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Number of workers certified for trade adjustment assistance drops sharply in 2011

Hannah Halbert

Manufacturing growth and the shifting impact of trade are among the reasons that the number of Ohio workers and workplaces certified for the federal Trade Adjustment and Assistance program have fallen to their lowest levels in six years, according to a new report from Policy Matters Ohio.

“For a state that has lost more than 320,000 manufacturing jobs since 2001, a 78 percent decline in firms and workers hit by trade is great news,” said Hannah Halbert, report author and workforce researcher at Policy Matters. “But the numbers mask troubling changes in who is being impacted and which workers may fall through cracks in TAA rules down the road.”

TAA 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 displaced workers becoming eligible for the program.

Strong growth in manufacturing, which has added 48,000 jobs since the end of the 2007-09 recession, accounted for some of the decline in firms and workers filing for TAA in 2011. The drop in certifications also happened because outsourcing appears to be hitting 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 was likely due to confusion about TAA eligibility requirements, which changed three times in 2011.

The American Recovery and Reinvestment Act expanded TAA certification guidelines to include service and public sector work and to include producers harmed by outsourcing to any country, not just those party to a free trade agreement. This expanded who could file, but these rules lapsed in 2011 and the program returned to more restrictive 2002 rules. If the 2002 rules were in place for all of 2011, more than a quarter (26.3 percent) of the 2011 certifications would have been ineligible.

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.

The report found that the TAA program assisted workers in 30 Ohio counties. Other findings included:

- 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, also lower than in any year since 2005;
- An estimated 3,103 workers were covered by these petitions, 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 more than 96 percent of all workers affected were from manufacturing;
- The most common reason for certification was outsourcing, 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).

“Trade adjustment assistance is a lifeline that gives dislocated American workers the best chance of getting retraining and finding a new, quality career,” Halbert said. “It is important that we retain this important program and make all workers hurt by trade eligible for its training and income assistance.”

The report recommends:

- Maintaining the eligibility rules put in place by the Trade Adjustment Assistance Extension Act of 2011 instead of allowing them to expire in 2013;
- Adding a coordinated outreach system to reach small firms and small layoffs as the current system is geared toward capturing larger layoffs;
- Encouraging local workforce systems to develop relationships with employers and unions in their area through sector partnerships;
- Improving the data available to researchers and reporters, which has been curtailed in recent years.

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