

September 2012

TRADE ADJUSTMENT ASSISTANCE

Changes to the Workers Program Benefited Participants, but Little Is Known about Outcomes



Why GAO Did This Study

While international trade has benefited Americans in a number of ways, it has also contributed to layoffs in a range of industries. To assist trade-displaced workers, Labor administers the TAA for Workers program, which provides income support, job training, and other benefits. The Trade Globalization and Adjustment Assistance Act of 2009, enacted as part of the American Recovery and Reinvestment Act, made substantial changes to the TAA program, such as extending eligibility to workers in the service sector and increasing benefits levels. The Act also required GAO to report on the operation and effectiveness of those changes. Specifically, GAO examined (1) the challenges Labor faced in implementing the 2009 legislation, (2) selected state officials' assessment of the 2009 legislation's effect on participants and state and local administrators, and (3) the extent to which participants received program benefits and services established by the 2009 legislation and achieved employment outcomes. GAO interviewed officials at Labor and in six states, selected for having a high level of TAA activity and geographic diversity. GAO also reviewed Labor's internal controls for investigating petitions, which are filed on behalf of workers and are the starting point for determining their TAA eligibility. GAO analyzed participant data on specific benefits and services received and employment outcomes, as available.

What GAO Recommends

GAO is not making recommendations in this report. Labor generally agreed with the report's findings.

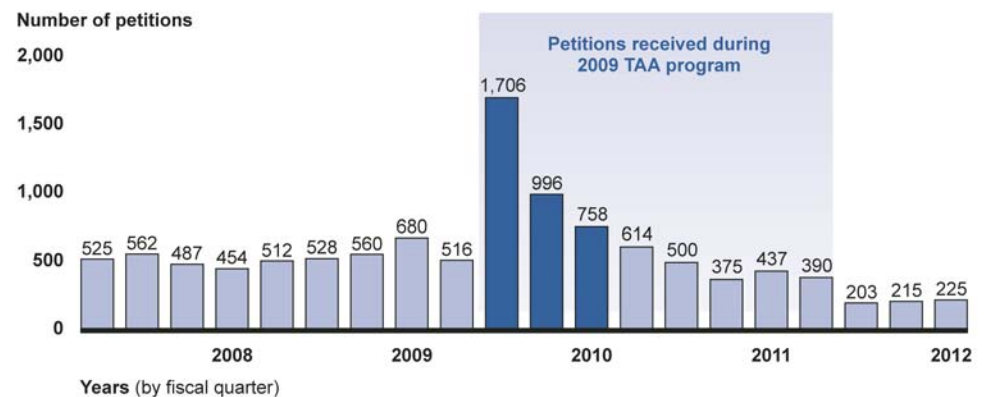
View [GAO-12-953](#). For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

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What GAO Found

The Department of Labor (Labor) was challenged to process the substantial increase in petitions filed for the Trade Adjustment Assistance (TAA) for Workers program after related legislation was enacted in 2009. Labor initially had insufficient capacity to handle this increased workload, leading to processing delays and data recording errors. For example, in the quarter after the 2009 legislation took effect, Labor took an average of 153 days to process a petition—nearly four times the statutory limit. Labor responded with corrective action, including hiring new staff and adding additional quality control steps for processing petitions. Partly as a result of these efforts, processing times fell substantially. Moreover, GAO found that Labor's petition investigation process, as of June 2012, generally conformed to best practices for internal controls.



Source: GAO analysis of Department of Labor petition data.

According to selected state officials, virtually all of the 2009 changes benefited participants, and some also helped administrators serve participants. Officials in all six states GAO interviewed expressed the view that both participants and administrators benefited from the simplified and extended training enrollment deadline. Some officials said the new deadline was easier for eligible workers to understand and provided administrators with more time to advise participants on their training and employment options. Moreover, officials said participants who enrolled in training benefited from other program changes, including increased training funds, the option to attend training part-time, and a longer period for income support. Some state officials said that the additional weeks of income support allowed participants to consider longer-term training options, such as health care programs.

Over 107,000 participants received benefits and services as established by the 2009 law, but little is yet known about their employment outcomes. Nationally, all the participants received case management and reemployment services and about half enrolled in training, most commonly occupational skills training. Less than 8 percent of participants used other benefits. Little is known about employment outcomes because nearly two-thirds of the participants were still enrolled as of September 30, 2011, and employment and earnings information was often not available for those who had exited the program. While this information will eventually be available, other factors, including the overall state of the economy, affect these outcomes so isolating the effects of the 2009 legislative changes would be difficult.

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Abbreviations

HCTC	Health Coverage Tax Credit
Labor	Department of Labor
TAA	Trade Adjustment Assistance
TRA	Trade Readjustment Allowances

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GAO

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United States Government Accountability Office
Washington, DC 20548

September 28, 2012

The Honorable Max Baucus
Chairman
The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
United States Senate

The Honorable Dave Camp
Chairman
The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
House of Representatives

During the recession of 2007 to 2009, the national unemployment rate peaked at 9.5 percent. The U.S. manufacturing sector was particularly hard hit by the recession, losing 17 percent of its workforce and reaching its lowest employment level since 1941. Further, while international trade has benefited Americans in a number of ways, it has also contributed to layoffs in a range of industries. Since such trade-displaced workers tend to be older, less-educated, and have fewer transferable skills than other displaced workers, they often have difficulty finding jobs in other industries without additional training.¹

The Trade Adjustment Assistance (TAA) for Workers program, which is administered by the Department of Labor (Labor), is the nation's primary program assisting workers who have been adversely affected by international trade, providing income support, job training, and other benefits.² Since the TAA program was first established at Labor by the

¹ 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 Program Experiences*, Mathematica Policy Research, Inc., April 2010, a report prepared under contract with the Department of Labor.

² The TAA for Workers program is generally referred to in this report as the TAA program.

Trade Act of 1974, it has been amended a number of times.³ In August 2002, the Trade Adjustment Assistance Reform Act of 2002 added several new benefits to the program.⁴ In February of 2009, the program was reauthorized and substantially amended and expanded by the Trade and Globalization Adjustment Assistance Act of 2009, which was a part of the American Recovery and Reinvestment Act.⁵ The legislation changed a number of program elements, such as expanding eligibility to additional types of workers, extending the benefit period of income support, increasing the level of assistance provided for payment for qualified health plan premiums, and more than doubling the amount of training funding available. To accommodate both the cost of these program enhancements and higher program demand driven by the recession, Congress increased the overall funding level for the program by about \$859 million, bringing funding to \$1.8 billion in fiscal year 2010.

Although these changes were set to expire on December 31, 2010, the Omnibus Trade Act of 2010 generally extended them through February 12, 2011.^{6, 7} After that date, the program reverted to the pre-expansion provisions until October 21, 2011, when the Trade Adjustment Assistance Extension Act of 2011 was signed into law.⁸ This law reauthorized TAA and reinstated most of the 2009 program provisions, such as the eligibility for service sector workers.⁹ However, some benefit levels, such as the level of assistance provided for paying for health plan premiums, were

³ Pub. L. No. 93-618, 88 Stat. 1978. Trade adjustment assistance for workers was originally established by the Trade Expansion Act of 1962, but determinations of worker eligibility to apply for adjustment assistance were made by the Tariff Commission rather than the Department of Labor.

⁴ Pub. L. No. 107-210, div. A, 116 Stat. 933, 935-992.

⁵ Pub. L. No. 111-5, div. B, tit. I, subtit. I, 123 Stat. 367, 367-423.

⁶ Pub. L. No. 111-344, § 101, 124 Stat. 3612.

⁷ Labor considered petitions received on or before February 14, 2011, as eligible for the 2009 TAA program because February 12, 2011 was a Saturday.

⁸ Pub. L. No. 112-40, tit. II, 125 Stat. 401, 402-427. The TAA for Workers program is codified as amended at 19 U.S.C. §§ 2271 – 2323.

⁹ In this report, the TAA for Workers program as amended by the 2002 legislation is referred to as the 2002 program, the program as amended by the 2009 legislation is referred to as the 2009 program, and the program as amended by the 2011 legislation is referred to as the 2011 program.

reduced. The expanded provisions of the 2011 law are set to expire on December 31, 2013.

The 2009 Act mandated that GAO report on the operation and effectiveness of the changes made by that Act no later than the end of fiscal year 2012.¹⁰ Accordingly, we addressed three research questions:

1. What challenges did Labor face implementing the 2009 legislation?
2. What effect do selected state government officials say the 2009 legislative changes had on participants and on state and local administrators?
3. To what extent have participants received TAA benefits and services as established by the 2009 legislation and what is known about their employment outcomes?

To answer the first question, we interviewed officials at Labor to learn how the agency was affected by the legislative changes, such as the expanded eligibility criteria. We analyzed available data on TAA petitions, which are submitted to Labor on behalf of a group of workers for Labor's determination of the workers' eligibility to potentially receive TAA benefits. We also compared determination data for a nongeneralizable number of TAA petitions with determination letters published by Labor. In addition, we reviewed the internal controls for the petition investigation process. We also conducted an on-site review of seven case files. For the second question, we interviewed state government officials from six states: Massachusetts, Michigan, North Carolina, Oregon, Pennsylvania, and Texas. These states were selected because they had a high fiscal year 2010 training fund allocation, a high volume of TAA certifications, and geographic diversity. We also spoke with select local government officials in three of these states (Michigan, North Carolina, and Oregon). Through these interviews, we learned how selected state and local officials viewed key amendments' effects on participants and on their administration of the program. For the third question, we analyzed Labor's data on workers' participation in specific activities as well as on their outcomes, as available.¹¹ For all research questions, we also reviewed relevant federal laws, regulations, guidance and pertinent Labor reports and procedures.

¹⁰ Pub. L. No. 111-5, § 1894, 123 Stat. 423.

¹¹ At the time of review, September 30, 2011, was the latest date for which participant data were available.

We assessed the reliability of both petition data and participant data by (1) performing manual and/or electronic testing of required data elements, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that the data reported were sufficiently reliable for the purposes of our report, with the exception of data on the eligibility categories for certified petitions. At the time of our review, we had some reliability concerns about the data and, as a result, did not include it in our report. See appendix I for additional details on our objectives, scope, and methodology.

We conducted this performance audit from May 2011 to September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The TAA for Workers program covers workers whose jobs have been threatened or lost due to changing trade patterns. While the specific services and benefits available through the program have changed over time, the primary forms of assistance that have been extended include income support and training.

TAA Certification Process

In order for workers to apply for TAA benefits, Labor must certify that their separation was trade-affected.¹² This certification process begins when workers or their representatives file a petition with Labor on behalf of a group of laid-off workers. The agency then conducts fact-finding investigations to determine whether the workers' jobs were adversely affected by international trade. In nearly all investigations, Labor contacts company officials to gather information on the circumstances of the layoff. This information is the basis for many petition decisions. As needed,

¹² Not all workers covered by an approved TAA petition are individually eligible for TAA benefits. Individual workers must apply for benefits and eligibility depends on factors including the timing and duration of a worker's layoff. In this report, when referring to workers eligible for the TAA program, we generally mean workers who have been certified as potentially eligible for the program.

Labor may also gather information by surveying the company's customers or examining aggregate industry data.

The TAA statute lays out certain basic requirements that all petitions must meet in order to be certified by Labor, including that a significant proportion of workers employed by a company be laid off or threatened with layoff. In addition, a petition must demonstrate that the layoff is related to international trade in one of several ways—for example, because the firm shifted production overseas or because increased imports competed with its products.

By law, Labor is required to conclude its investigation and either certify or deny a petition within 40 days of receiving it. Once Labor reaches a decision on the investigation, it notifies the relevant state, which has responsibility for contacting the workers regarding Labor's decision. If the workers are certified, the state informs the workers of the benefits available to them, and when and where to apply for benefits. If a petition is denied, a worker may challenge the decision through an appeals process.¹³

2009 Changes to the TAA Program

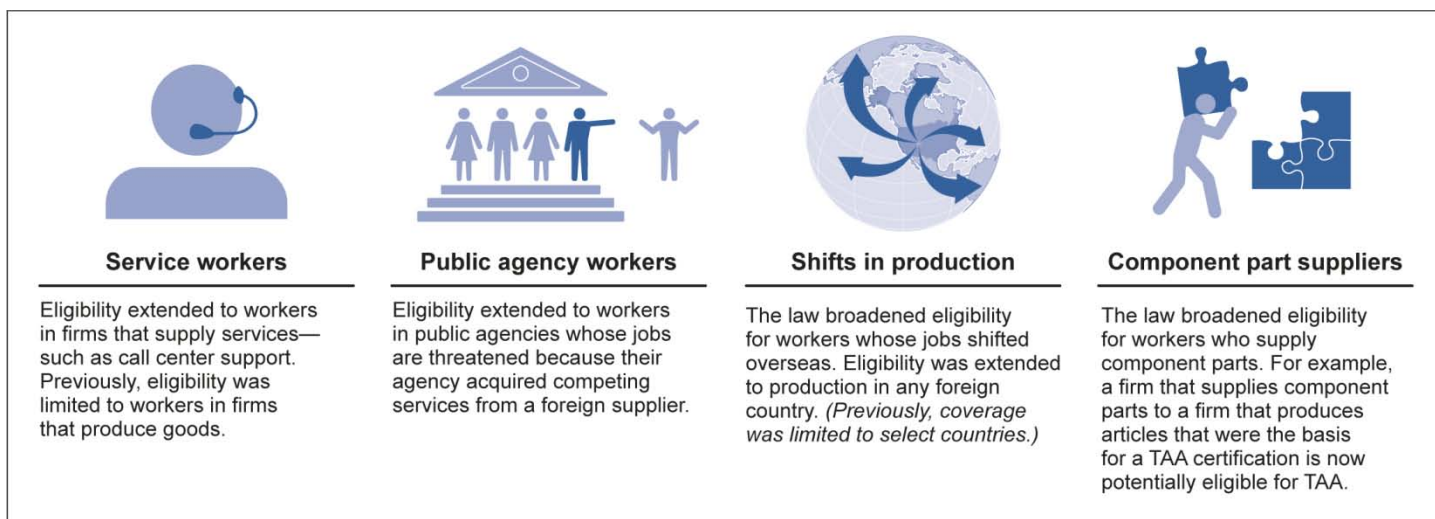
The 2009 legislation made substantial changes to the TAA program, including extending eligibility to workers in a greater variety of circumstances.¹⁴ For example, the law extended coverage to workers at firms that provide services—previously, eligibility was restricted to workers in firms producing goods. It also changed eligibility rules for other types of workers, such as those whose firms shifted production overseas, as shown in figure 1. To reflect this broadened eligibility, Labor more than doubled the number of categories by which it could certify a petition.¹⁵

¹³ Specifically, workers whose petition has been denied can either request an administrative reconsideration of the decision by Labor or can appeal to the United States Court of International Trade for judicial review of Labor's denial.

