition back into the labor force quickly.

Overview of Key Changes to the HCTC Program

Under the Trade Act of 2002, the HCTC program subsidized private health insurance coverage for eligible trade-affected workers, covering 65 percent of the cost of the premium that eligible individuals pay for qualified health insurance coverage. The HCTC program benefit level was increased to 80 percent under the TGAAA reforms. For the period from March 2009 to December 2010, TGAAA also expanded the definition of an “eligible-TAA participant” to include those not receiving TRA because they were in an approved break from training exceeding 30 days and those affected workers who were receiving UI and would have received TRA if they had exhausted UI, without regard to whether they met the training enrollment deadlines. TGAAA also extended the use of National Emergency Grant (NEG) funds available under Section 173(f) of WIA to cover outreach for the program, infrastructure changes for administering the program, and advanced payments prior to IRS review and approval of HCTC applications.

The HCTC program may only be used to cover the cost of qualified health coverage. Only the following types of health coverage plans are considered to be qualified plans under HCTC:

- *COBRA continuation coverage.* As provided under the Consolidated Omnibus Budget Reconciliation Act (COBRA), health provider agencies are required to

¹⁹ Eligible individuals may claim the tax credit annually on their federal income tax return or in advance to help pay for qualified health plan premiums as they become due. The advance credit option allows for more affordable and accessible health coverage for eligible individuals who might not otherwise be able to obtain health coverage due to the cost of health care premiums.

accept HCTC payments on behalf of eligible COBRA enrollees who wish to participate in the HCTC advance credit option.

- *Non-group individual coverage.* This coverage is qualified as long as the health coverage began 30 days prior to the date the individual separated from his/her job preceding his/her eligibility for TAA (including ATAA/RTAA) or the Pension Benefit Guarantee Corporation (PCBG).
- *Spousal coverage.* This includes coverage under a spouse for a group plan that is made available through the employer of the individual's spouse.
- *State-qualified health coverage.* This includes health coverage that is qualified under a state's Department of Insurance to meet the requirements set forth under the TAA program legislation.

Take-up Rates and Factors Affecting Take-up

Representatives from nine states said that the 15-percentage point increase in the HCTC tax credit made the program more attractive and was expected to improve its take-up rate. Most states reported, however, that despite increases in inquiries about the program and apparent increases in HCTC take-up, overall take-up was still low compared to the number of TAA-eligible workers who could apply for this benefit.²⁰The only states reporting significant increased HCTC participation were those who received NEG Bridge grants. These states credited their NEG Bridge grants with providing the necessary resources to fund health premium costs prior to HCTC approval.

Even with the perceived increase in interest for the HCTC program, there were still a number of impediments affecting take-up of the program, including the complexity of the eligibility and enrollment process, the cost of covering the entire portion of health premiums prior to enrollment, the inability of affected workers to cover even 20 percent of the premium once the HCTC application was approved, and competition from other health insurance programs.

Complexity of the Enrollment Process

In the past, the HCTC application was approximately ten pages long, but according to respondents, the IRS made attempts to reduce the burden on affected workers by reducing the application size to three pages. However, even with the reduction in the application size, respondents in several states stated that some workers had trouble completing the application on their own and may even have forgone applying because they found the process too difficult. Thus, a number of state workforce agencies worked directly with customers to help them complete the required HCTC paperwork. North Carolina and Kentucky had staff dedicated to

²⁰ Many states did not seem to have access to data on actual HCTC usage.

working directly with affected workers in completing the HCTC application; these staff positions were funded through the state's NEG Bridge grant, not the state's TAA program.

As was stated in a prior TAA implementation study report, states often described the HCTC program as one of the most challenging aspects of the TAA program because it is administered by the IRS, and TAA staff did not feel well informed about the program in general.²¹ Seven states reported that workers had difficulty obtaining information from the IRS about whether their HCTC paperwork had been received and where their application was in the review process. Six states reported that the IRS should be doing a better job of communicating with state workforce agencies and affected workers about the program and the level of HCTC participation in their state.

The IRS contracts with Accenture, a private for-profit organization, for assistance in administering and marketing the HCTC program. As part of this contract, Accenture conducts informational sessions about the HCTC program throughout the country. Five states reported that Accenture staff conducted informational sessions for affected workers about the HCTC program in their states. Additionally seven states reported that Accenture staff either had provided, or planned to provide, training sessions to state workforce agencies about the HCTC program; five states had already received this training at the time of the site visit, while two were coordinating with Accenture to have the training occur at a later date. While most states appreciated the outreach and information sessions being provided by Accenture staff and thought they were of good quality, one state official commented that Accenture could have done a better job of coordinating with state workforce agencies when it planned to conduct information sessions for affected workers. As a consequence of this lack of communication, many times the state workforce agency found itself ill prepared to handle the volume of inquiries and influx of workers interested in applying for HCTC in its local field offices. This official added that many of the individuals submitting inquiries had not applied for TAA services and benefits and the state had not had adequate time to develop and transmit the list of eligible participants to the IRS.

Three states reported that many workers did not meet the eligibility criteria for the HCTC program because they did not have qualified coverage 30 days prior to separation. Some respondents felt that the requirement to have been in a qualified program 30 days prior to separation should be stricken from the HCTC program requirements because it was a financial burden for dislocated workers and reduced the number of workers who could apply for HCTC.

