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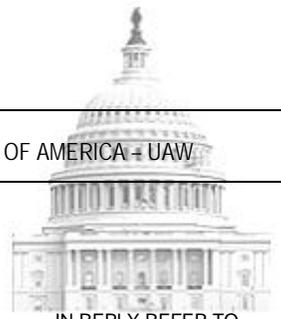
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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Hon. Charles Rangel  
Chairman  
Committee Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

October 23, 2007

Dear Chairman Rangel:

This Wednesday the Ways and Means Committee is scheduled to mark up a Trade Adjustment Assistance (TAA) reauthorization bill, based on the discussion draft that you released last week. The UAW urges Members of the Committee to support the Chairman's discussion draft and to oppose any weakening amendments.

TAA was first established in 1962, in recognition of the fact that some workers would lose their jobs as a direct result of our national trade policies. The program is designed to assist these trade-dislocated workers by providing them with the opportunity to train for new careers. Although the program currently includes about 80,000 certified workers in training, there are thousands of other trade-displaced workers who deserve but have been unable to obtain training through the TAA program.

The UAW is very pleased that the Chairman's draft makes many long-sought improvements to TAA. Significantly, it initially doubles the amount of training money, from \$220 million annually to \$440 million. This change alone will make an enormous positive difference by doubling the number of trade-dislocated workers who will be able to receive training for a new career. Thousands of eligible workers in Michigan, Ohio, Indiana and others states have been turned away from training each year because the program has been insufficiently funded.

The Chairman's draft allows for industry-wide certification in certain instances, a change that will eliminate the delays and inconsistent results in the current firm-by-firm process. The draft also includes a number of changes that will simplify and improve the process by which eligible workers obtain training. For example, it extends the deadline for trade-impacted workers to enroll in training and it establishes detailed requirements concerning the type of employment

services and case management the Department of Labor and the states must provide to TAA enrollees.

The Chairman's draft also includes a number of other major improvements to TAA, including: extending TAA assistance to service workers and public employees whose jobs are adversely impacted by our national trade policies; covering all instances of offshoring, without the need to prove increased imports; eliminating the requirement that secondary worker dislocation be related to trade with Canada or Mexico; and improving outreach to trade-affected workers.

With respect to TAA health care benefits, the Chairman's draft increases the premium subsidy in the Health Care Tax Credit (HCTC) to 85 percent from 65 percent; imposes rating requirements on health plans; and permits eligible individuals to access benefits sooner. These changes are essential to enable a greater percentage of eligible workers to continue health care coverage under TAA. However, the UAW is disappointed that the health care provisions in the discussion draft would sunset in two years. While we are very supportive of efforts to improve delivery of TAA health care coverage through mechanisms other than the HCTC, we would still prefer that the health care provisions be extended for the full five years of the TAA reauthorization.

Finally, the UAW is very supportive of the provisions for modernizing the federal-state unemployment insurance (UI) system included in the Chairman's discussion draft. The draft provides up to \$7 billion from the federal Unemployment Account to be used as incentives to encourage, assist and reward states for modernizing and improving their UI programs. For example, it encourages states to utilize an "alternative base period" (ABP) that includes the most recent wages when calculating UI eligibility. This would extend UI benefits to many low-wage workers, disproportionately women and minorities, who are currently found ineligible for UI in the 32 states that do not use ABP. Several other provisions in this section of the Chairman's draft encourage states to enact reforms to make the UI system more family friendly. In addition, the UI section of the draft provides a total of \$100 million per year for the next five years to the states to improve the administration of their UI and employment services systems.

We have had an opportunity to review the discussion draft circulated by Ranking Member McCrery, and are concerned about several provisions that might be offered as amendments during the markup. For example, the McCrery draft envisions a massive expansion of TAA's pilot wage insurance program for older workers, to include all TAA participants, not just those age 50 or older as in current law and the Chairman's draft. We also anticipate a possible amendment that incorporates the legislation introduced by Representative Weller (H.R. 1513), to allow states to use funds currently in their UI system to provide wage insurance to workers who take low-paying jobs, instead of providing them with UI benefits while they look for good-paying jobs.

The UAW, along with other unions and worker advocates, strongly opposes efforts to expand TAA's wage insurance provisions beyond workers who are 50 or older. These older workers may be within a few years of retirement and may feel that they do not have enough working years remaining to make training for a new career worthwhile. In contrast, for workers under

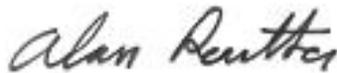
the age of 50 wage insurance would simply act as an enticement to take a Wal-Mart-like dead-end job with poor benefits and wages, rather than to participate in long-term training for a new career in a field that offers advancement and financial self-sufficiency.

The McCrery draft also reflects an intent to merge TAA with the Workforce Investment Act (WIA). In a great number of locations, WIA is administered by private contractors who are not at all knowledgeable about TAA. The UAW believes that trade-dislocated workers will be much better off if the TAA system is maintained separate from WIA. We also have reason to fear that the merging or “integrating” of TAA and WIA would facilitate efforts to block grant these two programs, to the detriment of workers, their families, and their communities. Thus, the UAW opposes any amendment to integrate TAA and WIA.

Finally, the McCrery draft proposes a “New Economy Scholarship” program that would cap TAA training at \$8000 per individual. Many states currently allow some workers to enroll in training that costs in excess of \$8000. The UAW therefore opposes any amendment that would establish a training cap, unnecessarily limiting the range of training options for dislocated workers.

In summary, the UAW urges Members to support the TAA reauthorization legislation based on the Chairman’s discussion draft, and to oppose any weakening amendments. Thank you for considering our views on this very important legislation.

Sincerely,

A handwritten signature in cursive script that reads "Alan Reuther".

Alan Reuther  
Legislative Director

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cc: Member, Committee Ways and Means