¹⁴ Pub. L. No. 111-5, §§ 1801-1858, 123 Stat. 367-395.

¹⁵ Specifically, the number of categories by which Labor could certify a petition rose from 7 to 17 after the 2009 legislation passed.

Figure 1: Examples of Expanded Eligibility under the 2009 TAA Program



Source: Trade and Globalization Adjustment Assistance Act of 2009, a part of the American Recovery and Reinvestment Act.

The 2009 legislation also generally enhanced TAA benefit levels. The amount of funding available for training nationally more than doubled—from \$220 million to \$575 million for fiscal years 2009 and 2010.¹⁶ Further, the legislation increased either the amount or duration of many specific benefits and services, which are available to eligible workers covered by certified petitions filed between May 18, 2009, and February 14, 2011. Specifically, these enhanced benefits and services include:¹⁷

- **Extended deadline for enrollment.** The 2009 legislation extended the deadline by which workers must enroll in or receive a waiver from training to be eligible to receive income-based support to the later of 26 weeks from the date of TAA certification or the date of separation from employment. Previously, the deadline for enrolling in training was the later of 8 weeks after TAA certification or 16 weeks after separation from employment. The deadline was extended in part to

¹⁶ The 2009 law also provided \$143,750,000 for the period between October 1, 2010, and December 31, 2010.

¹⁷ Workers covered by certified petitions that were filed between May 18, 2009, and February 14, 2011 remain eligible for the 2009 program provisions even after the new legislation passed in October 2011.

give laid-off workers more time to search for a job before deciding to enroll in training.

- *Extended income support.* Participants enrolled in full-time training who have exhausted their unemployment insurance may receive a continuation of income support equal to their final unemployment insurance benefit. The 2009 legislation provided that participants may receive up to 130 weeks of income support, up from 104 weeks under the prior law. For participants who require remedial or prerequisite courses, the maximum level of income support increased from 130 to 156 weeks. Income support was extended in part to enable workers to participate in longer training programs.
- *Training.* Under the 2009 program, participants have additional training opportunities beyond those that were available under the 2002 program. The 2009 legislation authorized training for workers threatened with a layoff that has not yet occurred in addition to workers who have been laid off. The law also authorized participants to attend training part-time, but limited eligibility for income support to workers in full-time training.
- *Wage supplement.* The 2009 legislation increased the income eligibility threshold and maximum wage supplement benefit for some older workers.¹⁸ TAA participants 50 years or older who secure a new, lower paying job than their previous trade-impacted job may be eligible to receive wage supplements.¹⁹ The 2009 legislation eliminated the requirement that such workers find employment within 26 weeks of being laid off. It also allowed older workers receiving the wage supplement to participate in full-time training if employed at least 20 hours per week. Workers employed on a full-time basis who were not enrolled in training maintained their eligibility for wage supplements.
- *Job search and relocation allowances.* The 2009 legislation increased the amount of job search and relocation expenses for which state

¹⁸ Specifically, the 2009 legislation increases the maximum annual income eligible for a wage supplement from \$50,000 to \$55,000 and increased the maximum supplement from \$10,000 to \$12,000 over 2 years.

¹⁹ Under the 2009 legislation, the wage supplement program for older workers is known as the Reemployment Trade Adjustment Assistance program, which replaced the earlier Alternative Trade Adjustment Assistance demonstration program.

workforce agencies could reimburse eligible participants.²⁰

Specifically, the 2009 legislation provided that the lump sum of job search and relocation expenses would cover 100 percent (up from 90 percent) of the costs, to a maximum of \$1,500 (up from \$1,250).

- *Health coverage benefit.* The 2009 legislation increased the amount of the tax credit TAA participants could receive through the Health Coverage Tax Credit (HCTC) program from 65 percent to 80 percent of qualifying monthly health plan premiums. The Internal Revenue Service administers this program.

The 2009 legislation also affected Labor's operations by, for example, establishing a new Office of Trade Adjustment Assistance and requiring Labor to collect additional information on workers who receive TAA benefits and services, as well as data on service sector workers, including the service workers' state, industry, and reason for certification.

Although the changes made by the 2009 legislation were set to expire on December 31, 2010, Congress extended them through February 12, 2011. At that time, the TAA program reverted to provisions as authorized by the prior law, the Trade Adjustment Assistance Reform Act of 2002. Eight months later, in October 2011, Congress passed the Trade Adjustment Assistance Extension Act of 2011, which reinstated many of the program provisions established by the 2009 legislation, including eligibility for service sector workers.²¹ However, this most recent legislation also reduced some of the other benefits and services to the levels set by the 2002 program, such as scaling back the maximum number of weeks of income support from 130 to 104 for participants enrolled in basic training and lowering allowances for job search and relocation from \$1,500 to \$1,250. See appendix II for a detailed comparison of the 2002, 2009, and 2011 program provisions.

²⁰ To be eligible for job search and relocation allowances, it must be determined that the worker cannot be expected to find suitable employment within the commuting area in which the worker resides.

²¹ The 2011 legislation required Labor, with regard to petitions filed between February 13, 2011, and October 21, 2011, to automatically reconsider denied petitions using the 2011 eligibility provisions. The legislation further provided that workers certified under petitions filed between those dates who began receiving benefits before December 20, 2011 would receive 2002 program benefits, but could apply to switch to 2011 program benefits until March 19, 2012.

TAA Funding

In addition to changes in participant benefits and services, the 2009 legislation added requirements regarding the allocation of TAA training funds to the states. It required Labor to make an initial distribution of no more than 65 percent of available funds, holding 35 percent in reserve for additional distributions throughout the year, but ensuring a distribution of at least 90 percent of funds no later than July 15 of the fiscal year. The law specified a number of factors for Labor to take into account in making distributions to the states, including factors Labor might consider appropriate, and specified that a state's initial distribution had to be at least 25 percent of the distribution it received in the preceding fiscal year.²²

The 2009 legislation required that, to cover states' administrative costs and employment and case management services, Labor distribute to each state an additional amount equal to 15 percent of its annual training allocation. States were required to use at least one-third of those administrative funds for case management and employment services. The 2009 legislation also required that each state be provided an additional \$350,000 for case management and employment services. States have 3 years to expend these federal funds. As such, fiscal year 2009 funds had to be used by the end of fiscal year 2011.²³

Role of State and Local Workforce Agencies

State and local workforce agencies play key roles in the petition certification process and help workers take advantage of the services and benefits available through the TAA program. The agencies assist workers and employers in filing petitions and can also file petitions on behalf of workers. After a petition is certified, the agencies contact employers to obtain a list of workers affected by the layoff and send each worker a letter notifying him or her of potential eligibility. The agencies may also

²² In accordance with the specified factors for distribution, Labor allocates the initial distribution of funds to states based on (1) the number of workers covered by certifications, (2) the number of workers participating in training, (3) the number of workers estimated to be participating in approved training during the fiscal year, and (4) the amount of funding estimated to be necessary to provide approved training.

²³ The 2011 legislation eliminated the provision in the 2009 legislation providing an additional \$350,000 to each state for case management and employment services and specified that 15 percent of a state's overall allocation of funds should be used for administration and case management and employment services. In contrast, the 2009 legislation provided for an additional amount equal to 15 percent of a state's training allocation for such activities.

hold orientation sessions to provide workers with detailed information on the TAA program and other services and benefits available. In addition, case managers provide vocational assessments and counseling to help workers enroll in the program and decide which services or benefits are most appropriate. Local case managers also refer workers to other programs, such as the Adult and Dislocated Worker Programs under the Workforce Investment Act,²⁴ for additional services.

TAA Performance and Reporting Requirements

Labor is responsible for monitoring the performance of the TAA program. Its primary reporting system, the Trade Activity Participant Report, is intended to track information on TAA activity for individuals from the point of TAA eligibility determination through post-participation outcomes.²⁵ Prior to 2010, the TAA information was reported only on those who had exited the program, as required by Labor. Each quarter, states are required to submit data on participants who received TAA program services. These data include participant demographics; information on services and benefits received, such as case management and reemployment services; income support; and participant outcomes such as employment status and earnings after program exit. States primarily track these outcomes using the Unemployment Insurance wage records. Labor uses data submitted by states to report national outcomes on the TAA performance measures for each fiscal year.

The 2009 legislation added a new requirement for states to report on all participants who are enrolled in the TAA program and not just those who exited the program, as required by Labor. As a result of this change, Labor revised its reporting system and required states to submit additional information to track individual benefits and services provided to participants under the new law. In addition, the 2009 legislation required states to report on program outcomes for a longer period after

²⁴ The Workforce Investment Act of 1998, Pub. L. No. 105-220, established the Adult and Dislocated Worker programs, which authorize grants to states for a broad range of employment and training activities including job search assistance, assessment, and training for eligible individuals.

²⁵ Under the 2002 TAA program, data reported on participants was less comprehensive as states only reported information on participants who had exited the program and not on those who were still enrolled.

participants exit the program.²⁶ Labor reports on the TAA program's three core measures of program performance: entered employment rate, average earnings, and employment retention rate. For fiscal year 2012, Labor's performance goals for the TAA program were 59 percent for entered employment, \$13,248 for average earnings over a 6-month period, and 83.2 percent for employment retention.

Related TAA Programs

The TAA for Workers program is one of four trade adjustment assistance programs; the other three provide assistance to firms, farms, and communities. The Department of Commerce administers a TAA program that provides funds for manufacturing and other types of firms to develop and implement a business recovery plan. The Department of Agriculture administers the TAA for Farmers program, which provided help to individual producers of raw agricultural commodities, such as farmers and fishermen, to become more competitive in producing their current commodity or transitioning to a different commodity. Under a TAA program to assist trade-affected communities, Labor awards grants to institutions of higher education for expanding or improving education and career training programs for persons eligible for training under the TAA for Workers program, and the Department of Commerce provides technical assistance to trade-affected communities and awards and oversees strategic planning and implementation grants. In addition to mandating that GAO report on the TAA for Workers program, the 2009 Act mandated that GAO report on the other TAA programs as well. Our report on the Farmers program was issued in July 2012 and our reports

²⁶ The difference relates to the quarters in which performance is tracked. Previously, the performance measures were based on the first, second, and third quarters after exit. Under the new law, performance is based on the second, third, and fourth quarters after exit.

related to the TAA programs that assist firms and communities were issued in September 2012.²⁷

Labor Faced Initial Challenges in Implementing the 2009 Legislation and Took Steps to Address Them

2009 Legislation Increased Volume and Processing Complexity of TAA Petitions

Labor took multiple steps to implement the 2009 legislation after it was enacted. For example, it set up the Office of Trade Adjustment Assistance established by the legislation, which took over administration of the TAA program from the Office of National Response. Also, as required by the legislation, Labor issued a regulation implementing the new requirements for the distribution of training funds to states.²⁸ Agency officials told us that they also drafted a regulation on investigation standards, as required, but did not publish the regulation because by the time it was ready for publication, the 2009 provisions were set to expire.²⁹ Also, in accordance with the legislation, the agency updated its information technology system to collect data on service sector workers and implemented a new reporting system for states to collect data on participant activities and outcomes. Labor also took implementation steps beyond those specifically required by law, such as providing training and technical

²⁷ GAO, *Trade Adjustment Assistance: USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness*, [GAO-12-731](#) (Washington D.C.: July 12, 2012). GAO, *Trade Adjustment Assistance: Commerce Program Has Helped Manufacturing and Services Firms, but Measures, Data, and Funding Formula Could Improve*, [GAO-12-930](#) (Washington D.C.: September 13, 2012). GAO, *Trade Adjustment Assistance: One-Time Grants Awarded to Trade-Impacted Communities; Program Results Will Not Be Known until after 2013*, [GAO-12-993](#) (Washington D.C.: September 26, 2012). GAO, *Trade Adjustment Assistance: Labor Awarded Community College Grants in Accordance with Requirements, but Needs to Improve Its Process*, [GAO-12-954](#) (Washington D.C.: September 28, 2012).

²⁸ 75 Fed. Reg. 16,988 (Apr. 2, 2010) (codified at 20 C.F.R. §§ 618.900 – 618.940).

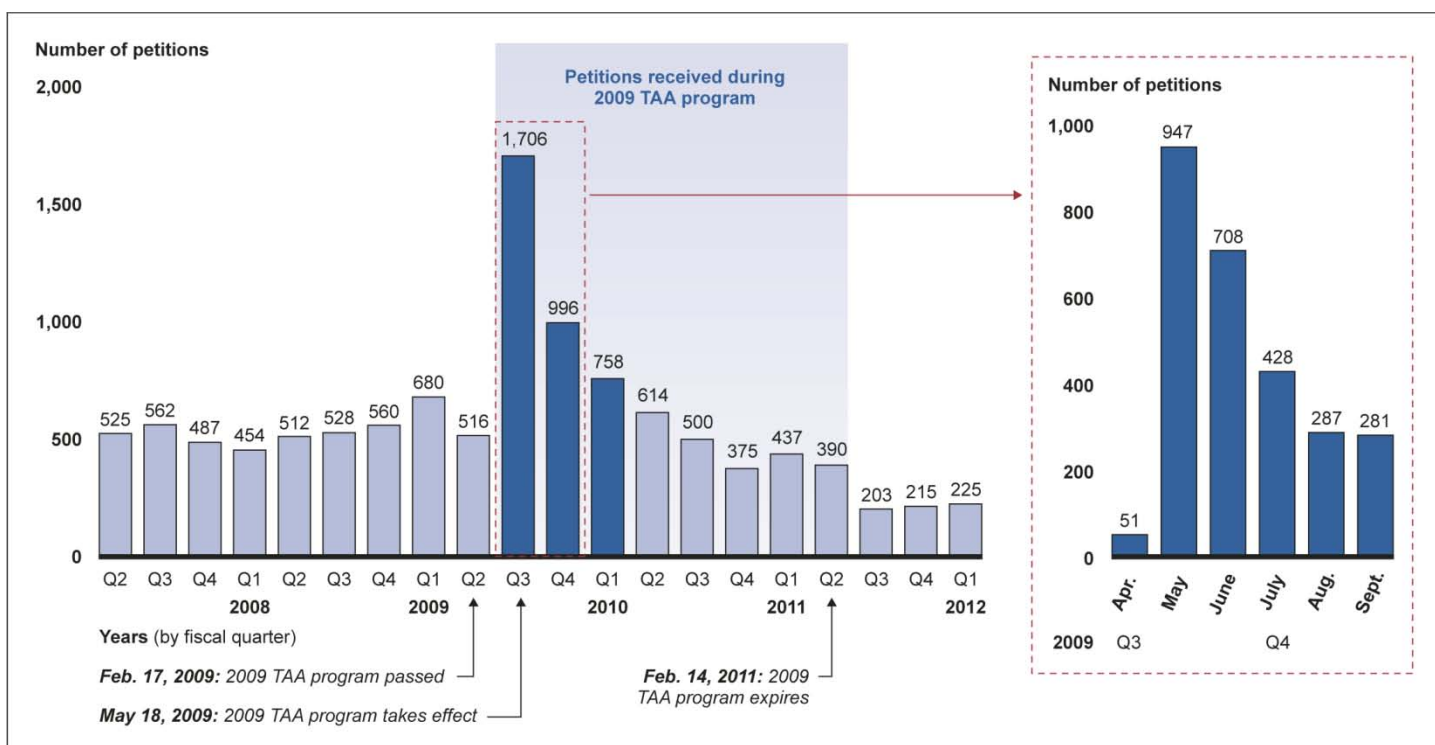
²⁹ Labor officials told us that at this time, the agency does not anticipate publishing regulations on eligibility standards for the 2011 legislation before it expires.

assistance to state workforce agencies and issuing revised guidance on program operations.³⁰ According to the state officials we interviewed, this assistance was generally both helpful and timely.