Also a concern, three states reported that many affected workers were afraid to apply for HCTC because the IRS is involved in the program and "they do not trust the IRS." In some cases, these

²¹ SPR's *Initial Implementation of the Trade Act of 2002*, cited earlier.

workers feared that the IRS would not make the payments or provide the tax subsidy and the individual would be left covering the costs of the health insurance during a financially difficult time in their lives. TAA staff stated that this fear of not being reimbursed forced workers to either consider other health options or to forgo health insurance altogether.

Inability to Pay Entire Health Premium During Application Review Process

Affected workers needed to cover 100 percent of their health insurance premium costs while they awaited IRS review and approval of their HCTC applications. According to state-level respondents in four states, this was an onerous financial burden that affected program take-up. These states reported that it was taking the IRS three to six months to approve and make the initial health premium payment on behalf of the eligible TAA-participant. Unless the state had an NEG Bridge grant (see below), it was very difficult for an individual who was out of work—and whose only income support may be his or her TRA benefits—to cover the full cost of his or her health insurance premiums for this length of time. In most instances, workers were unable to maintain their enrollment in a qualified plan during the time period prior to HCTC approval and were, therefore, found ineligible for the HCTC program.

States with NEG Bridge grants could pay for up to three months of a worker's health care premiums prior to the HCTC benefits taking effect, and this appeared to make a significant difference in take-up for the program. Three states reported that using NEG Bridge grants in this way and indicated that this helped increase HCTC take-up rates considerably. The grants also allowed states to market the HCTC program. According to staff in Kentucky, the state's NEG Bridge grant "made an incredible difference" in making the HCTC program attractive to TAA participants by reducing out-of-pocket expenses and also by providing additional support that allowed staff to address questions and help TAA customers prepare their HCTC applications. Similarly, North Carolina used its Bridge grant to contract with a non-profit organization that conducted mail and telephone outreach to trade-eligible workers. As a result of its NEG Bridge grant, North Carolina felt that it was able to sustain a much higher HCTC take-up rate than other states.²²

Inability to Pay 20 Percent of Health Premium Cost After HCTC Approval

Five states reported that, due to the rising costs of health insurance, the cost of covering even 20 percent of their health insurance premiums was too high to be affordable for most trade-affected

²² As of April 27, 2010, North Carolina had made 15,838 payments with its NEG Bridge grants. As of 10/15/2003 the state has spent \$6,398,521 in NEG Bridge grant funds for health coverage payments.

workers.²³Further, only six of the fourteen sampled states had state-certified health plans that might have been less expensive than COBRA plans or spousal health insurance coverage. Some staff reported that even though the HCTC program could “fill a huge need for customers,” they did not foresee a substantial increase in take-up rates unless the problem of the affordability of health insurance premiums was addressed.

Competition from Other Health Programs

Four states reported that they had their own state-sponsored health plan that provided medical and/or dental benefits to eligible workers. In some cases, these state-funded plans were more attractive to TAA participants and served as “competition” to the HCTC program. According to state staff in Massachusetts, the Massachusetts Medical Security Plan (MSP) provides coverage of approximately 80 percent of health care costs and is available to all individuals receiving unemployment compensation. In recent years, the MSP was the better option because it covered 80 percent of health care premiums compared to 65 percent under HCTC, but, given that TGAAA increased the HCTC tax credit to MSP’s levels, Massachusetts staff members stated that “we are revisiting whether it would be a good idea to encourage take-up of HCTC on a more widespread basis, or having MSP members convert to HCTC.” Depending on their decision, the HCTC take-up rate in Massachusetts may increase.

Similarly, Kentucky respondents saw competition from the COBRA Continuation Coverage Assistance program under ARRA. ARRA provided a COBRA premium reduction for eligible individuals who were involuntarily terminated from employment. Due to a sunset provision, the COBRA premium reduction under ARRA was not available to individuals who experienced involuntary terminations after May 31, 2010. However, individuals who qualified on or before May 31, 2010, could continue to pay reduced premiums for up to 15 months, as long as they were not eligible for another group health plan or Medicare. Under this ARRA plan, “Assistance Eligible Individuals” paid only 35 percent of their COBRA premiums; the remaining 65 percent was reimbursed to the coverage provider through a tax credit. The premium reduction applied to periods of health coverage that began on or after February 17, 2009, and lasted for up to 15 months. Because of the intricacies of the COBRA Continuation Coverage Assistance program and the HCTC program, Kentucky workforce staff members were not sure which program to support and market to trade-affected workers; they therefore requested assistance from ETA in understanding the nuances of the two programs and when it was appropriate to use one program instead of the other.

²³ A September 2004 report published by the Government Accountability Office (GAO), entitled “Health Coverage Tax Credit: Simplified and More Timely Enrollment Process Could Increase Participation” states that the HCTC tax credit resulted in an average monthly individual share of \$168 for TAA recipients (pg. 6).

Job Search and Relocation Assistance

The TAA program can provide financial support for customers who conduct job searches outside of their normal commuting areas. It can also provide relocation assistance to workers who secure new employment that requires relocation.

Overview of Key Changes

TGAAA, like its predecessor, the Trade Act of 2002, attempted to increase the attractiveness of TAA-funded job search and relocation assistance allowances by increasing the amount of reimbursement TAA customers could receive. Specifically, TGAAA increased the percentage of job search expenses that could be paid on behalf of a qualified participant to 100 percent (from 90 percent), with the benefit capped at \$1,500 per participant (up from \$1,250). Similarly, TGAAA increased the percentage of relocation expenses that could be paid on behalf of a qualified participant to 100 percent (from 90 percent), and authorized a lump sum payment of up to \$1,500 (up from a maximum of \$1,250).

