



October 23, 2007

VIA FAX

Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW), I am writing to urge your support of Chairman Rangel's bill to reauthorize Trade Adjustment Assistance (TAA), "The Trade and Globalization Assistance Act of 2007" (H.R. 3920) and to oppose any weakening amendments when the bill is marked up this week.

Although not a substitute for good trade policies that create and retain good jobs in America, TAA must ensure that trade-affected workers are provided retraining, reemployment assistance and are afforded an opportunity to achieve economic self-sufficiency. Under current funding levels, thousands of eligible workers have been denied training due to insufficient funds. The Chairman's bill addresses this inequity by initially doubling current funding from \$220 million to \$440 million with increases available in future years. We believe that the greatest strength of TAA is that it supports long-term, intensive training and extended income support and the expanded funding in the bill is essential to that goal.

Many of the workers most in need of TAA training are already eligible, but are not able to access the program. In addition to ensuring that no eligible worker is denied training due to insufficient funding, much more needs to be done to improve outreach and access to TAA training. The bill includes a number of changes that will simplify and improve the process for workers to obtain training; significant is the extension of the deadline for trade-impacted workers to enroll in training and there are added requirements concerning the type of employment services and case management the Department of Labor (DOL) and the states must provide to TAA enrollees.

The USW applauds Chairman Rangel's inclusion of industry-wide certification in certain cases, which will greatly streamline the current firm-by-firm system of certification. In addition to further outreach required of the DOL, we support the provisions in the bill that will also require the Secretary of Labor to notify employers, workers and unions of any domestic industry

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

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covered by a trade remedy under U.S. anti-dumping, countervailing duty or safeguard laws about the TAA program.

Equally significant for manufacturing workers are the changes to the eligibility criteria contained in the Chairman's bill that will cover all trade impacts (e.g., under the current system a worker whose factory moves to Mexico is guaranteed TAA coverage, while a worker whose factory moves to China is not). The bill eliminates these unnecessary and arbitrary requirements, and extends TAA eligibility to all instances of off-shoring without the need to prove increased imports. Another important improvement is eliminating the requirement that dislocation of secondary workers be related only to trade with Mexico and Canada. The Chairman's bill will also expand the scope of eligible workers by broadening coverage to trade impacted service sector workers including local, state and federal employees.

H.R. 3920 would also make improvements to the Health Coverage Tax Credit (HCTC), which currently provides a 65 percent refundable, advanceable tax credit for the purchase of health coverage to laid-off workers and PBGC pension recipients between the ages of 55-65 who have lost their employer-sponsored health care coverage. The current program has proven to be unaffordable and unworkable for the majority of eligible recipients, and the Chairman's bill would address some of these shortcomings by increasing the credit to 85 percent, addressing gaps in coverage that wipe out needed consumer protections, and putting some restrictions on the premiums insurers can charge.

The bill also attempts to address a terrible inequity in the current system. When a PBGC pension recipient reaches the age of 65, they and their spouse lose eligibility for the HCTC – even if their spouse is still not covered by Medicare. H.R. 3920 extends coverage to the spouse for an additional 36 months, an important improvement, but one USW feels should not be limited to only 36 months. This will still leave some retiree's spouses vulnerable to the loss of coverage.

USW is also concerned with provisions in the Chairman's bill that will sunset the HCTC after two years. While we agree that a tax credit is not a good mechanism for health care delivery, we feel strongly that its elimination would leave vulnerable those workers who do manage to access the tax credit and add yet another element of uncertainty to their already disrupted lives. We will work with the committee to achieve the substantial improvements necessary to maintain coverage for those already enrolled and extend coverage to all other eligible individuals for the balance of the five-year reauthorization of TAA.

We also support the provisions in the Chairman's bill for modernizing the federal-state unemployment insurance (UI) system. In addition to providing a total of \$100 million annually for all 50 states to improve administration of the UI and employment service system, it would also allow states to draw down up to \$7 billion from the federal unemployment trust funds to fund improvements to their state UI programs. These provisions will help expand the UI system to lower wage workers who are predominantly women and minorities and make the system more family friendly.

Finally, we are aware that a number of amendments are likely to be offered during the markup. Especially troubling are those that deal with the expansion of “wage insurance” beyond the current pilot program for workers over 50. Wage insurance sounds good but it is essentially a subsidy to encourage dislocated workers to take lower paying jobs – and not to focus on retraining for an equal or better job. Expansion of wage insurance is an admission that we are giving up on helping to create a dynamic American economy that is an engine for the creation of good jobs -- it is telling American workers that the global economy and our trade policies can only lead to lower paying jobs with no hope of a new career in a new field that will provide financial self-sufficiency.

We urge you to oppose amendments to expand wage insurance and any attempts to use funds currently in the UI system to provide wage insurance to workers who take low-wage jobs, instead of providing them with UI benefits while they look for a job.

Other amendments that we urge you to oppose include the merger of TAA with the Workforce Investment Act (WIA) and a proposal for a “New Economy Scholarship” program that would cap TAA training.

We hope Congress will concentrate its efforts to revitalize American manufacturing and retain the good jobs we have by enacting strong legislation aimed at those of our trading partners who refuse to play by the rules and ensure a level playing field in the global economy for our domestic manufacturing base. We look forward to working with you in the future to put America’s industrial workers back to work and to expand the safety net for those whom our trade policies have failed.

We strongly urge you to support the Chairman’s improvements to the TAA program by supporting H.R. 3920, the Trade and Globalization Assistance Act of 2007, and to oppose any weakening amendments.

Sincerely,

A handwritten signature in black ink that reads "Holly R. Hart". The signature is written in a cursive style with a large, looped initial "H".

Holly R. Hart
Legislative Director

HRH/pak