

## Trade Adjustment Assistance in Ohio

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The federal Trade Adjustment Assistance (TAA) program was established to mitigate the economic and personal harm caused by trade-related job loss. During the 2007-09 recession, Ohio saw record numbers of workers becoming eligible for the program. In 2011, the number of petitions filed and certified, and the number of workers eligible for TAA, were all lower than they have been in at least six years. For a state that has lost more than 320,000 manufacturing jobs since 2001, this remarkable decline in the number of firms and workers negatively impacted by trade is good news.

We suggest three main reasons for the huge decline in petitions, certifications, and impacted workers. First, some of the improvement is due to growth in manufacturing, which has added 48,000 jobs since the end of the 2007-09 recession. Second, some of the reduction in petitions is due to the fact that outsourcing appears to be impacting smaller firms, and smaller numbers of workers at large firms, suggesting that trade-impact has hit a bottom, of sorts. Finally, some of the decline is likely due to confusion about the eligibility requirements, which have changed three times in the last year.

Key findings for 2011 include:

- The TAA program assisted workers in 30 Ohio counties;
- 80 petitions were filed for TAA, down from 278, 247 and 140 in the previous three years, and lower than in any year since 2005;
- The TAA program certified 57 petitions as eligible, down from 177, 137 and 95 in the previous three years, and lower than in any year since 2005;
- These petitions covered an estimated 3,103 workers, down from at least 14,000 in each of the previous three years, the lowest worker impact rate since 2005;
- Petition processing time improved since the peak years of 2009 and 2010 but is still above the time needed in years prior to that, despite the drop in petitions. It took about 73 days to process petitions in 2011;
- Manufacturing continued to dominate job losses. The 20 largest TAA certifications were in the manufacturing sector and 96 percent of workers affected were from manufacturing;
- Outsourcing was the most common reason for certification, followed by increased imports, but there tended to be more workers harmed in the firms affected by increased imports;
- In 2011, the largest number of workers (308) saw their jobs shifted to China, followed by India (86 workers), and Mexico (58 workers).

### Key findings

- TAA petitions and certifications, fell in 2011. The number of impacted workers dropped more than 78 percent.
- Most 2011 petitions cited outsourcing as the cause for TAA coverage.
- The service sector, which won't be eligible if current TAA rules are allowed to lapse in 2013, accounted for nearly 40 percent of certifications for outsourcing.
- More than a quarter of all 2011 certifications would be ineligible if current rules lapse.

## Rules changes

The American Recovery and Reinvestment Act expanded TAA certification guidelines to include service and public-sector work, and to include producers who were harmed by outsourcing to any country, not just those party to a free trade agreement. These rules expanding eligibility lapsed in 2011, returning the program to the more restrictive 2002 rules. If the 2002 rules had been in place for the full year, more than a quarter (26.3 percent) of all 2011 certifications would have been rejected.

## Conclusion and recommendations

Since 2005, more than 73,000 Ohioans have become eligible for TAA benefits. The program has been a lifeline in the midst of job loss, providing the most comprehensive retraining, cash, and health benefits available for dislocated workers. This makes sense, given changes in our economy. Service, information, and professional work is more easily transferred around the world, and domestic workers are harmed by competition from all corners of the globe, not just from trade-pact nations.

The current eligibility rules put in place by the Trade Adjustment Assistance Extension Act of 2011 reflect these changes and should be maintained. These rules are set to expire on December 31, 2013, as the overall program continues for a year beyond that. Without congressional action, the program will again return to 2002 rules, which do not reflect the realities of trade's impact on Ohio workers. The current rules should be reauthorized for the duration of the program, so Ohio workers devastated by trade can access the program, enter training, and rebuild their lives.

Because of changes in the economy, the TAA service delivery system must be adjusted to reach more workers. The WARN Act, one of the primary triggers for rapid response services, only applies to employers with 100 or more employees, and to layoffs affecting at least 50 workers. In 2011, more than half of all certified petitions covered fewer than 50 workers. We need to add a coordinated outreach system to reach small firms and layoffs affecting fewer workers.

One way to increase outreach is by encouraging One-Stop Centers to develop relationships with employers and unions in their area. Sector partnerships, which bring together employers, labor, workforce advocates, educators, and trainers to strengthen the regional workforce system, provide a platform to develop partners' understanding about TAA, and layoff aversion programs.

Open and transparent data collection and distribution are critical to making informed policy decisions and to preserving civic discourse. The TAA Extension Act expanded data collection, outcomes reporting on spending and training completion, and training duration. In other ways, the DOL reversed course. To secure a reasonable estimate of the number of workers impacted by TAA certifications, we had to switch data sources in this report after relying on the DOL for data in six previous reports. Also, some pieces of data, such as the importing nation or outsourced location, were not consistently reported.

Communities deserve accurate information on the impacts of trade. This information can help Ohio better understand our local economy and our place in the world. The DOL should provide full disclosure of the actual number of workers covered by the petitions, and the source nation or imports or country gaining the outsourced jobs. Redacted petitions and determination letters are insufficient to paint a complete picture of local trade impacts.