Labor's primary implementation challenge after the 2009 legislation was addressing a substantial increase in its workload to process petitions. As depicted in figure 2, the number of petitions the agency received in the third quarter of fiscal year 2009, when the law took effect in May 2009, was more than triple the number received the previous quarter. Multiple factors contributed to this increase. According to agency officials, the increase in petitions was caused by the 2009 legislation's expansion of eligibility to new categories of workers as well as the economic recession, which may have increased trade-related layoffs. Another cause for the spike in petitions is that in the months before the law took effect, Labor allowed petitioners to withdraw and then resubmit petitions after the 2009 legislation took effect, so they could take advantage of the new, enhanced benefit levels. As a result, an agency official estimated that roughly 500 petitions were withdrawn before May 18, 2009, and then resubmitted after the law took effect.

³⁰ See Department of Labor, *Training and Employment Guidance Letter No. 22-08* (Washington, D.C.: May 15, 2009).

Figure 2: Increase in the Number of TAA Petitions Labor Received



Source: GAO analysis of Department of Labor petition data.

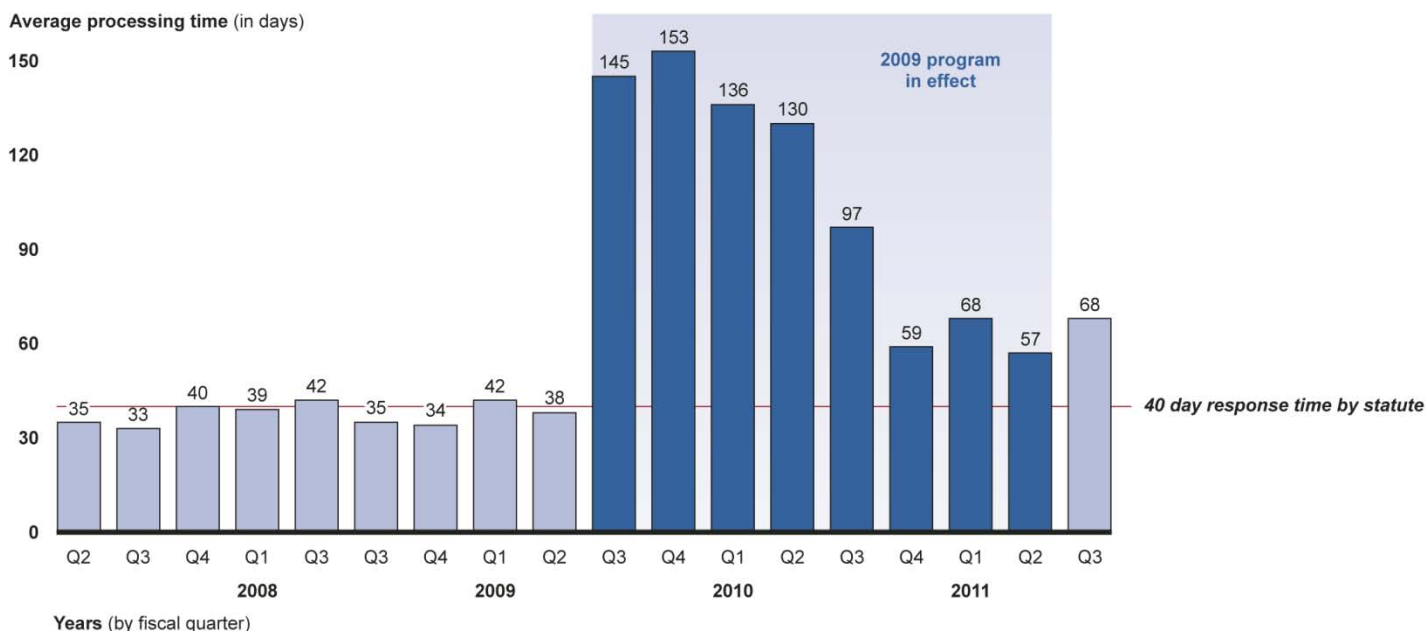
According to Labor officials, the 2009 legislation generally made it more challenging to determine TAA eligibility. As described earlier, the law expanded the number of categories for which petitions could be certified. Agency officials told us that this expansion complicated investigators' efforts because petitions needed to be evaluated against a greater number of eligibility criteria than before. Further, some of the new categories presented additional challenges. According to Labor officials, the firms identified in service-related petitions tended to be more dispersed geographically than manufacturing firms, making it more difficult to evaluate certain service-related petitions. For example, in cases where the work that was shifted abroad was performed by workers in multiple locations, it may be difficult to determine exactly which workers had been affected. In addition, some officials said that investigating petitions in which workers produce finished articles that contain foreign components, such as tubes used in televisions, proved challenging. Labor said these petitions often require contact with foreign firms, which can present communication challenges—for example, due to differences in currencies and time zones. Further, they noted the absence of any legal

requirement for foreign companies to comply with Labor's data requests. In contrast to these challenges, Labor officials told us that the 2009 legislation made some investigations easier. Previously, TAA eligibility standards were different for nations that did and did not have a free trade agreement or preferential trade relationship with the United States. The 2009 legislation eliminated this difference, making it more straightforward to investigate shifts in production.

**Labor's Processing
Timeliness Adversely
Affected by Increased
Petition Volume and Initial
Staff Shortage**

Labor initially had insufficient capacity to handle its increased workload, and thus, lagged in processing petitions. As described previously, Labor is required to process a petition—that is, determine whether to certify or deny it—within 40 days. The quarter after the 2009 legislation took effect, on average, Labor took 153 days to process a petition—nearly four times as long as the statutory limit (see fig. 3). Multiple factors contributed to the lag, including an increased volume of petitions, initial staff shortages and turnover, and the need for staff to become familiar with the new provisions of the 2009 legislation. An official noted that initially, hiring proved challenging because the 2009 legislation did not authorize funds for implementation. As a result, Labor paid for new hires through the agency's general management funds. Most new staff members were hired in July 2009, approximately 2 months after the law took effect.

Figure 3: Average Number of Days to Make a Petition Decision, by Fiscal Quarter Received



Source: GAO analysis of Department of Labor petition data.

During our review of TAA data and petition case files, we discovered that Labor mislabeled the basis for several certifications in its records, suggesting that data reported to Congress may contain inaccuracies. These errors were likely caused by the high volume of petitions that required processing, staff shortages and turnover, and gaps in internal controls. Moreover, as described earlier, the number of categories by which petitions could be certified more than doubled after the 2009 legislation. Labor told us that investigators' unfamiliarity with these new categories may have also contributed to errors. In one instance, Labor certified a petition based on imports of goods, but the staff member who entered this information into the information technology system inaccurately recorded the eligibility category as imports of services. In another case, Labor officials acknowledged that a certification based on imports of goods was improperly documented as imports of services in the petition case file itself. Among other gaps in internal controls, we found that a single staff member was responsible for recording the reason for each certification in Labor's information technology system. The errors we found do not necessarily indicate that petitions were wrongly determined, and we did not examine whether any individual determinations were correct. However, the errors indicate that some petitions were mislabeled after they were certified. Agency officials

acknowledged that both types of errors occurred and told us that they were most likely to occur in petitions filed during the first year of the 2009 program, a period in which approximately 4,000 petitions were processed.

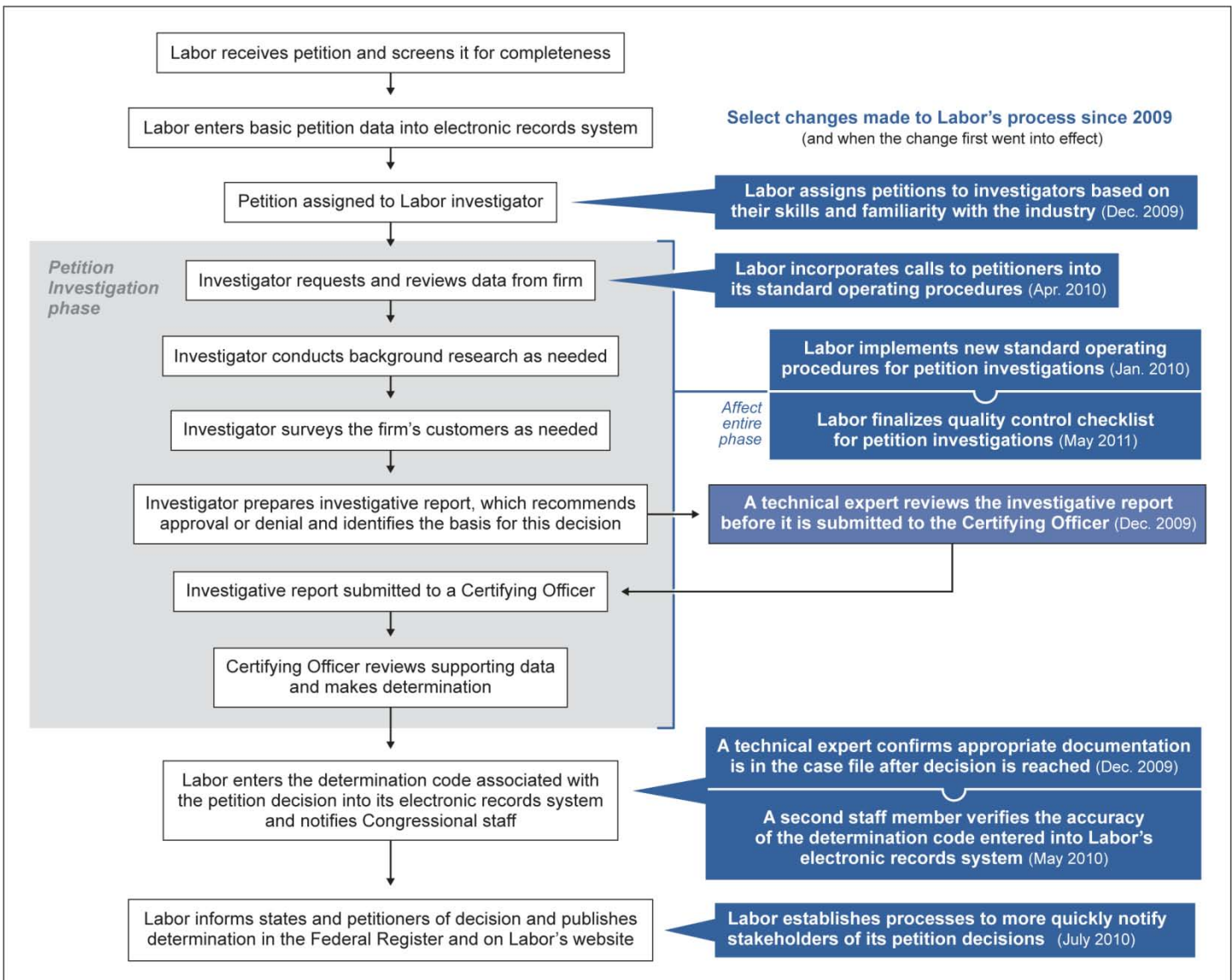
Labor Took Corrective Action to Address Challenges in Processing Petitions

Labor took steps to address its implementation challenges, including roughly doubling its staff. In the months after the 2009 legislation took effect in May 2009, Labor hired approximately 30 new staff, some on a permanent basis and others as temporary hires. Although most new staff members were hired in July 2009, agency officials estimate that it takes approximately 6 months to fully train a new investigator. As a result, officials said the Office of Trade Adjustment Assistance reached its peak operating capacity in January 2010, approximately 8 months after the 2009 legislation took effect.³¹ Labor's efforts to increase staff were hampered by frequent employee turnover. According to Labor officials, many staff hired on a temporary basis left the agency when they found permanent positions elsewhere, diminishing Labor's overall capacity to process petitions.

In tandem with its efforts to increase capacity, Labor took steps to enhance its internal controls by adding quality controls to its petition investigation process. As shown in figure 4, Labor incorporated these controls over approximately 2 years. In December 2009, for example, Labor began requiring a senior investigator to review each petition case file before and after the determination was reached to ensure the file included appropriate documentation. Previously, petitions were subject to a single review by the certifying officer. Second, in May 2010, the agency created a checklist that specified standard operating procedures and accuracy checks for investigations. The final version of this checklist, established in the spring of 2011, has specific targets for data entry accuracy, timeliness of investigations, customer outreach, and more. Finally, in the fall of 2011, Labor began quarterly tests to gauge how often these targets were reached. In the first quarter that tests were conducted, Labor told us that investigators met the quality control targets 87 percent of the time on average, slightly below the agency's internal goal of 90 percent.

³¹ At that time, the office included 61 staff, including 32 full-time staff, 20 temporary staff, 3 staff detailed from other offices, and 6 contractors.

Figure 4: Quality Control Steps Added to Labor's Petition Investigation Process Between 2009 and 2011



Source: GAO analysis of Labor policies and procedures.

