

TRADE ADJUSTMENT ASSISTANCE IN OHIO 2010

Executive Summary

Trade Adjustment Assistance (TAA) provides help to workers who lose their jobs because of rising imports or shifts in U.S. production to overseas locations. Workers may receive additional unemployment benefits, training and a health coverage tax credit, among other benefits. Last year, the American Recovery and Reinvestment Act substantially enhanced benefits under the program and widened eligibility to cover more workers.

Since those provisions became effective May 18, 2009, the number of Ohio workers certified to receive benefits under the program has sharply increased: In calendar 2009, there were 145 certifications covering 20,677 workers, compared to an average of 10,705 annually over the previous three years. While some of these workers have kept their jobs or been able to return to them, as at General Motors's Lordstown complex, TAA certifications generally reflect job losses. Thus, the numbers indicate a major increase in job losses due to trade. Ohio tied with Pennsylvania for the second-most certifications in the year ended May 17; only Michigan had more. The higher levels of workers certified has continued in 2010.

While more workplaces were certified, there was also a build-up in the time it took the U.S. Department of Labor to process petitions, mirroring such an increase nationally. In Ohio, processing time increased from 39.9 days in 2008 to 96.6 days in 2009 to 169.3 days for the first four and a half months of 2010.

Automotive companies such as GM and Ford once again led the list of the largest Ohio certifications. They were joined by steelmakers, and other diverse manufacturers: A Wal-Mart eyeglasses plant, an Avon cosmetics factory and a Japanese-owned semiconductor factory. Also among those certified in the past year were some of Ohio's leading companies: General Electric, Owens-Illinois, Convergys, Eaton, Goodyear, Nationwide Insurance, and Berry Co.

In the first year of the new TAA, workplaces covering workers in 58 of Ohio's 88 counties were certified. Most of those were in five counties: Trumbull, Cuyahoga, Lorain, Stark, and Hamilton, each of which had more than 1,500 workers qualify. Trumbull County alone had an estimated 5,602 workers certified, over one-fifth of all workers certified for the entire year.

Petitions for trade adjustment assistance may be filed by the company, a union representing workers, the state or at least three workers. More and more, workers themselves are the petitioners obtaining certification. In the year since the new TAA provisions became effective, workers filed more than 41 percent of the Ohio petitions that were certified, the largest of any type of petition filer and an increase from 29 percent between January 2007 and March 2009.

Workers in service industries and public-sector workers last year for the first time became eligible for TAA, as did greater numbers of workers employed by suppliers or who lost their jobs due to shifts in production overseas. A Policy Matters Ohio reading of cases certified in the last year

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found 28 certifications covering 931 employees that involved service work, representing 13.7 percent of certified Ohio petitions and 3.5 percent of the total workers certified during the year. All but two of these cases were shifts of production to foreign locations. Some certified service workers are employed by manufacturing companies, making it difficult to discern exactly how many service workers qualify only because of the expansion in eligibility.

Ninety-eight petitions in the last year, or 48 percent of the total, resulted from a shift in production to a foreign country. The largest number of these – 25, not counting shifts to multiple countries – was to Mexico. Another 11 went to India and 10 to China, again including only those that were shifts to a single country. Prior to the change in the law, workers affected by production shifts to India and China were not eligible for TAA, though in some instances they could qualify later if the Labor Department determined that imports harmed their employer.

Each of the three largest certifications involving production shifts – Ford Motor Co.’s Cleveland Casting Plant, Wal-Mart’s eyeglasses plant in Lockbourne and Avon’s cosmetics plant in Springdale – saw production go to Mexico. By contrast, an analysis of the labor department’s TAA decisions indicates that India receives a disproportionate amount of transferred non-manufacturing service sector jobs. In the year ended May 17, 26 Ohio service providers were certified because of shifts of production to other countries; of these, 11 covering 546 workers went solely to India. Common services included information technology or jobs related to finance, such as accounting or billing.

The most striking aspect of the Trade Adjustment Assistance program in Ohio since it was expanded is the number of workers who have qualified for benefits. Based on the increase in jobs officially certified as harmed by trade in the past year, it makes sense to extend the 2009 changes beyond their current expiration at the end of the year. At the same time, for the program to reach its full potential, DOL needs to step up the speed with which it processes petitions.

So far, only a small number of Ohio service-industry workers have been certified for TAA. Many businesses and workers are not aware of the expansion covering service-sector workers. The National Association of State Workforce Agencies recently recommended, “the U.S. Department of Labor Employment and Training Administration (USDOL) pursue an aggressive public education campaign to ensure the business community and potential TAA applicants are aware of the TAA program and the services available through it.” It added that state workforce agencies and NASWA should be involved in this promotional campaign. Though the Ohio Department of Job and Family Services takes steps to inform dislocated workers and their employers about TAA, the state should take additional steps to increase the program’s visibility and make information about it available to more service workers in particular.

Trade Adjustment Assistance is an important program for workers who have lost their jobs because of trade, and can be even more valuable if current provisions are extended and more workers and companies become aware of the program.

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.