While states commented that the increases in benefit levels for job search and relocation assistance were constructive, take-up for both of these program components remained low—at about 1 percent of all TAA participants, a rate that did not appear to have changed much in recent years. In fact, only one state, Texas, reported an appreciable increase in the usage of job search and relocation assistance since the implementation of the TGAAA. TAA staff in Texas ascribed this increase to the fact that IT workers—the largest new worker group served in Texas as a result of TGAAA making service workers eligible for the TAA program—were more amenable to relocating than workers in other industries. Respondents in four other states noted that there might be an increase in the use of these allowances once extended unemployment compensation ended and the labor market improved.

Reasons for Limited Take-Up

While the poor economy and the extension of UI were the two most commonly cited reasons for low job search and relocation assistance take-up rates, states identified a few other reasons including a reluctance among some workers to relocate, a cumbersome approval process, and inadequate marketing efforts.

Reluctance to Relocate Among Certain Eligible Worker Groups

Respondents in most states noted that job search and relocation assistance take-up rates remained low because trade-affected workers have strong ties to the communities in which they live and are therefore often reluctant to relocate. Families and children keep workers rooted to their local areas; with school-aged children or family members to care for throughout the year, they often

feel they cannot relocate for work. Moreover, a weak real estate market made it difficult for those who owned homes to sell them.

The finding that many trade-affected workers were reluctant to relocate is not new and was also documented in the *Initial Implementation of the Trade Act of 2002* report. During this round of data collection, respondents noted that some types of workers were less likely than others to relocate. For example, mature workers, particularly those with lower education levels, were more entrenched in their local areas and therefore less willing to relocate, whereas younger workers were often more open to considering relocation. Some respondents also observed that better-educated professional workers were also more likely to realize the need to relocate to find sustainable employment; thus, TGAAA's expansion of TAA eligibility to workers in the service sector was expected to lead to an expansion in the use of these benefits over time. For example, one state respondent in Washington noted that trade-affected workers from Boeing were used to relocating for new employment opportunities and would utilize the TAA-funded job search and relocation allowances to do so again.

Procedural Protocols

Only two states, New York and Ohio, reported that procedural protocols impeded take-up of job search and relocation assistance. Respondents in these states reported that the approval process for obtaining job search assistance allowances discouraged TAA-participants from applying. For example, in New York, TAA participants must have written documentation showing that an interview is scheduled with an employer before job search assistance will be authorized. In many cases, however, affected workers scheduled interviews with employers via telephone and were unable to document a planned out-of-area employer interview.

Limited Outreach Efforts

Based on interviews with state and local respondents, outreach about the availability of job search and relocation assistance seemed quite limited. Information about job search and relocation assistance was presented during Rapid Response sessions and as part of TAA orientation sessions, but it was not generally disseminated more widely than this. Given that TGAAA removed the deadline to apply for relocation and job search assistance, some trade-affected workers forgot that they were eligible for these services unless states and local staff had a coordinated outreach plan to keep eligible workers informed that these allowances were available.

Conclusion

In an attempt to increase the effectiveness of the TAA program overall, TGAAA made a number of changes to the provisions governing TRA, TAA-funded training, RTAA, HCTC, and job search and relocation assistance. Although there were some administrative challenges related to

these changes, respondents viewed their potential benefit to workers positively. For example, respondents uniformly lauded the removal of the “8/16” deadlines and the creation of a new 26-week deadline for training enrollment. A number of state and local respondents commented that under the old rules, some TAA customers missed deadlines for enrolling in training and consequently lost their eligibility for TRA benefits. With TGAAA’s 26-week deadlines, affected workers had more time to conduct job searches, conduct skills assessments, and research available training options.

The expansion of remedial TRA for weeks of prerequisite training was also viewed as an important change because most high-demand occupations, such as nursing, require participants to complete certain prerequisite courses for entry into training

Other changes were also viewed positively although their effects were modest. For example, overall, most state- and local-level respondents strongly welcomed the TGAAA’s inclusion of pre-separation training and part-time training as allowable types of training. Removing the requirement that TAA customers select training providers from the ETPL was also favorably viewed because of its potential to increase workers’ training choices, although some local area respondents commented that the ETPL could still be required for training co-funded by WIA. The reformulation of the wage subsidy program (RTAA) and the expansion of the HCTC tax credit were also deemed to be highly desirable changes.

TGAAA’s changes were not only positively viewed for their potential benefit to workers, but also because in some cases they eased states’ administrative burdens. For example, relaxing the 30-day review for training waivers and clarifying when the marketable skills and retirement waivers should be utilized were credited with alleviating some administrative burden on states and local program staff.

However, despite these beneficial changes, state and local staff reported that a number of external factors limited take-up rates of certain TAA program services and benefits. For example, the poor economic outlook made it very difficult for older TAA participants to find reemployment, thereby reducing the number of TAA customers enrolling in RTAA. Similarly, extended unemployment compensation (for up to 99 weeks) delayed the onset of the receipt of TRA and may also have delayed entry into training.