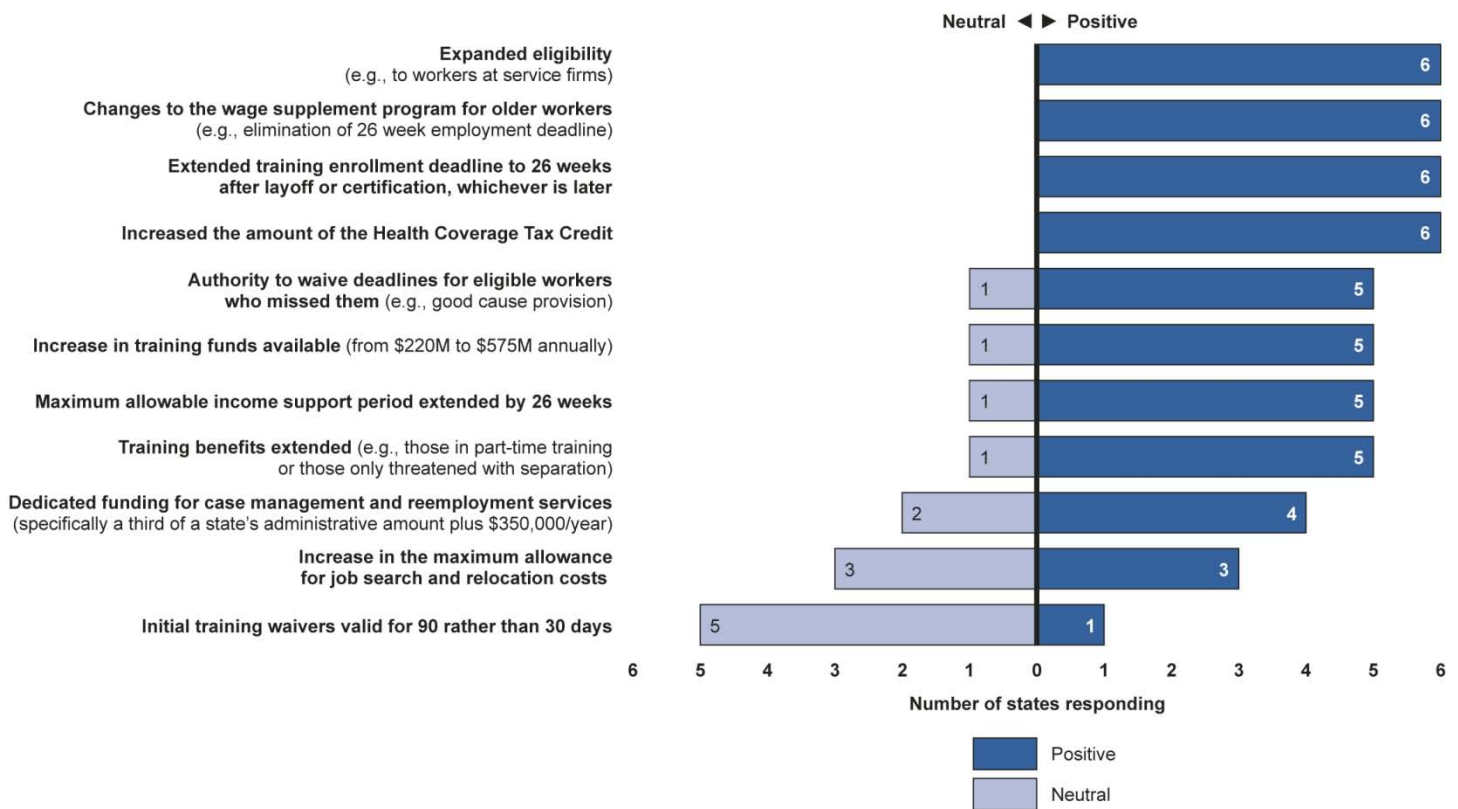
It took some time for the benefits of increased staffing and improved quality controls to take effect. By the end of fiscal year 2010, petition processing times had fallen substantially, although by this time the number of petitions Labor received had declined. Moreover, in June 2012, we reviewed Labor's petition investigation process and found that it generally conformed to best practices for internal controls.

Further, in September 2012, Labor conducted an internal audit to determine how often the basis for a certification was improperly recorded in either the petition case file or the agency's information technology system. This review covered the period from May 18, 2009, until May 31, 2010, when Labor introduced additional quality control steps. Through an audit of 351 randomly selected petitions, Labor estimated the error rate to be 1.4 percent, with a margin of error of plus or minus 5 percent. According to Labor, this audit suggests that errors were more likely to be present in the information technology system than in the petition case file itself. Labor concluded that this low percentage of error had a minimal impact on the petition data reported in its 2010 annual report to Congress. Labor said it has corrected all errors found in its audit findings, and as part of new quality control procedures, has established a more frequent internal audit system that will identify and correct such errors throughout each quarterly reporting cycle.

Nearly All of the Changes Benefited Participants and Some Helped Administrators As Well

Participants benefited from nearly all of the 2009 legislative changes, some of which also helped administrators better serve the participants, according to the state officials we interviewed. For example, the expanded eligibility for workers, such as for those in the service sector, benefited participants by providing access to program benefits for trade-affected workers under a wider array of circumstances, such as call center employees whose jobs were moved overseas. Figures 5 and 6 summarize the views of officials in the six states we examined.

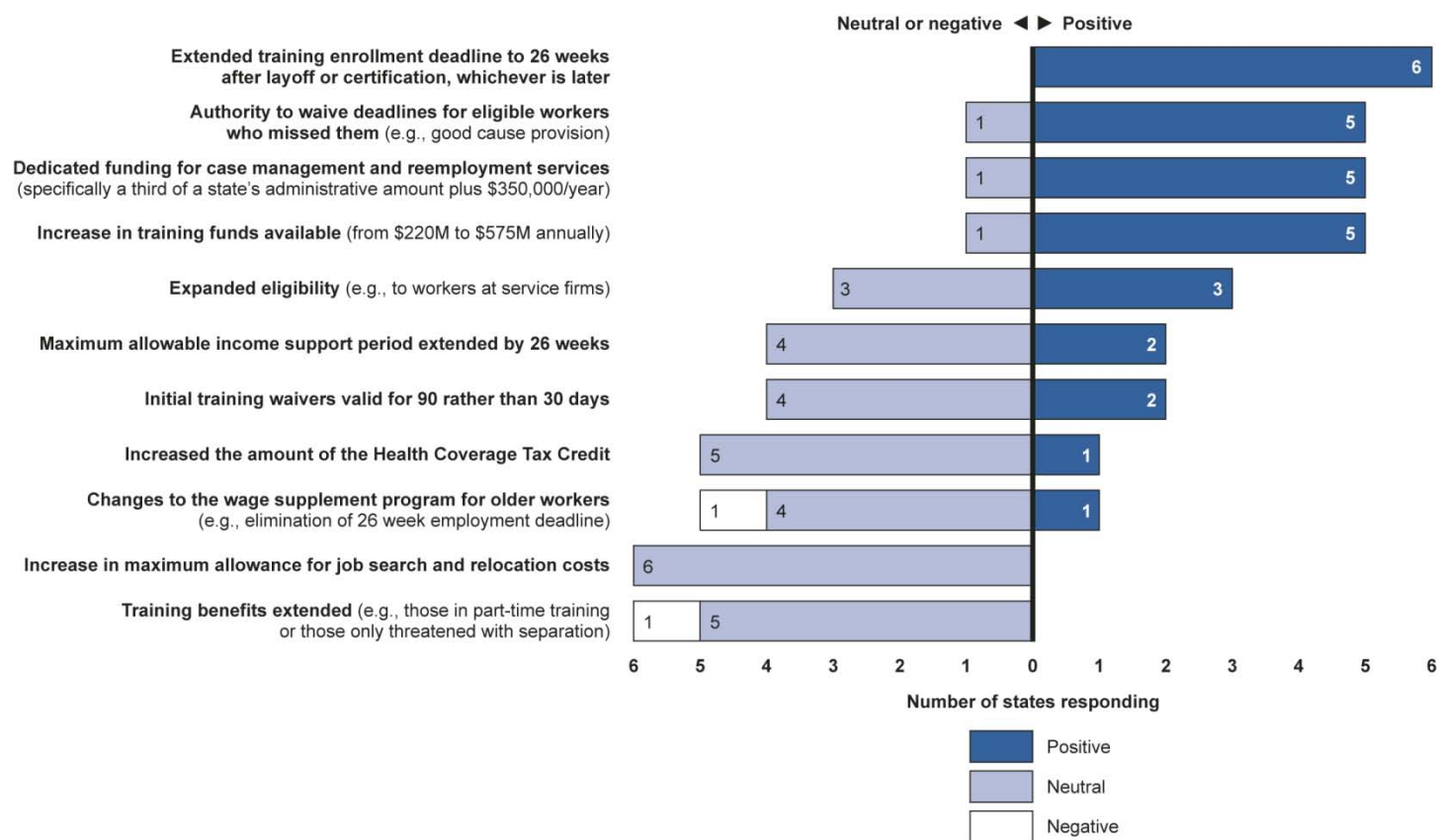
Figure 5: Effects of Changes Made by 2009 Legislation on Participants, According to Officials in Six States



Source: GAO analysis of interviews with state officials from six selected states.

Note: None of the state officials viewed any change as having a negative effect on participants. The changes appear in order of impact on participants from positive to neutral.

Figure 6: Effects of Changes Made by 2009 Legislation on Administrators, According to Officials in Six States



Source: GAO analysis of interviews with state officials from six selected states.

Note: The changes appear in order of impact on administrators from positive to negative.

Extended Training Enrollment Deadline

Both participants and administrators benefited from a simplified and extended training enrollment deadline—which must be met to qualify for TAA-based income support—according to officials from all six states. Previously, eligible workers had to enroll in training within 8 weeks of their petition's certification or 16 weeks of their separation, whichever was later. The 2009 legislation extended the training enrollment deadline to 26 weeks after the later of certification or separation. An official from one state told us that the new extended deadline was easier for eligible workers to understand since the period of time within which individuals had to enroll in training was the same, regardless of whether that period began at the date of separation or certification. According to several

officials we interviewed, the extended deadline allowed participants to more fully consider their employment and training options, and therefore facilitated better decision making. The longer enrollment period also positively affected administrators. Some state officials noted that the extension provided case managers with more time to assess participants' skills and abilities and advise them on employment and training options.

Dedicated Funding for Case Management and Employment Services

In addition to extending time frames for participants, the 2009 legislation provided dedicated funding to states for case management and employment services, which indirectly benefited participants, according to several state officials. Previously, states did not receive funds for case management and employment services, and so resources from other programs were often used to support TAA participants. Several state officials said that dedication of these funds allowed case managers to better serve participants. Generally, these funds were used to pay the salaries of TAA case managers.^{32, 33} In some cases, this built capacity, such as when the funds were used to hire new TAA staff who provided these services. In other cases, the TAA funds replaced funding from other sources, for example, when services were provided through the Workforce Investment Act, according to several state officials. Officials from several states said that the dedication of these funds reduced the financial burden the TAA program had previously placed on other workforce programs.

New Authority to Waive Deadlines

Other 2009 program provisions that benefited both participants and administrators were related to new authorities allowing state officials to waive certain deadlines for eligible workers. The law allowed for the application of states' good cause provisions, which permit state officials to

³²According to several state officials, meeting the requirement to spend one-third of their administrative funding on case management was not difficult.

³³ Under a rule Labor published on April 12, 2010, states were required, no later than February 12, 2011, to use state government employees covered by a merit system of personnel administration to perform TAA funded functions undertaken to carry out TAA provisions. 75 Fed. Reg. 16, 988 (April 12, 2010) (codified at 20 C.F.R. §618.890). (The Omnibus Trade Act of 2010 extended the initial regulatory deadline of December 15, 2010, to February 12, 2011. Pub. L. No. 111-344, §102, 124 Stat. 3614.) As a result, officials from one state told us that they calculated exactly how many TAA staff they could support with the TAA funding and then used funds from other sources to pay non-merit staff providing case management.

waive deadlines for TAA-based income support and enrollment in training. Similarly, it also provided an exception to the training enrollment deadline in cases where an eligible worker missed the deadline because he or she was not given timely notification of the deadlines. Both participants and administrators benefited from these changes, according to the officials from five of the six states we interviewed. Officials from one of these states told us that the waivers reduced the administrative burden of processing appeals from eligible workers who missed the enrollment deadline.

Enhanced and Expanded Training Benefits

Further, several of the changes made by the 2009 legislation benefited participants who enrolled in training, according to most of the officials we interviewed, including:

- the possibility of receiving income support for longer than previously available;
- the option to start training while threatened with job loss (prior to actually losing their jobs);
- the flexibility to attend training on a part-time basis; and
- an increase in the amount of training funds available.

According to several officials, the additional 26 weeks of potential income support while in training allowed program participants to consider longer-term training options, such as health care, a high-demand profession. In addition, officials said that since participants often drop out of training after income support expires, this change bolstered training program completion. Some officials also said that in some cases, the flexibility to attend training part-time may have contributed to higher training completion rates. For example, some full-time training participants who gained employment before their training program ended opted to finish their training part-time. Officials said that without the part-time option, such participants would have likely dropped out of training altogether. Officials from five states said the shift allowing part-time training had a neutral effect on administration. However, officials from one state attributed their state's relatively low part-time enrollment rates to the requirement that TAA-based income is contingent upon full-time enrollment in training.³⁴

³⁴ Only workers enrolled in full-time training are eligible for TAA-based income support.

