

Aid May Grow for Laid-Off Workers

Service Jobs Lost To Global Trade Are Focus of Bills

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As part of their campaign to soothe an anxious middle class, congressional Democrats are preparing legislation that would significantly expand federal aid to the most obvious victims of the global economy: workers whose jobs move offshore or are lost to foreign imports.

Under a Senate bill to be introduced today, computer programmers, call-center staffers and other service-sector workers who make up the vast majority of the nation's workforce would for the first time be eligible for a generous package of income, health and retraining benefits currently reserved for manufacturing workers who lose their jobs to international trade.

Democrats say the expansion of the Trade Adjustment Assistance (TAA) program would begin to reweave the social safety net for the 21st century, as advances permit more industries to take advantage of cheap foreign labor -- even for skilled, white-collar work. By providing special compensation to more of globalization's losers and retraining them for stable jobs at home, they say, an expanded program could begin to ease the resentment and insecurity arising from the new economy.

A similar bill is nearing completion in the House, and Democrats hope to approve the expansion before the program expires Sept. 30. Trade Adjustment Assistance typically gets strong bipartisan support; Sen. Olympia J. Snowe (R-Maine) is co-sponsoring the bill with Sen. Max Baucus (D-Mont.).

But this year, rancorous politics have developed around broader trade issues, threatening the proposed expansion and, potentially, the program's survival.

"This is not going to be a slam-dunk," said Howard Rosen, executive director of the nonprofit Trade Adjustment Assistance Coalition.

The program, established as part of the Trade Expansion Act of 1962, is the nation's primary source of aid to workers who lose their jobs to foreign competition. Laid-off manufacturing workers must demonstrate to the Labor Department that they lost their jobs because of foreign imports or a decision to shift production to a U.S. trading partner subject to a free-trade agreement.

If their applications are approved, workers can receive two years of benefits on top of state unemployment payments, which typically last six months. The benefits include income support payments, job training, job search and relocation assistance, and a tax credit that covers 65 percent of monthly health-insurance premiums. Workers over 50

who take a new job at lower pay are eligible for wage insurance, which makes up half the difference between their old salary and the new one, up to a maximum of \$5,000 a year, for two years.

Last year, the Labor Department approved 1,400 petitions covering about 400,000 workers, according to a recent study by the Government Accountability Office, though fewer than 100,000 workers sought and received benefits. The agency denied 800 petitions, mainly because the workers did not produce "an article" and hence fulfill the basic definition of a manufacturing worker. Most of the denials involved two industries, the GAO said: business services such as computer programming and airport-related services such as aircraft maintenance.

"Trade Adjustment Assistance was created in the 1960s, but today's workers live in a different world," Baucus, the bill's chief author and chairman of the Senate Finance Committee, said in a written statement. "TAA should be flexible enough to respond to workers' needs regardless of what they do or where challenges are coming from." Baucus's proposal, in addition to extending benefits to service workers, would eliminate the rule that reserves benefits for jobs lost to U.S. trading partners. Help would be available for any worker whose job moves anywhere overseas. The bill also would streamline the application process for hard-hit industries, allowing the Labor Department to certify workers industry-wide.

The bill also would improve some benefits while making them easier to claim. The health-insurance tax credit would be increased to cover 85 percent of monthly premiums, making maintaining health coverage more affordable. And workers as young as 40 would be eligible for up to \$6,000 a year in wage insurance if they accept new jobs at lower pay. All told, the changes would double spending on the program, which cost the government just under \$1 billion last year.

Republicans as well as Democrats have long called for an overhaul of Trade Adjustment Assistance. President Bush has praised the program and promised to improve it. But the politics of trade have been complicated since Democrats took control of Congress with the help of many candidates who campaigned against further trade liberalization. In the past, Trade Adjustment Assistance has been renewed alongside legislation granting the president fast-track authority to negotiate trade deals without congressional interference. But Bush's fast-track authority expired in June, and House Democrats have made it clear that they do not intend to restore it.

In addition, many Republicans feel scalded by Democratic delays on free-trade deals that the Bush administration has negotiated with Peru and Panama. Those agreements, and more politically divisive agreements with South Korea and Colombia, have not been brought to a vote since a deal to move them forward was made in May.

Now, even some Republican champions of Trade Adjustment Assistance say they are reluctant to sign on to its renewal unless Democrats reconsider their opposition to fast-track authority.

"Frankly, TAA is a very integral part of our efforts to reduce barriers and expand trade . . . and my view is they ought to go together," said Sen. Charles E. Grassley (R-Iowa), the senior Republican on the Finance Committee.

The Bush administration was actively working on a reauthorization proposal for Trade Adjustment Assistance when fast-track expired, the program's advocates said. Now, the administration appears to have backed off to recalibrate its strategy.

Last week, White House spokesman Tony Fratto declined to comment on the Democratic proposals for expansion, except to question their cost and the wisdom of covering service workers. With those job losses, he said, "it becomes impossible to draw lines that show the displacement is owing to trade."

Some TAA advocates worry that, in this hostile atmosphere, two months is too little time to pass legislation to extend the program and double its size. Others are confident that even disgruntled Republicans will be reluctant to abandon the chief source of federal aid for victims of globalization.

"The results of the last election, the polling, everything as we move into the next election cycle continues to indicate significant angst, frustration and anger from working people around these issues," said Bruce G. Herman, executive director of the National Employment Law Project, which promotes the rights of low-wage workers. "Trade-impacted workers are not concentrated in blue states or blue districts. They're in everybody's district."