Because of the importance of these economic factors, it was still too early to gauge the true impact of the TGAAA reforms at the time the site visits took place. However, the majority of respondents expected these reforms would ultimately result in improved training completion rates, better-skilled workers, and, ultimately, better success in the labor market for trade-affected workers.

VI. FUNDING AND FINANCIAL REPORTING

A number of changes in TAA funding allocations and financial reporting requirements occurred as a result of TGAAA. This chapter discusses how states accommodated these changes and dealt with the funding and reporting issues that arose. The first section discusses recent funding and states' reactions to changes in formula allocations. It also identifies trends in the duration of training and the potential implications of these trends for future TAA funding. The second section examines changes to TAA participant reporting mandated by ETA and discusses difficulties that states encountered with changes in reporting requirements, and in particular with reporting participant-level financial data.

Funding Allocations

TAA is a capped entitlement; that is, eligible workers are entitled to training and related benefits but resources for training are subject to an annual appropriation by Congress. The national appropriation is allocated to states using a funding formula.

Two major changes were made to funding since fiscal year 2009. First, in response to the expanded eligibility for TAA programs under TGAAA and the sharp downturn in the economy caused by the recent recession, annual training appropriations were increased from the previous level of \$220 million to \$575 million for fiscal years 2009 and 2010.¹ Second, because there was widespread agreement that the method for making allocations had to be made more flexible so that it could more easily respond to unexpected shifts in demand across states, TGAAA made significant changes to TAA's formula allocation process as follows:

- The percentage of annual funding distributed by formula for the initial allocation was lowered from 75 percent to 65 percent. This had the effect of increasing the amount held in reserve for states to request as needed.
- The funding formula itself was changed to reflect activity during the past four quarters for which data are available, rather than the previous three years. The

¹ ETA made an initial allocation for FY 09 of \$165 million before TGAAA was enacted, presuming that the prior cap of \$220 million would be in effect. In the wake of TGAAA, ETA issued TEGL 4-08 Change 1 (June 9, 2009), which provided a supplemental allocation for FY 09 of more than \$381 million.

formula took into consideration the following four factors: (1) the number of workers covered by certifications during the previous four quarters (weighted in favor of most recent quarters); (2) the number of workers participating in training over the previous four quarters (similarly weighted); (3) the number of workers estimated to be in training during the upcoming fiscal year; and (4) the projected amount of funding needed to provide approved training.²

- The minimum initial allocation a state received under a “hold harmless” provision was lowered from 85 percent to 25 percent of the previous year’s initial allocation, beginning in FY 2010, because at the 85 percent level some states received more funds than they could realistically use, while others might experience funding shortfalls.
- As was the case prior to TGAAA, a state needed to demonstrate that at least 50 percent of its training funds had been expended or that it needed more funds to meet unusual or unexpected events.

Changes to the funding formula were made because the previous formula was believed to be too “backward looking” in that it was based on TAA participants and expenditures over the previous three years. As a backward-looking formula, it was viewed as being insufficiently responsive to the expected scale of future dislocations. The new provisions in the formula funding process were meant to remedy this shortcoming. As was the case prior to TGAAA, however, allocations to states remained subject to rescission. After consultation with a state, DOL could recapture funds if the state was not expected to expend the funds it was allocated.

States’ Views of the Adequacy of the Allocation Procedures

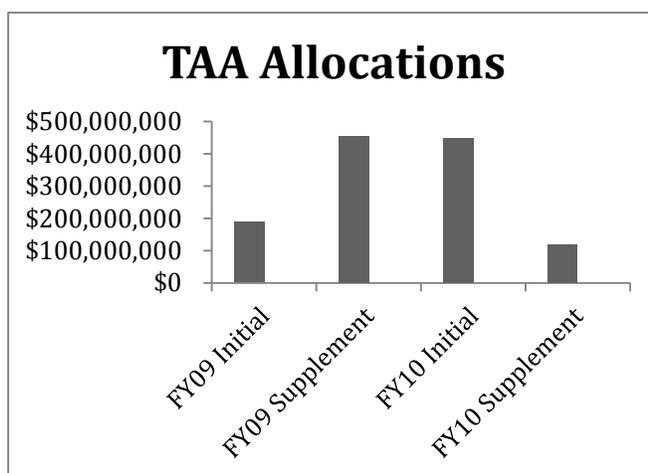
For the most part, state respondents were positive about the changes in the allocation formula. This was particularly true in states that had recent high levels of TAA expenditures because under the new formula these states received increased initial funding. On the other hand, some states that had not expended previous allocations could have had lower initial allocations as a result of changes in initial funding formulas and hold-harmless rules. Responses in these states generally reflected a “wait and see” attitude. However, to a large extent, the effects of the changes in the funding formula and hold harmless rules were masked by the size of allocations for FY 2009 and 2010, which represented more than a doubling of the amounts previously available.

² In estimating the number of workers expected to be in training for FY 09, ETA used the most recent four quarters of data on workers that entered training, by state, but with an additional 30 percent added to that number to account for expected growth. Similarly, projected funding was determined using each state’s prior year’s expenditures for training, again adding 30 percent to that amount.

