

TRADE ADJUSTMENT ASSISTANCE:

NEW OPPORTUNITIES FOR OHIO WORKERS

Executive Summary

The Trade Adjustment Assistance program provides benefits to workers who lose their jobs due to rising imports or shifts in U.S. production to overseas locations. It offers jobless workers some of the best opportunities for income support and retraining. By offering extended income support, TAA can provide meaningful training opportunities for dislocated workers. However, many dislocated workers are not properly identified as having been affected by trade, and even fewer workers receive training for a new line of work. The underuse of the program, along with a major expansion of it, provide a real opportunity for improvements in outreach efforts that will allow more trade-affected workers across the country and Ohio to benefit.

TAA, a federal-state program, requires two steps for workers to qualify. First, a company, union, the state or at least three workers must successfully petition the U.S. Department of Labor. Second, each worker must then apply for benefits with the state.

Under the American Recovery and Reinvestment Act, the TAA program is being substantially widened. More workers will be covered, benefits will increase and deadlines for participation will be loosened. Effective May 18, workers in service industries and public-sector workers will be eligible for the first time. More shifts in production abroad and workers who make components for trade-affected companies will be covered. Income support for those in long-term training, called Trade Readjustment Assistance (TRA), will increase by 26 weeks, to 130 weeks; the Health Coverage Tax Credit will be 80 percent, up from 65 percent; and wage subsidies available to older workers who take new jobs at lower pay will be boosted. While participation in the program will depend on how much workers in the newly eligible sectors make use of the new law, the Ohio Department of Job & Family Services is expecting what one official calls “a tsunami” of certifications, which the agency believes could double or more.

Overall, as one might expect given its dependence on manufacturing, Ohio has been a national leader in job losses certified under TAA. In the federal fiscal year ended last September, only Michigan exceeded Ohio in the number of workers certified. The 20,912 certified Ohio job losses between January 2007 and March 27, 2009, amounted to 16 percent of the net decline in the state’s manufacturing jobs during that time frame.

The five largest TAA certifications in the nearly 27-month time span involved automotive employers. Chrysler LLC’s machining plant in Perrysburg was the single largest certification in Ohio, covering 1,341 workers. Montgomery, Wood, Cuyahoga, Trumbull and Seneca Counties together accounted for 43 percent of the workers certified over the period. Montgomery County alone accounted for 26 petitions and 3,667 workers certified, more than half again as many workers as the next leading county. Certifications at bankrupt auto-parts maker Delphi Corp. made up most of that county total. However, the job losses certified by the labor department extended across Ohio, covering workers in 58 of the state’s 88 counties.

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A surprisingly small share of the workers certified to receive Trade Adjustment Assistance benefits – both nationally and in Ohio – actually receives them. According to ODJFS data, 2,843 Ohio participants filed an initial claim for TRA in federal fiscal year (FFY) 2007, and 3,487 did so in FFY 2008. Agency data show that 1,494 workers received TAA training in the 2007 federal fiscal year, and 1,984 received training in FFY2008. An exact comparison with the number of certified workers is impossible, because they have a period of time in which to apply for benefits. However, between CY2006 and 2008, an average of 10,687 a year were certified, according to DOL. This average excludes many workers who became eligible after petitions were filed.

One major reason for the low participation is the relatively small share of certified workers who come to a session to learn about the program. Some workers find other jobs without TAA or retire, while others don't fully understand the program's importance or see a need for help. However, some workers are left off the list to contact, or the company doesn't provide the list of laid-off workers to ODJFS in a timely fashion, so workers miss deadlines for applying. New rules may help with these problems, but Ohio can take further steps to increase the number of trade-affected workers who are certified to receive TAA benefits.

A large statewide marketing campaign is needed to ensure workers know of the available benefits and where they may go to get them. Community groups and unions can assist in these outreach efforts, and the state should partner with them.

The Ohio Benefit Bank, a free web-based service that centralizes the application process for state and federal benefits, could help by visiting work sites around the state with its Benefit Bank Mobile; keeping a list of TAA certifications and informing applicants for other benefits that they might be eligible for TAA benefits; programming the TAA application into its software so it can help dislocated workers fill it out; and checking these workers' eligibility for other programs such as health care, utility and food assistance.

The state can do more as well. ODJFS should review a possible TAA filing in each federally required mass layoff notification and file a petition itself when necessary. State Rapid Response teams should ask companies with such layoffs who their Ohio suppliers are, so their workers, too, can receive TAA certification. ODJFS also could use the information on employees supplied by employers to the agency when they pay unemployment compensation to contact workers about TAA. The state should advertise the availability of TAA benefits in newspapers, and provide information on the program to operators of the 2-1-1 help line. It should aid workers navigating the program by expanding the peer assistance program, which involves educating fellow workers to help ease the layoff process and take advantage of available assistance.

While many additional workers now will be eligible for TAA coverage, they will not necessarily know that the program exists or how to petition for certification. Many of those certified likely will not take advantage of the available benefits. Ohio should take steps to make sure more do.

Policy Matters Ohio is a nonprofit, nonpartisan research institute dedicated to researching an economy that will work better for all in Ohio. Learn more about Policy Matters Ohio at www.policymattersohio.org.