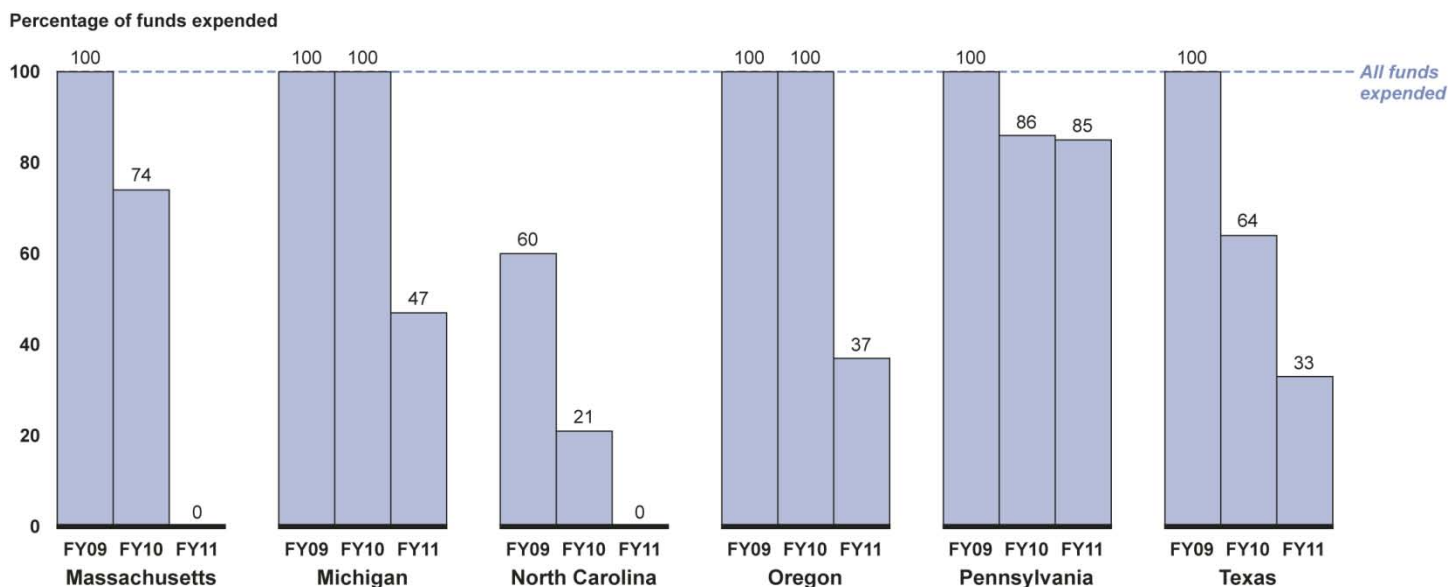
Increase in Available Training Funds

Moreover, according to state officials, the increase in available training funds from \$220 million to \$575 million per fiscal year benefited participants. In one state, officials said that having access to additional funds increased its statewide caps on training program costs, which allowed them to keep pace with higher education institutions' rising tuitions.³⁵ Officials in another state said that receiving these additional funds allowed them to train all eligible participants rather than putting some on waiting lists for training. Further, a few state officials noted that the increased funds for training enabled them to serve an increased volume of participants. As shown in figure 7, five of the selected six states expended all of their fiscal year 2009 training funds—the only 3-year spending period that has expired. Thus far, these states have drawn down, on average, 76 percent of the training funds allocated to them for fiscal year 2010.³⁶ See appendix III for additional information on state expenditures.

³⁵ It is unclear what relationship exists, if any, between tuition levels and state-specified training amounts. Officials from one state we interviewed reported that higher education institutions may have raised their tuition levels to match increases in state-specified training amounts.

³⁶ Data is current as of March 31, 2012, and fiscal year 2010 funds can be drawn down through September 30, 2012.

Figure 7: Percentage of Training Funds Expended by Six States, as of March 31, 2012



Source: GAO analysis of Department of Labor expenditure data.

Note: As of March 31, 2012, neither Massachusetts nor North Carolina had expended any of their fiscal year 2011 allocation.

Enhancements to Wage Supplement and Health Coverage Tax Credit Programs

Other changes made by the 2009 legislation, specifically those made to the older worker wage supplement and the HCTC programs, also benefited participants, according to officials from all six states. First, although the 2009 legislation modified the wage supplement for older workers in several ways, several state officials said that eliminating the employment deadline was most important. A few noted that, prior to the changes, laid-off older workers often struggled to obtain employment by the deadline of 26 weeks after their layoff. Second, regarding changes to the HCTC program, some officials noted that increasing the amount of the health care premiums from 65 percent to 80 percent improved participants' ability to afford health care. However, other officials said that even with the premium assistance, many TAA program participants could not afford to pay for their share of health plan premiums. According to some state officials, it is unclear as to whether participation in this program increased as a result of the change.

Increased Allowances for Job Search and Relocation Expenses

State officials we spoke to differed on the extent to which they thought another change made by the 2009 legislation—the increased maximum allowance for job search and relocation expenses—affected participants. While some state officials viewed the increase as having a positive effect on participants, others noted that the higher benefit amount probably had not induced more participants to apply for such allowances. Officials told us that few participants have chosen to relocate despite higher reimbursement for associated expenses. According to a few officials, many participants do not want to relocate for various reasons, including being settled in a particular community, not being able to sell their house, or not wanting to disrupt their children’s schooling.

Many Changes Had No Effect on Administrators

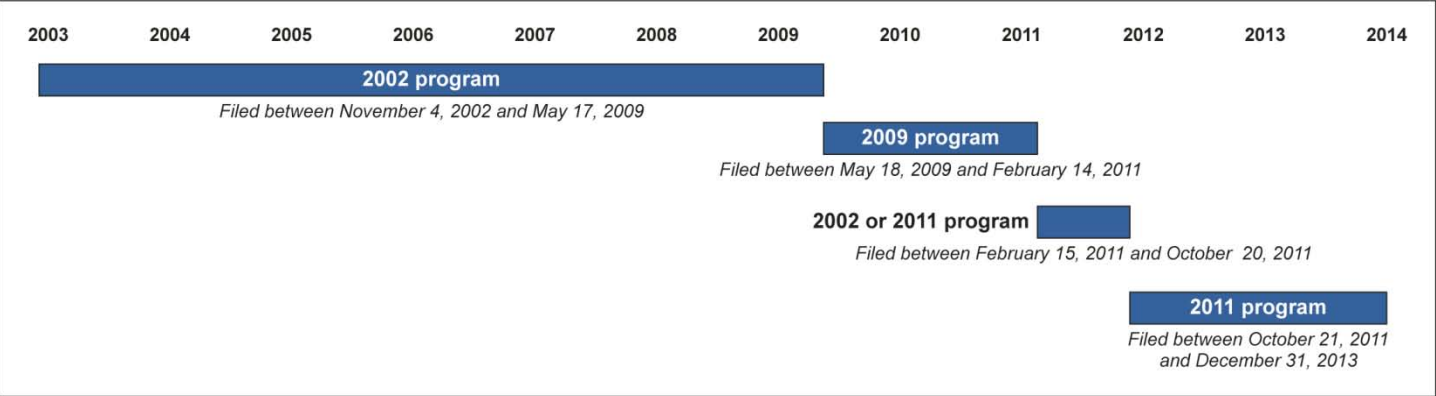
Although some of the changes made by the 2009 legislation helped administrators better serve participants, as previous discussed, many had no clear effect, according to selected state officials. For example, administrators said they had not been affected by the change to the HCTC program—primarily because it is managed by the Internal Revenue Service. In addition, officials from all six states said that the increased allowances for job search and relocation had no impact on administrators. Officials from one state noted that the change only required a minor modification to their processing forms. In contrast, officials in two states separately viewed two changes as having a somewhat negative effect on administrators. Officials from one state said that allowing participants to attend training part-time potentially increases the associated administrative burden because some participants switch their training attendance status between full-time and part-time, which affects not only their training plan, but also their eligibility for TAA based income support. According to officials from another state, allowing participants in the wage supplement program for older workers to receive training in addition to income support made the program more complicated to administer.

Challenge to Administer TAA under Multiple Program Provisions

While the specific changes made by the 2009 legislation generally affected administrators in a positive or neutral manner, a few state officials noted the more general challenge of concurrently administering TAA under various sets of program provisions. Eligible workers generally qualify for the benefits and services specified by the TAA legislation that is effective at the time their petitions are filed. Thus, after the 2009 TAA legislation passed, administrators were not only serving these newly eligible workers, but also participants already in the program who qualified under the 2002 legislation. When the most recent TAA

legislation passed in October 2011, administrators began to operate under a third set of program provisions. Further, because there was a gap of several months between when the 2009 legislation expired and the 2011 legislation passed, workers covered by petitions certified during this time may receive benefits and services under either the 2002 provisions or the 2011 provisions (see fig. 8).

Figure 8: Eligibility for Specific TAA Program Benefits Set by Date of Petition Filing



Source: Trade Act of 1974 as amended by 2002, 2009 and 2011 legislation and Department of Labor.

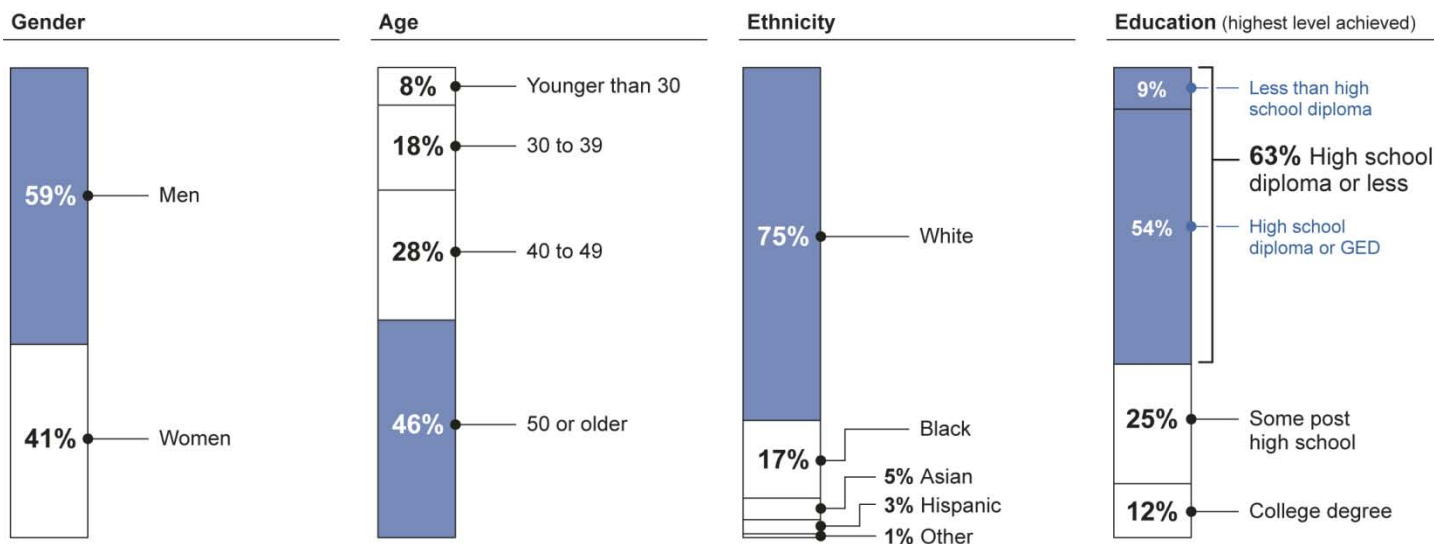
Over 107,000 Workers Received Benefits and Services, but Little Is Known About Their Outcomes

About Half of the Participants in the 2009 Program Enrolled in Training, but Other Benefits Were Less Utilized

TAA provides participants with a variety of benefits and services—some were used more than others. As of September 30, 2011, 107,896 participants received services under the 2009 TAA program.³⁷ As shown in figure 9, the majority of these participants were male and most were white. Nearly half the participants were age 50 or older and nearly two-thirds had a high school education or less.

³⁷ At the time of our review, September 30, 2011, was the latest date for which participant data was available.

Figure 9: Participant Demographics for Those Enrolled in the 2009 Program, as of September 30, 2011

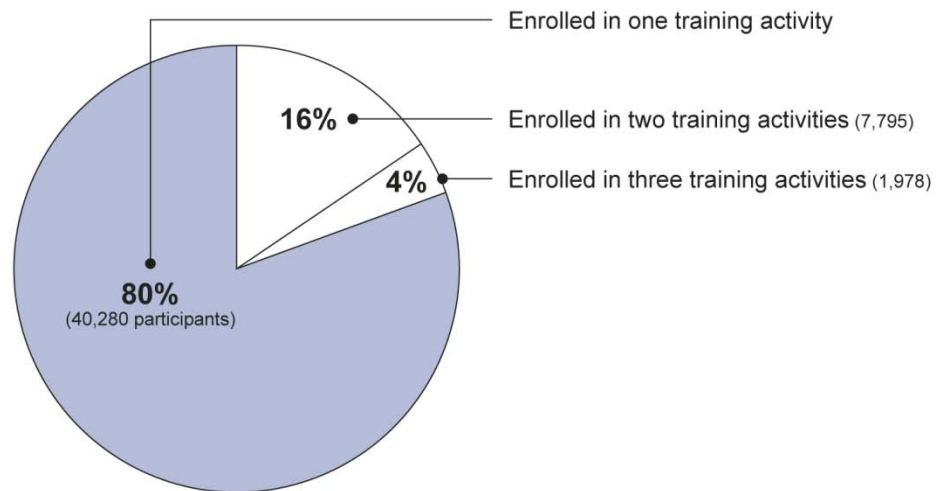


Source: GAO analysis of Department of Labor participant data.

Note: In determining the percentages for ethnicity, we excluded participants who did not indicate an ethnic group or who identified multiple ethnic groups.

All 107,896 participants who received services under the 2009 TAA program received case management and employment services and nearly half enrolled in training. Most of the participants who enrolled in training had only one training activity, but some enrolled in two or three training activities (see fig.10).

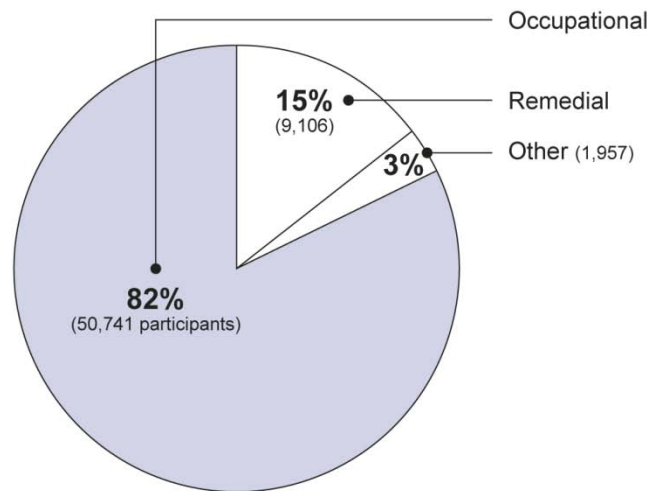
Figure 10: Participants Who Enrolled in One or More Training Activities, as of September 30, 2011



Source: GAO analysis of Department of Labor participant data.