**Exhibit VI-1: TAA Allocations by State
FY 09–10 (in \$ million)**

State	FY 2009		FY 2010	
	Initial	Supp	Initial	Supp
Arizona	0.7	2.7	2.5	1.2
California	9.9	21.7	15.1	3.5
Illinois	7.9	16.3	16.9	4.8
Kentucky	5.2	12.1	11.3	4.1
Massachusetts	6.2	12.3	11.1	3.0
Michigan	9.6	49.9	51.9	5.0
New York	3.5	10.0	9.2	2.6
North Carolina	19.1	44.0	43.4	10.6
Ohio	6.5	19.1	19.7	6.2
Pennsylvania	12.8	21.9	25.1	6.3
Rhode Island	1.2	3.6	3.2	0.8
Tennessee	3.6	11.9	11.1	2.8
Texas	9.5	17.5	15.7	3.9
Washington	10.1	6.5	11.1	2.4
US Total	189.8	455.6	447.0	119.6

Exhibit VI-2: National TAA Allocations



Because of the relatively large allocations in TAA funding for fiscal years 2009 and 2010 (see Exhibits VI-1 and VI-2), most states reported that they expected to have adequate TAA funding through FY 2010. Indeed, during spring 2010, the majority of states in the sample were still spending carryover funds from their FY 2009 allocations, and at least one state was spending FY 2008 funds. At the same time, however, the effects of the December 2007–June 2009 recession and the consequent higher demand for program services appeared to justify the large allocations: no state indicated that it expected a rescission of TAA funds and officials in a few states, particularly those with high levels of TAA expenditures, anticipated requesting supplemental funding. In fact, all states received a supplement in mid-July 2010 that added an average of 28 percent to their initial FY 2010 allocations.

Respondents in one state that had previously had higher initial allocations under the previous formula and hold-harmless rule saw some potential difficulties with the new allocation methods. In another state, officials expressed a concern about the potential instability in funding that could result from the new method. Because TAA activity tends to be episodic and intermittent, it can be difficult to “ramp up and down” for program activities unless there are adequate numbers of permanent staff members who are knowledgeable about TAA. However, less-stable funding makes it more difficult to keep these knowledgeable people on staff and available when needed.

Respondents in another state stated that while the new TAA formula allocation is better than the old one, it was still inadequate because it did not take into consideration National Emergency Grant (NEG) dual enrollment grant funding levels and expenditures. According to this staff person, these grants are utilized by states to provide wrap-around services to TAA participants and should be factored into the TAA formula allocation.

Some states aggressively pursued a policy of longer-term training for TAA participants, and this too had a bearing on states' views of funding adequacy. For example, under its "No Worker Left Behind" program, Michigan established a statewide system with universal eligibility requirements and benefit levels that emphasized longer-term training. According to the state's white paper,³ the purpose of the reform was to replace a "policy emphasis on moving people from job to job" with "a focus on longer-term training that can change people's lives and make America more competitive in the global economy." Similarly, in Massachusetts, state-level respondents estimated that at least 30 percent of TAA participants were enrolled in training of two years duration or longer. In both states, state-level respondents expressed concern that funding levels might decrease after FY 2010 without a commensurate improvement in the economy. Massachusetts respondents were also concerned that the new allocation formula might mean that the state could receive less initial funding in the future despite a continuing high demand for services and a need to cover the costs of long-term training for current participants.

Another trend has been a general expansion of services to customers as a result of TGAAA's rules mandating case management and a concomitant increase in expenditures. Arizona, for example, took substantial steps to increase services for TAA participants. The state fully covered the costs of locally based TAA case managers in three metropolitan LWIAs and used TAA administrative funds to pay for Wagner-Peyser staff in regional offices who serve rural TAA participants. This state, too, would be concerned if funding levels reverted to earlier levels.

Effects of the "Hold Harmless" Rules

Some states that had larger initial allocations under the old formula found that they had to more closely monitor funding and expenditure levels because they were guaranteed, in their initial allocations, only 25 percent of the previous year's initial funding level. Texas provides a good example of one of the potential effects of this change in the "hold harmless" rules. Between five and ten years ago, Texas had one of the highest levels of trade-affected dislocation, largely because of a shift in garment industry employment from the U.S. to Mexico. As state levels of trade-affected layoffs declined between 2005 and 2009, the state's allocation was protected by

³ "No Worker Left Behind After Three Years: Successes and Challenges."
http://www.michigan.gov/documents/nwlb/NWLB_After_Three_Years_white_paper_FINAL_326168_7.pdf

the 85 percent minimum of the hold-harmless provision. As a result, through FY 2009, Texas received a relatively large share of the national TAA allocation, and funding levels were more than adequate to meet the needs of TAA-eligible workers. Consequently, the state negotiated a voluntary de-obligation of \$10 million in TAA funds from its FY 2008 allotment. However, for 2010, Texas expected a substantial increase in its level of trade-impacted layoffs, and because its initial allocation was lower than it would have been had the 85 percent minimum not been lowered to 25 percent, officials there anticipated the need for supplemental funding.

Effects of Changes in Reserve Funding Levels

Even in those states that received smaller initial allocations as a result of the changes, there was an understanding of the need for a formula that better anticipated TAA utilization. Few respondents took issue with the increase in the percentage of the national appropriation held in reserve from the previous 25 percent to the current 35 percent. When discussing this increase in the reserve percentage, a TAA Coordinator from one such state described this change as necessary and an acknowledgement of the fact that “it is hard to get the money in the right place” for the program. Similarly, respondents in some states described as reasonable the related regulatory codification of previous policy that a state expend 50 percent of its funds before it could request a supplemental allocation from the national reserve.

However, officials in some other states had difficulties with this requirement. These respondents pointed specifically to the fact that this requirement did not align well with the semester system adopted by many of the state’s training providers. Because only expenditures and not obligations are considered in determining whether a state has reached the 50 percent threshold required for supplemental funding, states cannot request funds in advance to take into account the often sharp increases in expenditures that occur in the fall semester. For this reason, concern was expressed by TAA and fiscal staff in states that were relatively close to the 50 percent threshold in the first part of the fiscal year but who were unlikely to pass it until late in the year, when the states’ expenditures could skyrocket.⁴

Data Reporting and the New TAPR

As a result of TGAAA, important changes were made in the way states report TAA data to ETA. States previously used three separate quarterly reports: the quarterly activities report (form ETA-563) for current enrollments and financial payments to participants; the ATAA quarterly report

⁴ Potentially mitigating this concern, according to Final Rule 20 CFR 618 ETA is to make a second distribution to states by July 15 of each fiscal year, by which time 90 percent of all training funds are to be disbursed, with the remaining held in reserve to meet any remaining supplemental requests. For FY 10, this second distribution amounted to \$104 million.

for reporting about ATAA activity; and the Trade Act Participant Report (TAPR) for reporting participant-level information for those who have exited the program. All but the TAPR were eliminated and ETA now requires states to report financial data as part of the TAPR.

Regarding the TAPR, states previously submitted participant-level data as part of the TAPR only for those who exited the program, and they submitted these data only after all follow-up data were available. Now, records are to be submitted for applicants who are determined not eligible or who are eligible but do not receive services, as well as for current participants, not just exiters. Additionally, data are to be submitted quarterly and cumulatively for each person until the individual exits and all follow-up data are complete.

Existing MIS and Reporting Systems

Respondents from all states except North Carolina and Ohio reported that their management information systems for TAA were part of a broader workforce MIS or One-Stop operating system. Generally, these integrated information systems link with WIA and Wagner-Peyser programs, and in some cases, the integrated system is also linked with Unemployment Insurance, TANF, or Vocational Rehabilitation programs.

Two states (Texas and Pennsylvania) were piloting the Workforce Investment Streamlined Performance Reporting (WISPR) system, which uses a single set of data specifications and formats for reporting on multiple USDOL-funded workforce programs. In addition to using WISPR as a tool for reporting to ETA, state and local Workforce Investment Boards could also use the system's ad-hoc reporting functions to create reports on customers and services. In Illinois, state officials indicated that based on their review of WISPR, they had begun to make changes to their reporting systems prior to ARRA.

Challenges in Consolidated Reporting

Most states reported significant challenges in adapting to the new reporting requirements and in meeting the first deadline for submission. The most common difficulties reported by states were related to developing systems for collecting and merging data from various sources and recoding systems to meet the new TAPR specifications. Moreover, these changes needed to occur within a relatively tight timeframe—according to state respondents, guidance was not released until September 2009 and changes were supposed to be in place by mid-February 2010. Although most states were able to comply with this first new TAPR reporting date, many state respondents indicated that it was difficult to marshal the staff time and financial resources needed to implement the changes. As a result, several states reported that they had received extensions for integrating financial data through September 2010, and for reporting on the data until February 2011.

Programming Challenges

Even in those states that were able to comply with the February 2010 reporting deadline, most state-level respondents reported that their states encountered difficulties with implementing the new reporting requirements. Some of the difficulties were related to the quantity of new data required—the new TAPR consists of more than 130 fields, more than twice the number of the former report. To comply with the new reporting requirements, MIS staff generally needed to re-program their reporting systems to obtain data from a variety of sources. Moreover, because of the addition of new, previously untracked elements, such as prerequisite training, MIS specialists often had to reprogram data-entry screens for front-line staff.

Some states reported that it was difficult to find adequate programming resources to implement changes within the context of the broader system changes they were implementing. Competing demands for programming staff often made it difficult to handle multiple demands for system changes. As an example, in at least one case programming multiple extensions to the Unemployment Insurance system took precedence over other workforce system needs. Respondents in several states indicated that the system change-overs—both for broader-based MIS changes such as those involving WISPR or other consolidated reporting systems and for TAPR-specific reporting—came at a high financial cost. For example, although the changes were not directly related to TAPR or TGAAA, respondents at the Texas state workforce agency reported that the agency had devoted its total annual IT budget for the development of the WISPR system.

Integrating Financial and Participant-level Data

New reporting requirements created problems not only from a system programming perspective, but perhaps more importantly from a data collection perspective—many states did not have systems in place to collect some new data elements. As an example, although states generally did not view reporting information on participants on a rolling quarter basis as inherently problematic, they often did have problems with finding appropriate mechanisms to collect and record detailed expenditures at the individual level.

Nearly all states, including those that were implementing WISPR, had to grapple with finding the best way to integrate financial data—such as information on quarterly training costs and subsistence payments—with participant tracking data. In some cases, this led to some time-consuming “work-arounds” for TAA front-line staff and coordinators. In New York, for example, because the One-Stop operating system did not have the ability to collect and record expenditures on the individual level, state staff persons developed a financial spreadsheet filled out by local case managers and TAA coordinators. Once the information was completed and sent to the state, state reporting staffers manually entered information from the spreadsheets into

the TAPR reports. Several states indicated that because of such difficulties they had requested and received extensions for submitting these data.