Participants can receive different types of training, but occupational skills training—training in specific occupations typically provided in a classroom setting—was the most common type of training provided (see fig. 11). In addition to occupational training, participants received other types of training, such as remedial training, which includes adult basic education and English as a Second Language. These types of training were provided less frequently than occupational training.

Figure 11: Types of Training Provided to Participants in Program, as of September 30, 2011



Source: GAO analysis of Department of Labor participant data.

Note: Other includes on-the-job training, customized training, prerequisite training, and apprenticeship training.

Participants in the 2009 TAA program received training in a variety of occupational fields, most commonly related to computers, health, and production occupations (see table 1).

Table 1: Occupational Skills Training Most Frequently Provided to Participants in the 2009 Program

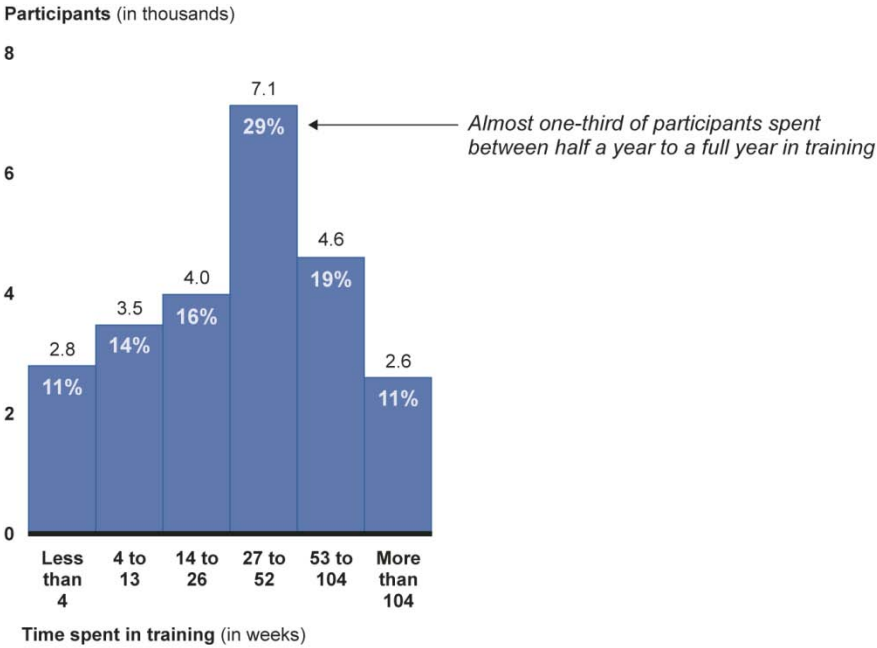
Occupational field	Number of participants
Computer occupations (such as computer support specialist)	3,795
Health technologists and technicians (such as medical records and health information technician and licensed practical and licensed vocational nurses)	3,767
Other production occupations (such as production worker helper)	3,193
Other installation, maintenance, and repair occupations (such as heating, air conditioning, and refrigeration mechanic and installer)	2,557
Other health care support occupations (such as medical assistant)	2,159

Source: GAO analysis of Department of Labor participant data.

As of the end of fiscal year 2011, approximately half of the 2009 program participants who had enrolled in training were still in a training activity. For

those 24,568 participants who completed or withdrew from training, the average amount of time spent in training was approximately 43 weeks. As shown in figure 12, nearly one-third of these participants spent between a half year and a full year in training.

Figure 12: Duration of Training for Participants in the 2009 Program Who Completed or Withdrew from Training as of September 30, 2011



Source: GAO analysis of Department of Labor participant data.

While approximately 50,000 participants enrolled in training under the 2009 program, fewer participants took advantage of several benefits and services that were added to, or expanded under, the 2009 program. For example, the 2009 legislation added part-time training and pre-layoff training for adversely affected incumbent workers.³⁸ The legislation also increased the job search and relocation allowances and modified the program providing wage supplements for older workers. As shown in table 2, fewer than 8 percent of the participants who received benefits under the 2009 program used each of these benefits.

³⁸ Adversely affected incumbent workers are those who have been threatened with a layoff, but have not yet been separated from the company.

Table 2: Percentage of 2009 Program Participants Accessing Various Benefits as of September 30, 2011

2009 program benefit	Number of participants accessing benefits	Percentage of all participants
Training for adversely affected incumbent workers	8,540	7.9
Wage supplement for older workers	5,521	5.1
Relocation allowance	534	0.5
Part-time training	462	0.4
Job search allowance	178	0.2

Source: GAO analysis of Department of Labor participant data.

Note: Not all participants would be eligible to access training for adversely affected incumbent workers or receive the wage supplement for older workers.

The wage supplement for older workers and the job search and relocation allowances are benefits that have not been widely utilized in the past. For example, we previously reported that fewer than 3,500 workers had utilized this benefit each year between 2004 and 2006.³⁹ Similarly, not many participants have typically received job search and relocation allowances. For example, the Congressional Research Service reported that fewer than 500 workers received job search allowances each year between fiscal years 2006 and 2008, while fewer than 800 received relocation allowances during those years.⁴⁰

While not used extensively, about 13 percent of the 5,521 older workers who participated in the wage supplement program also enrolled in training—a benefit available to eligible older workers participating in the 2009 program. Under the 2002 program, workers who participated in the wage supplement program for older workers were not eligible to receive training.

Based on our prior work on HCTC, we found that participation in the program initially increased after the 2009 legislation. HCTC was another

³⁹ GAO, *Trade Adjustment Assistance: Changes to Funding Allocation and Eligibility Requirements Could Enhance States' Ability to Provide Benefits and Services*, [GAO-07-701](#) (Washington D.C.: May 31, 2007).

⁴⁰ Congressional Research Service, *Trade Adjustment Assistance for Workers (TAA) and Alternative Trade Adjustment Assistance (ATAA)*, RS22718 (Washington, D.C.: May 5, 2011).

benefit that was enhanced under the 2009 legislation, increasing the tax credit covering monthly health insurance premiums from 65 percent to 80 percent. Because HCTC is administered by the IRS, Labor does not collect information on how many TAA participants used this benefit. However, we reported in 2010 that during the 6 months after key changes in the 2009 legislation took effect, the average monthly participation rate for TAA individuals was about 10,000.⁴¹ This represented an increase in participation compared to the 6 months prior to the passage of the legislation.⁴²

Few participants received income support under the TAA program, likely as a result of the availability of extended unemployment benefits. As previously discussed, the 2009 legislative changes lengthened the number of weeks participants could receive income support while enrolled in full-time training and provided additional weeks of support for those participants simultaneously enrolled in remedial or prerequisite education.⁴³ However, as of September 30, 2011, only about 8 percent of the participants in the 2009 program received income support under TAA. On average, participants received this income support for about 21 weeks. According to Labor officials, the availability of extended unemployment benefits may have made many TAA participants ineligible for income support payments under TAA. Specifically, because participants must completely exhaust unemployment insurance benefits before receiving TAA income support, extended unemployment benefits provided through the Emergency Unemployment Compensation program likely reduced or replaced TAA income support payments in many

⁴¹ GAO, *Health Coverage Tax Credit: Participation and Administrative Costs*, [GAO-10-521R](#) (Washington, D.C.: April 30, 2010).

⁴² Our analysis found that in the 6 months after key changes in the 2009 legislation took effect, the average number of TAA eligible individuals increased by 40 percent, and the average number of TAA eligible individuals per month participating in the HCTC increased by 67 percent.

⁴³ Under the 2009 TAA program, participants could receive up to 130 weeks of income support, plus an additional 26 weeks if they are also enrolled in remedial or prerequisite education. In total, the number of weeks for which participants could receive income support increased by 26 weeks.

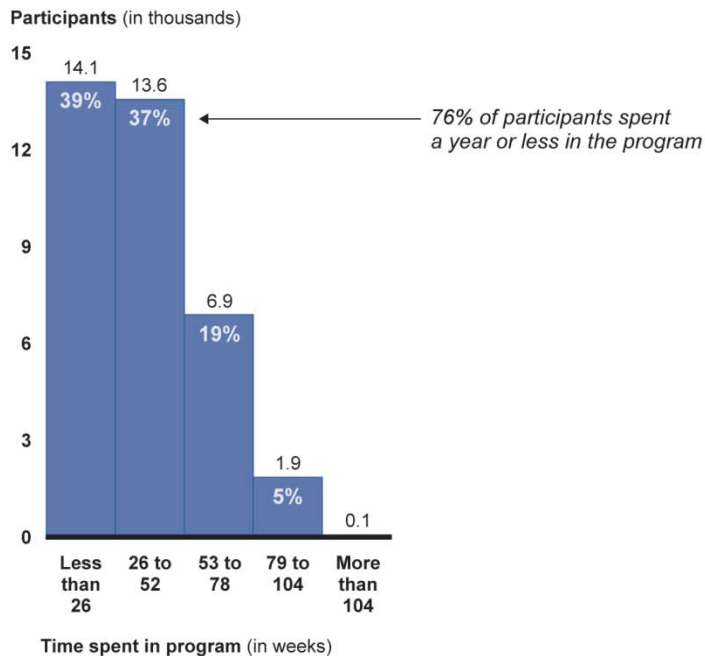
cases.⁴⁴ These officials also said that, once these extended benefits expire, the number of participants receiving TAA income support and the average duration of TAA income support may increase substantially.

Limited Outcome Data are Available

Little is yet known about the outcomes achieved by participants in the 2009 program largely because nearly two-thirds of the participants were still enrolled in the program as of September 30, 2011. States are not required to begin tracking employment outcomes for participants until they exit the program. Of the 107,896 participants enrolled in the 2009 program, approximately 66 percent had not exited the program as of September 30, 2011. The one-third of participants who exited the program spent an average of about 37 weeks in the program. Approximately 76 percent of those exiting were in the program for 1 year or less (see fig.13).

⁴⁴ Emergency Unemployment Compensation is a federally funded program that provides benefits to individuals who have exhausted regular state benefits. The program was created on June 30, 2008, and has been modified several times. Most recently, the Middle Class Tax Relief and Job Creation Act of 2012 extended the expiration date of the program to January 2, 2013. Pub. L. No. 112-96 § 2122(a)(1), 126 Stat. 163.

Figure 13: Total Time Spent in Program for Those Exiting, as of September 30, 2011



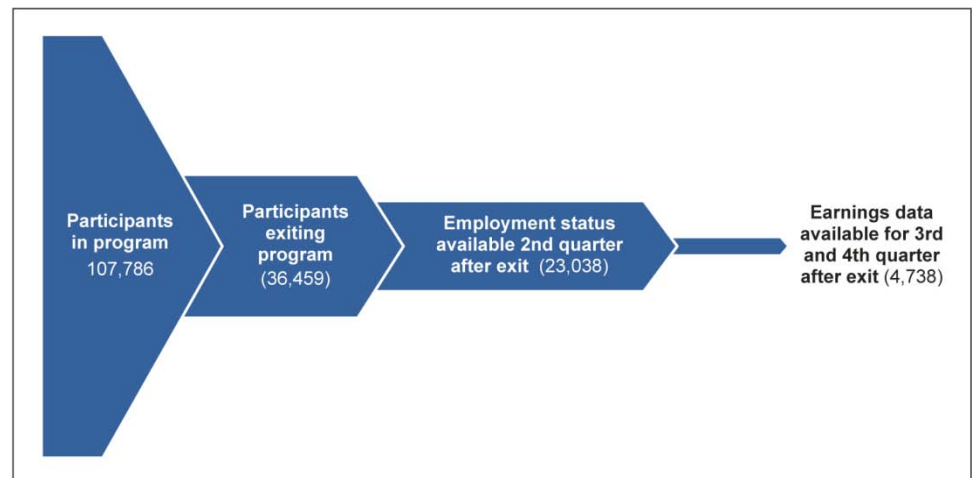
Source: GAO analysis of Department of Labor participant data.

In addition, little is known about participants' outcomes because the information needed to assess these outcomes was not yet available. For the approximately 36,000 participants who had exited the program as of September 30, 2011, information to calculate entered employment rates, employment retention rates, and average earnings was not yet available for many participants. For example, the entered employment rate is based on the number of participants who were employed 6 months after exiting the program.⁴⁵ Yet, as of September 30, 2011, states had reported the 6-month employment status on only about 60 percent of the participants who had exited the program. Similarly, states reported the earnings information needed to calculate the average earnings performance measure for only about a third of the approximately 13,000

⁴⁵ The entered employment rate is based on the number of participants who were employed in the second quarter after program exit. The employment retention rate only includes those who were employed in the second quarter after program exit and is based on the percentage who were employed in the third and fourth quarter after program exit.

participants who would have been included in the calculation.⁴⁶ As a result, few of the participants in the 2009 program would have been included in calculating TAA performance outcomes through fiscal year 2011 (see fig. 14).

Figure 14: Few Participants in the 2009 Program Had Information to Calculate TAA Performance Measures through Fiscal Year 2011



Source: GAO analysis of Department of Labor participant data.

Incomplete outcome data for TAA participants is a longstanding issue. The primary data source for outcome information is Unemployment Insurance wage records. As we have previously reported, these wage records provide a common yardstick for assessing performance across states but suffer from time delays.⁴⁷ We reported on these delays in 2006, noting that most of the outcome data reported in a given program year actually reflect participants who left the program up to 2 years earlier.⁴⁸

⁴⁶ The average earnings performance measure is based on those participants earning wages in the second quarter after exit and the total amount earned by those participants in both the third and fourth quarter after exit.

⁴⁷ GAO, *Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help*, [GAO-04-657](#) (Washington, D.C.: June 1, 2004).

⁴⁸ GAO, *Trade Adjustment Assistance: Labor Should Take Action to Ensure Performance Data Are Complete, Accurate, and Accessible*, [GAO-06-496](#) (Washington, D.C.: April 25, 2006).

Another factor contributing to the unavailability of outcome data for the 2009 program participants at the time we analyzed the data is that the 2009 legislation required states to report on job retention and earnings for a year after the participant exits the program—an additional 3 months beyond what states had previously reported. Labor officials stated that they were aware of the lack of outcome information being reported and are requiring states to submit updated outcome information by September 2012.⁴⁹

Even when employment and earnings information becomes available, more information will be needed to assess the effectiveness of the changes made by the 2009 legislation. First, Labor uses information on employment rates and earnings to compare the TAA program to national program goals, but the information is reported on a fiscal year basis and combines data for participants under the 2002 and 2009 programs. Therefore, these reports will not provide a complete or separate picture of outcomes for 2009 program participants. However, Labor officials stated that their annual report for fiscal year 2012 would primarily consist of 2009 participants. Second, a program's effectiveness cannot be determined solely by outcomes because they cannot show whether an outcome is a direct result of program participation or whether it is a result of other influences, such as the state of the local economy. Labor officials told us they have no plans to conduct an impact evaluation of the 2009 program since the program is no longer in effect. However, Labor is conducting a 5-year evaluation study of the 2002 TAA program, which is expected to be completed by November 2012. The study will address the operation and impacts of the program after the passage of the Trade Adjustment Assistance Reform Act of 2002 and will include an impact study on participants' employment-related outcomes, overall and for key worker subgroups, and a benefit-cost analysis.