In other states in which some or all TAA services were decentralized, states had to determine the extent to which local area staff should be involved in data collection efforts. Texas, for example, initially planned to include financial data on individual participants in its client reporting system but later decided that its case management system was not well suited for accounting and that front-line staff should not be making financial entries since a separate unit was responsible for payments. As a result, it was decided that the state's performance management unit would be charged with combining WISPR data with client-level financial data. In Illinois, which has a decentralized TAA program in which LWIAs are responsible for case management services, state-level respondents expected that problems would likely emerge when local areas have to start reporting per-participant costs. Moreover, the state would then have to find a way to link a multitude of different local financial reporting systems to its workforce MIS.

Accounting for Ineligible Applicants and Eligible Applicants Not Accessing Services

States were also grappling with the best ways to collect data on persons deemed ineligible for services or those eligible but not receiving services. For example, Massachusetts captured data for all applicants, but those who were eligible but who did not apply were not being recorded. In Kentucky, records for ineligible applicants were already in the system, but special programming was required to extract these data for the TAPR.

States that had decentralized systems were particularly concerned about the ability of local areas to collect information for these categories of applicants. In Illinois, state staff indicated that although modifications to its MIS had not yet posed a problem, the real challenge was expected to come when they began to collect information from local areas. Similarly, Michigan, which is exempt from the mandate that state merit staff provide services, depends on LWIAs for the delivery of TAA services. State respondents there also indicated that it would probably be difficult for local staff to determine who the applicants were who were determined ineligible. Ostensibly, there could be a sign-up sheet at One-Stop Career Centers, but it could be difficult to obtain information the TAPR requires for those participating only in informational sessions or for those accessing core services and who do not necessarily need to provide information for other reasons.

Other Issues

States also faced some other issues with the TAPR, some of which were likely to be resolved fairly quickly, such as being able to do large batch-data uploads. Other issues were more internal and depended on interagency dynamics, such as finding the best way of integrating UI and TRA data. These and other issues are briefly described below:

- *Uploading TAPR data.* ETA systems were not initially prepared to accept the high volume of data contained in TAPR files and all states that attempted to transmit TAPR were faced with a time-consuming process. In one state, for example, MIS staffers found that the process worked only if they limited initial transmission to a series of smaller files. In some cases, it took a period of several weeks to transmit the reports, and respondents in one state indicated that they had still not been able to transmit all of their first-quarter records three months after the deadline.
- *Integrating TRA and RTAA data.* Some workforce department officials identified difficulties in establishing efficient ways to integrate TRA data. Representatives in some states indicated that it was a challenge for them to arrange to get TRA claims data because these data were housed in separate systems operated by the UI units. In Massachusetts, a dedicated programming staff person is now required to coordinate information from the UI and other data systems, whereas previously the TAA coordinator was able to handle all TAA reporting functions. Similarly, in other states such as Michigan workforce staff persons do not have direct access to UI data system, and must rely on intra-agency agreements for the sharing and reporting of data. Also, because RTAA programs are often operated by UI agencies rather than by workforce development units, it can be more difficult for the persons preparing reports to identify exit dates for persons participating in RTAA.
- *Poor alignment with data on WIA.* In states without integrated data systems, the participation and exit dates used in the TAPR might be based only on when TAA services were provided, not on partner-funded services.⁵ So, a participant could still be active in WIA services even while being shown as having exited from TAA. Aligning TAA and WIA exit periods, especially for purposes of measuring outcomes on the common measure, would enable local staff and managers, particularly those in the offices that deliver both TAA and WIA services, to better compare outcomes across programs for specific quarters. Such a change could potentially contribute to making operations in local areas more uniform.

Summary and Conclusion

State officials—particularly those from states with recent high utilization of TAA funding—were generally positive about the changes in allocation formulas. Most states also expected to have adequate TAA funding through FY 2010. However, some states, particularly those with policies of longer-term training for TAA participants, expressed concern about meeting their future

⁵ According to guidance issued by ETA, both with the TAPR instructions (TEGL 6-09) and elsewhere (TEGL 17-05), participation in TAA occurs when a participant first receives a service funded by TAA or by a partner program, and exit occurs on the date when a participant receives a last service funded by TAA or a partner program.

obligations if there were to be future reductions in program funding and if the economic recovery continues to be slow and demand for services remains high.⁶

States saw two major challenges in terms of reporting. First, state officials were often either experiencing or anticipating difficulties collecting and reporting on client-level financial data, new data elements, and ineligible applicants and eligible applicants not accessing services. Second, although there was some variability across states in terms of perceived difficulty, states were also concerned about developing methods for efficiently integrating data from a variety of sources. Clearly, the process of developing systems for integrated TAA participant reporting has been difficult for some states, and these states would benefit from technical and financial assistance in developing these systems.

⁶ In fact, TAA funding for training did revert to pre-TGAAA levels given TGAAA's sunset.

VII. CONCLUSIONS

The changes TGAAA made to the TAA program in 2009, described in the preceding chapters, were welcomed in states and local areas and recognized as advantageous to workers affected by trade dislocations. The expansion of benefits was expected to result in improved training completion rates, better-skilled workers, and, ultimately, better labor market success for TAA participants. The expansion of eligibility to new worker groups, such as to those in the services industry, was also acknowledged by respondents as greatly broadening the TAA's programs reach and providing access to services to many additional trade-affected workers in need.

The changes that TGAAA made were complex, and caused states to reshape program services, design new guidance for staff, and develop new orientation materials for eligible workers. Fortunately, ETA's guidance on TGAAA's changes was described by state respondents as clear and comprehensive, leaving state workforce agency staff feeling well equipped to carry out the legislation's key provisions.

However, a number of big-picture factors complicated the implementation of TGAAA in significant ways, most of which were external to the TAA program itself. An overriding factor affecting the implementation of many provisions of TGAAA was the weakened state of the economy. With unemployment rates at stubbornly high levels not often seen in the post-World War II period, workers' employment opportunities have been greatly impacted. As a direct effect of this economic environment, states' efforts to secure suitable, long-term employment for workers through TAA have been undermined. For example, although under other circumstances the provisions in TGAAA enhancing the attractiveness of RTAA could have been expected to lead to a marked increase in take-up, poor economic opportunities greatly curtailed workers' ability to take advantage of this service.

The weakened state of the economy had marked indirect effects on TGAAA implementation as well. The Federal response to the nation's economic distress was to enact the Unemployment Compensation Extension Acts of 2008 and 2010, which together with other UI benefits, allow claimants in states with high unemployment rates to collect UI for up to a total of 99 weeks. Although of obvious value in providing an economic cushion to economically distressed families and stimulating the economy, the availability of extended benefits removed an incentive that trade-eligible workers might otherwise have felt to quickly take advantage of TAA benefits and

services. Thus, as some state and local respondents reported, workers delayed entry into training and sometimes lost eligibility for TRA altogether because of their lack of attentiveness to training enrollment deadlines.

Indirect effects of the poor economy delayed workers' access to training for other reasons as well. With job opportunities relatively bleak, unprecedented numbers of the unemployed and discouraged workers (whether trade eligible or not) were applying for enrollment at two-year colleges and other training institutions, at precisely a time when state budget deficits were causing many state-funded community colleges to curtail course offerings. As a result, there were often long waiting lists for TAA participants who wanted to take advantage of TAA-funded training, particularly for those who were interested in pursuing careers in the health and medical fields. The waits delayed the onset of workers' training and in some cases jeopardized their ability to maintain full-time loads necessary to qualify for TRA income support (especially during summer months, when course offerings were less plentiful). In extreme cases, the delays caused state workforce agencies to withhold approval of training plans because they recognized that the worker could not reasonably expect to complete training while still eligible for TRA.

Moreover, high caseloads brought about by the dramatic influx of new customers to the public workforce investment system limited case managers' ability to provide the level of attentiveness to individual customers that they might have wanted to. Even though TGAAA dramatically increased funding for the TAA program, and for case management services in particular, states could not ramp up that quickly, particularly in the face of hiring freezes that were in effect in some states. TAA eligibility and benefit rules are complex, and even informed workers have difficulty weighing the trade-offs between alternative packages of TAA benefits and services—RTAA versus training and TRA, for example, and part-time training versus full-time training. Additional case management assistance might help, were it available.

In another ripple effect, the poor economic climate, coupled with expansion of TAA eligibility to newly eligible groups and the fact that many prospective petition filers delayed filing until TGAAA's effective date, dramatically increased the number of petitions filed to levels at least twice what they were before TGAAA's enactment. The high volume in turn created sizable backlogs of petitions pending and substantially degraded ETA's capacity to make timely petition determination decisions. Although ETA aggressively hired and trained new examiners to bring response times back to near normal levels, petition determination decisions took many months longer than normal in the quarters following TGAAA's effective date, significantly delaying workers eligibility for TAA services. Furthermore, with delayed certification, states found it more difficult in some instances to obtain lists of certified workers from employers (firms were more likely to have gone out of business in the time between petition filing and

certification) or to provide eligibility notification to workers on the lists that states did receive (workers were more likely to have moved away from the address provided by the employer). Fortunately, given that emergency unemployment compensation benefits have been in effect during this period, trade-affected workers with petitions pending were able to rely on UI for income support for an extended period.

Finally, the effective application of TGAAA's new benefits and eligibility rules seemed hampered by workers' and worker groups' unfamiliarity with them, as well as by states' relatively weak marketing efforts to promote them. Although Rapid Response events and TAA orientation sessions mention the array of TAA benefits and services that are available and are by all accounts quite thorough, the welter of program services can be confusing to workers coping with the trauma of job loss. Rather than engaging in aggressive promotion and marketing, states seemed to rely on the strategy of describing the range of program services in orientation sessions and program brochures, and then relying on workers to take the initiative in accessing them. One reason may be that, given that TGAAA's provisions were to sunset, states were disinclined to aggressively promote program services that may no longer be available in a short while.

On the other hand, the evaluation team's previous work found that, among those eligible but who did not apply for TAA prior to TGAAA, significant numbers cited lack of information about program services as the reason for not applying.¹ Extrapolating from the study's findings, it seems that more vigorous outreach efforts could have both increased rates of petition filing on behalf of newly eligible worker groups, and, for workers covered by certified petitions, increased take-up of some of TGAAA's new or expanded benefits as well as of TAA's more traditional services.

¹ When TAA eligible workers who were not participants were asked why they had not applied for program services, 38 percent said they lacked information about the program. Among eligible nonparticipants ages 50 and over, more than 60 percent reported not knowing about the ATAA program. See Sarah Dolfen and Jillian Berk, *National Evaluation of the Trade Adjustment Assistance Program: Characteristics of Workers Eligible under the 2002 TAA Program and Their Early Experiences with the Program* (2010).