Concluding Observations

The 2009 TAA legislation made extensive changes to the TAA for Workers program benefitting program participants—training funds were more than doubled, new benefits were added, eligibility was broadened, and existing benefits were enhanced. This contributed to a substantial increase in the number of petitions immediately following implementation of the changes in May 2009. Yet, when confronted with the initial surge in

⁴⁹ This requirement is part of a larger data integrity initiative underway at Labor.

petition volume and faced with pressure to process these petitions quickly, Labor made some errors in recording the reasons why petitions were certified. Since that time, Labor has enhanced its quality controls for investigating petitions and determined that the data errors we found were not widespread.

In addition, because most participants were still enrolled in the program at the time of our review, sufficient information was not available to determine whether the program changes contributed to better performance outcomes. However, even when outcome data become available, it will be very difficult to isolate the effect of the 2009 legislative changes because the results cannot differentiate program participation from other outside factors, including the overall state of the economy. While Labor plans to release the results of its 5-year evaluation study of the 2002 program later this year, it will not include a definitive determination of the effectiveness of the substantial changes made by the 2009 legislation. Further, the TAA program was modified again in October 2011, further complicating any future evaluation of the 2009 program.

Agency Comments and Our Evaluation

We provided officials from the Department of Labor a draft of this report for review and comment. Labor provided written comments, which are reproduced in appendix IV, as well as technical comments, which we incorporated as appropriate. In its written comments, Labor generally agreed with our findings. Labor noted that the report validated its efforts to improve employment and retention outcomes for trade-affected workers, made possible by the expansion of benefits and services under the 2009 TAA program.

We will send copies of this report to the Secretary of Labor, relevant congressional committees, and other interested parties and will make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

A list of related GAO products is included at the end of this report. If you or your staff have any questions about this report, please contact me at (202) 512-7215 or at sherrilla@gao.gov. Contact points for our Offices of

Congressional Relations and Public Affairs may be found on the last page of this report. Other contacts and staff acknowledgments are listed in appendix V.

A handwritten signature in black ink that reads "Andrew Sherrill". The signature is written in a cursive, flowing style.

Andrew Sherrill
Director, Education, Workforce, and
Income Security Issues

Appendix I: Objectives, Scope, and Methodology

Our objectives were to determine: (1) what challenges Labor faced in implementing the 2009 legislation, (2) the effect selected state government officials say the 2009 legislative changes had on participants and on state and local administrators, and (3) the extent participants received TAA benefits and services as established by the 2009 legislation and what is known about employment outcomes. To address these objectives, we reviewed relevant federal legislation, regulations, and departmental guidance and procedures. We also interviewed Labor officials and state government officials in six states—Massachusetts, Michigan, North Carolina, Oregon, Pennsylvania, and Texas. We also interviewed selected local government officials in three of these states (Michigan, North Carolina, and Oregon). We obtained and reviewed Labor data on petitions, training fund expenditures, and participant activities. We conducted this performance audit from May 2011 through September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Selected States We selected the six specific states because they had a high fiscal year 2010 training fund allocation, a high volume of TAA certifications, and geographic diversity (see table 3).

Table 3: Selected States

State	Fiscal year 2010 training fund allocation		Number of TAA certifications		Labor geographical region
	Amount	State ranking	Number	State ranking	
Massachusetts	\$12,056,206	25	71	11	1
Michigan	\$83,070,480	1	193	4	5
North Carolina	\$28,269,836	6	172	5	3
Oregon	\$28,665,642	4	66	14	6
Pennsylvania	\$31,056,520	2	212	3	2
Texas	\$18,759,147	9	131	6	4

Source: Department of Labor.

We also spoke with select local officials in three states (see table 4). Through these interviews, we obtained state and local officials’ opinions

on what effects key changes made by the 2009 legislation had on their administration of the program and on participants.

Table 4: Selected Localities

State	Local entity
Michigan	Oakland County Michigan Works! Workforce Development Division
	Southeast Michigan Community Alliance Michigan Works!
North Carolina	Forsyth County Job Link Career Center
	Wake County Job Link Career Center
Oregon	Oregon utilizes a virtual model in which all TAA participants receive case management via telephone from Salem-based staff

Source: Department of Labor.

Analysis of Labor's Petition Data

We analyzed Labor's data on petitions filed from fiscal years 2007 to 2011. We assessed the reliability of key data by interviewing Labor officials knowledgeable about the data, reviewing related documentation, manually and electronically testing the data, and assessing internal controls at Labor. During our manual testing of this petition data, we discovered Labor made errors in recording the reasons why several petitions were certified, although the results of our review are not generalizable. We brought this issue to the attention of Labor officials. Because we did not know the extent of these errors during the period of our review, we did not include information on certification categories in this report. In late September 2012, Labor provided us with the results of its internal audit, which indicated that this data was reliable. Moreover, we determined that information regarding the number of petitions filed, the dates petitions were received by Labor, and the dates Labor issued determinations were sufficiently reliable for the purposes of this report.

We also assessed what internal controls were present in Labor's petition investigation process as of June 2012. We compared Labor's written procedures with GAO-published standards for internal controls and conducted an onsite review of seven petitions to assess whether Labor followed its written procedures when conducting investigations. We selected petitions filed from May 2009 to February 2011. They are nongeneralizable and used only for illustrative purposes. The selected petitions were diverse with respect to the month/year petitions were received; whether petitions were certified or denied; whether petitions represented manufacturing or service sector workers; and other factors, such as the reason for the layoff (i.e., a shift in production overseas versus an increase in imports).

Analysis of Labor's Training Funds Expenditure Data

We analyzed Labor's data on TAA training fund expenditures for fiscal years 2009 through 2011, with data current through the second quarter of fiscal year 2011 (March 31, 2011). This data included expenditures by state for training, administration (inclusive of employment/case management), job search and relocation, income support, and the wage supplement program for older workers. We assessed the reliability of these data by electronically testing for errors and by interviewing knowledgeable agency officials. Further, we compared these expenditure data with fund allocation data published in Labor's annual reports to Congress. Overall, we found that the data were sufficiently reliable for the purposes of this report.

Analysis of Labor's Participant Data

We analyzed Labor's participant data file containing data elements on characteristics, activities, and outcomes for TAA participants. We conducted our analyses on those participants who were covered by petitions filed between May 18, 2009 and February 14, 2011—the dates covered by the 2009 legislative changes. We assessed the reliability of these data by interviewing Labor officials about the internal controls in place to assure the quality of data reported by states and reviewed the edit checks Labor established to identify inconsistencies and data errors. We also performed electronic testing of individual data elements to remove duplicate entries and ensure that the data being entered were consistent with instructions provided by Labor to the states. We determined that information related to participant characteristics and activities was sufficiently reliable to be used in the report. However, our testing of the outcome data surfaced issues with information being reported on employment status and earnings for participants who had exited the program. Specifically, we found that the employment status and earnings information for many participants who had exited the program was not identified. We believe that reporting outcomes would be misleading when two-thirds of the participants in the 2009 program were still enrolled as of September 30, 2011, and outcome information for many participants who had exited the program was not yet available. As a result, we did not include entered employment rates, employment retention rates, and average earnings in this report.

Appendix II: Comparison of Key 2002, 2009, and 2011 TAA Statutory Provisions

2002 TAA Program	2009 TAA Program	2011 TAA Program
Period Covered		
Petitions filed on or after November 4, 2002, and on or before May 17, 2009 Petitions filed on or after February 15, 2011, and on or before October 20, 2011 ^a	Petitions filed on or after May 18, 2009, and on or before February 14, 2011 ^b	Petitions filed on or after October 21, 2011, or before December 31, 2013 Petitions filed on or after February 15, 2011, and on or before October 20, 2011 ^a
GROUP ELIGIBILITY REQUIREMENTS		
One of the following circumstances must have contributed importantly to the reason for separation or threat of separation for a significant number or proportion of the workers in a firm or subdivision of a firm: <ul style="list-style-type: none"> the firm's sales and/or production have decreased and imports of articles similar to the articles produced by the firm have increased; or the firm shifted to another country the production of articles similar to the articles produced by the firm and that country has a free-trade or beneficial agreement with the United States; or the firm has been secondarily affected by trade as either a supplier or downstream producer for a firm that has already been TAA certified based on an increase in imports from, or a shift in production to, Canada or Mexico and the article which was the basis for the primary certification was related to the parts or processes supplied by the secondary firm^c 	One of the following circumstances must have contributed importantly to the reason for separation or threat of separation for a significant number or proportion of the workers in a firm or subdivision of a firm: <ul style="list-style-type: none"> The firm's sales and/or production have decreased; and <ul style="list-style-type: none"> imports of articles or services like or directly competitive with the articles or services produced by the firm have increased; or imports of articles similar to the article into which component parts produced by firm are directly incorporated or which are produced using services supplied by such firm have increased; or imports of articles incorporating component parts produced outside the U.S. that are similar to imports of articles incorporating component parts produced by such firm have increased The firm shifted to any other country the supply of services or the production of articles similar to the services supplied or articles produced by the firm or the firm has acquired articles or services from a foreign county that are similar to articles produced or services supplied by such firm; or 	No change, except workers from public agencies are no longer eligible

2002 TAA Program	2009 TAA Program	2011 TAA Program
	<ul style="list-style-type: none"> a public agency has acquired from a foreign country services like or directly competitive with services which are supplied by such agency;^d or the firm has been secondarily affected by trade as either a supplier or downstream producer of articles or services for a firm affected by trade with any other country, and that firm has already been TAA certified; and the basis for the primary certification was related to the articles or services produced by the secondary firm^e If a U.S. firm has been determined by the International Trade Commission as having been adversely affected by international trade and the TAA petition is filed within 1 year of this determination being published in the <i>Federal Register</i> 	

PARTICIPANT BENEFITS AND SERVICES

Trade Readjustment Allowances (TRA)

Up to 104 weeks for workers enrolled in full-time training OR Up to 130 weeks for workers also enrolled in remedial training	Up to 130 weeks for workers in full-time training OR Up to 156 weeks for workers also enrolled in remedial training	Up to 130 weeks for workers in full-time training, the last 13 of which are only available if needed for completion of a training program and training benchmarks are met No additional weeks for remedial or pre-requisite training
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Enrollment Deadlines to Receive TRA

In order to receive TRA, must be enrolled 8 weeks after certification or 16 weeks after total separation, whichever is later	In order to receive TRA, must be enrolled 26 weeks after certification or total separation, whichever is later	No change
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Training Waivers

<p>Waivers may be issued because the worker:</p> <ol style="list-style-type: none"> Will be recalled to work Has marketable skills for suitable employment and has reasonable expectation of employment in foreseeable future Is within 2 years of eligibility for a pension or Social Security Cannot participate in training due to a health condition Enrollment date is not available Training program not available 	<p>Waivers may be issued because the worker:</p> <ol style="list-style-type: none"> Will be recalled to work Has marketable skills for suitable employment and has reasonable expectation of employment in foreseeable future Is within 2 years of eligibility for a pension or Social Security Cannot participate in training due to a health condition Enrollment date is not available Training program not available <p>All waivers except those issued under the "retirement" reason must be reviewed 3 months after issued and on a monthly basis thereafter</p>	<p>Waivers may be issued because the worker:</p> <ol style="list-style-type: none"> Cannot participate in training due to a health condition Enrollment date is not available Training program not available <p>All waivers must be reviewed at the 3 month mark and on a monthly basis thereafter</p>
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2002 TAA Program	2009 TAA Program	2011 TAA Program
Job Search and Relocation Allowances		
<i>To qualify, workers must be totally separated from their employer and cannot reasonably be expected to find suitable employment in commuting area.</i>		
<u>Job Search</u>	<u>Job Search</u>	<u>Job Search</u>
<ul style="list-style-type: none"> 90 percent of allowable costs, up to \$1,250 	<ul style="list-style-type: none"> 100 percent of allowable costs, up to \$1,500 	<ul style="list-style-type: none"> Not more than 90 percent of allowable costs, up to \$1,250
<u>Relocation</u>	<u>Relocation</u>	<u>Relocation</u>
<ul style="list-style-type: none"> 90 percent of costs, plus a lump sum payment of up to \$1,250 	<ul style="list-style-type: none"> 100 percent of costs, plus a lump sum payment of up to \$1,500 	<ul style="list-style-type: none"> At state's discretion Not more than 90 percent of allowable costs, plus a lump sum up to \$1,250 At state's discretion
Training Services		
<ul style="list-style-type: none"> Under Labor's regulation, training may only be approved on a full-time basis Certified workers may not begin approved training until they have been totally or partially separated from adversely affected employment On-the-job, customized training, training authorized under Workforce Investment Act of 1998, remedial education, and training paid for under other federal or state programs Workers may not be determined ineligible for unemployment insurance or TAA benefits because they are enrolled in training or left unsuitable work to enroll in training 	<ul style="list-style-type: none"> Training may be approved on a full-time basis or part-time basis, although full-time training is required for TRA eligibility Training may be approved for adversely affected incumbent workers before separation In addition to other training, registered apprenticeship training, prerequisite education and training programs and coursework at accredited institutions of higher education may also be approved for worker training Workers may not be determined ineligible for unemployment insurance or TAA benefits because they are enrolled in training, left unsuitable work to enroll in training, left work that the worker engaged in on a temporary basis during a break in training or delay in commencement of training or left on-the-job training after less than 30 days because it did not satisfy TAA requirements 	<ul style="list-style-type: none"> No change
Re-employment Trade Adjustment Assistance (known as Alternative TAA in 2002)		
<i>A wage supplement for workers over 50 providing a portion of the difference between their old and new wages</i>		
Established as a demonstration project:		
Alternative Trade Adjustment Assistance:		
Requires a separate certification of group eligibility	Does not require a separate certification of group eligibility	No change, except:
Workers may not participate in TAA-approved training	Workers may participate in TAA-approved training and receive employment and case management services	Available only for workers earning less than \$50,000 per year in reemployment
Requires full-time employment within 26 weeks of separation	Allows for part-time employment if enrolled in training	Maximum benefit of \$10,000 over a period of up to 2 years (104 weeks)
Available only for workers earning less than \$50,000 per year in reemployment	Eliminates deadline for reemployment	
Maximum benefit of \$10,000 over a period of up to 2 years (104 weeks)	Available only for workers earning less than \$55,000 per year in reemployment	
	Maximum benefit of \$12,000 over a period of up to 2 years (104 weeks)	

2002 TAA Program	2009 TAA Program	2011 TAA Program
Health Coverage Tax Credit		
<ul style="list-style-type: none"> Tax credit allowed equal to 65 percent of an eligible participant's monthly qualifying health insurance premium 	<ul style="list-style-type: none"> Tax credit equal allowed equal to 80 percent of an eligible participant's monthly qualifying health insurance premium 	<ul style="list-style-type: none"> Tax credit allowed equal to 72.5 percent of an eligible participants qualifying health insurance premium. Provision is retroactive to February 13, 2011, and applies to workers served under 2002, 2009 or 2011 programs
ADMINISTRATIVE CHANGES		
Training Fund Amount		
<ul style="list-style-type: none"> \$220 million per fiscal year for workers' training 	<ul style="list-style-type: none"> \$575 million for fiscal years 2009 and 2010 for workers' training^f 	<ul style="list-style-type: none"> \$575 million for fiscal years 2012 and 2013 for workers' training, job search and relocation allowances, case management and employment services, and associated administration^g
Training Fund Formula		
<ul style="list-style-type: none"> No statutory provision In practice, Labor initially disbursed 75 percent of training funds based on a state's accrued training expenditures and the number of training participants and disbursed to a state no less than 85 percent of the prior year's initial distribution 	<ul style="list-style-type: none"> Requires Labor to make an initial distribution to states of at least 65 percent of available training funds as soon as practicable after the beginning of each fiscal year taking into account: (1) the trend in numbers of certified workers, (2) the trend in numbers of workers participating in training, (3) the number of workers enrolled in training, (4) the estimated amount of funding needed to provide approved training and other factors Labor determines are appropriate. Requires that each state receive initial distribution of not less than 25 percent of an initial distribution in previous fiscal year. Requires Labor to establish procedures for distribution of remaining fund but provides that not less than 90 percent of available funds must be distributed by July 15 of each fiscal year 	<ul style="list-style-type: none"> No change except that these requirements now apply to distribution of funds for training, job search and relocation allowances, case management and employment services and administration

2002 TAA Program	2009 TAA Program	2011 TAA Program
Employment and Case Management Services		
<ul style="list-style-type: none"> SERVICES: Labor is required to make “every reasonable effort” to provide eligible workers counseling, testing, placement and supportive and other services provided for under any other law, including services provided through Workforce Investment Act one-stop delivery systems through agreements with the States, where appropriate FUNDING: No statutory provision 	<ul style="list-style-type: none"> SERVICES: Labor is required to make available to eligible workers, either directly or through agreements with the States: (1) comprehensive and specialized assessment of skill levels and service needs, (2) development of individual employment plans, (3) information on training, (4) information on financial aid, (5) short-term prevocational services, (6) individual career counseling, (7) employment statistics, and (8) information on supportive services FUNDING: States receive an additional amount of funds equal to 15 percent of the amount they receive for training and must use at least 1/3 of these funds for case management and employment services; and spend no more than 2/3 of these funds on administration States also receive an additional \$350,000 yearly for case management and employment services 	<ul style="list-style-type: none"> SERVICES: No change FUNDING: No more than 10 percent of the amount provided for training, job search and relocation allowances, case management and employment services and administration may be spent for administration; and not less than 5 percent of the amount provided may be spent for case management and employment services Labor may recapture from the states funds remaining unobligated after 2 or 3 years and distribute such funds to states in need of funds
Office Responsible for Administering TAA		
<ul style="list-style-type: none"> No statutory provision. TAA was administered under Labor’s Employment and Training Administration 	<ul style="list-style-type: none"> Established an Office of Trade Adjustment Assistance at Labor, headed by administrator reporting directly to the Deputy Assistant Secretary for Employment and Training Administration 	<ul style="list-style-type: none"> No change
Data Collection and Reporting		
<ul style="list-style-type: none"> No statutory provision. In practice, states submitted quarterly data reports on the characteristics, activities and outcomes information for all individuals who received TAA services and benefits 	<ul style="list-style-type: none"> Requires Labor to implement a data system by mid-August 2009 to collect information as prescribed in the statute, on (1) petitions filed, certified and denied, (2) benefits received, (3) training, (4) outcomes, and (5) rapid response activities as well as any other information Labor considers appropriate Requires Labor to submit a report to Senate Finance and House Ways and Means Committees no later than December 15 of each year summarizing information collected, and including information on distribution of funds to each state and any recommendations with respect to changes in eligibility requirements, benefits or training funding 	<ul style="list-style-type: none"> Requires Labor to update its data system by October 2012 to collect additional information as prescribed in the statute, on: (1) benefits received, (2) training, (3) outcomes, (4) spending as well as any other information Labor considers appropriate The deadline to submit a report to Senate Finance and House Ways and Means Committees was extended to February 15

Source: GAO analysis of Trade Act of 1974 as amended by 2002, 2009 and 2011 legislation.

^aThe 2011 legislation required Labor, with regard to petitions filed between February 13, 2011, and October 21, 2011, to consider petitions and automatically reconsider denied petitions using the 2011 eligibility provisions.

^bAlthough the Omnibus Trade Act of 2010 extended the effective date of the expiration of the 2009 amendments to February 12, 2011, Labor interpreted this to mean petitions filed on or before 11:59 PM EST on Monday, February 14, 2011, the next business day after February 12, which was a Saturday.

^cSuppliers produce and supply component parts directly to other firms, which produced articles that were the basis for a TAA certification. Downstream producers perform additional, value-added production processes for firms producing articles that were the basis for a TAA certification. If a worker's firm is a supplier, and component parts it supplies to the primary firm accounted for at least 20 percent of production or sales of the worker's firm, then the loss of business from the primary firm by the worker's firm is not required to have contributed importantly to the separation or threatened separation.

^dPublic agency was defined as a department of agency of a state, local or the federal government or a subdivision thereof.

^eSee third statement in table note c.

^fThe training fund amount was \$143,750,000 for October 1, 2010 to December 31, 2010.

^gThe training fund amount will be \$143,750,000 for October 1, 2013 to December 31, 2013.

Appendix III: TAA Training Fund Expenditures by State, as of March 31, 2012

	Fiscal year 2009			Fiscal year 2010		
	Authorized	Expended	Percentage expended	Authorized	Expended	Percentage expended
AK	\$881,072	\$417,387	47	\$294,208	\$118,839	40
AL	\$11,057,729	\$10,775,197	97	\$9,627,476	\$5,371,553	56
AR	\$20,458,583	\$13,523,121	66	\$15,682,487	\$5,827,743	37
AZ	\$4,097,414	\$4,097,414	100	\$3,260,329	\$1,400,548	43
CA	\$29,149,155	\$29,149,155	100	\$17,405,603	\$11,293,865	65
CO	\$4,408,022	\$4,408,022	100	\$3,610,808	\$3,382,426	94
CT	\$7,874,131	\$7,874,131	100	\$10,939,232	\$10,934,173	100
DC	\$0	\$0	-	\$0	\$0	-
DE	\$0	\$0	-	\$823,135	\$551,333	67
FL	\$3,974,236	\$3,273,833	82	\$2,381,291	\$1,018,302	43
GA	\$18,592,632	\$8,578,606	46	\$13,549,578	\$1,030,398	8
HI	\$465,447	\$162,104	35	\$0	\$0	-
IA	\$11,784,901	\$11,784,901	100	\$5,461,537	\$5,461,537	100
ID	\$4,229,928	\$4,229,928	100	\$12,719,629	\$12,081,816	95
IL	\$22,260,179	\$22,260,179	100	\$20,358,555	\$14,789,904	73
IN	\$26,014,364	\$26,014,364	100	\$26,665,015	\$25,861,499	97
KS	\$2,951,445	\$1,911,432	65	\$1,178,510	\$1,018,660	86
KY	\$15,908,719	\$15,908,719	100	\$18,337,054	\$16,447,886	90
LA	\$2,769,101	\$2,769,101	100	\$2,782,637	\$1,203,610	43
MA	\$17,006,838	\$17,006,838	100	\$12,820,766	\$9,454,442	74
MD	\$2,454,015	\$2,454,015	100%	\$1,137,875	\$518,068	46
ME	\$5,945,139	\$5,323,793	90	\$4,043,222	\$1,425,309	35
MI	\$55,570,709	\$55,570,709	100	\$81,984,160	\$81,984,160	100
MN	\$8,566,539	\$8,566,539	100	\$8,826,628	\$8,826,628	100
MO	\$13,941,423	\$13,941,423	100	\$17,940,408	\$17,940,408	100
MS	\$6,447,326	\$933,023	14	\$5,008,604	\$336,465	7
MT	\$3,147,405	\$3,147,405	100	\$8,729,454	\$8,729,454	100
NC	\$58,199,987	\$34,704,788	60	\$48,399,437	\$9,924,227	21
ND	\$722,177	\$722,177	100	\$413,606	\$413,606	100
NE	\$1,420,917	\$1,379,737	97	\$1,244,390	\$422,037	34
NH	\$2,210,051	\$2,210,051	100	\$3,903,295	\$3,787,220	97
NJ	\$7,332,226	\$7,332,226	100	\$5,513,879	\$1,761,671	32
NM	\$3,297,619	\$3,297,619	100	\$3,048,975	\$3,048,975	100
NV	\$732,583	\$471,912	64	\$263,888	\$148,313	56
NY	\$12,521,835	\$12,521,835	100	\$15,370,985	\$12,541,946	82

OH	\$23,742,822	\$23,742,822	100	\$25,221,843	\$25,221,843	100
OK	\$5,890,639	\$3,710,782	63	\$4,349,196	\$234,303	5
OR	\$14,294,376	\$14,294,376	100	\$24,965,367	\$24,965,367	100
PA	\$31,762,854	\$31,762,854	100	\$29,083,124	\$24,913,905	86
PR	\$850,934	\$796,103	94	\$307,296	\$229,157	75
RI	\$4,477,145	\$4,477,145	100	\$5,814,205	\$2,806,366	48
SC	\$24,184,159	\$21,418,512	89	\$17,005,487	\$2,745,417	16
SD	\$1,517,234	\$1,517,234	100	\$4,534,640	\$2,928,811	65
TN	\$14,409,894	\$12,238,626	85	\$12,315,372	\$1,225,861	10
TX	\$24,841,852	\$24,841,852	100	\$18,241,477	\$11,687,059	64
UT	\$5,222,047	\$5,222,047	100	\$3,337,142	\$2,563,467	77
VA	\$16,301,162	\$12,984,989	80	\$9,860,769	\$3,265,235	33
VT	\$816,876	\$816,876	100	\$582,242	\$582,242	100
WA	\$14,945,560	\$14,945,560	100	\$12,661,696	\$8,134,309	64
WI	\$21,160,654	\$21,160,654	100	\$23,848,795	\$23,848,795	100
WV	\$7,237,945	\$7,237,945	100	\$4,944,690	\$4,220,557	85
WY	\$0	\$0	-	\$200,000	\$62,918	31
Total	598,050,000	537,890,061	90	580,999,997	418,692,634	72

Source: GAO Analysis of Department of Labor Data.

Note: Expenditure data are current as of March 31, 2011. Fiscal year 2010 funds can be drawn down until September 30, 2012. Funds include both training funds and job search and relocation allowances.

Appendix IV: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



SEP 19 2012

Mr. Andrew Sherrill
Director
Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, D.C. 20548

Dear Mr. Sherrill:

Thank you for the opportunity to review the Government Accountability Office (GAO) draft report entitled: *"Trade Adjustment Assistance: Changes to the Workers Program, Benefited Participants, but Little is Known About Outcomes"* (GAO-12-953).

The Trade Adjustment Assistance (TAA) program helps America's workers who lost their jobs as a result of foreign trade prepare for and obtain sustainable employment. In addition, TAA is intended to help middle class families remain in the middle class and to improve workers' success in a knowledge-based economy through the acquisition of industry-recognized credentials.

The GAO report's findings validate the Department of Labor's efforts to improve employment and retention outcomes for trade affected workers made possible by the expansion of benefits and services under the 2009 Recovery Act's Trade Globalization Adjustment Assistance Act (TGAAA). We are pleased that the report recognizes that because of the important changes made under TGAAA, states could more effectively meet the needs of TAA participants. For example, TGAAA expanded eligibility to service sector workers and provided strong support for reemployment by extending training and enrollment deadlines, providing a wage subsidy for older workers, and increasing training and related services and resources and income support. The Department was challenged to help states implement these and other changes under TGAAA while processing increasing numbers of petitions during a very short timeframe.

The GAO report points out some challenges for the Department surrounding petition processing activities and data entry during the height of petition activity in the initial months of the new TAA program. The Department has worked hard to address many of those challenges by improving data integrity and the quality and timeliness of investigations through both new and modified agency procedures. While the report identifies some miscoding errors, we are confident that petitions were investigated and determined accurately in accordance with TGAAA. The Department of Labor is committed to continue its transparency in data management and to complete its analysis to address as necessary any data discrepancies.

Enclosed are technical comments that we hope you will consider for the GAO report. If you would like additional information, please do not hesitate to call me at (202) 693-2700.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

Appendix V: GAO Contacts and Staff Acknowledgments

GAO Contacts

Andrew Sherrill, 202-512-7215 or sherrilla@gao.gov

Staff Acknowledgments

In addition to the contacts named above, Laura Heald, Assistant Director; Kathryn O'Dea, Ellen Ramachandran, and Wayne Sylvia made key contributions to this report. Also contributing to this report were James Bennett, Jessica Botsford, Susannah Compton, Daniel Concepcion, Kathy Leslie, Jean McSween, and Vanessa Taylor.

Related GAO Products

Trade Adjustment Assistance: States Have Fewer Training Funds Available than Labor Estimates When Both Expenditures and Obligations Are Considered. [GAO-08-165](#). Washington, D.C.: November 2, 2007.

Trade Adjustment Assistance: Industry Certification Would Likely Make More Workers Eligible, but Design and Implementation Challenges Exist. [GAO-07-919](#). Washington, D.C.: June 29, 2007.

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